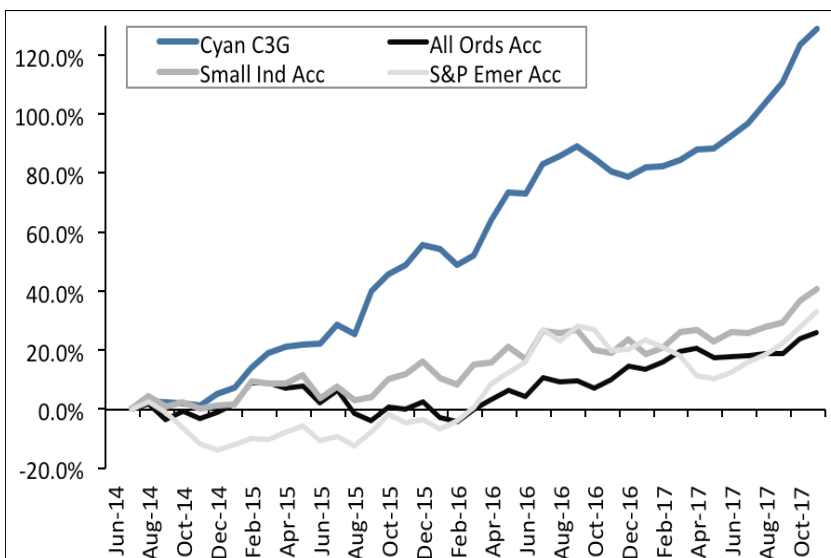


Returns to: 30 November 2017	Cyan C3G	S&P Small Ind Acc
1 month	2.4%	2.8%
3 months	12.1%	10.0%
6 months	21.6%	14.3%
1 year	26.8%	18.4%
2 year (p.a.)	24.0%	12.1%
3 years (p.a.)	31.2%	12.0%
Since Incept (p.a.)	28.0%	10.7%
Since Incept (cum)	128.8%	40.6%
Volatility	10.5%	12.7%

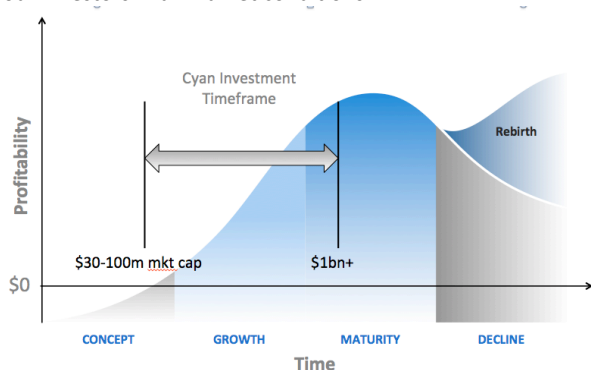


	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD	XSI	+/-
2015		2.4%	-0.2%	-0.3%	-0.6%	3.8%	1.9%	6.3%	4.6%	1.8%	0.7%	0.3%	22.3%	7.2%	+15.1%
2016	5.1%	-2.3%	11.4%	4.1%	2.3%	4.5%	-0.8%	-3.6%	2.2%	7.9%	5.7%	-0.3%	41.4%	12.8%	+28.6%
2017	5.8%	1.6%	1.7%	-2.1%	-2.4%	-1.0%	1.9%	0.1%	1.2%	1.9%	0.2%	2.4%	11.4%	7.9%	+3.5%
2018	2.3%	3.6%	3.2%	6.1%	2.4%								18.8%	11.6%	+7.2%

## November Update

The Cyan C3G Fund posted a 2.4% return in November. The Fund has now delivered 28.1% in calendar 2017, significantly exceeding both the S&P Small Industrials Accumulation Index's return of 13.9% and the All Ordinaries Accumulation Index return of 10.2% over the same period.

To reiterate our strategy, we are looking to identify ASX listed companies when they are still relatively small and have a strong growth path ahead. We therefore manage a concentrated portfolio of 20 to 35 growth stocks and do not invest relative to any ASX indices. When we mention the Small Industrials Index (or others) we only do so for comparative purposes. From an investment management perspective we are focussed on company specific investments and delivering absolute returns to our investors in all market conditions.



## Fund Review

The return in November was delivered across a broad range of our core portfolio holdings.

Our investment in **Experience Co (EXP)** performed well with the company flagging its acquisition of two more Cairns based adventure tourism companies. The acquisitions have been funded by a rights issue to existing holders and hence the Cyan C3G Fund was able to benefit further from an increase in its shareholding. The company continues to grow its presence in the adventure travel industry (particular in the industry epicentres of Cairns and Queenstown) and its price performance is being driven by the ongoing acquisition program and the operating benefits of scale and a broadened product offering. EXP rose 19% in November.

**Moelis (MOE)** is an emerging investment bank (with noticeable similarities to Macquarie Bank in its early days) that exhibits a number of our preferred business models including compounding annuity income generation. It is also enjoying the benefit of access to capital following a successful ASX listing 8 months ago. MOE rose 10% in November.

**Spirit Telecom (ST1)** – The Fund initiated a small position in this emerging telco a few months and has slowly increased the investment as management has proven its ability to deliver on the growth strategy. Although still not one of our bigger

holdings we see a bright future and it is beginning to deliver good Fund returns after a share price rise of 30% in November.

After strong share prices performances in recent months, 4 of our larger positions retraced slightly in November. These were **Bluesky Alternatives (BLA)** down 9%, **Kelly Partners (KPG)** down 6%, **PSC Insurance (PSI)** down 4% and **Axesstoday (AXL)** down 2%. None of these were driven by company specific news and we view it as short-term profit taking and remain very optimistic about the medium term outlook of each of the businesses.

## Outlook

The small cap market remains relatively buoyant and we are confident about the outlook for the companies in which we are invested. Some of our larger core portfolio holdings that we expect to generate meaningful returns into 2018 include:

- **Axesstoday (AXL)** – With a market cap of just under \$90m and potential positive price catalysts from a strong operating result and an upcoming securitization program, AXL remains one of our highest conviction positions.
- **Kelly Partners (KPG)** – Again, with a relatively small market cap (~\$70m) and clear paths to further growth, both organically and by acquisition in the coming months we see strong share price upside potential.
- **Experience Co (EXP)** – We expect more of the same, positive results driven by more acquisitions and increasing scale to be initiated by a proven management team.
- **Motorcycle Holdings (MTO)** – some earnings variability will be overshadowed by the inclusion of recent acquisitions with more to come as it continues to consolidate a fragmented industry. MTO is still in the early stages of its growth plans.
- **PSC Insurance (PSI)** – Having recently raised a material amount of investment capital (\$55m), we expect PSI to put this to good use through an ongoing acquisition program complemented by good industry tailwinds.
- **Bluesky Alternatives (BLA)** – The key medium term growth drivers remain very much intact with continued growth in Funds Under Management generating management and performance fees and significant benefits of scale as the business expands.

Outside those mentioned above, the Fund remains well diversified with 22 total individual holdings and no position accounting for more than 8% of the total Fund. The companies span 6 broad industry sectors including: consumer staples and

discretionary; industrials; health care; technology and financials. The weighted average market cap is approximately \$300m and all have met or exceeded recent expectations for business performance. In addition, they all contain what we believe to be positive business catalysts over the short to medium term.

We hope to complement these with some new positions taken recently in both the IPO and secondary markets. We also continue to hold a significant cash balance which we will look to carefully deploy as opportunities arise.

As always we are contactable in person if investors wish to discuss any aspect of their investment in the Fund.

**Graeme Carson and Dean Fergie**

### Cyan C3G Fund Details

Minimum Initial Investment	\$100,000
Investment Risk	Medium
Trustee and Manager	Cyan Investment Management Pty Ltd
Administrator	Apex Fund Services
Custodian	Australian Executor Trustees (IOOF)
Management Fee	1.5% p.a.
Benchmark / Performance Hurdle	2.5% per quarter (after fees)
Performance Fee	20% (above benchmark)
High Watermark	Yes
Subscriptions/Redemptions	Monthly
Buy/Sell Spread	±0.3%
Typical Portfolio	20-40 companies

**Cyan Investment Management**  
**17/31 Queen Street**  
**Melbourne VIC 3000**  
**(03) 9111 5632**

[www.cyanim.com.au](http://www.cyanim.com.au)  
[info@cyanim.com.au](mailto:info@cyanim.com.au)

**Invest at:**

<http://www.cyanim.com.au/how-to-invest/>

Past performance is not a reliable indicator of future performance. The Total Returns of the Cyan C3G Fund over specified periods are shown above. This document contains information regarding Total Returns to 30 November 2017. Total Returns are calculated after taking into account performance fees. A performance fee of 20.5% is payable quarterly on any excess performance (after deducting the Management fee) above the quarterly benchmark of 2.5%. A performance fee is only payable where the Fund has exceeded both the benchmark and high water mark

The Total Return performance figures quoted are historical, calculated using end of month mid prices and do not allow the effects of income tax or inflation. Total Returns assume the reinvestment of all distributions. The performance is quoted net of all fees and expenses. The Indices do not incur these costs. This information is provided for general comparative purposes. Positive returns, which the Fund is designed to provide, are different regarding risk and investment profile to index returns. This document is for general information purposes only and does not take into account the specific investment objectives, financial situation or particular needs of any specific recipient. As such, before acting on any information contained in this document, recipients should consider the appropriateness of the information to their needs. This may involve seeking advice from a qualified financial adviser. Cyan Investment Management Pty Ltd (AFSL 453209) is the issuer of the Cyan C3G Fund. A current IM is available from Cyan Investment Management Pty Ltd, located at 17/31 Queen Street, Melbourne VIC 3000. A person should consider the IM before deciding whether to acquire or continue to hold an interest in the Cyan C3G Fund. Any opinions or recommendation contained in this document are subject to change without notice and Cyan Investment Management Pty Ltd is under no obligation to update or keep any information contained in this document current. Cyan Investment Management Pty Ltd holds AFSL 453209.