



C3G Fund Update

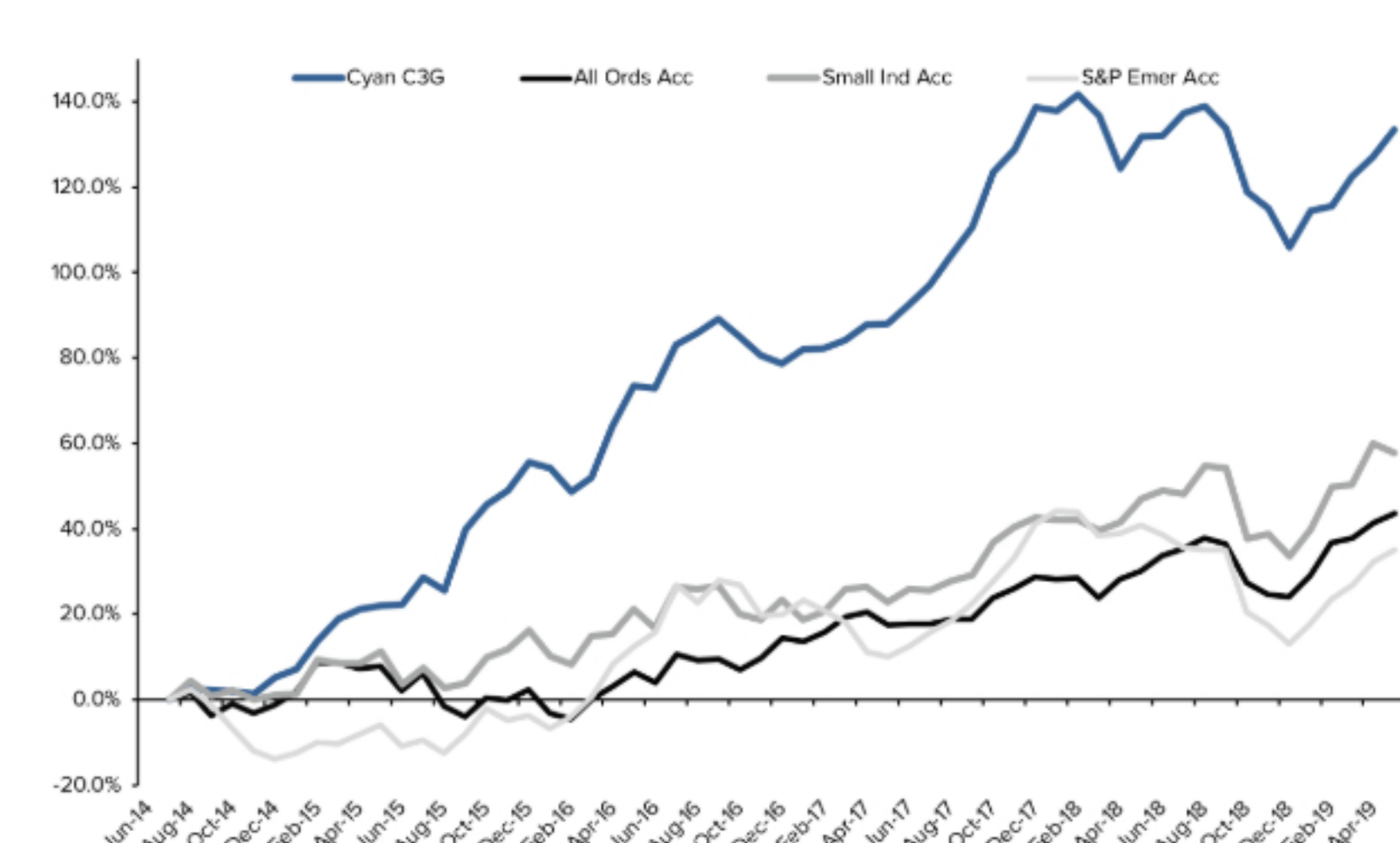
31 May 2019
(Unit Price: 1.973)

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We're pleased to report that the Cyan C3G Fund has continued its positive momentum in 2019 with a solid return of +2.8% in May. The return to date for calendar 2019 now stands at over 13% (after all fees).

During the month there was significant disparity in the performance of the larger and smaller cap sectors (the All Ords rose 1.7% whilst the Small Industrials fell 1.3%) which was largely an outcome of the surprise federal election that resulted in large buying support for the major Australian banks driving the financial heavy All Ords Index higher.

The market has certainly been more buoyant this year than most have expected. Importantly there has been a noticeable increase in primary and secondary corporate activity which, for a small and active stock-picking fund like the Cyan C3G Fund, often leads to positive investment outcomes.



Month in Review

As we stated in our February Monthly Update: "What we have seen in the past couple of weeks is some attractive opportunities emerge at the smaller-end of the market. We have added a couple of new and exciting positions to the portfolio and we feel that positive and unexpected (or undiscovered) company performances will be well-rewarded".

Alicidion (ALC +22%): ALC continued its amazing run, rising again this month as the market continued to embrace its recent operational successes. During May the company announced a new contract to build out digital medical records for children in NSW. We again met with the company's Melbourne-based CEO, Kate Quirke to better appreciate the longer-term opportunities for the company.

About Alicidion: We purchased ALC <https://www.alcidion.com/> in March 2019 through a discounted sell-down of stock from a BlueSky Fund. ALC has been listed since 2011 and provides medical software products for patient management and hospital communication. The company has had a recent step-change with the acquisition of MKM Health and the associated appointment of a new CEO. ALC reported meaningful customer receipts of \$6.2m in the first quarter of this year, positive operating cash flows and a number of new contract wins.

Other positive performances stemmed from names such as **Isentia (ISD + 35%), AMA Group (AMA +10.4%) and ReadCloud (RCL + 2%, RCL0 + 67%).**

The Fund's return was impacted by some disappointing performances including **Kelly Partners (KPG -17%), Experience Co. (EXP -16%) and Afterpay (APT -5%)** although our smaller weightings in these companies curtailed any material negative Fund performance.

Returns to: 31 May 2019	Cyan C3G	All Ord Acc	S&P Small Ind Acc	S&P Emer Acc
1 mth	2.8%	1.7%	-1.3%	2.1%
3 mths	8.3%	5.0%	5.3%	9.4%
1 year	0.7%	10.5%	7.4%	-4.2%
2 years (p.a.)	11.4%	10.7%	13.3%	10.8%
3 years (p.a.)	10.4%	10.5%	9.2%	6.3%
4 years (p.a.)	17.6%	7.4%	9.1%	9.4%
Since Incept (p.a.)	19.1%	7.7%	9.9%	6.4%
Since Incept	133.5%	43.7%	57.8%	35.1%
Volatility	11.0%	10.8%	12.9%	12.8%

Outlook

The past couple of months have been quite buoyant in the local market with largely positive sentiment driving good volumes, positive price momentum and an increasingly strong corporate pipeline.

The Fund has subscribed to a number of smaller placements but has also taken stock in a handful of new IPO's due to list in the next month or two.

Some of which include:

Victory Offices: <https://victoryoffices.com.au/> operates 19, mostly CBD based, flexible workspace locations. The thematic for flexible workspace locations is strong with a surprising number of government and large enterprise clients opting for the flexibility of shorter-term tenancies. Victory is forecast to make almost \$10m NPAT on \$45m in revenues in FY19. The company is raising \$30m at a (post-money) market capitalisation of \$82m to expand their footprint of locations to 27 over the next 12 months.

Quickfee: <https://www.quickfee.com.au/> offers premium funding and payment solutions to the accounting and legal industries in both Australia and the United States. Quickfee is raising \$14m at a (post-money) market cap of \$28m. Whilst not yet profitable, after having met with Quickfee management in Melbourne and visiting their US office in LA, we believe their compelling offer and scalable business model could be very successful over the longer-term.

The Cyan C3G Fund has also taken position in a couple of other IPOs that we will discuss in due course.

Whilst month-to-month volatility can be expected, we have a firm view of long-term opportunity and remain confident in the outlook for the Fund into the future.

As always we are contactable in person and encourage you to do so if you have any questions for us.

Dean Fergie and Graeme Carson
Cyan Investment Management

AFSL No. 453209

An investment in the Cyan C3G Fund can be made by clicking [here](#)



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 31 May 2019. 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 St 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.

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