



Total Returns

As at 30 November	1 mth	3 mths	6 mths	1 year	3 years (p.a.)	5 years (p.a.)	Since Incept (p.a.)	Since Incept (cum)	Volatility
Cyan C3G Fund	-3.2%	3.4%	10.1%	19.6%	12.5%	20.5%	19.3%	157.1%	11.4%
S&P All Ords Accum	3.1%	4.9%	9.2%	25.9%	12.6%	10.1%	8.8%	56.9%	10.6%
S&P Small Ind Accum	2.8%	5.7%	6.8%	21.4%	12.4%	11.0%	10.2%	68.5%	12.6%

The Cyan C3G Fund had a disappointing month, both absolutely and relatively, with a fall of 3.2% in November. Many of the companies in which we had enjoyed strong gains in prior months have endured selling pressure. However despite the recent retracement, the Fund's one year return remains a respectable 19.6% after all fees.

When we invest in a new company, we typically look at an investment timeframe in excess of 2 years. Businesses do not tend to have huge changes in underlying value in a period of weeks or months, it's the old adage of "It took 5 years of hard work to become an overnight success". However the stock market does value and price companies on a daily basis; sometimes the market is too optimistic, and sometimes it under-appreciates the creation of shareholder value. What that means, to a large extent, is that we have to accept fluctuations in short-term prices in order to achieve meaningful positive long-term returns.

Last month we elaborated on why we believe it's a mistake to attempt to 'trade' the market's volatility and those 3 rationales remain relevant.

As always, we aim to remain as transparent as possible and will discuss stock specific factors in detail.

Month in Review

Amongst the 30 odd positions in the Fund we saw only around a third rise in the month and only one of these, **Schrole (SCL)**, rose more than 10%. On the negative side of the ledger, we had 5 of our core holdings fall by 15% or more.

It was certainly a far cry from September 2019 where we saw 7 of our holdings rise more than 30% in the month and a further 6 more delivered double-digit percentage gains

Some of the major moves in October:

Jaxsta (JXT) -23%: JXT has a market cap (now) of around \$50m and due to limited liquidity its shares can be quite volatile. At the time of writing the company has just raised around \$2m which may well have accounted for the recent weakness. JXT's paid-for site is currently going live and we remain confident their product (a comprehensive database of official music credits) will find a significant commercial user base.

Quickstep (QHL) -10%: We attended a site visit to QHL's Sydney manufacturing facility in Bankstown during the month. QHL has run up strongly this year (from 7c to 15c) and in light of the positive update during the visit, the recent pullback to ~12c appears to have been profit taking as opposed to negative operational outcomes.

AMA Group (ALC) -10%: Smash repair consolidator AMA has come under some recent pressure post its large acquisition in October of competitor Capital Smart from Suncorp and subsequent \$200m+ capital raising.

Schrole (SCL) +21%: We first invested in SCL in May 19 but because of the small size of the company at that time, felt it prudent to limit the public disclosure of our investment. Schrole provides a software platform that facilitates both the recruitment and verification of teachers for international schools. Critically SCL now enjoys a recurring revenue stream in excess of \$4m p.a. from its growing client base of schools and teachers. If the company's momentum it has gained in 2019 continues, it's likely 2020 could be a watershed year for the stock.

Media

AFR – Seven Questions with Graeme Carson by William McInnes

<http://www.cyanim.com.au/2019/12/05/afr-seven-questions-with-graeme-carson-by-william-mcinnnes/>

Stockhead - The CSIRO just flagged AI as a \$315bn industry

<https://stockhead.com.au/tech/the-csiro-just-flagged-ai-as-a-315bn-industry-heres-what-asx-small-caps-have-been-up-to-in-the-space/>

Outlook

Despite the underwhelming performance of the Fund over the past two months (albeit after 9 consecutive positive months) we still have much to be upbeat about with respect to the Fund's outlook.

In addition to the positive expectations for our core holdings there has been a deluge of corporate activity and new issues, some of which have the potential to be attractive longer-term investments. Indeed, Graeme Carson mentioned both **Carbon Revolution (CBR)** and **Aerometrix (AMX)** in his AFR article which have both debuted strongly.

We thank all our investors for their support and look forward to keeping you all updated with the Fund's progress.

The Fund remains open to existing and new investors. Some key criteria are outlined below.

Dean Fergie & Graeme Carson

Cyan C3G Fund Details

Structure	Wholesale Unit Trust
Minimum Initial Investment	\$100,000
Investment Risk	Medium
Trustee and Manager	Cyan Investment Management Pty Ltd
Administrator	Apex Fund Services
Custodian	Sargon Corporate Trust
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	NAV \pm 0.3%
Typical Portfolio	20-40 companies



www.cyanim.com.au

17/31 Queen Street
Melbourne VIC 3000

(03) 9111 5632

info@cyanim.com.au

To invest: 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 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 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.