



Total Returns

As at 30 December 2019	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	-4.2%	-8.8%	4.3%	19.5%	11.3%	18.6%	18.0%	146.3%	11.9%
S&P All Ords Accum	-1.9%	0.7%	3.6%	24.1%	10.4%	9.3%	8.2%	53.9%	10.5%
S&P Small Ind Accum	-1.4%	0.9%	4.8%	24.5%	10.4%	10.5%	9.8%	66.2%	12.4%

The Cyan C3G Fund had a tough last quarter of 2019, with December producing a return of -4.2% and the quarter pulling back 8.8%.

However, given the first 9 months of 2019 produced an unbroken run of positive returns (including September's 8.6% gain) the overall return for calendar 2019 was a solid 19.5% (after all fees).

It appears the Cyan C3G Fund has not been alone of late in struggling to post positive numbers. Whilst volatility can always be expected in equity markets, it is typically more pronounced at the smaller end and is more susceptible to fund flows.

What we believe we have experienced over the past few months is a combination of two factors:

1. The market has had a prolonged positive run and clearly this cannot continue indefinitely. When momentum does cease, smaller stocks can get sold off aggressively and often not for any particular fundamental reason. (We won't shy away from the fact this happens on the upside too. One of the more dangerous emotional investing pitfall is to believe rising stock prices are always a reflection of your wise investing).
2. There has been, in some cases, widespread forced selling of smaller cap ASX stocks due to a number of bigger institutional funds pulling large mandates from our competitors and, in some cases, forcing these funds to close. It is worth highlighting that Cyan does

not manage any institutional mandates. The Fund has an extremely diversified unitholder base of more than 200 clients with no external client accounting for more than 5% of the Fund.

Month in Review

There was a reasonable diversity of performances in the month of December.

The Fund generated some strong positive performance from three recent IPO's in which it participated. Carbon fibre wheel manufacturer **Carbon Revolution (CBR)**, aerial mapping and photography business **Aerometrix (AMX)** and the US and Melbourne based 3D printer **Amearo (3DA)** ended the month up 50%, 100% and 75% respectively on their issue prices.

We did however have less successful listings in online learning platform **Open Learning (OLL)** and AI based security analytics company **iCetana(ICE)** which both closed December trading 20% below their issue prices. However, we are pleased to report, both these stocks have punched through their issue prices in January.

As alluded to earlier, we had a cohort of stocks that pulled back despite there being no apparent fundamental concerns including: **Aldicion (ALC)**, **Atomos (AMS)**, **Quickstep (QHL)**, **Oventus (OVN)** and **Readcloud (RCL)** which all posted returns of between -15% and -20%. We remain confident about the exciting growth paths that lie ahead for all these companies.

Co-working space **Victory Offices (VOL)** declined 17% after the company reported at their AGM some softness in

occupancy rates on account of losing some larger corporate tenants. This was disappointing although occupancy rates remain within our targeted ranges.

The biggest impact on the Fund during the month was the performance of music metadata provider **Jaxsta (JXT)** which fell a whopping 45% in the month. For some context, JXT was floated at 20c, has traded as high as 35c recently and closed December at 15.5c. The company was looking for additional capital to help fund the roll-out of its subscription model. The company came to the market to raise \$2.7m in early December at 18c (we understand a previous funder fell through) which put pressure on the stock price. We did not participate due to the price dynamics currently playing out but, despite the recent price action, we continue to be attracted to the business model and the company's 2020 outlook.

Outlook

We are pleased to report that, to date, the Fund has already pared back more than half its December losses. Long-term followers of the Cyan C3G Fund will be aware that volatility is, increasingly, a factor in the performance of the ASX and the Fund. As it's notoriously difficult to predict short-term price movements we continue to encourage a longer-term outlook. Which, by definition, means unitholders should not become too glum when performance is slipping, nor get too enthusiastic when performance is strong.

However, given the pull back in share prices in recent months, on the whole due to little negative underlying news, we believe the new year is starting from an attractive base and we hold good hopes for another profitable year in 2020.

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 ±0.3%
Typical Portfolio	20-40 companies



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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 31 December 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.