



As at: 31 January 2022	1 mth	3 mths	6 mths	1Year	3 Years (p.a.)	5 Years (p.a.)	7 Years (p.a.)	Since Incept (p.a.)	Since Incept (cum)	Volatility
Cyan C3G Fund	-9.8%	-11.6%	-5.0%	-3.1%	6.8%	7.5%	13.6%	13.6%	161.4%	16.5%
S&P/ASX All Ords Accum	-6.6%	-4.4%	-3.3%	9.7%	10.8%	9.1%	8.1%	7.8%	75.5%	14.1%
S&P/ASX Small Ind Accum	-9.8%	-10.4%	-6.7%	2.3%	8.8%	8.7%	8.6%	8.2%	80.4%	16.8%

January 2022

Inflation fears terrorised the markets in January with indices reporting their worst monthly falls since the Covid-19 induced dive back in March 2020.

The S&P/ ASX All Ords retraced 6.6% and the S&P/ ASX Small Industrials Accumulation Index fell 9.8%. The Cyan C3G Fund also felt the brunt of the bearishness declining 9.8% in the month.

Curiously, whilst inflation fears were somewhat reflected in shorter bond rates (3yr bonds spiked from 0.6% to 1.3%) the 10yr bond rate rose only modestly from 1.5% to 1.9% and, across the board, interest rates remain at, historically, very low levels.



Month in Review

Not much pain was spared so we'll start with the worst performers first:

Zoom2U (Z2U -27%) - the recently listed courier delivery platform and logistics software provider [reported solid numbers during the month](#) (2Q22 revenue of \$1.3m up 33% on pcp, cash of \$6.5m) along with the signing of new customers including Australia Post, Cleanaway and Middys. Whilst the stock is still trading ~50% above its September 2021 issue price, the month-to-month price volatility is endemic for microcaps such as Z2U. And whilst the price movement was disappointing this month, we remain very confident in its future growth given both the structural tailwinds and the company's solid operating results since listing.

Birdog (BDT -33%) - this professional video technology company listed just prior to Christmas and initially held a 10% premium to issue price before succumbing to selling pressure in the new year. [BDT also reported some strong sales results](#) (1H22 sales \$24.5m +15%) but has had to spend additional funds up

front to secure inventory (due to well documented technology supply chain issues) for its sales pipeline which is the probable reason for the slide in the share price, along with general market malaise.

Raiz (RZI -18%) - appeared to be a casualty of the market's slide and, potentially, sustained some collateral damage from the sentiment shift against the traditional asset managers (note recent falls in **Magellan, Pinnacle, Platinum, VGI, GQG** and **Janus Henderson**). However, RZI has experienced continued growth in customer numbers (both domestically and overseas), ongoing fund inflows, and recently [reported a modest 2.7% decline in its FUM in January](#). This result for January is a testament to its customer loyalty, fund inflows and its diversified and conservative investment offerings in the face of a global market sell-off.

It wasn't all bad news however.

Boutique craft beer and spirits company **Mighty Craft (MCL +17%)** benefitted significantly from both customers returning to hospitality post Covid restrictions easing and the amazingly successful launch of a zero-carb, no sugar beer, called [Better Beer](#), of which they now expect to sell 4m litres in FY22. [MCL reported sales of almost \\$18m in the quarter, up 50% on the prior quarter](#).

Maggie Beer (MBH +7%) pushed higher again this month. Whilst no further news was released, the company's trading update on 9 November noted Q122 sales growth of 24% (pro-forma) and online sales comprising 44% of all sales, which will have likely helped re-rate the stock over the past quarter.

Media

Dean Fergie featured in several pieces for the Livewire 2022 Outlook series including:

- [The #1 stock picks for 2022](#)
- [Nine practical tips to make you a more successful investor in 2022](#)
- [4 crowded trades to avoid in 2022](#)
- [21 funds the professionals would invest in](#)

Outlook

Somewhat counterintuitively, it's reasonable to feel upbeat after a significant (and swift) market slide. The market, over the past few years, has characteristically proven itself remarkably resilient in the face of pullbacks, with it historically posting significant gains in the months post a substantial retracement.

Additionally, with respect to the Fund, the declines have not been as a result of negative stock specific news. If anything, the news out over the course of January confirmed the positive performance of many of our holdings. Stocks such as **Alcidion (ALC)**, **Corum (COO)**, **Field Solutions (FSG)**, **Mighty Craft (MCL)**, **Playside Studios (PLY)**, **Pure Profile (PPL)** and **Zoom2U (Z2U)** all provided operating updates in line with, or ahead of, our positive expectations.

At the time of writing this has resulted in the rebound in many prices in February, equating to more than 4% in positive performance in the new month.

Of course, the market is a fast moving beast but, with an eye on the long-term, we feel confident that the Fund is positioned to provide decent capital growth in the near-term.

Graeme Carson & Dean Fergie



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 31 January 2022. 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.