

As at: 28 February 2022	1 mth	3 mths	6 mths	1 yr	3 yrs (p.a.)	5 ys (p.a.)	7 ys (p.a.)	Since Incept (p.a.)	Since Incept (cum)	Volatility
Cyan C3G Fund	-8.0%	-16.8%	-13.3%	-13.1%	3.7%	5.7%	11.3%	12.2%	140.6%	16.5%
S&P/ASX All Ords Accum	1.7%	-2.4%	-4.1%	10.0%	9.3%	9.0%	7.3%	7.9%	78.5%	14.1%
S&P/ASX Small Ind Accum	-2.1%	-11.0%	-13.9%	-1.2%	5.6%	7.9%	7.1%	7.8%	76.7%	16.8%

February 2022

In short, the Cyan C3G Fund had an incredibly disappointing February, falling 8.0%. This was even more difficult to absorb given the underlying results reported in the month, for all our major holdings, were positive.

Of course, this will not dull the pain of a declining unit price - as fellow unitholders we are sharing this - but we remain particularly positive given the optimistic results recently released.

Market sentiment, in the short-term, is a powerful force and the recent inflation fears (and associated rate rises), exacerbated by the invasion of Ukraine and the uncertainty and concerns around energy prices and the potential economic impact, has created almost the perfect storm for many of the Fund's holdings.

Whilst the All Ordinaries managed to post a small gain of 1.7% in February on account of galloping resources prices, the industrials and the tech sectors fared much worse. To elaborate, the ASX Small Industrials sector pulled back 2.1% in the month and has retraced more than 20% from its recent highs in November 2021 with 75% of the index's constituents having delivered negative performance over the past 6 months. More acutely, the ASX200 IT sector has fallen nearly 40% over the same period.

In times of turmoil, it is valuable to focus on the underlying operational performance of our investments, particularly when the disconnect between the share prices and business performances has been stark.

Month in review

Playside Studios (PLY -9%)

This Australian-based game developer delivered a great interim result which clearly illustrated its strong growth and a healthy outlook. [Revenue grew 61% half-on-half to \\$9.4m](#). During February the company announced that it had generated a further [\\$8.4m in revenue \(in one week\)](#) through the launch of its [Beans NFT](#) which the digital assets will be used in an upcoming game. For those interested in the crypto space, Beans NFT are being traded on the [Opensea platform here](#) for which PLY makes a further small commission on each transaction.

Further good news was released when PLY signed a [material work-for-hire contract with Activision Blizzard \(NASDAQ: ATVI\)](#), one of the world's most successful interactive entertainment companies and maker of iconic games such as Call of Duty, Overwatch, Guitar Hero and Candy Crush.

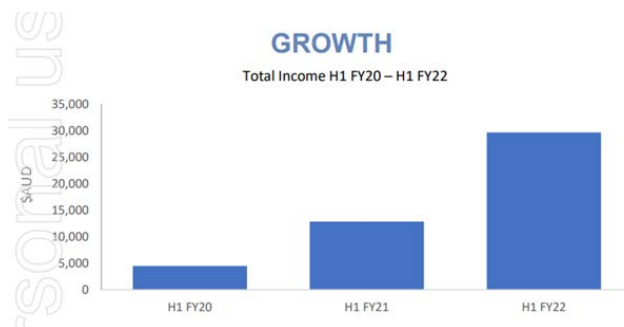
Through the month the share price of PLY rallied from \$1.02 to \$1.40 before, disappointingly, ending the month at \$0.93, a head-scratching outcome given the materially good news.

Mighty Craft (MCL -18%)

This emerging player in the Australian alcohol industry [delivered revenue of \\$30m in 1H22, up 132%](#), through both acquisition and strong organic performances within its product portfolio, including the wildly successful launch of the [Better Beer](#) brand. With the economy reopening and increased scale of the business post its acquisition of The Adelaide Hills Group, the company moved into profitability in the last quarter of the calendar year, a milestone that looked a pipedream only a few months ago.

Given the impressive product suite and hospitality tailwinds, the outlook remains strong, and we continue to back management to deliver on their aggressive growth ambitions which include posting revenues in excess of \$70m for FY22. Despite these important financial milestones being achieved, the share price did not, in the short-term, reflect the company's underlying achievements.

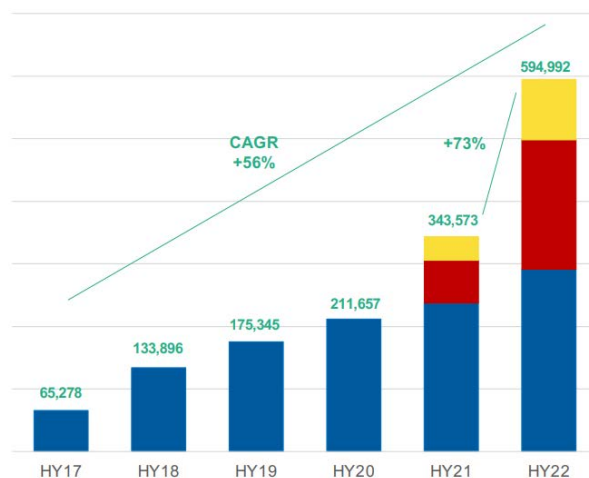
Mighty Craft - 1H Revenue



Raiz (RZI -17%)

Investment platform business Raiz delivered [strong growth metrics period-on-period](#), including active customer growth of 73% to 595,000, funds under management growth of 71% to \$1bn and group revenue growth of 77% to \$9.3m (the vast majority of which is recurring). This was delivered across all geographic regions, including strong traction in its emerging businesses in South East Asia. Again, this was not reflected in share price movement with the stock falling 17% in February. We suspect the market malaise towards fund managers such as **Pinnacle (PNI)** and **Magellan (MFG)** did not help stock sentiment, despite the solid performances of RZI's diversified client portfolio options.

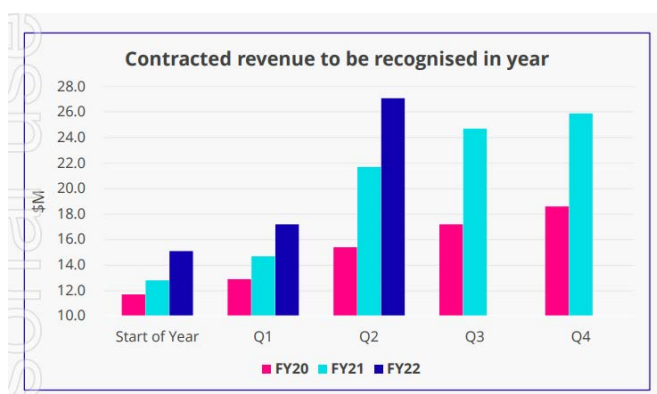
RZI - Active customer numbers



Alcidion (ALC -17%)

Hospital and healthcare software business ALC's half year result was solid, [showing revenue of \\$12.9m up 16% and contracted revenue of over \\$27m](#), a company record, despite Covid impacting the decision-making processes within the large hospital networks in the UK where ALC have tendered for some large contracts. As such we expect some material short-term catalysts by way of new contracts out of the region. Alcidion is building a very strong position in the healthcare industry which is expected to rapidly expand as the digitisation of the healthcare industry accelerates.

ALC - Contracted Revenue



Frustratingly, only 5 of our 24 current investments delivered moderate positive returns including **Quickstep (QHL +16%), Big River (BRI +7.5%)** and **Touch Ventures (TVL +5%)**.

Outlook

The Fund, as always, is invested in a portfolio of growth investments with a view to the medium to long term. Obviously, there are times when sentiment works against our approach and external factors materially impact performance. That said, our investment philosophy and process is proven over time, and we will not be adversely reacting to short-term factors and

changing our mandate, chasing momentum, or reacting to fear.

Macro event-driven market pullbacks invariably create opportunity, and prices are their lowest when there is an overwhelming abundance of uncertainty and fear.

Importantly, and increasingly, the market moves well ahead of the current reality of the economic environment.

Almost exactly two years ago (23 March 2020) when Covid was first emerging as a global threat, Australian shares sunk to their lowest point in 8 years. Then, without warning, they staged a remarkably recovery from their intra-day lows, rising 15% in 3 days; 25% in 3 weeks; and almost 35% in under 3 months. All this clearly happened well and truly before any clarity on the outcome of the pandemic emerged.

As with then, the timing and magnitude of any recovery is impossible to predict, but we are very comfortable, indeed optimistic, with the current composition of the investment portfolio and the assets, sectors, and themes to which it is exposed.

Of course, a material decline in the NAV is not an enjoyable or comfortable experience, therefore, as always, we remain open and transparent with our investors should they wish to discuss the Fund, its positioning and its outlook in further detail.

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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 28 February 2021. 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.