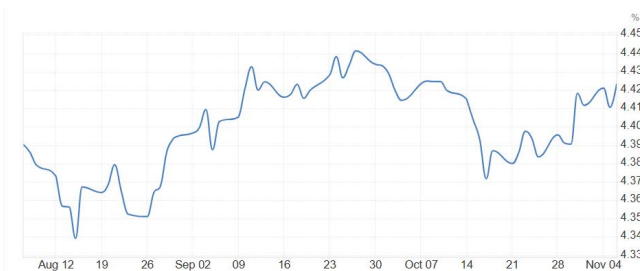


As at: 31 October 2024	1 mth	3 mths	6 mths	1 Year	5 Year (p.a.)	9 Year (p.a.)	Since Incep (p.a.)	Since Incep	Volatility
Cyan C3G Fund	-2.5%	-3.2%	4.2%	3.3%	-14.3%	-1.9%	2.0%	23.1%	18.0%
S&P/ASX All Ords Accum	-1.3%	2.5%	8.1%	25.4%	8.5%	9.6%	8.4%	128.4%	14.0%
S&P/ASX Small Ind Accum	-1.1%	1.1%	6.9%	31.1%	3.4%	6.5%	6.7%	94.1%	17.2%
S&P/ASX Emerge Accum	0.2%	9.5%	6.4%	27.9%	9.7%	10.6%	9.0%	141.8%	22.4%

October 2024

After a solid start to October equity markets slipped in the second half of the month as uncertainty with respect to the US election and some stronger economic data weighed on investors' minds. Whilst the RBA kept cash rates unchanged at 4.35% (for 12 months now), the 90 Day Bank Bill Swap Rate (BBSW) edged up to ~4.4% indicating that expectations for a near-term rate cut have reduced significantly.

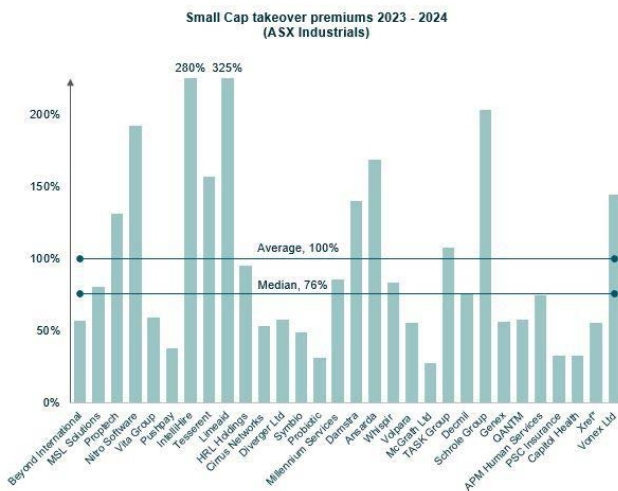


The Cyan C3G Fund dropped 2.5% for the month while the S&P/ASX All Ords Accumulation Index fell 1.3% and the S&P/ASX All Ords Small Industrials Index retreated 1.1%.

Of course, much of the uncertainty and pessimism has dissipated post Trump's election win and the markets (and the Cyan Fund) have had a solid start to November.

There continues to be significant takeover activity at the smaller end of the market with both **Xref (XF1)** and **Vonex (VN1)** being bid for in the past month. As the chart below shows, typical takeover premiums are in the range of 75-100% with a number of outliers well above 100% including fund holding **Schrole (SCL)** which went for a 200% premium earlier this year. Given the intrinsic value that remains at the unloved smaller end of the

ASX industrials market, we continue to believe this will be a source of substantial returns.



At the time of writing (13th November) this has manifested in a takeover bids for fund holdings: **Quickstep (QHL)** at 100% premium; and **Silk Logistics (SLH)** at a 50% premium.

Month in review

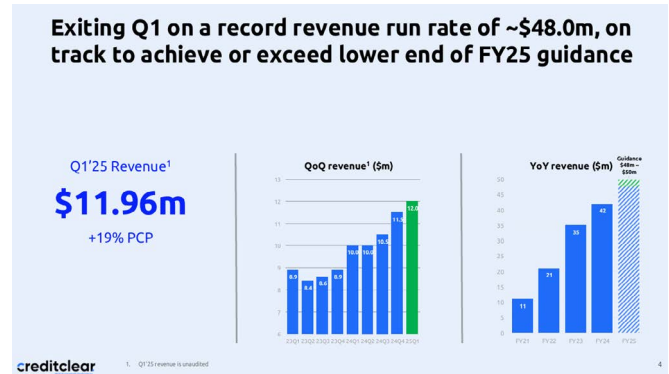
The fund experienced significant price dispersion in the month whilst we also engaged in elevated activity as prices gyrated and both IPO and secondary market opportunities emerged.

The IPO pipeline is picking up materially with three IPOs being presented in the past 2 weeks: nerve regeneration business **ReNerve** (\$7m), construction group **Symal** (\$136m) and cryopreservation company **Vitrafy** (\$35m).

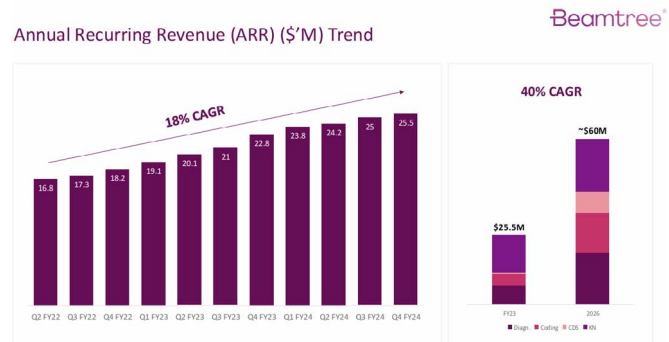
Along with the IPO market, the secondary market is also buoyant with one of the better performers for the Fund in the month being the placement we took in 3D printing defence manufacturer **Titomic (TTT)**. The company raised \$25m at 12c to expand into the US and closed the month at 21c (+75%). As the placement was conducted in two tranches, the Fund is expected to be allocated the second tranche of 12c shares at the end of November.

The Fund entered a new position in debt collection company **Credit Clear (CCR)**. The business has transformed markedly since the acquisition of customer debt servicing business **ARMA**. Unlike traditional 'strong-arm' debt collection businesses, Credit Clear works within tier-1 clients such as telcos and energy companies using AI and machine learning systems to manage outstanding debts. As such the company achieves strong net promoter scores (NPS) and generates sustained and growing revenues. The

company recently confirmed they expect to meet or exceed prior revenue guidance growth of ~20%.



The biggest drag on performance came from medical software company **Beamtree (BMT -27%)** when CEO Tim Kelsey announced he would be stepping down in March 2025. If there were any latent concerns about the financial performance of the company, these were alleviated with the announcement of their FY25 Q1 Trading Update detailing revenue growth of +20% for FY25 and confirming their longer-term target of \$60m ARR by the end of 2026 (\$25.5m as at June 24).



The other major detractor from performance in the month was aerospace manufacturer **Quickstep (QHL -19%)**. Given the takeover offer in early November, it was certainly pleasing to see nothing in the way of insider trading going on. Our initial thoughts on the takeover bid (despite the large initial premium) are that there remains significant underlying value in the business and hence have not sold our shares. This aligns with the market's perception given the shares are trading at the existing takeover price.

Media

For all articles, videos and commentary featuring Cyan Investment Management please head to the Cyan Investment Management LinkedIn page.

Outlook

Whilst there have been some ebbs and flows with respect to market activity and optimism over the past couple of months, far and away the overall trajectory has been positive.

Punctuated by continued takeover activity, the market is now, for the first time in two or three years, experiencing a defined uptick in IPO activity. These factors make the marketplace ripe for strong performance at the smaller end. Particularly given the extended run of larger cap stocks over the past few years (take the run in **CBA** from \$100 to \$150 in the past 12 months as an example) the valuation gap with smaller caps looks set to close further, and potentially at a rapid rate.

The level of activity is likely to increase further coming into Christmas as corporate teams rush to line up deals prior to the close of the year. We expect this activity to provide further opportunities for good Fund performance.

In addition, the upcoming AGM season will provide further clarity on the performance and outlooks for existing Fund holdings and we expect several more to provide positive earnings guidance for the year ahead.

As always, we are attentive to all risks and opportunities and welcome contact from our investors at any time.

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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 October 2024. 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.