

Using a defined and disciplined investment framework the C3G Fund makes considered and thoroughly researched investments in a range of both proven and emerging companies. The Fund aims to generate both sustainable income and capital growth for investors.

# C3G Fund Update

## 30 November 2014



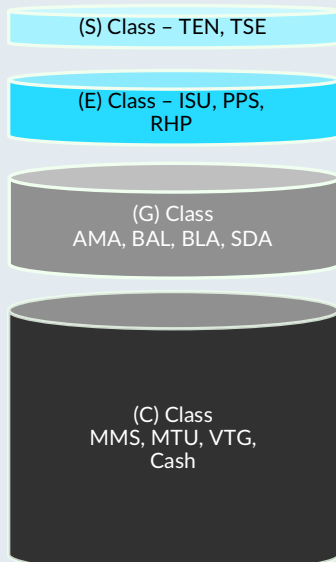
### Fund Details

Fund Inception 24-Jul-14  
 Unit Price 30/11/14 \$1.013

### Returns Since Inception

Cyan C3G Fund +1.3%  
 Small Ords Acc -7.2%  
 All Ors Accum -3.2%

### Portfolio Composition



The Australian market endured a torrid month in November, punctuated by some disappointing outlook statements through the AGM season and free-falling commodity prices, including Oil which fell 20%.

The All Ords Accum dropped 2.4% with the Small Ords Accum suffering a painful 3.8% drop.

The Cyan C3G Fund fared relatively well, retracing a modest 0.6% after all fees.

The Fund has now been invested for over 4 months and has outperformed the Small Ords Accumulation Index by 8.5% during the period.

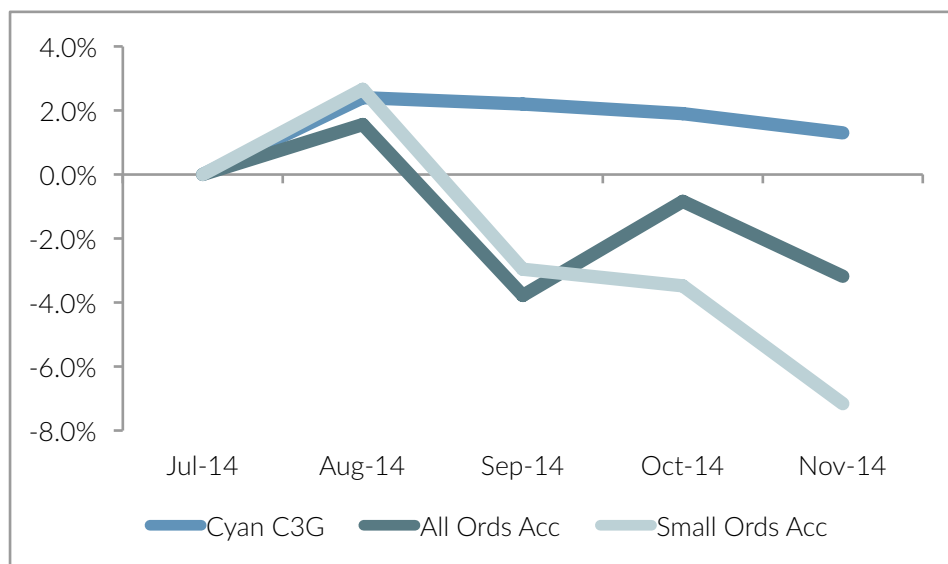
### THE CYAN C3G PORTFOLIO

Some of the investment decisions contributing to our performance through November and positioning the portfolio for the months ahead include:

- Our IPO investment in organic baby-food producer **Bellamy's Organic (BAL)** continues to be one of the C3G Fund's top performers, rising a further 14% in November. At its AGM in late October the company reiterated its early success in respect to sales into China and

further range expansion into Costco. Despite recent rises, we fully expect the broader market to further appreciate the strong pipeline of growth and continue to support the share price.

- Our existing position in **M2 Communications (MTU)** was given a boost with the stock rising 5% in the month after the company conducted an upbeat strategy day (which Cyan attended) detailing solid trading conditions and updating the market on its plans for the expanded roll-out of the Dodo broadband and energy retail businesses.
- Cloud software licensing business **Rhype (RHP)** successfully conducted a \$25m capital raising to fund the acquisition of consulting business nSynergy that is expected to further improve both the company's sales and margins.
- We exited a couple of smaller positions including **Ashley Services (ASH)** which was beginning to suffer fall-out from the training sector due to the



blow-up in Vocation (VET), which has never been held by the C3G Fund. At the end of November VET had fallen 85% from its peak in September. However at the time of writing VET has shed another 58% after yet another downgrade.

- We also sold our small holding in **Chandler McLeod (CMG)** after the company disclosed slightly weaker than expected trading conditions at its AGM.
- Whilst we have seen many IPO's including **eCargo, Greens Foods, Godfreys, Lovisa and SurfStich**, it is only fashion accessory business **Lovisa** that has met our stringent investment criteria.

It has been beneficial that we have taken a conservative approach to the Fund's investments and have avoided numerous market blow-ups in the past few months.

Market activity has been lively and we have been presented with many prospective floats and placements, however have remained extremely selective.

Our "C Class" positions, which are classified as cash and highly cash generative companies, represented nearly 70% of the C3G Fund at month's end.

## THE OUTLOOK

November was clearly tough and December has started horrendously with the market (largely the resources sector) falling more than 4% in the first couple of trading days.

Pleasingly for us, this market route provides a cashed up fund like the C3G Fund to deploy funds at increasingly attractive levels.

As always this will be done in a diligent and considered manner in order to continue to provide our investors with solid, sustainable investment performance.

Graeme Carson and Dean Fergie

**Cyan Investment Team**



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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 30 November 2014. 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 St 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.