

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 28 February 2015



Overall, the market had an outstanding run in February with the RBA's largely unexpected 25bp rate cut (the previous cut was in August 2013) sparking renewed interest in the stock and bond markets. The All Ords Accumulation rose 7.0%, its largest monthly gain since October 2011.

result of \$13.4m (80% of analysts forecasts for the full year). With the company paying both normal and special dividends thanks to the company's \$40m in excess franking credits, Vita has proved itself as both a successful growth and yield investment.

Fund Details - 28 Feb 2015

Fund Inception 24-Jul-14
Unit Price (28/2/15) \$1.138

Monthly Returns & Volatility

Month	C3G	All Ords Acc	Small Ords Acc
Aug-14	2.4%	1.6%	2.7%
Sep-14	-0.2%	-5.3%	-5.5%
Oct-14	-0.3%	3.1%	-0.5%
Nov-14	-0.6%	-2.3%	-3.8%
Dec-14	3.8%	1.9%	0.5%
Jan-15	1.9%	3.0%	0.9%
Feb-15	6.3%	7.0%	8.4%
Return	13.8%	8.8%	2.1%
Volatil.	8.7%	13.8%	15.7%

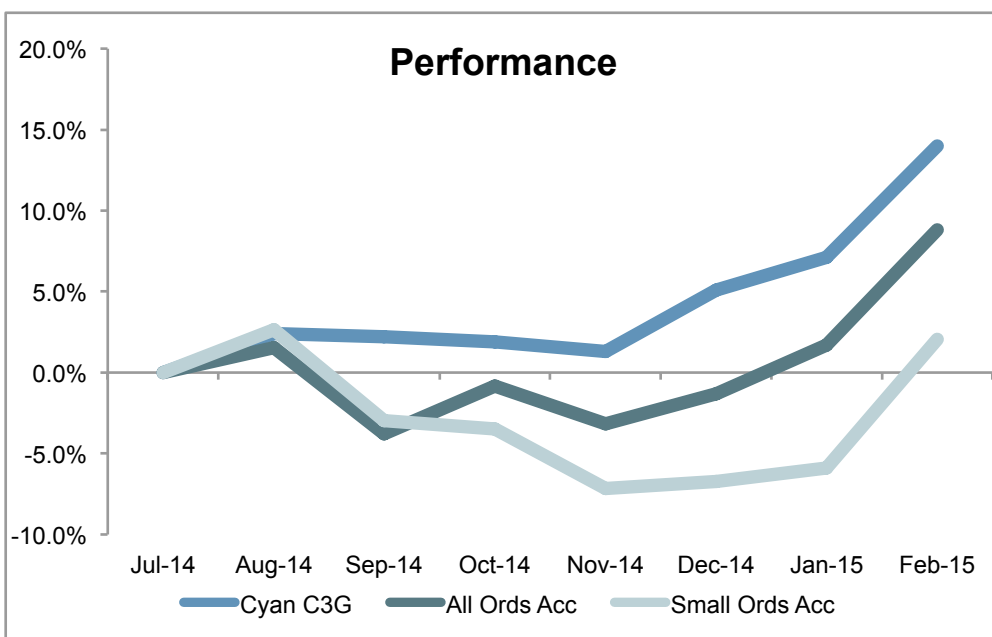
THE CYAN C3G PORTFOLIO

Thanks in part to the macro tailwinds, the C3G Fund had an outstanding month, gaining 6.3% with stocks across the board gaining ground including: **Capitol Health (CAJ)**, **Freelancer (FLN)**, **M2 (MTU)** and **Praemium (PPS)**.

Whilst monthly Fund returns of this magnitude will clearly not be sustainable month-on-month, February was by no means a "fluke" with share price rises being backed by solid operating performances from the underlying businesses.

Some of the positions that contributed to February's performance include:

- **Blue Sky Alternative Investments (BLA)** (+37% in Feb) is an investment specialist managing a number of private equity, venture capital and real estate funds (listed and unlisted). We added BLA to the C3G Fund in October 2014 as the company began to gain significant traction in fund flow. By June 2015, BLA is expected to have in excess of \$1bn under management, up from \$700m the prior year. With more than 50cps in cash and assets on its balance sheet and growing annuity revenue from management fees, we continue to see great potential in the company as it begins to enjoy major economies of scale.
- **Vita Group (VTG +25% m.o.m.)** was again a major winner for the fund after strong iPhone 6 sales that we foreshadowed in September last year (<http://tinyurl.com/qj99hnf>) delivered a monster 1H15 NPAT
- **Smash-repair consolidator, AMA Group (AMA +24%)** posted a solid first half NPAT of \$4.4m (+42%) which included the contribution of a number of acquisitions in the



Portfolio Composition (Summary)

(S) Class – Nil

(E) Class – FLN, PPS

(G) Class
AMA, BAL, BLA, LOV

(C) Class
MMS, MTU, VTG,
Cash

prior year that have been positively integrated. With further industry consolidation expected combined with a 4%+ yield we expect the positive stock momentum to continue.

THE OUTLOOK

After such a strong month of performance we certainly focus upon 'locking-in' profits as opposed to 'enjoying the run'.

Much of the Fund's outperformance to date has been due to our conservative investment style and tendency for the Fund to not go backwards in a declining market.

It is worth remembering that the RBA's rate cut was made in-part due to weakness in the local economy with Governor Glenn Stevens saying, *"growth is continuing at a below-trend pace, with domestic demand growth overall quite weak"*.

Further with the Government experiencing reduced corporate tax receipts from commodity price weakness, it is likely a tough May budget is being considered.

However the advantage of running a smaller-cap fund is the ability to cherry-pick those companies that are likely to perform in a range of economic environments. Given the present outlook we are targeting companies that will:

a) benefit in a soft economy (credit agencies, low-cost service providers, industry consolidators);

b) benefit from a weakening AUD currency (net exporters, travel);

c) operate in sectors not susceptible to domestic weakness (health, technology, global market players)

However we do remain conservatively invested with conservative cash balances ready to deploy in the case of new investments opportunities (3 of which we are currently considering) or market weakness

We thank investors for their support to date and look forward to keeping our investors updated with the Fund's progress.

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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 2015. 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.