

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.

Fund Details at 31 Oct 2014

Unit Price \$1.019

Returns since Fund Inception (24/7/14)

Cyan C3G Fund	+1.9%
Small Ords Acc	-3.5%
C3G relative perf	+5.4%

Portfolio Composition

(S) Class - TEN, TSE

(E) Class - ISU, PPS, RHP

(G) Class
AMA, ASH, BAL, SDA

(C) Class
MMS, MTU, VTG,
Cash

C3G Fund Update

31 October 2014



Volatility was the main theme through October. Cyan's most relevant indicator, the Small Ordinaries Accumulation Index, had dropped 5.0% half way through the month before recovering to finish down only 0.5% at month's end. The Cyan C3G Fund performed marginally better, through the month, down just 0.3% after all fees.

The Fund has now been invested for 3 months and has outperformed the Small Ords by 5.4% over the period.

THE CYAN C3G PORTFOLIO

Below are some of the investment decisions contributing to our performance through October and positioning the portfolio for the months ahead.

- We were rewarded for our position in telecommunications retailer **Vita Group (VTG)**. At its AGM the company announced plans to "pay a number of special dividends". The first has been declared at 3cps to be paid in early December. The stock was up 4.5% for the month and the ongoing capital management initiative gives us further confidence that we are invested in a company that will continue to deliver both growth and income.
- Our existing positions in **McMillan Shakespeare (MMS)**, **Praemium (PPS)**, **M2 Communications (MTU)** and **Bellamy's (BAL)** also delivered small positive contributions over the month.
- The C3G Fund participated in the **Think Childcare (TNK)** IPO, which listed at a pleasing 14% premium to its issue price.
- Having delivered a 28% share price rise in September, IT services company **Rhype (RHP)** took a breather and pulled back 5.9% in October. Other

negative contributors to the C3G portfolio included **Rubik Financial (RFL)** and **Chandler McLeod (CMG)**.

- Additions to our portfolio included two "S Class" positions (special situations), both for reasons of earnings turnaround combined with corporate appeal: **TEN Network (TEN)** and **Transfield Services (TSE)**.

In summary, throughout the month we focused on capital preservation and positioning the portfolio for future growth. Our "C Class" positions, which are classified as cash and highly cash generative companies, represented 65% of the portfolio at month's end. A diversified range of growth companies (G Class), emerging businesses (E Class) and special situation stocks (S Class) constitute the balance.

THE OUTLOOK

The recent share market volatility has subsided, at least for the short term. From an investment perspective we remain cautious on the grounds that the majority of individual companies continue to look fully priced.

The investment team continues to meet with management of numerous small and medium sized companies to evaluate the conditions within various industries and the broader economy.

We look forward to providing further updates for our investors.

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 31 October 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.