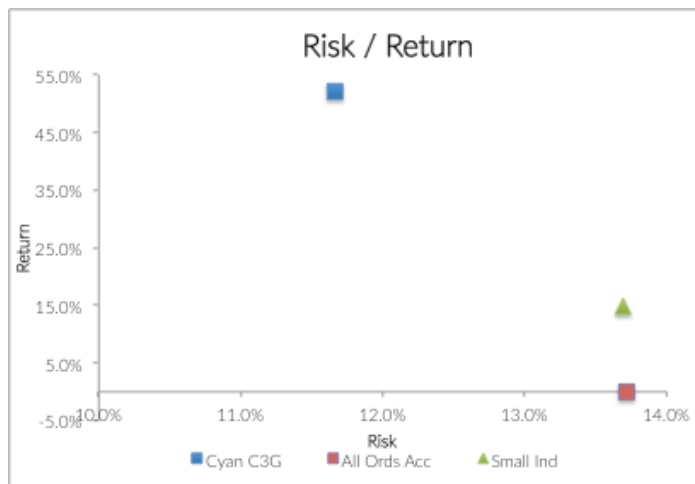


Cyan aims to invest in the most promising and highest quality smaller companies listed on the ASX.

C3G Fund Update 31 March 2016



Fund Incept: 24 Jul 2014	1.000		
Unit price: 31 March 2016	1.521		
Performance	Cyan C3G	All Ords Acc	Small Ind Acc
1 mth	2.2%	4.7%	6.0%
3 mths	-2.2%	-2.4%	-1.1%
6 mths	8.8%	4.1%	10.7%
1 Year	27.8%	-8.0%	5.8%
Since Incept.	52.1%	0.0%	14.9%
Volatility	11.7%	13.7%	13.7%



Those that follow our investment strategy closely will be aware that the Cyan C3G Fund does not invest in direct resources (we believe the speculative nature of the sector and high risk/return bias makes it one we actively avoid).

Obviously March was a month in which many of these stocks had very strong returns (after a prolonged period of terrible performance) and was one of the major reasons the fund did not keep pace with the broader indices.

The Cyan C3G Fund gained a credible 2.2% in March 2016 after all fees, albeit this was below the performance of comparable indices. To the relief of investors, the losses that had been incurred in the first two months of calendar 2016 were largely eliminated in the strong March. The All Ords Accumulation Index rose 4.7% and the Small Industrials had a solid rebound of 6.0%.

In the 3 months to date of 2016, the Cyan C3G Fund has performed broadly in line with All Ordinaries and the Small Ordinaries indices but has sustained far less investment risk doing so. It is worth highlighting that the annualized volatility of the Fund so far in 2016 is 10.0%; versus 17.7% for the All Ords and a massive 19.9% for the Small Industrials. The lower volatility clearly represents our risk averse investment framework.

The biggest macro move in the month was the surprise jump in the AUD/USD rate which closed March at 77c, up from 71c. Historically the exchange rate has broadly followed the prices of resources and again this held true with the rebound in the price of Iron Ore; up almost 25% in USD terms, and more than 30% in AUD terms.

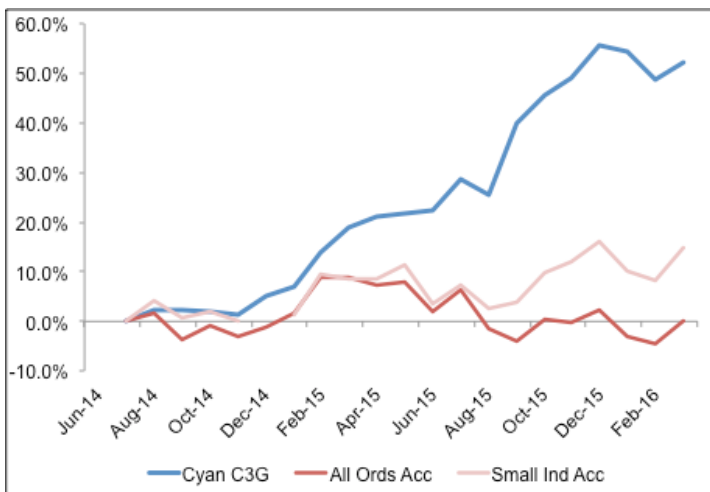
Monthly Review

It was more-or-less business as usual for the Fund in March. Great portfolio returns are generated by holding quality stocks over long periods of time (much like real estate) and hence it is unlikely, unless we get our strategy completely wrong, that there will be major portfolio changes month-to-month.

Of course the beauty of the liquid stock-market is that small changes can be implemented easily and cost-effectively when required. So whilst the names of the core stocks remain reasonably constant, the weightings and allocations to these stocks are quite dynamic as prices, and hence investment attractiveness, change. More specifically, we have recently reduced our holding in Vita Group, and increased our weightings in **BlueSky**, **Freelancer** and **Opus Group**.

In respect to March's performance, our top holdings all produced double digit returns including **BlueSky** (+21%), **AMA Group** (+12%), **Vita Group**, **Opus Group** and **Adadcel**.

The only meaningful negative returns were weathered in **Freelancer** (-11%) and **Touchcorp** (-15%) that both appeared to be impacted by some investor rotation out of the technology sector rather than any company specific factors.



Despite the reasonably static core holdings we were quite active with our shorter-term portfolio. In the month we took placements or sell downs in **Aconex**, **Melbourne IT**, **Nick Scali** and **Silver Chef** and happily all of these have proven to be profitable transactions for the Fund.

We continue to focus on sustainable growth and note that 7 of our top 10 holdings generate what we believe to be maintainable return on equity above 20% and are reinvesting at least half of their earnings back into their businesses.

In terms of size, more than half of our holdings are in companies with a market capitalisation between \$200m and \$500m.

That said, we reiterate our ongoing strategy, based on the following key themes:

1. Invest in companies, not markets
2. Invest in quality
3. Avoid high risk and volatile sectors
4. Invest in companies that earn through the cycle
5. Invest in companies with specific growth
6. Deploy a portion of our high cash balance to build opportunistic positions as we identify them – corporate activity and new IPO activity are always on the radar and we always spend time exploring and researching new investment opportunities.

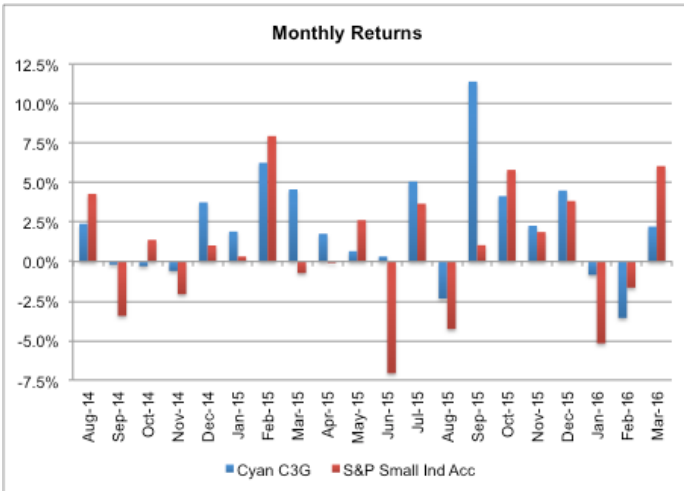
The C3G Fund continues to perform well since its inception and we look forward to keeping our investors updated with the Fund's progress.

Graeme Carson and Dean Fergie



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OUTLOOK

There are some investments to be excited about in the near future. We have researched a number of upcoming IPO's and have identified a couple we believe could produce some solid returns in the near future. This includes **Afterpay** (a business that is part owned by current fund holding, **Touchcorp**) and which we believe we understand relatively well.

Afterpay will list in its own right through an IPO in April. This technology-driven payments company allows customers to "Buy now - pay later" for online retail products. The concept has gained significant traction in Europe and **Afterpay** is well-positioned to capitalise domestically. We have confidence that the high-calibre management team will execute the company's commercialization strategy successfully.

We remain comfortable with the position of our portfolio and the underlying company exposures. Although our conservative cash balance will lead us to perform less strongly than the market during rebounds, we believe there are still enough uncertainties to maintain a moderately conservative stance.

Specific macro events and influences (such as the impact of the Chinese economic position, the US growth profile, foreign exchange rate movements and domestic housing and interest rates environments) will obviously continue to drive sentiment, most likely resulting in continued market volatility in the short to medium term.

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 March 2016. 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.