

As at: 31 December 2021	1 mth	3 mths	6 mths	1 yr	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	Since Incept (p.a.)	Since Incept (cum)	Volatility
Cyan C3G Fund	0.2%	1.0%	7.2%	9.0%	12.0%	10.2%	15.6%	15.4%	189.6%	16.2%
S&P/ASX All Ords Accum	2.7%	2.5%	4.6%	17.7%	14.8%	10.4%	9.6%	8.8%	87.8%	13.9%
S&P/ASX Small Ind Accum	0.8%	-1.2%	2.5%	13.7%	14.4%	10.2%	10.3%	9.8%	100.1%	16.6%

December 2021

The Cyan C3G Fund closed out 2021 with a modest gain of 0.2% in December 2021, taking the return for the first 6 months of FY22 to 7.2%. This puts us well on track to deliver on our stated benchmark of 10-15% p.a, and sees us currently outperforming the All Ords, Small Ords and Small Industrials Indices for the period. Our annual performance since the inception of the Fund seven years ago is above our long-term target at 15.4% p.a.

The smaller end of the Australian market continued to face the ongoing challenges of the past few months with growth stocks, particularly, remaining in the firing line as speculation around inflation, government response, the yield curve (and its potential impact on equities) continued to drive sentiment and volatility. As an indication of the intra-month volatility, the S&P/ASX Small Industrials was

down around 5% in the first week of December before clawing its way back to end the month in positive territory (although still slightly lower over 3 months).

In October we wrote:

*...“we have taken profits in some existing holdings ... to direct the proceeds to upcoming opportunities. ... we invested in BirdDog on a pre-IPO basis earlier this year and will invest further into its imminent IPO round. ... This will be partially funded by some profits taken in **City Chic (CCX)** and other portfolio rebalancing to ensure that our cash position remains strong for other opportunities which may arise”.*

Our timing was fortuitous as CCX has dropped ~30% from its highs due, it appears, to rotation away from growth stocks.

FY	Return
2015	+22.3%
2016	+41.4%
2017	+11.4%
2018	+20.4%
2019	+1.8%
2020	-13.1%
2021	+31.8%
2022*	+7.2%
Annualised	+15.4%

Pleasingly the two IPOs that we had invested in – **BirdDog (BDT)** and **XPON Technologies (XPN)** both ended December at decent premiums of 11% and 8% respectively. We'd say this was particularly rewarding given how swamped the market became towards the end of the year. Indeed just 10 of the 26 IPOs in December ended the month trading above their issue price.

We also had some strong performances within the portfolio through the month:

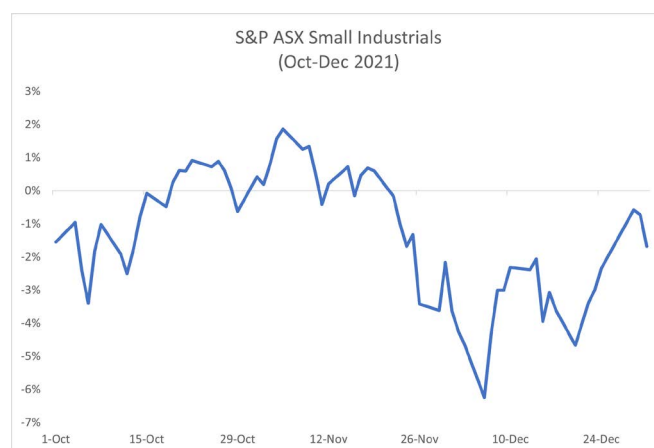
Playside Studios (PLY: +31%) – This Melbourne-based game developer continued its impressive share price run as it reached its 12-month anniversary of listed life. It is rapidly building a strong reputation as a high-quality game developer that can develop games with its own original IP and engage in large 'work-for-hire' contracts for significant multinational clients. It recently raised further capital to continue its expansion and looks to have some strong positive catalysts in the months ahead.

BirdDog Technology (BDT: +11%) – This emerging video technology company listed just prior to Christmas and, unlike many other IPO's around the time, held an 11% premium to issue price in a challenging market. We are excited about the future of this truly scalable business as it grows from an already substantially base of revenues (\$38m in FY21) and profitability (\$2.6m EBITDA). It is now well funded with proven technology and an impressive management team with the ability to execute on a

clear expansion strategy.

Schrole (SCL: +33%) – This education and recruitment technology business that focusses on international schools and the placement and onboarding of teachers has been a long-term investment for the Fund which, unfortunately, has been negatively impacted by Covid issues in the sector. We stayed invested through the pandemic and the business now looks well positioned to capture market share as the industry re-opens. This will be driven by a recent \$2.5m capital raising, a strengthened sales team and release of an expanded range of products.

Other strong performers included **ReadCloud (RCL: +18%)**, **Universal Biosensors (UBI: +12%)** and **XPON Technologies (XPN: +8%)**.



There were two companies specifically that dragged on performance in the month.

Alcidion (ALC: -19%) – The ALC price pulled back during the month when the company announced it would raise \$55m in capital to fund the acquisition of UK based Patient Administration System Provider (PAS), Silverlink. In hindsight, the timing of the capital raise in early December (right at the intra-month market low when the market was under the most pressure) was not ideal. However, ALC's shares ended the month trading 10% above the price of the capital raise (25c) and this most recent acquisition should round-out the technology suite required to cement its position as a leader in the accelerating digitisation of the UK hospital sector. We believe ALC has an exciting 12 months ahead and remain fully invested.

Touch Ventures (TVL: -13%) – Whilst still trading ~40% above our September 2020 pre-IPO investment price, this **Afterpay (APT)**-backed venture capital LIC has probably been our most disappointing investment of 2021 (with respect to our initial expectations). The company is now trading around its Net Asset Value, which appears to reflect no value on the upside of the underlying investment portfolio (most of the underlying investments are being carried at book value) nor the strategic value of the relationship with APT - soon to be **Block (SQ:NYSE)**. We fully expect this to change as the vehicle proves its model through significant upward revaluations on its investment portfolio and further VC investment deals.

Media

Dean Fergie was invited to participate in [Livewire's 2022 Outlook Series](#) and number 1 stock picks.

Outlook

As we look into 2022, we continue to discuss the same issues that have plagued society, economies and markets over the past 18 months, Namely, the impact of Covid, Government responses, inflationary impact, central bank policies and geopolitical risks.

The seemingly never-ending debate around portfolio positioning to capture short-term market alpha during this volatility continues. At various points over the past 2 years we have seen "Covid tailwind" stocks rise strongly and then come to earth just as strongly, general growth stocks come into favour due to low interest rates then fall out of favour for cyclical recovery stocks. At Cyan, we have stuck to what we know and believe in, which is:

The identification of, and investment in, emerging businesses that we believe will grow strongly over

the next 4 to 5 years, in industries that we understand and believe in, with management teams that can execute on a stated sensible strategy.

Outcomes are never in a straight line. Yes, we will see inflation and yes there will at some stage be interest rate rises on the back of it. But we are coming off a very low base and there will still be significant opportunity for emerging companies to build strong businesses in economic environments that are conducive to positive outcomes.

Some of the portfolio positions that we are excited about over the next 12 months include; **BirdDog (BDT)**, **Raiz (RZI)**, **Alcidion (ALC)**, **Playside Studios (PLY)**, **Mighty Craft (MCL)**, **Maggie Beer (MBH)**, **Zoom2U (Z2U)** and **Universal Biosensors (UBI)**.

We look forward to keeping our investors informed of their progress. We wish everyone a safe and prosperous 2022.

Graeme Carson & Dean Fergie



www.cyanim.com.au

17/31 Queen Street
Melbourne VIC 3000
(03) 9111 5632

info@cyanim.com.au

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 December 2021. 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.