



Contango. Asset Management

Investor Update
Marty Switzer | CEO and Managing Director

August 2019

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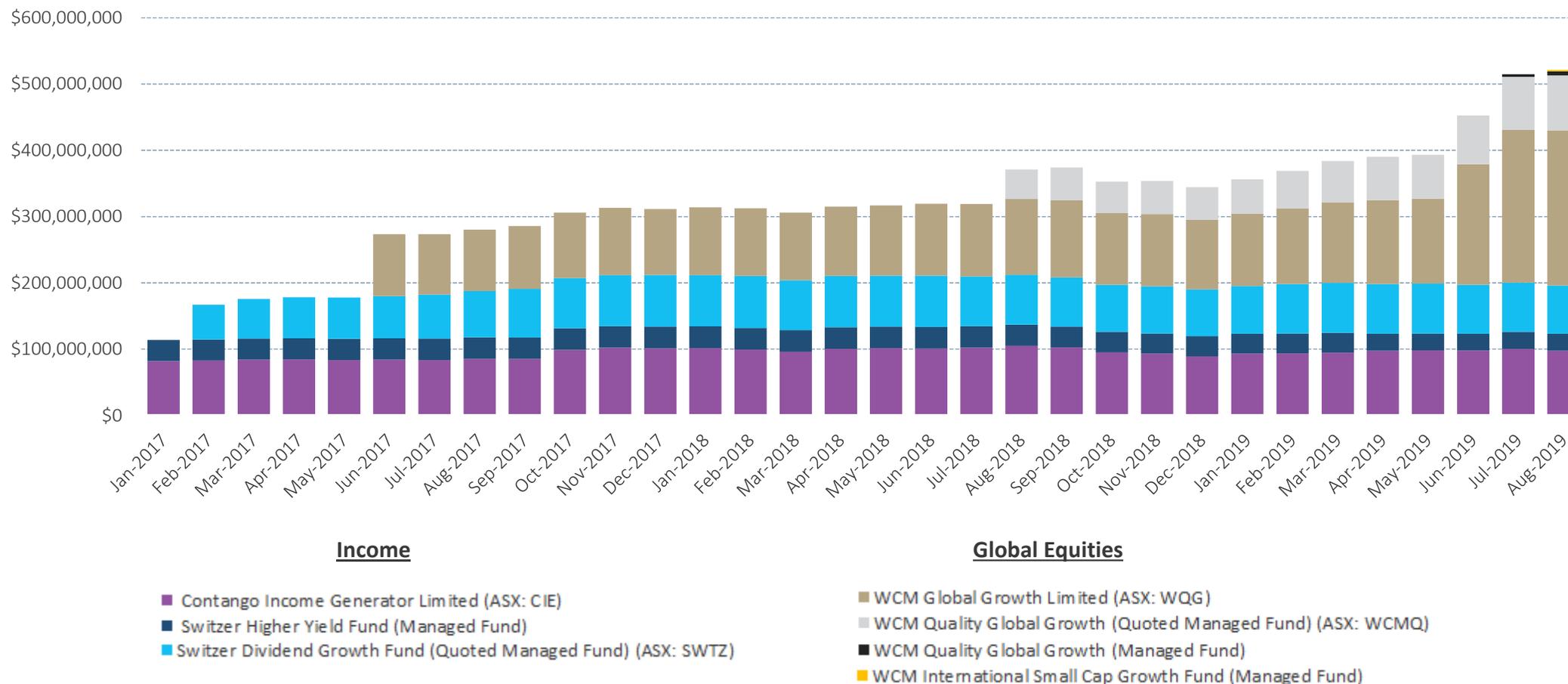
Performance information is historical. Performance returns may vary. Past performance is not indicative of future performance. Performance has been calculated based on cumulative daily returns excluding any allowance for fees, expenses and taxes.

Key Highlights FY2019

August 18	Strengthening of the Board with the appointment of Ms Nerida Campbell as a Non-Executive Director.
September 18	Launch of WCM Quality Global Growth Fund (Quoted Managed Fund) (ASX:WCMQ).
September 18	Shareholder approval for the acquisition of Switzer Asset Management.
March 19	Increased distribution capability with a senior appointment in Sydney, expanding Contango's reach in the NSW and QLD markets.
June 19	WCM Global Growth Limited completes a successful exercise and partial underwriting of the vast majority of its listed options.
June 19	Launch of WCM Quality Global Growth Fund (Managed Fund) (WCMM).
June 19	Cancellation of previous employee share plan.
July 19	Contango reaches half a billion in funds under management.
August 19	Launch of WCM International Small Cap Growth Fund (Managed Fund).

Strong Growth in Retail FUM since 2017

As at 23 August 2019, Contango's FUM totalled \$516 million



*NB: Contango Microcap Limited management rights reassigned in October 2017

Strong Growth in Retail FUM

\$400 million +
Retail FUM growth since 1 Jan
2017

Strong growth has been achieved since the launch of Switzer Asset Management and Contango's strategic shift from being a manufacturer of product to a marketing and distribution platform, targeting the self-directed and IFA channels of the \$2 trillion superannuation industry.



- Launch of WCM Global Growth Limited (ASX:WQG).
- Launch and ongoing growth of WCM Quality Global Growth Fund (Quoted Managed Fund) (ASX:WCMQ).
- Launch of WCM Quality Global Growth Fund (Managed Fund).
- Launch of WCM International Small Cap Growth Fund (Managed Fund).

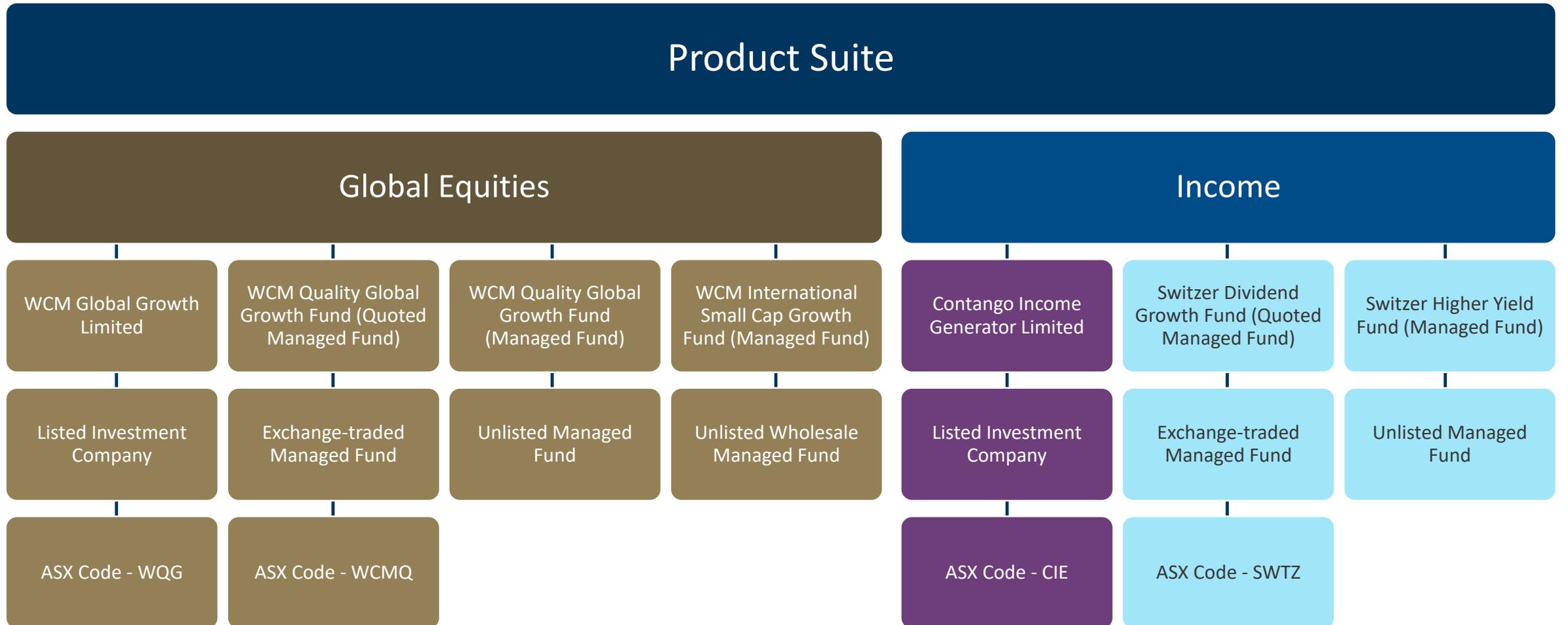


- Launch and ongoing growth of the Switzer Dividend Growth Fund (Quoted Managed Fund) (ASX:SWTZ)



- Contango Income Generator Limited (ASX:CIE) options exercise and partial underwriting.

Contango Asset Management Product Suite



A Proven World Class Investment Manager

WCM Investment Management

- WCM Investment Management (WCM) is a top quartile global and international equities specialist with total funds under management (FUM) of over A\$57 billion.
- Based in Laguna Beach, California, WCM's investment process is based on the belief that **corporate culture** is the biggest influence on a company's ability to grow its competitive advantage or 'moat'.
- This investment process has resulted in WCM's Quality Global Growth strategy outperforming the MSCI All Country World Index over an extended period.
- **Contango has an exclusive arrangement with WCM to distribute the WCM Quality Global Growth Strategy in Australia via:**
 - a listed investment company (**WQG**);
 - an exchange-traded managed fund (**WCMQ**); and
 - the recently launched retail managed fund (**WCMM**).
- Since partnering with Contango in June 2017, WCM now has approximately \$320 million in retail FUM in Australia.
- The most recent contributor to FUM growth was the WCM Global Growth Limited option exercise and partial underwriting of \$96 million.

The logo for WCM, featuring the letters 'WCM' in a white, serif font. A white, curved line arches over the letters, resembling a stylized 'W' or a swoosh.

**QUALITY GLOBAL GROWTH
STRATEGY**

WCM Global Growth Limited
WCM Quality Global Growth (Managed Fund)
WCM Quality Global Growth (Quoted Managed Fund)



Contango.
Asset Management

WQG Options Exercise and Partial Underwriting

- In June / July 2019, WCM Global Growth Limited (WQG) completed a successful exercise and partial underwriting of the majority of the company's listed options which expired on 24 June 2019.
- The successful issue resulted in additional capital being raised of approximately \$96 million, increasing the listed investment company's funds under management to around \$230 million.
- 50% of option holders supported WQG by exercising their options.
- Management believes the success of the issue will enhance WQG's position in the market place by:
 - expanding its scale and improving the liquidity of its shares, both of which should reduce the present share price discount to NTA;
 - increasing the breadth and depth of WQG's shareholder base through the introduction of a number of leading financial planning groups and high net worth investors;
 - lowering WQG's fixed operating costs per share; and
 - enhancing the profile among Australian investors.
- Consistent with industry best practice, Contango funded all the fees associated with the \$51 million underwritten component of the options exercise, being approximately \$1.2 million, demonstrating Contango's strong long-term commitment to the success of WQG and the interests of its shareholders.

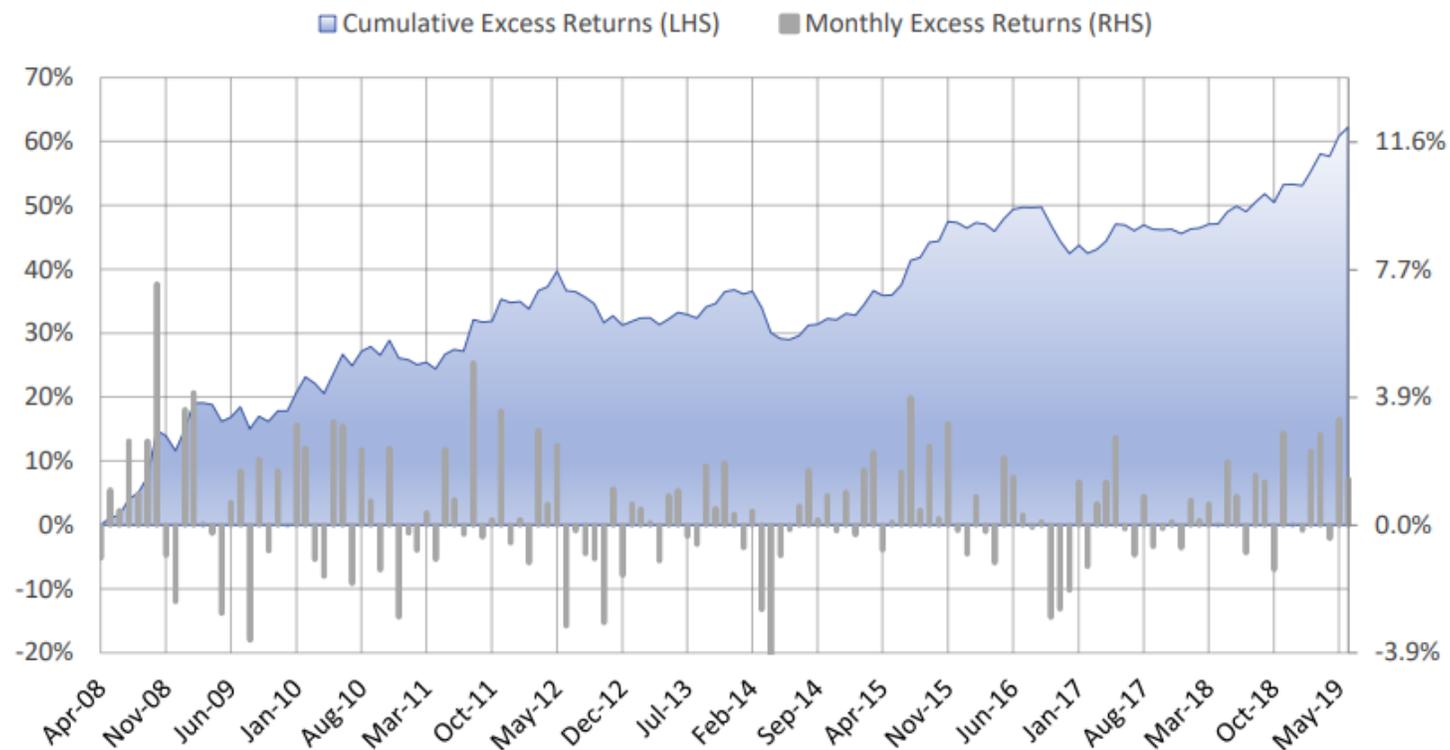


WCM Product Suite



Outstanding Global Equities Performance

Cumulative outperformance of WCM QGG strategy vs. ACWI.



Notes: Analysis is as at 30th June 2019 vs the MSCI ACWI Index. WCM QGG Composite returns are post (net of) fees. Past performance is not indicative of future performance.

Source: Quality Global Growth (QGG) Composite. Composite inception date: 31 Mar 2008. The Morgan Stanley Capital International All-Country World Index (ACWI) is a free-float-adjusted, market-capitalization-weighted index designed to benchmark the performance of various global equity markets. For more information on MSCI indices, visit www.msci.com

Outstanding Global Equities Performance

Annualised returns of WCM QGG strategy vs. ACWI.

Performance <i>Annualised, after fees</i>	WCM Quality Global Growth	Benchmark (MSCI All Country World Index ex-Australia)	Relative
1 Year	26.3%	11.9%	14.4%
3 Year	19.3%	14.5%	4.8%
5 Year	20.8%	13.3%	7.5%
10 Year	17.3%	12.3%	5.0%
Inception (31 March 2008)	14.5%	8.6%	5.9%

Source: WCM Investment Management, Quality Global Growth (QGG) Composite.

Notes: Returns are post (net of) fees. As at 30th June 2019. Past performance is not indicative of future performance. Composite inception date is 31 Mar 2008. The Morgan Stanley Capital International All-Country World Index (ACWI) is a free-float-adjusted, market-capitalization-weighted index designed to benchmark the performance of various global equity markets. For more information on MSCI indices, visit www.msci.com

Australian Equity Income Strategies

- Contango has two Equity Income products that are targeted at the direct and intermediary market.
- Whilst the environment has been challenging for value oriented, yield generating stocks, the investment team has delivered on its objective of providing consistent and reliable income streams.

Contango Income Generator Limited (ASX: CIE)

- CIE is a listed investment company that focuses on higher yielding ASX listed securities outside the ASX top 30.
- CIE declared dividends totalling 5.16 cents per share with franking at 70% for the FY2019.
 - Based on the post-tax NTA per share at 30 June 2018 of \$0.957, this equates to an annual net dividend yield of 5.39% and a gross yield of 7.01% with franking.
- CIE recently announced a revised dividend policy and adopted a more flexible framework to achieve its investment objectives.
- Contango is enhancing CIE investor communications and distribution capability.
- Contango is also increasing CIE's positioning in the Switzer direct channel.
- As at 31 July 2019 CIE had 2,706 shareholders.

Switzer Dividend Growth Fund (Quoted Managed Fund) (ASX: SWTZ)

- The Switzer Dividend Growth Fund (SWTZ) is an income-focused exchange traded managed fund with a mix of yield and quality companies.
- For the FY2019, SWTZ paid an annual net dividend yield of 7.27% and a gross yield of 9.57% with franking.
- As at 31 July 2019 SWTZ had 2,486 unit holders.

New Product Launches

WCM Quality Global Growth Fund (Managed Fund)

- In June 2019, Contango announced the launch the WCM Quality Global Growth Fund (Managed Fund) (WCMM).
- WCMM recently received seed capital as well as a recommended rating from leading research house Lonsec and will be accessible to retail investors via several wrap platforms.
- WCMM follows the August 2018 launch of the WCM Quality Global Growth Strategy through an exchange-traded managed fund, WCM Quality Global Growth Fund (Quoted Managed Fund) (ASX: WCMQ). As at 23 August 2019, WCMQ had FUM of \$81 million, an increase of over 80% in the 12 months since its initial listing.

WCM International Small Cap Growth Fund (Managed Fund)

- Contango is pleased to announce the launch of the WCM International Small Cap Growth Fund (Managed Fund) (WCMS).
- WCMS will initially commence as a wholesale vehicle targeted at leading wealth managers and high net worth investors.
- WCM's unique investment process has resulted in this strategy outperforming its benchmark, the MSCI ACWI Ex-US Small Cap index, by more than 10% per annum since inception on 31 December 2014.

New Products

- Management is currently conducting a process to determine the appropriate asset class and external management partners for Contango's next suite of products.

Increased Annualised Revenue

Revenue Growth

- **Based on FUM as at 23 August 2019**, Contango's revenue run rate is approximately \$4.0 million per annum (excluding any performance fees earned).
- The biggest contributors to revenue growth have been the launch and ongoing growth of WCMQ and the WQG options exercise and partial underwriting.

Revised Fee Structures

- In FY2019, Contango reviewed its fee sharing arrangements to increase profitability and reward outperformance.
- Contango has increased its percentage of the management fee (relative to the existing WQG fee structure) and is also receiving part of the performance fee on the following products:
 - WCM Quality Global Growth Fund (Quoted Managed Fund);
 - WCM Quality Global Growth Fund (Managed Fund); and
 - WCM International Small Cap Growth Fund (Managed Fund).

Reduced Cost Base

- Cost control continues to be a key focus for management.
- In FY2019 changes to the operating structure resulted in substantial savings across key expense lines including:
 - employee benefits;
 - professional services;
 - operations; and
 - corporate and administrative.
- There were also a number of non-recurring transition related expenses in FY2019 including:
 - cancellation of previous employee share plans;
 - termination costs associated with changing service providers; and
 - redundancy costs.
- Since the implementation of Contango's revised operating model, the cost base has been reduced by approximately \$2.4 million per annum.

Cash Position

- In July 2019 Contango invested \$1.2 million in relation to the partial underwriting of WQG's listed options.
- Contango's cash balance at 31 July 2019 was \$3.0 million.
- Contango currently has a receivable of \$5.0 million in total (net of GST) from NAOS Asset Management Limited for the assignment of an investment mandate.
- This receivable is payable in annual installments of \$1.66 million (net of GST) in June 2020, 2021 and 2022.
- Contango has cash and receivables of approximately \$8.0 million at 31 July 2019.

Strategic Priorities FY2020



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