



INVESTMENT UPDATE
CIE ANNUAL GENERAL MEETING
NOVEMBER 2016

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1. ECONOMIC OUTLOOK AND STRATEGY IMPLICATIONS

GLOBAL GROWTH MOMENTUM HAS IMPROVED BUT STRUCTURAL HEADWINDS REMAIN

- Global growth profile has exhibited some signs of improvement
 - US ISM and German IFO supportive of improved growth momentum
 - Fed funds Dec rate hike on target
 - Global growth however to remain modest
- Bulks, energy and metal prices have recovered strongly
 - China stimulus late 2015 holding up steel prices
 - Structural headwinds re Chinese bank NPL
- Bond market correction has been swift
 - Sharp spike in long bond yields does not reflect a pick up in economic activity, more the perceived shift in global policy prescription
 - Expect bond yields to grind higher but not significantly so.
- Aussie economy continues to transition well
 - Growth around trend with pulse activity improving and strong commodity prices imply AUD to remain stronger in the short term
 - Difficult for RBA to cut with improving commodity prices but low rates the theme

RECOVERY IS PARTLY DUE TO MULTIPLE FISCAL AND PBOC STIMULUS
CHINESE STEEL PRICES HAVE SUPPORTED COKING, ORE AND THERMAL

Iron Ore Prices - China Import Fines 62% Fe spot

USD/metric tonne, Tianjin port. Daily data



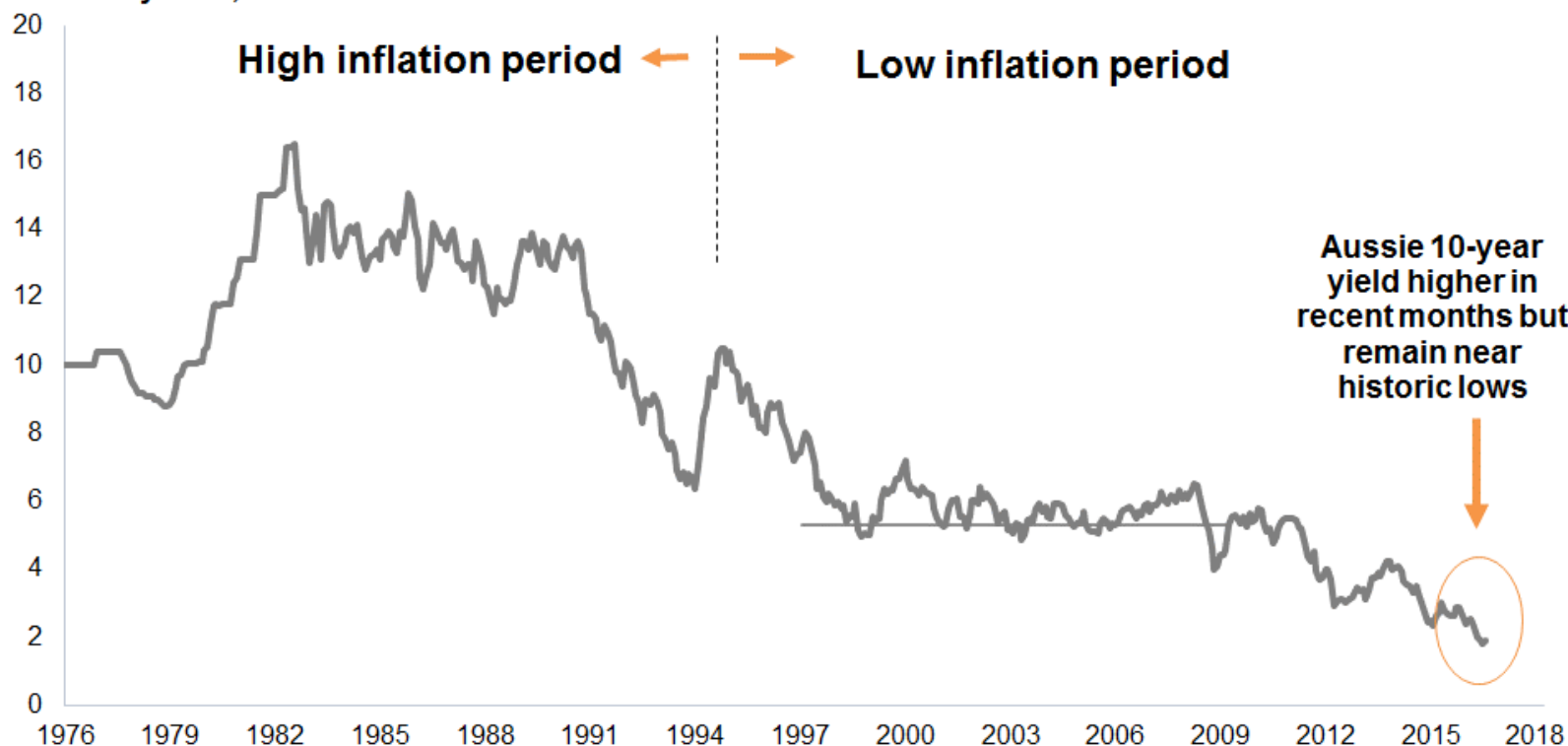
Source: Bloomberg, Contango

Price index is volume weighted average of transaction spot

AUSSIE LONG BOND YIELDS HIGHER AS US BONDS YIELDS RISE
DESPITE WEAKER BOND MARKET YIELDS REMAIN STRUCTURALLY LOW

Australian 10 Year Bond Yield

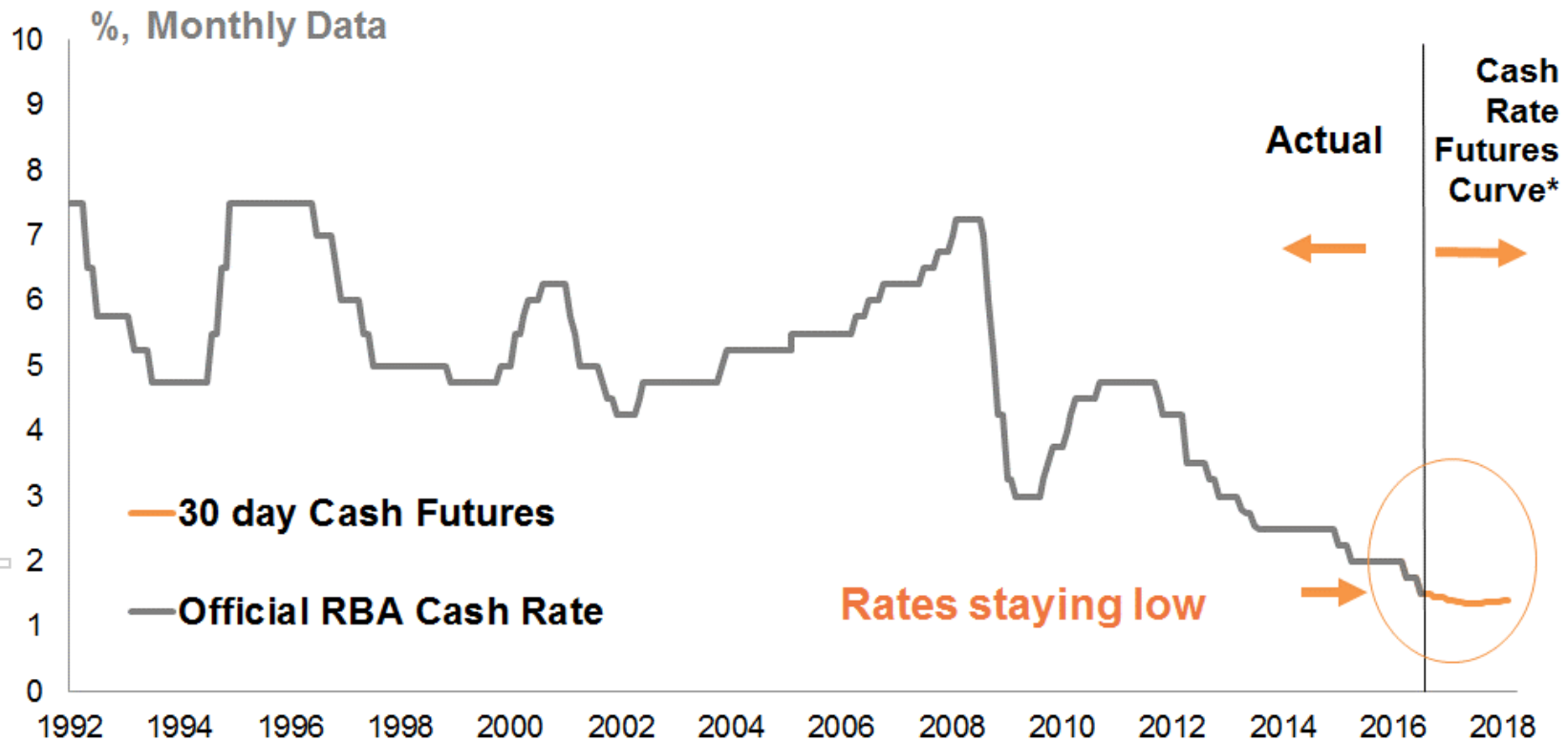
Monthly Data, %



Source: Bloomberg, Contango

MARKET STILL PRICING IN LOW DOMESTIC RATES
STRUCTURALLY LOW INFLATION SUPPORTS LOW RATE

Official RBA Cash Rate & Implied Cash Futures Curve



Source: Bloomberg, Contango

2. PORTFOLIO REVIEW

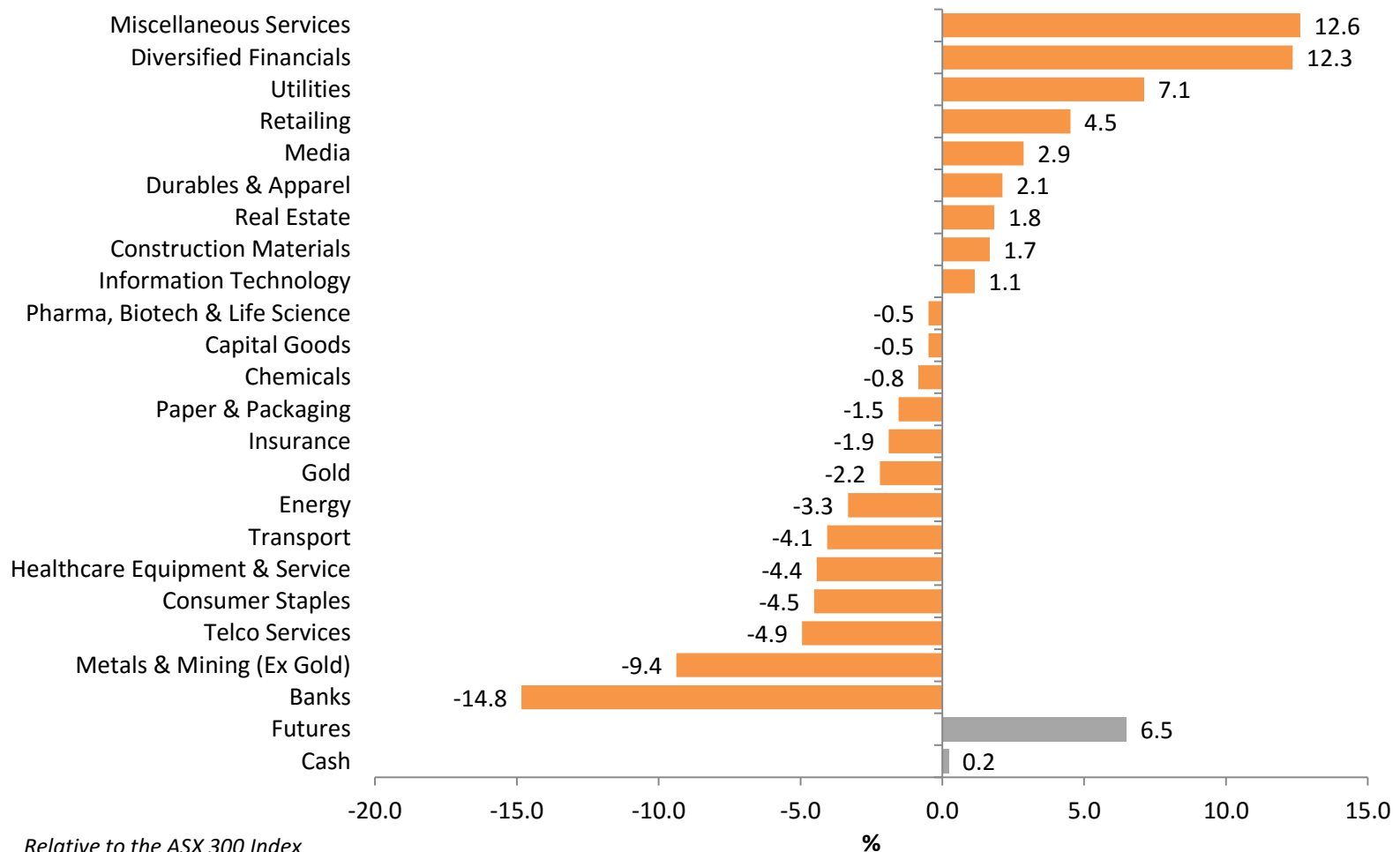


A LOWER VOLATILITY AND HIGHER YIELDING EQUITY INCOME FUND THAT DIVERSIFIES AWAY FROM THE TOP-30

- Offers a portfolio of lower volatility and higher yielding Australian listed shares outside of the top-30
 - Provides diversification away from large cap banks and telcos.
- Actively managed portfolio of Australian listed shares on the ASX/S&P 300 ex-30 with:
 - Higher than market dividend yield (targeting 100bps)
 - High franking
 - Lower volatility and balance sheet strength
 - Stable earnings and solid dividend growth.
- Fund facts
 - Size is \$81.7 million
 - Inception wholesale fund Dec 2012 / inception LIC is August 2015

THE INCOME GENERATOR FUND'S ACTIVE WEIGHTS ARE A PRODUCT OF THE INVESTMENT PROCESS

Income Generator Fund Active Weights: Contango Industry Sectors



October 2016

THE INCOME GENERATOR FUND'S STOCK POSITIONS ARE A PRODUCT OF THE INVESTMENT PROCESS

Code	Stock	Over %	Code	Stock	Under %
TTS	TATTS GROUP LTD	5.4	CBA*	COMMONWEALTH BANK	-8.8
BOQ	BANK OF QUEENSLAND	5.4	WBC*	WESTPAC BANK	-7.1
ASX	ASX LTD	5.0	ANZ*	AUST AND NZ BANK	-5.7
BEN	BENDIGO & ADELAIDE BANK	5.0	NAB*	NEWCREST MINING LTD	-5.2
TAH	TABCORP HOLD.	4.3	BHP*	BHP BILLITON	-5.2
JBH	JB HI-FI LTD	3.5	TLS*	TELSTRA CORP LTD	-4.2
ABC	ADELAIDE BRIGHTON LTD	2.6	WES*	WESFARMERS LTD	-3.2
PPT	PERPETUAL LTD	2.5	CSL*	CSL LTD	-3.2
SAI	SAIGLOBAL LTD	2.5	WOW*	WOOLWORTHS LTD	-2.1
SKI	SPARK INFRAS. GRP	2.2	MQG*	MACQUARIE GROUP LTD	-1.9

October 2016

Source: Bloomberg, Bloomberg AIMS, Heuristic Investment Systems

THE INCOME GENERATOR FUND'S ACTIVE RISK POSITIONS ARE CONSISTENT WITH THE FUND'S OBJECTIVES

October 2016	Contango Income Generator	All Ordinaries	S&P/ ASX300 Top-30	S&P/ ASX300 ex-30
Median Market Cap (\$M)	2304.6	557.9	19465.4	1179.3
Price to Earnings Ratio	15.8	15.6	15.2	16.1
Earnings Growth	4.7	9.0	9.3	8.5
Dividend Yield (Net)	5.4	4.3	4.5	3.8
Dividend Yield (Gross)	7.2	5.6	6.1	4.7
Return on Equity	14.7	14.6	15.7	12.6
Beta to ASX300	0.86	1.00	1.06	0.90

Source: Bloomberg, Bloomberg AIMS, Heuristic Investment Systems

THE MIDCAP (EX 30) DIVIDEND INCOME GENERATOR FUND

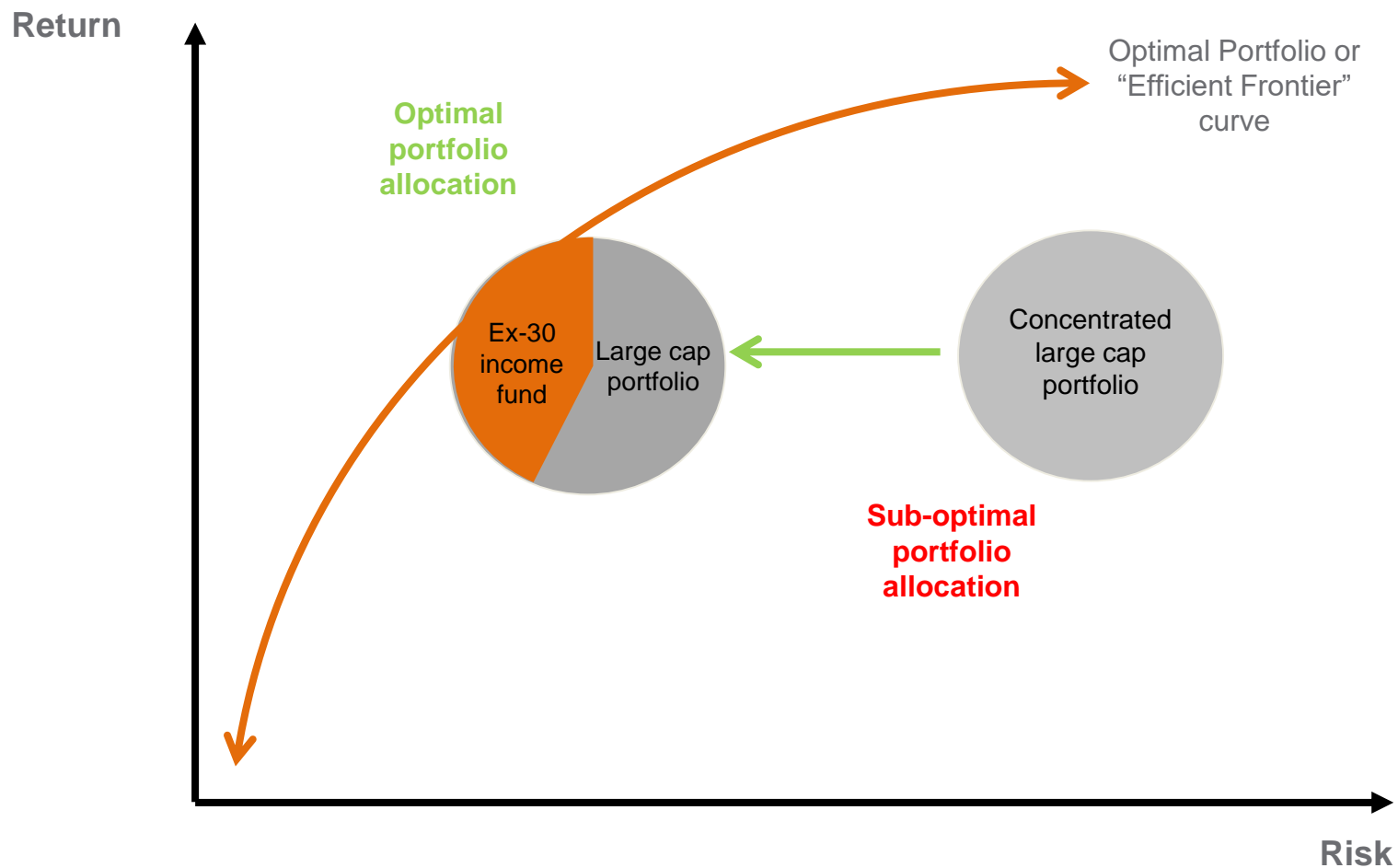
LISTED INVESTMENT COMPANY

October 2016	Contango Income Generator	All Ordinaries Accum Index	Added Value
3 Months	-1.4%	-3.1%	1.7%
1 Year	6.9%	6.6%	0.3%
Inception (Aug 2015) pa	7.9%	5.0%	2.9%

Gross Performance LIC

Source: Bloomberg, Bloomberg AIMS, Heuristic Investment Systems

A BLEND OF TOP-30 AND EX-30 INCOME STOCKS IS A MORE EFFICIENT PORTFOLIO ALLOCATION



A DIVERSIFIED PORTFOLIO

WHAT DOES THE CONTANGO INCOME GENERATOR LTD OFFER

Feature	Contango Income Generator Limited
Diversified exposure to ex-30 income securities	✓
Dividend policy of 6.5% of NTA	✓
Targeting capital growth over time	✓
Targeting lower volatility	✓
Maximise franking where possible	✓
Complements existing income portfolios	✓

A DIVERSIFIED PORTFOLIO

WHO IS THE CONTANGO INCOME GENERATOR LTD SUITABLE FOR?

Suitable investor	Contango Income Generator Limited
SMSFs	✓
Retirees	✓
Yield focused investors	✓
High Net Worth (HNW) investors	✓
Investors over-exposed to large cap stocks including the Banks and Telstra	✓

3. OVERVIEW OF THE MANAGER

CONTANGO ASSET MANAGEMENT

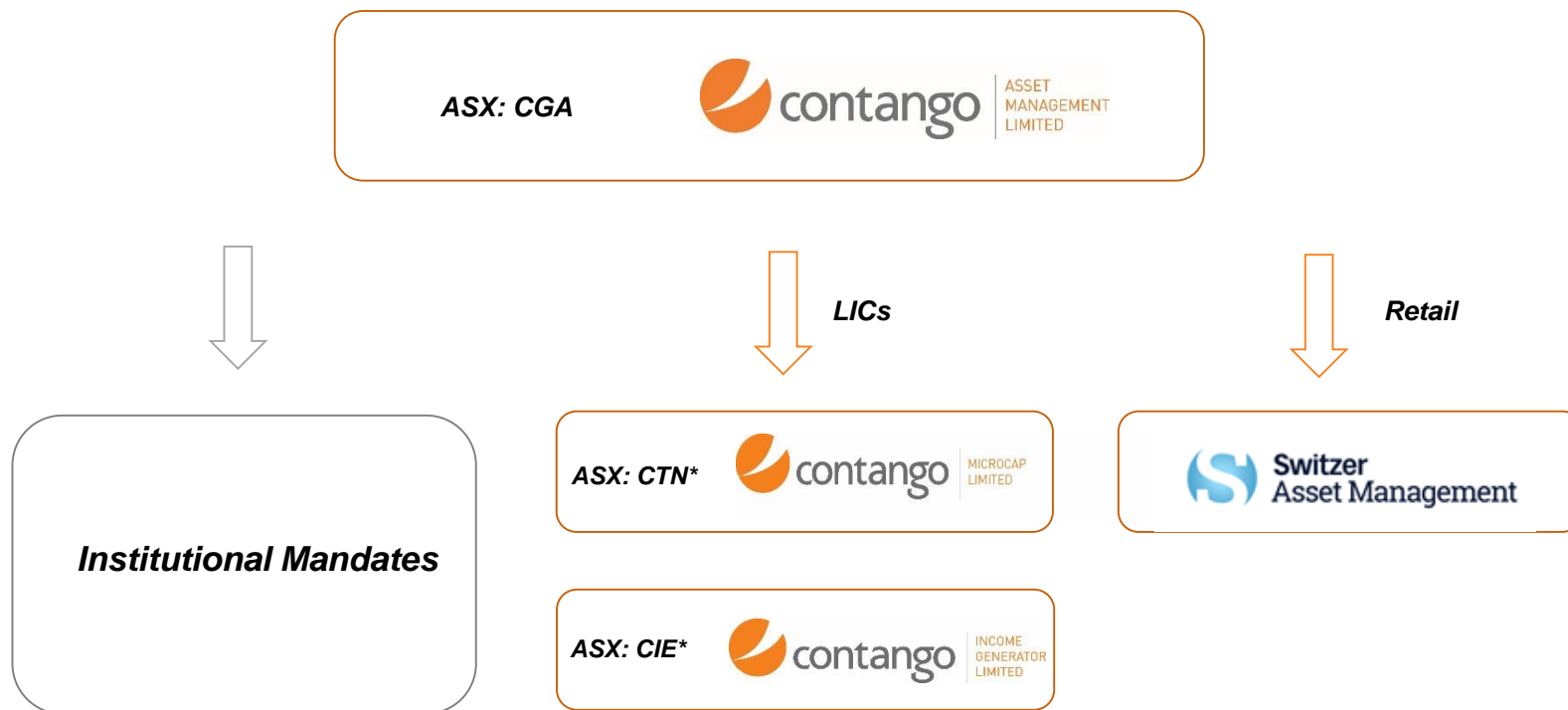
CONTANGO STRUCTURE IS ALIGNED WITH CLIENTS ESTABLISHED INSTITUTIONAL AND LIC FUND MANAGER

ASX: CGA



- Contango Asset Management (CGA) is a listed and established institutional and LIC fund manager
- CGA Board: Roger Amos (Chair), Patricia Toh, Marty Switzer, Charlie Aitken and George Boubouras (MD)
- Audit Committee, Risk Committee and REM Committee
- Key cornerstone investor (19.9%) from Pacific Point Partners (James Packer and Rob Rankin)

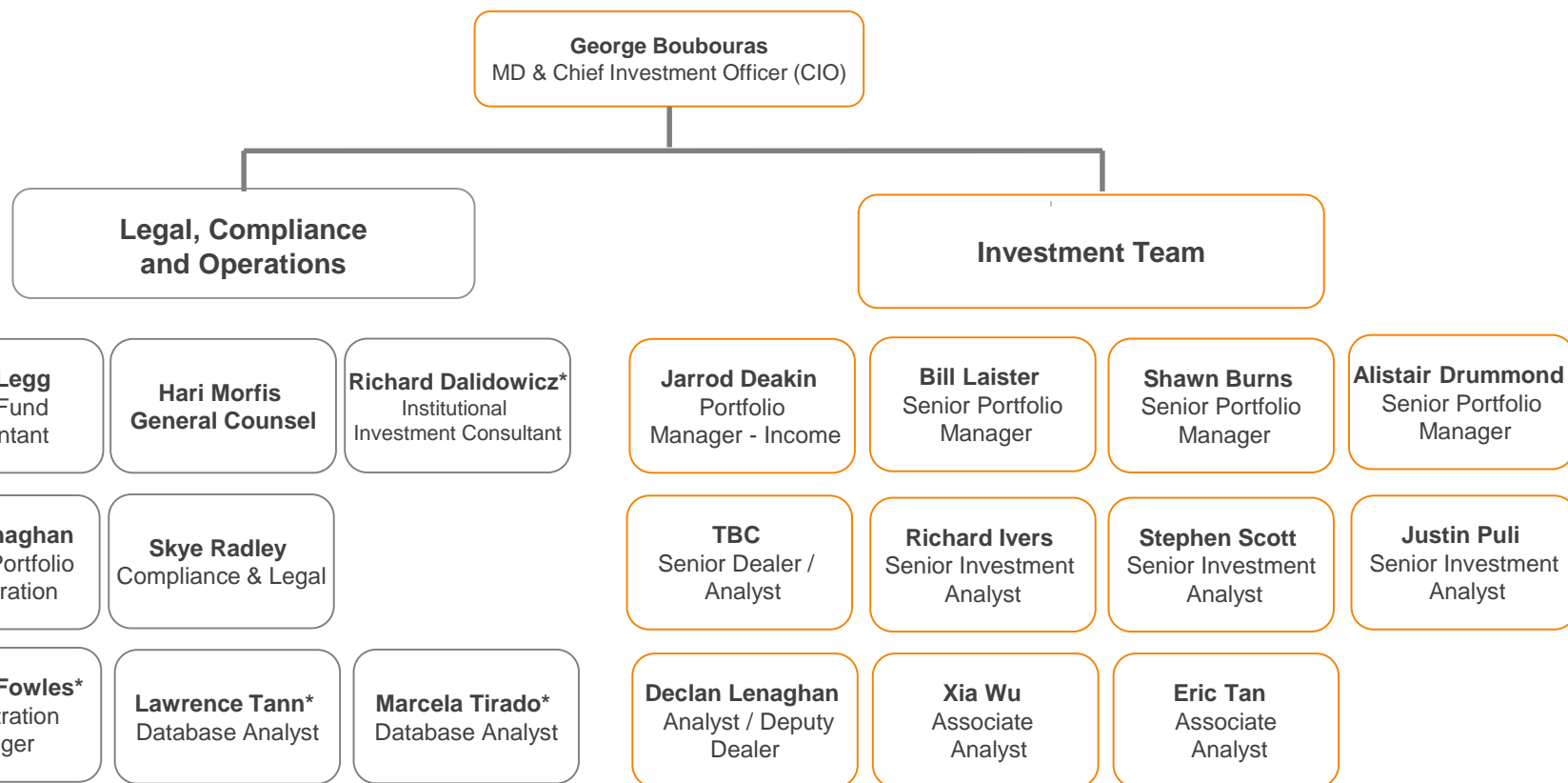
CONTANGO GROUP STRUCTURE IS ALIGNED WITH CLIENTS ESTABLISHED INSTITUTIONAL AND LIC FUND MANAGER



**LICs – Long-term Investment Management Agreements*

46.25% ownership – JV with Switzer Financial Group (Contango manages retail mandates)

CONTANGO HAS A FLAT AND EFFICIENT STRUCTURE EXPERIENCED AND LARGE INVESTMENT TEAM



* Contract/part time employee

4. SUMMARY



SUMMARY

STRONG PERFORMANCE FROM INCOME GENERATOR

- The Contango Income Generator has continued to deliver solid investment returns including a healthy dividend.
- The fund continues to target companies that generate high and consistent cash flows and lower volatility of earnings compared to the broader market.
- Investment team resourcing above industry peers. Increased investment on additional portfolio attribution and risk systems.
- The manager is listed on the ASX (CGA) with key cornerstone investor (James Packer and Rob Rankin).
- Listed fund manager structure is transparent.

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