

# CONTANGO MICROCAP (CTN)

## Domestic Focussed

<b>Mandate:</b> Australian listed equities	<b>Benchmark:</b> All Ordinaries Accumulation
<b>Manager:</b> Contango Asset Management Ltd	<b>Indirect cost ratio with perf. fee:</b> 2.43% <sup>1</sup>
<b>Listed:</b> 2004	<b>Indirect cost ratio w/out perf. fee:</b> 2.43% <sup>1</sup>

## Investment Strategy

CTN invests in small and microcap (\$10m - \$350m at the time of acquisition) companies. Its objective is to outperform its benchmark over the medium to long-term while providing for the payment of regular fully franked dividends. The Manager uses the 'business cycle' approach to identify themes that will be important drivers of performance for particular sectors and industries. The top down research is combined with rigorous company analysis to identify stocks that are likely to deliver strong results and out perform. The portfolio typically holds around 60 - 100 stocks.

## Personnel

Key Personnel: David Stevens (Managing Director & Chief Investment Officer), Carol Austin (Invst. Services Director), Bill Laister (Snr Portfolio Manager), Alistair Francis (Snr Portfolio Manager), Andrew Mouchacca (Snr Portfolio Manager), Paul Davoren (Portfolio Manager) and Craig Allen (Portfolio Manager). Directors: Mark Kerr (Chairman), David Stevens, Ian Ferres and Glenn Fowles.

## Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, **Cash**

Style: Large/Medium/**Small** Cap, **Balanced**/Value/Growth, Passive/**Active**, **Long**/Short

Derivatives: Portfolio can buy or sell futures to manage market exposure

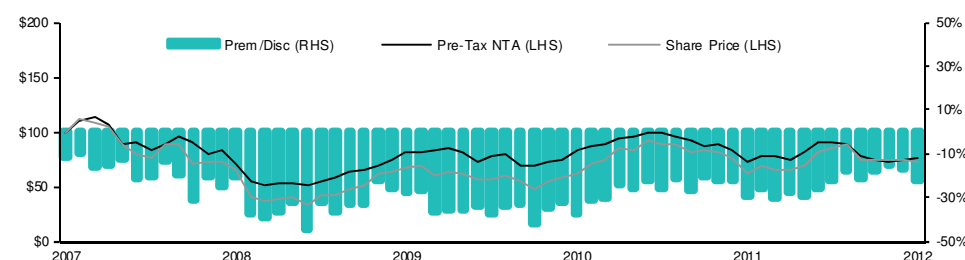
Cash: \$12.6m Debt: \$0m (30 June 2012)

Dividend reinvestment plan: Yes. 3% discount to 5 day volume weighted average.

Other: Committed to paying a 6% pa yield, based on the NTA at the beginning of the financial year.

Performance	3-mth	6-mth	1 yr	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-1.4%	-14.8%	16.8%	2.8%	-6.1%	n/a
Benchmark	8.2%	2.1%	13.4%	1.8%	-3.6%	n/a
Active return	-9.6%	-16.9%	3.4%	1.0%	-2.5%	n/a
<b>NTA+</b>						
Performance	2.9%	-15.5%	4.3%	-1.8%	-5.3%	n/a
Benchmark	8.2%	2.1%	13.4%	1.8%	-3.6%	n/a
Active return	-5.3%	-17.6%	-9.1%	-3.6%	-1.7%	n/a

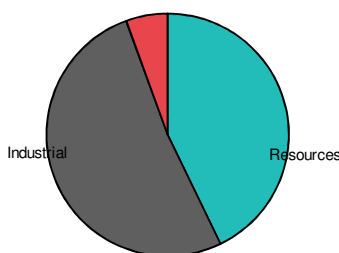
## 5 year return and premium/discount to Pre-Tax NTA



## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation	Tracking Error
<b>Share price</b>			
Year 1	0.17	28.3%	20.0%
Year 3	0.04	30.3%	24.0%
Year 5	-0.09	38.7%	28.2%
<b>NTA+</b>			
Year 1	-0.65	21.2%	13.9%
Year 3	-0.26	20.7%	14.1%
Year 5	-0.12	25.0%	13.9%

## Exposure (top 20)



## Share Price and NTA Summary

as at 30-Sep-12

Share price	\$0.93
Pre-tax NTA	\$1.19
Post-tax NTA	\$1.16

Premium/(Discount) share price to:

Pre-tax NTA	-22.0%
Post-tax NTA	-19.8%

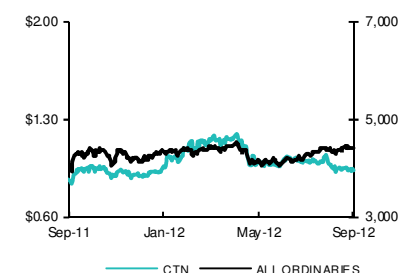
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.085
Yield	9.1%
Franking	0%
Grossed up yield	9.1%

## Capital Structure

Ordinary shares	149.7m
Options/other	0.0m
Fully diluted	149.7m
Market capitalisation	139.2m

## CTN share price v ASX All Ords



## Top 20 Shareholding: %

as at 30-September-12

McMillan Shakespeare	3.3
Tiger Resources	2.6
Beadell Resources	2.5
Silver Lake Resources	2.5
M2 Telecomm Group	2.4
G8 Education	2.3
Cardno	2.3
Resolute Mining Limited	2.2
Austbrokers Holdings	2.1
Troy Resources	2.1
Slater & Gordon	2.0
Austin Engineering	2.0
Papillon Resources	2.0
Ausdrill	2.0
Senex Energy	1.9
Tox Free Solutions	1.9
Base Resources	1.8
Drillsearch Energy	1.8
Automotive Hldgs	1.8
MACA	1.8
<b>% of Total</b>	<b>43.3</b>

<sup>1</sup>Calculated for the full year ending 30 June 2012. CTN incurs a base management fee of 1.25% \* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX All Ordinaries.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.