

## CONTANGO MICROCAP LIMITED (CTN)

### MONTHLY NTA STATEMENT

31 JULY 2017

Contango Microcap Limited (CTN) is Australia's longest running micro-cap LIC. The company was founded in 2004 and has delivered significant performance since its inception. The aim of the company is to achieve of a long term return over and above the benchmark ASX All Ordinaries Accumulation Index and to also pay regular and franked dividends. To achieve its objective, the fund invests in a diversified portfolio of ASX listed micro-cap stocks with a market cap of between \$30 million and \$350 million.

The Company's portfolio is managed by Contango Asset Management Limited. Contango Asset Management use a unique top-down and bottom-up investment approach that has delivered strong returns since inception.

#### KEY DETAILS

Report Date:	31 July 2017
ASX Code:	CTN / CTNG
Listed on ASX:	25 March 2004
Investment Manager:	Contango Funds Management Ltd
Benchmark:	Small Ordinaries Index
No. of stocks held:	88
Max cash position:	50%
Stock universe:	Market cap \$30m-350m
Portfolio size:	\$200.5 million
Shares on issue:	168.088 million
Share Price:	\$0.940

#### ASSET COMPOSITION

ASSET COMPOSITION	30 JUNE 2017		31 JULY 2017	
	\$m	%	\$m	%
Resources	43.4	26.9	39.1	24.0
Industrials	127.6	78.9	133.7	81.9
Equity index futures	7.8	4.8	10.0	6.1
Liquidity	18.4	11.4	17.0	10.4
Borrowings (Convertible notes)	(26.2)	-16.2	(26.2)	-16.1
Tax liability	(9.4)	-5.8	(10.4)	-6.3
<b>Net Assets After Tax</b>	<b>\$161.6</b>	<b>100.0</b>	<b>\$163.2</b>	<b>100.0</b>
Ordinary Shares on Issue	168.289M		168.088M	
Convertible Notes on Issue	265,000		265,000	

#### NET TANGIBLE ASSETS

NET TANGIBLE ASSETS	30 JUNE 2017	31 JULY 2017
<b>NTA of investments before tax</b>	<b>\$1.016</b>	<b>\$1.033</b>
NTA of investments before tax on unrealised gains	\$1.001	\$1.014
<b>NTA after tax</b>	<b>\$0.960</b>	<b>\$0.971</b>
Month-end closing share price (CTN.ASX)	\$0.900	\$0.940
Month-end closing convertible note price (CTNG.ASX)	\$100.25	\$100.50

#### Contango MicroCap Limited

ABN 47 107 617 381

Phone: +61 3 9222 2333 . Address: Level 27, 35 Collins Street, MELBOURNE VIC 3000

E: [info@contangomicrocap.com.au](mailto:info@contangomicrocap.com.au) | W: [www.contango.com.au](http://www.contango.com.au)

## MONTHLY PORTFOLIO UPDATE

For the month of July 2017, the Contango Microcap fund returned 1.9% versus the Small Ordinaries (S&P/ASX Small Ordinaries index) of 0.3%, resulting in an outperformance of +1.6%. The Small Ordinaries index modestly outperformed the S&P/ASX 100 which reported a return of -0.02%.

The month was characterized by a continued strong performance from small resources helped by mostly stronger commodity prices. Many industrial metal prices moved higher (Nickel +8.8%, Copper +6.9%, Zinc +1.2% all rose) which assisted fund performance given its exposure to this sector. Oil and iron ore also rose during the month. General economic indicators were mostly benign to modestly positive in July. Another factor was the rise in the AUD which hurts larger Australian businesses that derive earnings from offshore but are not linked to commodity prices. Generally smaller cap names derive less of their core earnings from offshore locations (apart from miners) and can therefore outperform bigger offshore earners when the AUD is strengthening.

The best performing sectors were Energy (+5.8%), Utilities (+5.0%), Industrials (+3.3%) and Financials (+2.0%).

The weakest performing sectors were Healthcare (-4.9%), Telecommunications (-3.8%), Real Estate (-2.4%) and Information Technology (-1.8%).

Key positive contributors to the portfolio for the month included: **Nearmap** (+22%), **RXP Services** (+17%), **Mt Gibson Iron** (+34%) **Oceania Healthcare** (+14%), **Australian Ethical Funds Management** (+20%), **Praemium** (+20%), **Silver Chef** (+12%) **Tawana Resources** (+12%) **Avanco Resources** (+17%) and **Red River** (+6.6%).

Key detractors over the month were: **Blackham Resources** (-32%), **Catapult** (-13%) **Pacific Energy** (-9%), **Range** (-33%), **Beadell Resources** (-14%), **Programmed Maintenance**<sup>^</sup> (+62%) received a very generous takeover offer from offshore. **A2 Milk**<sup>^</sup> (+10%), **Metcash**<sup>^</sup> (+11%), **Australia Oil and Gas** (-18%), and **Mineral Resources**<sup>^</sup> (+13%).

For enquiries please contact:

Email: [info@contangomicrocap.com.au](mailto:info@contangomicrocap.com.au)

### NOTES

\* Past performance is not a predictor of future returns.

<sup>^</sup> Denotes stocks not held in portfolio

### DISCLAIMER:

Contango Microcap Ltd (CTN) has prepared this update for information purposes only related to the underlying investment portfolio. The NTA information in this document is unaudited and approximate. This document does not contain investment recommendations nor provide investment advice. Investors in LICs should understand the distinction between Investment Portfolio Performance, NTA Performance and Share Price return. Neither CTN nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested within CTN or any associated product. Contango Funds Management Limited ABN 52 085 487 421 AFSL No. 237119 is the investment manager of CTN. We strongly encourage you to obtain detailed professional advice and to read any relevant offer document in full before making any investment decision. CTN may not be suitable for your investment needs. This is not an offer to invest in any financial product.

## PERFORMANCE\*

PERFORMANCE	CTN PORTFOLIO	ASX SMALL ORDS	ADDED VALUE
1 Months	1.9%	0.3%	1.6%
3 Months	0.8%	0.2%	0.6%
1 Year	-11.5%	-1.1%	-10.4%
Since Inception (Mar 2004) pa	14.1%	5.1%	8.9%

## TOP 10 HOLDINGS

CODE	STOCK	WEIGHT (%)
EML	EML PAYMENTS LTD	3.0
ENN	ELANOR INVESTOR	2.6
ASL	AUSDRILL LTD	2.4
RVR	RED RIVER RESOURCES	2.2
VLW	VILLA WORLD LTD	2.1
ASB	AUSTAL LIMITED	2.1
XIP	XENTH IP GROUP LTD	1.9
RXP	RXP SERVICES LTD	1.9
HPI	HOTEL PROPERTY I	1.9
HUB	HUB24 LTD	1.8

Source: Bloomberg

## SECTOR ALLOCATIONS

SECTOR	WEIGHT %
Consumer Discretionary	9.6
Consumer Staples	6.7
Energy	3.8
Financials Ex-REITs	11.9
Health Care	8.2
Industrials	9.4
Information Technology	11.5
Materials	16.2
REITs	6.7
Telecommunication Services	2.0
Utilities	0.6
[Cash]	8.3
[Futures]	5.1