

CONTANGO INCOME GENERATOR LIMITED (CIE)

MONTHLY NTA STATEMENT

31 AUGUST 2017

Contango Income Generator Limited (CIE) is an investment company with the objective to deliver a sustainable income stream and modest capital growth to its shareholders over time. To deliver on its objective, the company will focus its investments on high yielding ASX listed securities that are outside of the largest 30 securities in the S&P ASX300 Index. This is because many investors are already exposed to these large cap stocks either directly or via existing managed fund or ETF investments.

If investors supplement their existing large cap portfolio with a diversified portfolio of high quality stocks outside of the top 30, they may be able to reduce the overall risk and volatility of their equity portfolio whilst maintaining or even increasing its dividend yield. This would be a more efficient portfolio allocation.

Contango Income Generator Limited has a dividend policy to pay a minimum 6.5% p.a. on its Net Tangible Asset Value. The Company has also revised its dividend policy to pay quarterly dividends.

KEY DETAILS

Report Date:	31 August 2017
ASX Code (Shares / Options):	CIE / CIEO
Listed on ASX:	14 August 2015
Fund Manager:	Contango Funds Management Ltd
Benchmark:	ASX All Ordinaries Accumulation Index
Number of stocks:	30 – 40
Target / Maximum cash position:	5% / 50%
Portfolio size:	\$84.98 million
Shares on issue:	81,151 million
No. of stocks held:	52
Share price:	\$ 0.980

ASSET COMPOSITION

ASSET COMPOSITION	31 JULY 2017		31 AUGUST 2017	
	\$m	%	\$m	%
Investment Type				
ASX listed shares	77.48	94.7	79.24	95.4
	(6.22)	(7.6)	(5.97)	(7.2)
Liquidity	11.96	14.6	11.52	13.9
Tax asset (liability)	(1.42)	(1.7)	(1.76)	(2.1)
Net Assets After Tax	\$81.80	100.0	\$83.03	100.0
Ordinary Shares on Issue	81.150m		81.151m	
Options on Issue	33.887m		33.886m	

NET TANGIBLE ASSETS

NET TANGIBLE ASSETS	30 JULY 2017	31 AUGUST 2017
NTA of investments before tax	\$1.025	\$1.045
NTA of investments before tax on unrealised gains	\$1.020	\$1.040
NTA after tax	\$1.008	\$1.023
Month-end closing share price (CIE.ASX)	\$0.995	\$0.980
Month-end closing option price (CIEO.ASX)	\$0.003	\$0.004

Contango Income Generator Limited

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MONTHLY PORTFOLIO UPDATE

The performance of the CIE portfolio was 2.07% over the month, outperforming the ASX All Ords Accumulation Index return of 0.79%. Over the quarter, CIE returned 2.86% against index return of 1.26% and over the year CIE returned 8.49% against 8.91% for the index. Since inception CIE has risen 10.46% against the market increase of 8.27%.

Over the last year, the performance has been delivered with a cash holding of around 15% and a beta well below the market. In contrast, the ASX 300 Industrial Accumulation Index returned 6.64% over the year. In this context, the returns of the portfolio continue to be pleasing.

The current and target cash weight is approximately 15% (adjusted for the short SPI position).

The best performing stocks (+10% or better) for August were **Asaleo Care** (+21.48), **SmartGroup** (+18.83%), **Maca** (+13.99%), **IOOF Holdings** (+13.79%), **SG Fleet Group** (+12.26%), **Medibank** (+11.76%) and **Villa World** (+10.67%). These stocks reflect a healthy mix of sectoral exposure. We continue to pursue stocks that possess sound balance sheets, cash flows and yield. The strategy has delivered solid portfolio performance over the last year.

In contrast, stocks returning below -10% for the month were **Automotive Holdings** (-16.45%) after a strong rally in past few months, **Xenith IP Group** (-12.62%) and **Sigma Healthcare** (-10.94%). Sigma faced ongoing uncertainty around acquisition synergies and weak sales performance on challenging industry conditions.

PERFORMANCE*

PERFORMANCE	INCOME GENERATOR (LIC)	ASX ALL ORDS ACCUM INDEX	ADDED VALUE
1 Month	2.1%	0.8%	1.3%
3 Months	2.9%	1.3%	1.6%
6 Months	6.5%	2.6%	3.9%
12 Months	8.5%	8.9%	-0.4%
Inception (Aug 2015)	10.5%	8.3%	2.2%

For enquiries please contact:

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NOTES

* Past performance is not a predictor of future returns.

The Company will normally pay annual dividends amounting to a minimum 6.5%pa yield on the Net Tangible Asset value per share prevailing at the beginning of each financial year payable via (four) quarterly dividend payments. CIE may have declared a Dividend prior to your reading this document. Only refer official ASX Announcements. All dates, dividend amounts & any franking which may be attached to possible future dividends are indicative only until formally declared.

DISCLAIMER:

Contango Income Generator Ltd (CIE) has prepared this update for information purposes only related to the underlying investment portfolio. The NTA figures contained in this document are 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 CIE nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested within CIE or any associated product. Contango Funds Management Limited ABN 52 085 487 421 AFSL No. 237119 is the investment manager of CIE. We strongly encourage you to obtain detailed professional advice and to read any relevant offer document in full before making any investment decision. CIE may not be suitable for your investment needs. This is not an offer to invest in any financial product.

TOP 10 HOLDINGS

Code	STOCK	WEIGHT %
ASX	ASX LTD	6.3
BOQ	BANK OF QUEENSLAND LTD	5.8
TAH	TABCORP HOLDINGS LTD	4.3
BEN	BENDIGO AND ADELAIDE BANK	4.2
CAR	CARSALES.COM LTD	3.0
IFL	IOOF HOLDINGS LTD	3.0
CTX	CALTEX AUSTRALIA LTD	2.8
SKI	SPARK INFRASTRUCTURE GROUP	2.8
CHC	CHARTER HALL GROUP	2.8
ABC	ADELAIDE BRIGHTON LTD	2.7

Source: Bloomberg

SECTOR ALLOCATIONS

SECTOR	WEIGHT %
Financials Ex-REITs	28.5
Consumer Discretionary	19.1
REITs	10.7
Industrials	8.8
Materials	8.3
Information Technology	4.7
Utilities	4.4
Consumer Staples	3.3
Energy	2.8
Health Care	2.7
Telecommunication Services	0.0
[Cash]	13.8
[Futures]	-7.1

Source: Bloomberg