

CONTANGO INCOME GENERATOR LIMITED (CIE)

MONTHLY NTA STATEMENT

30 SEPTEMBER 2017

Contango Income Generator Limited (CIE) is a listed 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 focuses 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:	30 September 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:	93.35 million
No. of stocks held:	43
Share price:	\$0.975

ASSET COMPOSITION

ASSET COMPOSITION	31 AUGUST 2017		30 SEPTEMBER 2017	
	\$m	%	\$m	%
Investment Type				
ASX listed shares	79.24	95.4	72.57	78.7
Futures contracts	(5.97)	-7.2	-	-
Liquidity	11.52	13.9	21.10	22.9
Tax asset (liability)	(1.76)	-2.1	(1.49)	-1.6
Net Assets After Tax	\$83.03	100.0	\$92.18	100.0
Ordinary Shares on Issue	81.151m		93.354m	
Options on Issue	33.886m		21.683m	

NET TANGIBLE ASSETS

NET TANGIBLE ASSETS	31 AUGUST 2017	30 SEPTEMBER 2017
NTA of investments before tax	\$1.045	\$1.003 (ex-div)
NTA of investments before tax on unrealised gains	\$1.040	\$0.998 (ex-div)
NTA after tax	\$1.023	\$0.987 (ex-div)
Month-end closing share price (CIE.ASX)	\$0.980	\$0.975 (ex-div)
Month-end closing option price (CIEO.ASX)	\$0.004	\$0.007

MONTHLY PORTFOLIO UPDATE

The performance of the CIE portfolio was 0.01% over the month, marginally underperforming the ASX All Ords Accumulation Index return of 0.05%. Over the quarter, CIE returned 1.5% against the index return of 1.0%, and over the year CIE returned 8.4% against 8.5% for the index. Since inception CIE has risen 10.1% against the market increase of 8.0%.

The performance has been delivered with a cash holding typically ranging between 15-20% and a beta well below the market. In contrast, the ASX 300 Industrial Accumulation Index returned 7.4% over the year. In this context, the returns of the portfolio continue to be pleasing.

The current and target cash weight is approximately 15%.

Stock performance was quite narrow over the month. The best performing stocks (+10% or better) for September were **MACA Ltd** (+15.5%) and **Eclixp Group** (+11.9%). We continue to pursue stocks that possess sound balance sheets, cash flows and yield. This strategy has delivered sound portfolio performance over the last year.

We note that there were no stocks that underperformed by more than 10% for the month.

Over the month, significant changes (0.5% or above) included adding to our position in Scottish Pacific (SCO) following its recent full year results. In particular, we have gained some comfort surrounding the company's growth trajectory and management. We have also added to our position in Inghams Group (ING) as part of the portfolio's exposure to strong trends in chicken consumption. Additionally, some profit taking was undertaken in IOOF Holdings (IFL), Nine Entertainment Holdings (NEC) and Carsales.com (CAR) following recent strong performances. The proceeds were largely used to add to our aforementioned positions.

The fund also completed its franking capture strategy. The fund was able to secure meaningful franked income at little marginal cost. The fund will continue to opportunistically enter the market to capture franked income.

PERFORMANCE*

PERFORMANCE	CONTANGO INCOME GENERATOR	ASX ALL ORDS ACCUM INDEX	ADDED VALUE
1 Month	0.01%	0.05%	-0.04%
3 Months	1.5%	1.0%	0.5%
6 Months	2.1%	-0.5%	2.6%
12 Months	8.4%	8.5%	-0.1%
Inception (Aug 2015)	10.1%	8.0%	2.1%

Source: Bloomberg, as of 30 September 2017

TOP 10 HOLDINGS

CODE	STOCK	WEIGHT (%)
BOQ	Bank of Queensland Ltd	5.9
ASX	ASX Ltd	5.8
TAH	Tabcorp Holdings Ltd	4.5
BEN	Bendigo & Adelaide Bank Ltd	3.8
ABC	Adelaide Brighton Ltd	2.7
HPI	Hotel Property Investments	2.7
SKI	Spark Infrastructure Group	2.6
CHC	Charter Hall Group	2.6
DLX	DuluxGroup Ltd	2.5
CTX	Caltex Australia Ltd	2.5

Source: Bloomberg, as of 30 September 2017

SECTOR ALLOCATIONS

SECTOR	WEIGHT (%)
Financials Ex-Reits	27.4
Consumer Discretionary	17.3
Reits	9.4
Industrials	7.8
Materials	6.6
Utilities	4.2
Information Technology	4.0
Consumer Staples	3.7
Health Care	2.5
Energy	2.5
Telecommunication Services	0.0
[Cash]	14.6
[Futures]	0.0

Source: Bloomberg, as of 30 September 2017

CONTANGO INCOME GENERATOR LIMITED

ACN 160 959 991

Level 27, 35 Collins Street MELBOURNE VIC 3000

T: +61 3 9222 2333

W: contangoincomegenerator.com.auE: info@contangoincomegenerator.com.au**NOTES**

* Gross performance does not reflect the impact from fees, taxes and charges. 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: This update has been prepared for information purposes only related to the underlying investment portfolio. The NTA figures contained in this document are unaudited and approximate. It does not contain investment recommendations nor provide investment advice. There may be errors in this document and the data provided within, you are to refer to audited statements and data officially released via the ASX. Investors in LICs should understand the distinction between Investment Portfolio Performance, NTA Performance and Share Price return. Contango Funds Management Limited (**CFML**) ABN 52 085 487 421 AFSL No. 237119 is the investment manager of CIE. Neither CIE, CFML nor their respective related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested within CIE or any associated product or Fund. We strongly encourage you to obtain detailed professional advice and to read any relevant offer document in full before making any investment decision. CIE and any CFML investment fund identified in this document may not be suitable for your investment needs. This is not an offer to invest in any security or financial product.