

12 August 2020

The Manager  
ASX Market Announcements  
Australian Securities Exchange Limited

By e-lodgement

Dear Sir/Madam,

## **CIE TO ADOPT NEW WCM QUALITY GLOBAL GROWTH LONG SHORT STRATEGY**

Contango Asset Management Limited (ASX:CGA) (the **Company**) refers to the ASX announcements issued by Contango Income Generator Limited (ASX:CIE) (**CIE**) this morning.

The Company's subsidiary, Contango Funds Management Limited (**CFML**), is the manager of CIE, which to date has employed a strategy of investing in Australian mid-cap equities.

CIE has advised that, subject to shareholder approval, it will adopt a new investment strategy for its investment portfolio.

If approved by its shareholders, CIE will move to a global long short investment strategy managed by WCM Investment Management, LLC (**WCM**), a California-based asset management firm which specialises in the active management of global and emerging markets equities. WCM currently manages in excess of A\$85 billion (as at 30 June 2020) on behalf of institutional and retail investors around the world, including Australia.

The Company has executed a separate term sheet with each of CIE and WCM to implement the new CIE investment strategy. The change of strategy is conditional on:

- the parties agreeing the definitive long-form documents; and
- CIE obtaining shareholder approval.

### **Background**

The impact of COVID-19 on financial markets has highlighted the limitations of an investment strategy essentially restricted to Australian mid-cap equities, in contrast to the depth and breadth of opportunities in global equities markets. As a result, the independent non-executive directors of CIE, in conjunction with the Company, undertook an extensive review of CIE's investment strategy and, equally importantly, of alternative investment strategies and investment managers that may be able to deliver a better outcome for CIE shareholders than a continuation of its present strategy.

Following discussions with numerous alternate investment managers, CIE and CGA have been able to attract WCM to provide access to its global long short investment strategy (the WCM Quality Global Growth Long Short strategy) for the benefit of CIE.

### **The WCM Quality Global Growth Long Short Strategy**

WCM's investment philosophy and process are based on the belief that corporate culture is one of the largest influences on a company's ability to grow or deteriorate its competitive advantage, or 'economic moat'.

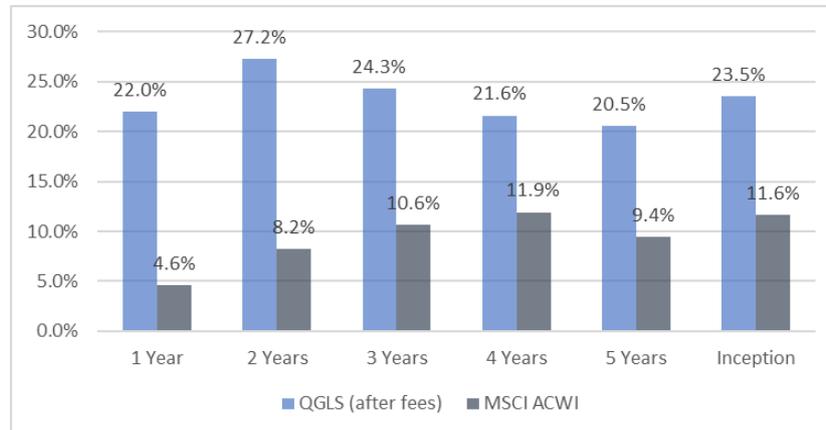
The WCM Quality Global Growth Long Short Equity Strategy Composite has, since inception on 30 June 2014, generated a return of 23.5% per annum<sup>1,2</sup>, outperforming its benchmark, the MSCI All Country World Index by an annualised 11.9% per annum<sup>1,2</sup>.

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<sup>1</sup> Data as at 30 June 2020 in AUD. Performance presented is net of fees and includes the reinvestment of all dividends and income. Past performance is not indicative of future results.

## WCM Quality Global Growth Long Short Track Record

Annualised returns of the WCM Quality Global Growth Long Short Equity Strategy Composite (QGLS) versus its benchmark are shown below:<sup>1,2</sup>



The WCM Quality Global Growth Long Short Strategy would be a new addition to the WCM product suite in Australia. It will only be accessible to retail investors, at the present time, via CIE. The strategy will complement WCM Global Growth Limited (**WQG**), a successful large cap, long only listed investment company that was floated in June 2017. WQG's investment portfolio has generated an annualised return of 19.0% after fees<sup>1,2</sup> since listing and that company is already rewarding shareholders with dividends that are now partially franked.

### Exceptional investment performance across multiple strategies

WCM has a long-term track record of outstanding investment performance across multiple investment strategies. WCM currently distributes global large- and small-cap strategies to the Australian institutional and retail markets. Both strategies have significantly outperformed their respective benchmarks since inception<sup>1,2</sup>.

Since launching in 2008, the WCM Quality Global Growth Equity Strategy Composite has delivered an average annualised net-of-fees return of 14.9%<sup>1,2</sup>, resulting in annualised outperformance of 6.6% per annum<sup>1</sup> relative to its benchmark, the MSCI ACWI ex AU. Since launching in 2014, the WCM International Small Cap Growth Equity Strategy Composite has delivered an annualised net-of-fees return of 23.4%<sup>1,2</sup>, resulting in annualised outperformance of 15.9% per annum<sup>1,2</sup> relative to its benchmark the MSCI ACWI ex US Small Cap.

To implement the change in strategy, CIE will request shareholders to approve a new Investment Management Agreement with CFML under which CFML will remain the Investment Manager and retain WCM to provide management and advisory services. CFML will continue to provide a suite of management services to CIE including marketing, distribution, shareholder engagement, investor relations, company secretarial services, financial management and operations.

Details of the new Investment Management Agreement will be summarised in the CIE notice of meeting in due course.

Yours faithfully,

**Marty Switzer**

CEO and Managing Director

Contango Asset Management Limited

<sup>2</sup> Inception date of the WCM Quality Global Growth Long Short Equity Strategy is 30 June 2014. Inception date of WCM Global Growth Limited is 21 June 2017. Inception date of the WCM Quality Global Growth Equity Strategy is 31 March 2008. Inception date of the WCM International Small Cap Growth Equity Strategy is 31 December 2014.