

23 June 2015

MID-MONTH INVESTMENT UPDATE

NEW LOOK ON CONTANGO IMAGERY

As CTN enters its second decade, we're looking to the future with a broader vision, and that means aligning ourselves more closely with other capabilities of the group, including our Funds Management business, Contango Asset Management Limited.

Part of this process is a refreshing of the group's various brands and corporate identity, with the aim of a consistent look and feel across the group. Each refreshed brand carries the familiar Contango style and colours, yet they remain distinct from each other. This approach will look to deliver a strong and recognisable Contango presence, across the group, as we move into the future.

Shareholders will note the refreshed CTN brand here, and in ongoing communications.

PORTFOLIO COMMENT FROM INVESTMENT MANAGER

In May the investment portfolio returned 0.6% bringing the total 12 month portfolio return to 10.8%.

The best performing stocks over the month were Mobile Embrace (+28.6%), Catapult (+18.2%) Mineral Deposits (+16.7%) and Corporate Travel (+14.4%)

During the month, we saw approximately 20-25 potential IPO's all looking to list in the new financial year. Despite these numbers, we remain very selective in regards to what we are investing in.

Our recent activity includes participation in QMS Media, an outdoor media company listing on a very attractive 10x PE, and Shirriro, a kitchen appliance and consumer products marketing company on an attractive P/E of just under 10x. Garda Property Trust, which focuses on suburban office buildings in major capital cities, also offers a strong dividend yield of 9.0%.

We have also increased the cash position to around 5-6% during the month, providing the fund with flexibility to participate in new raisings as well as looking for new opportunities within the existing portfolio.

The outlook for the microcap space remains exciting. The following portfolio metrics table demonstrates opportunities to buy Industrial names trading at a substantial P/E discount to the large cap industrials, which also offer strong earnings growth and dividend yields. We are forecasting global growth to remain below trend and with commodity prices remaining under pressure, we remain underweight the Resources sector, and wait for inevitable supply cuts.

The following table identifies the performance of the underlying investment portfolio.

31/05/2015	1m %	6m %	1 Yr %	5 Yrs % pa	10 Yrs % pa	Since Inception % pa
CTN Investment Portfolio	0.6	12.6	10.8	9.6	14.4	16.4
All Ords Accum Index	0.6	11.3	10.1	10.0	8.1	9.4
Small Ords Accum Index	2.4	12.2	7.7	2.2	3.5	5.0
Emerging Companies Index	2.4	6.9	2.9	-3.3	2.9	2.5

Past performance is no guarantee of future performance and is before impact of fees, taxes and charges. Inception 25/03/2004

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The long term gross performance of the CTN investment portfolio is 16.6%pa since inception in March 2004. This ranks CTN's investment portfolio performance amongst the best performing Australian shares portfolios over the corresponding time period.

More information about CTN and the investment portfolio will be provided in the June Quarter Investment Commentary to be released through the ASX in mid July.

CTN INVESTMENT PORTFOLIO FUNDAMENTALS

The forward values of the stocks within the CTN investment portfolio reflect our view that the sector overall is poised to perform well into FY16.

1 Year Forward	CTN Portfolio	Small Ords	ASX 100
PE (times)	12.2	13.3	15.4
EPSg (%)	20.1	12.9	3.4
Yield- net (%)	4.6	4.4	4.8
Yield- gross (%)	5.7	5.5	6.3
ROE (%)	17.2	15.5	15.1
ND/E (%)	5.4	28.0	67.9
Median. Mkt Cap (\$m)	\$235	\$457	\$5,551

As at 31/05/2015 Source: Contango Asset Management Limited.
Consensus valuations. Excludes stocks with negative earnings and P/E's > 50.
Reflects approx. 75% of the CTN investment portfolio weight.

20 largest stock holdings within CTN Investment Portfolio at 31 May 2015

Code	Stock	Weight	Code	Stock	Weight
SGH	Slater & Gordon	4.00%	SFR	Sandfire Resources	2.18%
MYX	Mayne Pharma Group	3.23%	ENN	Elanor Investors Group	2.42%
VLW	Villa World	3.56%	IPP	Iproperty Group	2.17%
IFM	Infomedia Limited	3.22%	GBT	GBST Holdings	2.47%
AHG	Automotive Holdings	2.54%	SAR	Saracen Minerals	2.14%
EPW	ERM Power	2.82%	VRL	Village Roadshow	1.99%
SGF	SG Fleet Group	2.91%	GFY	Godfrey's Group	2.06%
ALU	Altium Limited	2.99%	PRT	Prime Media Group	2.00%
AFJ	Affinity Education Group	2.46%	TGP	360 Capital Group	2.24%
ASB	Austal Limited	2.78%	PMP	PMP Limited	1.92%

The CTN Investment Portfolio held 70 securities at 31 May 2015. In addition to this, CTN owns 100% of fund manager Contango Asset Management Limited representing 5.5% of CTN's Net Tangible Assets.

CTN OFFERS A FIRM DIVIDEND POLICY

In the NTA statement released to the ASX on the 1st of July 2014, CTN announced an after-tax NTA value of \$1.138 per share. In line with the company dividend policy to pay a minimum of 6% p.a of the 1 July NTA value each year, CTN is able to provide investors with guidance of the proposed FY15 Final dividend. This table is not a formal declaration of the FY15 Final dividend. Shareholders and investors should only rely on the official Declaration of Dividend for confirmation as to dividend amount and relevant dates including what level of franking may be attached to any dividends declared.

Guidance future dividends as at 17 June 2015 ¹			Amount
FY15 Final	October 2015:	Minimum of	3.7 cps

Since declaring its first dividend in December 2004, CTN has declared a total of 83.6 cents per share (cps) in dividends to shareholders amounting to a total payout of over \$95.9m.

CTN COMPANY INFORMATION

ABOUT CTN:

A listed investment company (LIC) whose objectives are to:

- ✓ outperform the S&P/ASX All Ordinaries Accumulation Index; and
- ✓ provide regular dividends to its shareholders.

INVESTMENTS HELD:

CTN holds a diversified portfolio of 60-90 companies listed on the ASX each with a market capitalisation. generally between \$10m & \$350m at time of acquisition. There are over 900 companies in this investible universe with a total market capitalisation exceeding \$70b.

INVESTMENT STYLE:

CTN is “*Style Neutral*” - the portfolio is managed on the basis of sensitivity to economic & market factors as well as stock specific considerations. At some stages of the cycle there is a growth bias while in periods of economic weakness the portfolio typically has a bias to value/ defensive stocks.

Investment Manager	Contango Asset Management Limited	CTN Listing Date	25 March 2004
Benchmark	ASX All Ordinaries Accumulation Index	Portfolio Size at 31 May 2015	\$183 million
Maximum cash position	Can hold up to 50% in Cash	Shares on issue	160 million
Stock Universe	Generally those companies with a market cap. between \$10m-\$350m at time of acquisition	Number of stocks held	Investments in 70 ASX companies at 31/05/15
Companies that we like to invest in	Those with a proven track record that are looking to expand. Particularly those with potential to move from microcap to small cap to large cap		
Companies we prefer to avoid	Biotech or early stage companies Pseudo-private equity type	Mining companies at exploration stage Companies with no definable earnings	

STAY IN TOUCH - DOWNLOAD THE CTN INVESTOR APP

This app is one way in which shareholders can be automatically alerted when important documents have been loaded to the CTN web site. The CTN App is available for free download from Google Play or iTunes.

NOTES:

The investment portfolio performance identified in this document is of the stocks held within the underlying investment portfolio as at 31 May 2015. This is gross performance and does not adjust for the effect of fees, taxes and charges. Past performance is not a predictor of future returns. Investors in LICs need to understand the distinction between Investment portfolio, NTA and Share Price performance. The portfolio investment manager reserves the right to purchase, hold or retain securities that have a market cap greater than \$350m.

¹Dividend Policy announcement of 16 April 2010. The Company will normally pay annual dividends amounting to a minimum 6%pa yield on the Net Tangible Asset value per share prevailing at the beginning of each financial year payable via (two) semi-annual dividend payments. NTA at 1 July 2014 was \$1.138. Only refer official ASX Announcements. All payment dates, dividend amounts & any franking which may be attached to possible future dividends are indicative only until formally declared via the ASX.

DISCLAIMER:

Contango MicroCap Limited (CTN) has prepared this update for information purposes only related to the underlying investment portfolio. It does not contain investment recommendations nor provide investment advice or identify the NTA performance of the company at this date or any date subsequent to this document. CTN only provide NTA values via the monthly NTA statement that is released through the ASX. 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. 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 or Fund. Contango Asset 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 and any CAML investment fund identified in this document may not be suitable for your investment needs. This is not an offer to invest in a fund or product.