



Investor Briefing

July 2015

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Agenda

Introduction

Portfolio

Business outlook

David Stevens

Bill Laister

George Boubouras

Contango is delighted to welcome George Boubouras as Chief Investment Officer

- George is an experienced and highly educated investment professional
 - Bachelor of Economics (Honours)
 - Held senior leadership positions at world class organisations including as CIO
 - Studied at Harvard, MIT, UNSW and hold the SDIA PS 146 Accreditation
- With broad experience across asset classes and client bases
 - Global & domestic equities, REITs, fixed income, derivatives, infrastructure & alternatives
 - Corporate superannuation, not-for-profit , endowment mandates, select sovereign wealth funds, family office and insurance mandates
- Worked at leading organisations
 - Equity Trustees Ltd - Chief Investment Officer
 - UBS WM - Chief Investment Officer
 - HSBC AM - Head of Asset Allocation, Fixed Income and Research

Contango is up-skilling the investment team

- Stephen Scott is an experienced and highly regarded investment analyst
 - 20 years experience, held senior analytical roles including head of research and portfolio manager
 - Ord Minnett, LINWAR Securities and Deutsche Asset Management
- Justin Puli is an experienced investment analyst who brings additional capabilities to the team
 - 12 years experience including fixed interest, held senior equity analyst positions
 - Noah's Rule, Challenger, Glebe Asset Management, HSBC Asset Management

Well resourced investment team with an average of over 20 years industry experience

Role	Team member	Years experience
Chief Investment Officer	George Boubouras	25
Investment Services Director	Carol Austin	35
Senior Investment Manager	Alistair Drummond	30
Senior Portfolio Manager	Shawn Burns	29
Senior Portfolio Manager	Bill Laister	35
Senior Portfolio Manager	Justin Farley	21
Senior Investment Analyst	Stephen Scott	20
Senior Investment Analyst	Justin Puli	13
Senior Investment Analyst	Paul Davoren	20
Investment Analyst	Craig Allen	13
Economist	Eamon Zelencich	7
Dealer/Analyst	Ross Edwards	19

Contango Investment Team Responsibilities

GEORGE BOUBOURAS

B.Ec (Hons) (25/0)

- Chief Investment Officer
- Chairman Economics Committee
- Chairman Strategy Committee
- Chairman Portfolio Construction Committees

CAROL AUSTIN

B.Ec (Hons), B.Sc (35/16)

- Domestic/Global Economics
- Institutional Mandates

BILL LAISTER

B.Ec (35/16)

- Portfolio Manager Microcaps
- Deputy Portfolio Manager Small Caps
- Metals & Mining (inc Steel & Gold)
- Coal & Uranium

ALISTAIR DRUMMOND

B.Ec, BLLB (30/0)

- CIO & PM support
- Deputy Chair
- LIC relationships/Family Office
- Broker relationships

SHAWN BURNS

B.Ec, CFA, CPA, F Fin (31/3)

- Portfolio Manager Large Caps
- Insurance
- Transportation/Infrastructure
- Chemicals
- Healthcare

JUSTIN FARLEY

B.Com (Hons), CFA (21/2)

- Portfolio Manager Small Caps
- Deputy Portfolio Manager Microcaps
- Media
- Pharmaceuticals & Biotech
- Containers & Packaging
- Paper/Forestry

STEPHEN SCOTT

B.Ec, F Fin (20/0)

- Food Retailing
- Discretionary Retailing
- Consumer Durables & Apparel
- Food Beverage & Tobacco
- Diversified Financials (asset managers)
- IT
- Commercial & Professional Services
- Consumer Services

JUSTIN PULI

B.Com (Hons), CFA (13/0)

- Real Estate/Property Trusts
- Derivatives

PAUL DAVOREN

B.Sc (Hons), F Fin (20/11)

- Telecommunication Services
- Energy (exc Coal, Uranium)
- Capital Goods

CRAIG ALLEN

B.Com, B.Sc (13/9)

- Construction Materials
- Utilities
- Banks
- Diversified Financials

EAMON ZELENCICH

B.Ec (Hons) (7/4)

- Economic research & analysis
- Data analysis

ROSS EDWARDS (19/15)

- Dealer/Analyst

(years industry experience / years at Contango)

Review of MicroCap Portfolio

Economic outlook: Low interest rates to support growth and equity markets

- Global growth modest and uneven
 - Developed Markets solid but Emerging Markets soft
- Underlying US growth solid, employment growth strong
 - Consistent with beginning of gradual FOMC rate rises late this year
- Growth in Europe recovering but tail-risks re-emerge
 - ECB's QE and Greece turmoil leading to weaker EUR
- Growth in China is moderating as economy rebalances
 - Government stabilising transition with risk of policy error
 - Commodity prices to remain under pressure
- Domestic economy not transitioning as quickly as RBA would like
 - More rate cuts and lower AUD

Strategy position: Portfolio risk positions consistent with economic outlook

- Despite increased volatility equities still more attractive than bonds or cash
 - Low rates will support valuations and earnings
 - Lower AUD will support trade exposed and foreign earners
- Overweight
 - Foreign earners
 - Defensives
 - Selected domestic cyclicals
- Underweight
 - Commodities over supplied and demand to remain weak
 - Oil will stay low until the Saudi's see foreign production cut
 - Iron ore supply continues to increase as we anticipated

MicroCap Performance

30/06/2015	Contango MicroCap	Small Ordinaries Accum Index	Added Value
6 Months	4.6%	3.0%	1.6%
1 Year	2.1%	0.4%	1.7%
5 Years pa	8.6%	2.5%	6.2%
Inception (25/03/04) pa	15.5%	4.2%	11.3%

Valuations remain positive

June 2015	Contango MicroCap	Small Ordinaries Accum Index
Price to Earnings Ratio	11.5	12.8
Dividend Yield (net)	4.8	4.6
Dividend Yield (gross)	6.0	5.6
EPS Growth (%)	22.8	13.7
Return on Equity (%)	17.9	15.1
Beta	0.79	1.0
Tracking Error*	5.63	-

Source: Factset (next twelve months)

* Ex ante. Bloomberg.

Last year ...

September 2014	Contango MicroCap	Small Ordinaries Accum Index
Price to Earnings Ratio	11.9	13.7
Dividend Yield (net)	3.6	3.8
Dividend Yield (gross)	4.5	4.6
EPS Growth (%)	52.6	24.7
Return on Equity (%)	13.5	14.5

Source: Factset (next twelve months)

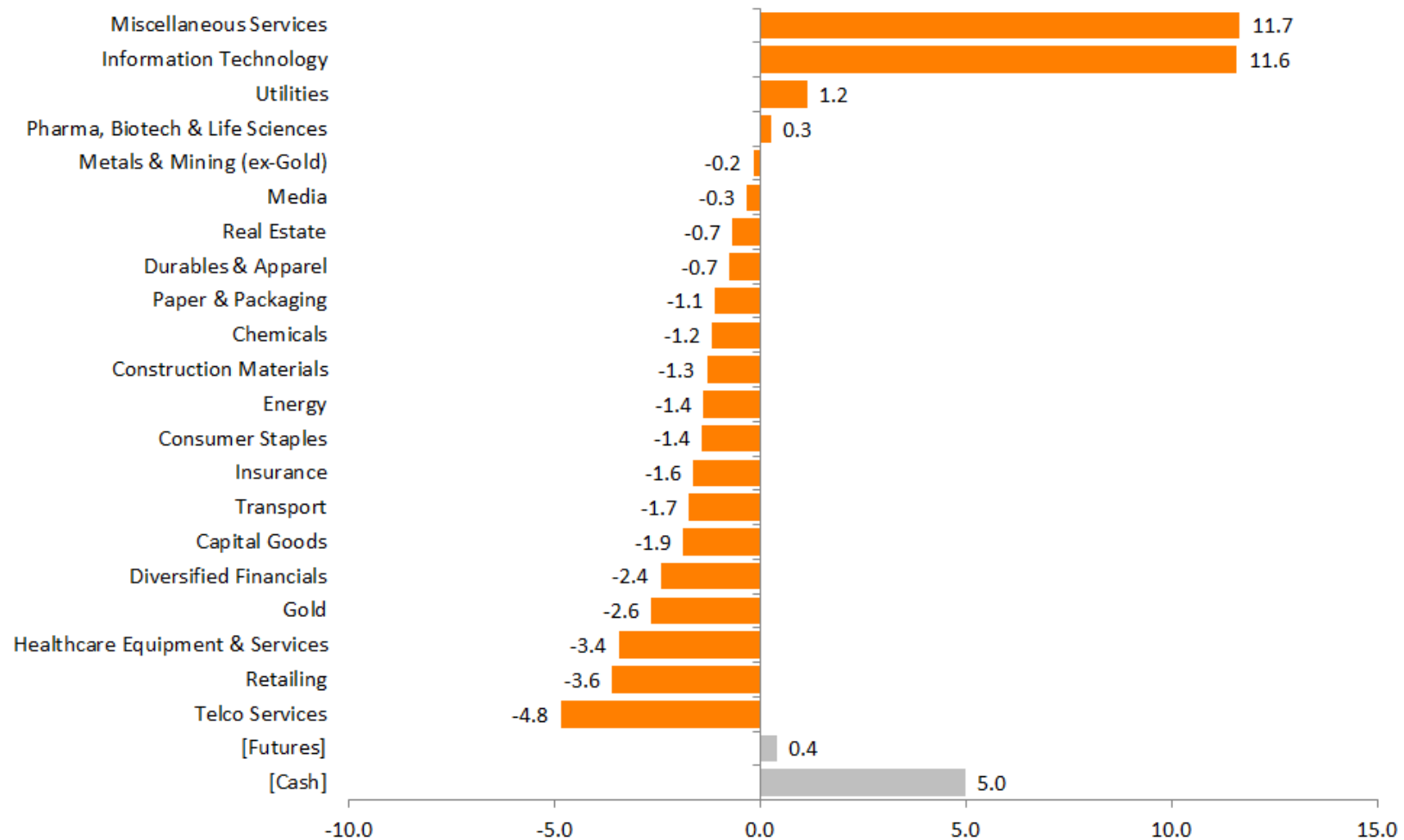
Placements and IPOs - June Quarter

Placements	Code
BT Investment Management	BTT
Ensogo	E88
Justkapital Litigation Partners Limited	JKL
Lindsay Australia Limited	LAU
Sino Gas & Energy Holdings Limited	SHE
Slater & Gordon Limited	SGH

IPOs	Code
Garda Diversified Property Fund	GDF
QMS Media Limited	QMS
Shriro Holdings Limited	SHM
Vertical Search Co Limited (now Mitula Group Limited)	MUA
Sino Gas & Energy Holdings Limited	SHE

Micro cap portfolio employing and actively managing risk

Contango MicroCap Fund: CIS Active Weight vs Small Ords



June 2015

Top 20 Stocks (at 30/06/2015)

Code	Stock	Weight
MYX	Mayne Pharma Group Ltd	3.4%
VLW	Villa World Limited	3.2%
SGF	SG Fleet Group Limited	3.2%
IFM	Infomedia Ltd	3.0%
SFR	Sandfire Resources NL	2.9%
ALU	Altium Limited	2.8%
ASB	Austal Limited	2.7%
AHG	Automotive Holdings Group	2.7%
SGH	Slater & Gordon Limited	2.6%
PMP	PMP Limited	2.5%

Code	Stock	Weight
ENN	Elanor Investors Group	2.5%
GBT	GBST Holdings Limited	2.4%
SAR	Saracen Mineral Holdings Ltd	2.3%
AFJ	Affinity Education Group Ltd	2.2%
TGP	360 Capital Group	2.1%
VRL	Village Roadshow Limited	2.0%
GFY	Godfreys Group Limited	2.0%
GMF	Gpt Metro Office Fund	2.0%
PRT	Prime Media Group Limited	1.7%
SXY	Senex Energy Limited	1.7%

INVESTMENT SUMMARY

Company: Hub 24 (HUB)
 Fund: MicroCap
 GICS: Financials – diversified financials

Share Price: \$1.20
 Price Target: \$1.60
 Market Cap: \$61.4m

Investment metrics	2014A	2015E	Investment metrics	2014A	2015E
PE ratio	n.a	n.a	Net debt/(cash)	(\$13.8m)	~(9.2m)
Net Dividend Yield	n.a	n.a	Gearing	n.a	n.a
Franking	n.a	n.a	Interest Cover	n.a	n.a
Gross Dividend Yield	n.a	n.a	ROE	n.a	n.a
Payout ratio	n.a	n.a	Beta	-	0.66

PRINCIPAL ACTIVITIES

- Independent investment platform provider
- Software enables investors to centrally manage investments via software platform – including shares, term deposits, managed funds and dealer model portfolios

INVESTMENT POSITIVES

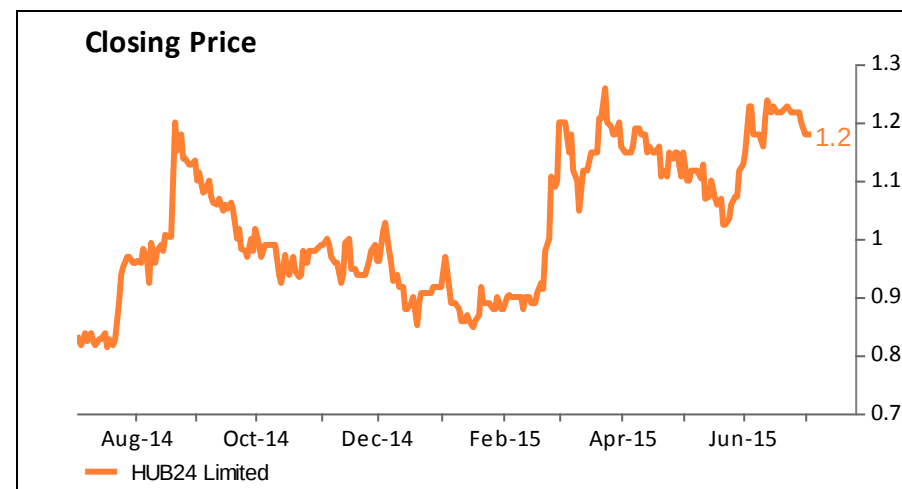
- Continued growth of funds using the platform
- Ongoing new product development is a positive

INVESTMENT RISKS

- Investment markets
- Cost blow outs
- Product failure and/or reputational and/or operational problems
- Not at financial break-even yet it is a high risk/high return investment

CONCLUSION & INVESTMENT

- Continued adoptions and funds inflow
- Investment markets remaining reasonable. No major decline in markets
- Valued via risk weighted DCF



INVESTMENT SUMMARY

Company: Yowie (YOW)
Fund: MicroCap
GICS: Consumer staples - food

Share Price: \$1.04
Price Target: DCF \$1.71
Market Cap: \$143m

Investment metrics	2014A	2015E	Investment metrics	2014A	2015E
PE ratio	n.a	n.a	Net debt/(cash)	(\$8.4m)	~(\$9.0M)
Net Dividend Yield	n.a	n.a	Gearing	n.a	n.a
Franking	n.a	n.a	Interest Cover	n.a	n.a
Gross Dividend Yield	n.a	n.a	ROE	n.a	n.a
Payout ratio	n.a	n.a	Beta	-	0.34

PRINCIPAL ACTIVITIES

- Production, marketing and sale of Yowie toys and chocolates to major retailers including Walmart and other major convenience and super market chains.

INVESTMENT POSITIVES

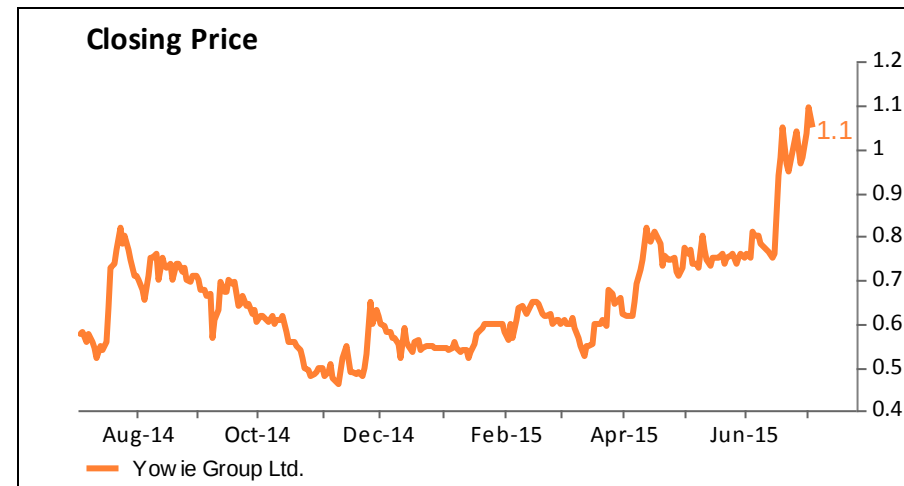
- Continued rollout of product across retailers in the US – including a rollout of 4,300 Walmart stores. Further rollout wins and new geographies appear likely.
- Channel check by Contango directly calling specialist chocolate shops in the US was positive in late March.

INVESTMENT RISKS

- High risk/high return investment with the business early in the lifecycle.
- Failure to achieve repeat sales from consumers. Repeat sales are key.
- Product failure or reputational problems are an ongoing risk
- Controlling high growth, working capital investment and growing profitability to acceptable levels – goal is to be self-funding.
- Competition expected to respond – 2018 – as patents end

CONCLUSION & INVESTMENT DRIVERS

- High risk/high return investment, risk is. Valued via DCF and probability weighted outcomes yield target price \$1.70
- Movement towards profitability and cash flow break even important metric into the future.



INVESTMENT SUMMARY

Company: Villa World (VLW)
Fund: MicroCap
GICS: Real Estate

Share Price: \$2.02
Price Target: \$2.60
Market Cap: \$223m

Investment metrics	2014A	2015E	Investment metrics	2014A	2015E
PE ratio	9.4x	8.3x	Net debt/(cash)	69m	102m
Net Dividend Yield	7.4%	7.6%	Gearing (D/E)	33%	30%
Franking	100%	100%	Interest Cover	5.8x	5.8x
Gross Dividend Yield	10.6%	10.8%	ROE	10.6%	11.5%
Payout ratio	70%	63%	Beta	0.46	

PRINCIPAL ACTIVITIES

- VLW is an Australian residential property developer with a focus on affordable housing in the sub-\$500k price range in major metropolitan areas on the east coast.
- VLW specialises in development and construction of 3-4 bedroom detached homes, integrated housing solutions (for example 2-3 story joined townhouses) and the sub-division and sale of land lots.

INVESTMENT POSITIVES

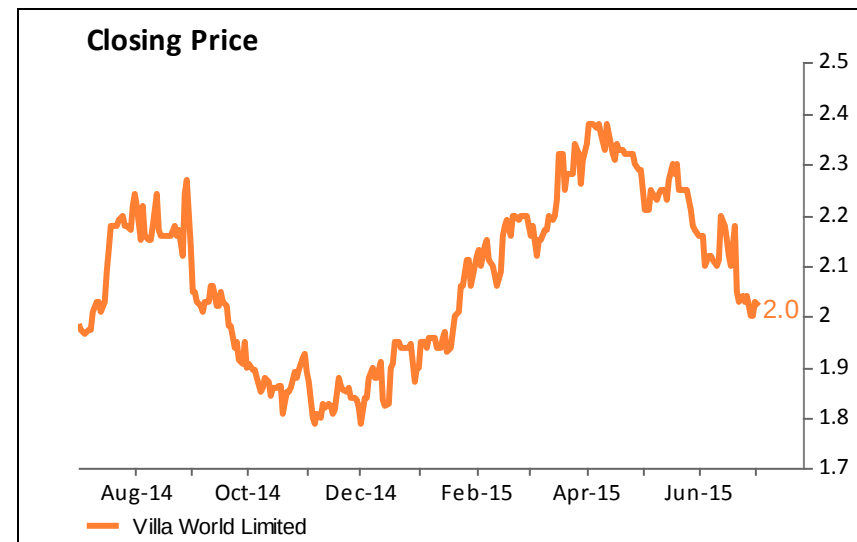
- Macro-economic setting supportive of Australian residential developers.
- Geographically VLW's overweight QLD exposure (>75%) is a positive in the current environment, given the strong momentum in QLD housing following a lagged recovery compared to other States.
- VLW is cheap on 8.3x FY15 earnings, with 10% CAGR growth over three years to FY17, and a 7.4% FY15 fully franked dividend yield.

INVESTMENT RISKS

- Macro-economic risks – Changes in interest rate environment or the outlook for Australian or QLD residential building activity levels.
- Project risks – approval risk, environment risk, settlement risk, building defect risks.

CONCLUSION & INVESTMENT DRIVERS

- VLW is a well-run residential developer with macro-economic tailwinds, a strong earnings growth profile, and is trading cheaply.



Business outlook

CTN's growth strategy is progressing well

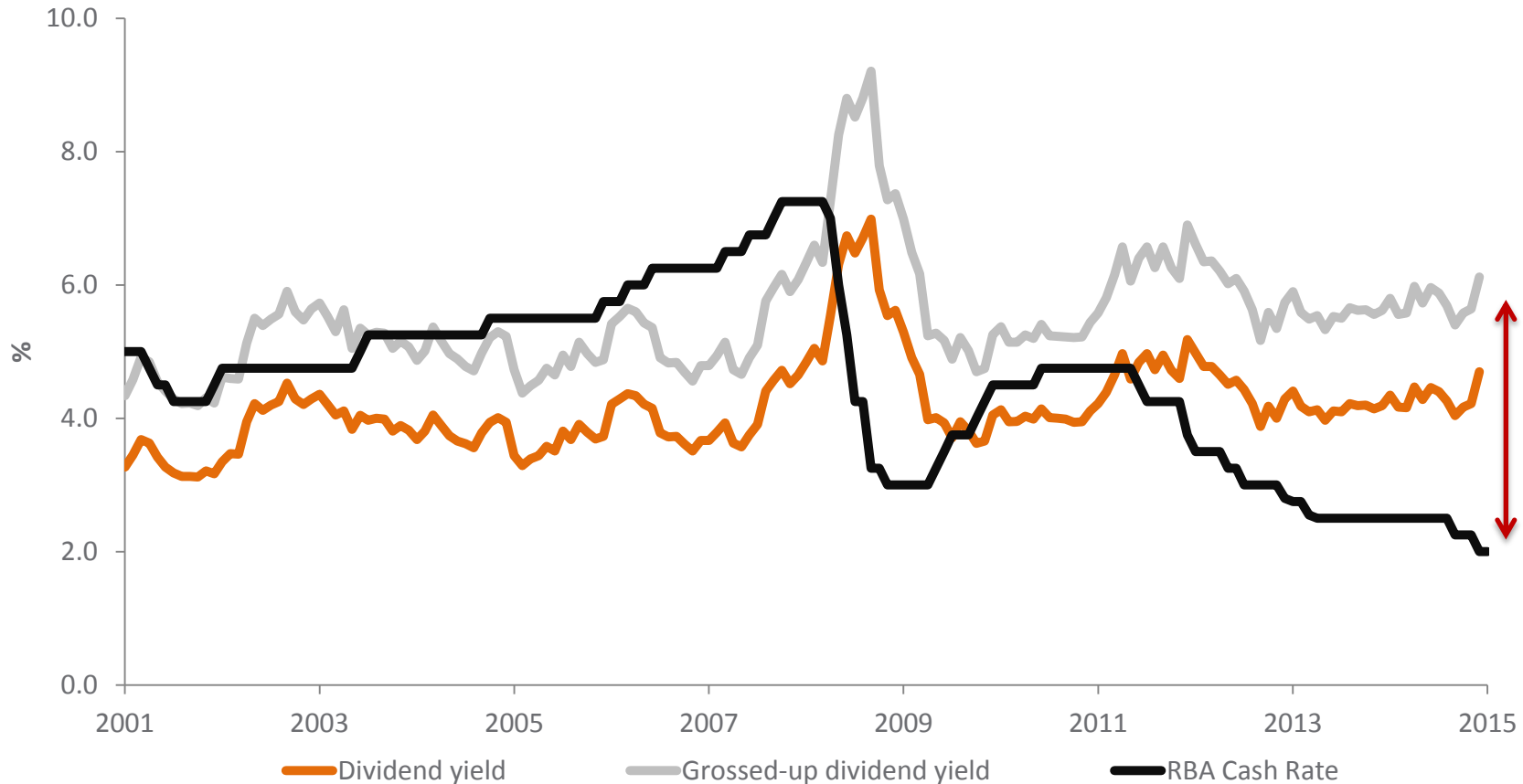
- CTN is actively looking to grow the business in the best interest of shareholders
 - Launching new products
 - Enhancing the investment team
 - Investing in best practice systems
- Targeting additional institutional mandates
 - Large, mid, small and micro cap sectors
- Listed Investment Companies (LICs)
 - Supporting the launch of Contango Income Generator Limited (CIE)
- Other opportunities
 - Significant Investor Visa (SIV)

Introducing Contango Income Generator LIC

- Investors are searching for yield in the equity market but generally only focus on large cap stocks
- This is a sub-optimal portfolio allocation that increases risk and limits an investors opportunity set
- The solution is to blend a portfolio of large cap high yield stocks with an actively managed ex-30 income fund
- Contango Income Generator Limited (CIE) provides a diversified exposure to this ex-30 high yield segment of the market

In this low interest rate environment, investors are increasingly turning to equity income

ASX200 Net and Gross Dividend Yield and the RBA Cash Rate



What does Contango Income Generator Limited offer?

Feature	Contango Income Generator Limited
Diversified exposure to ex-30 income securities	✓
Dividend policy of 6.5% of NTA	✓
Targeting capital growth over time	✓
Targeting lower volatility	✓
Maximise franking where possible	✓
Complements existing income portfolios	✓

Who is the Contango Income Generator Limited suitable for?

Suitable investor	Contango Income Generator Limited
SMSFs	✓
Retirees	✓
Yield focused investors	✓
High Net Worth (HNW) investors	✓
Investors over-exposed to large cap stocks including the Banks and Telstra	✓

The investment process screens for suitable high quality ex-30 stocks

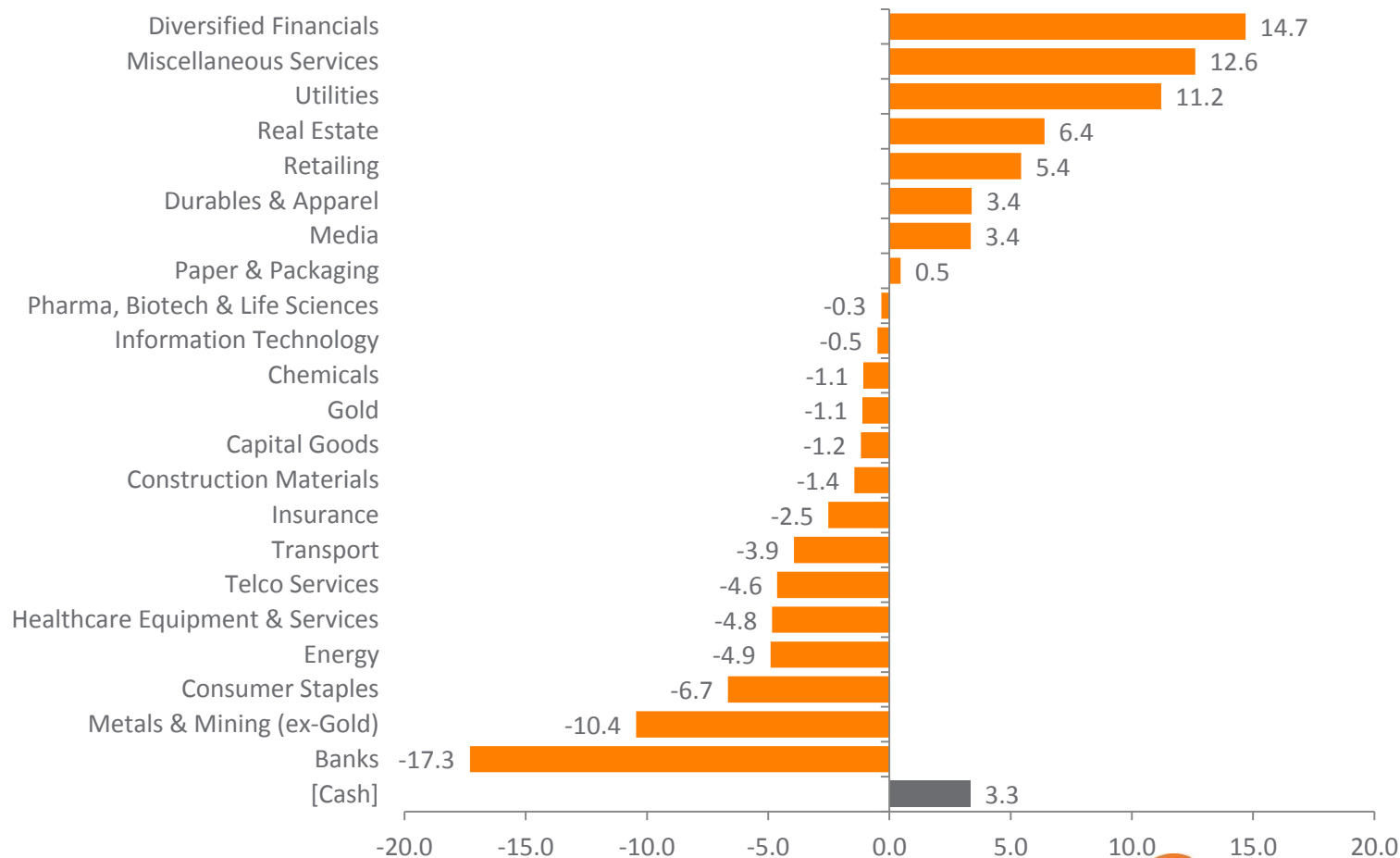
- ASX300 ex-30 market cap
- Higher than market yield
- Sustainable dividend growth and payout ratio
- Lower than market beta
- Low earnings volatility
- Balance sheet strength

The risk metrics are consistent with the objectives of the Company

	Contango Income Generator	All Ordinaries	ASX300 top-30	ASX300 ex-30
Median market cap (\$m)	1,380	382	18,664	679
Price to earnings ratio	15.3	15.5	15.5	16.1
Earnings growth	9.2	5.2	1.0	12.8
Dividend yield (net)	5.5	4.5	4.9	3.9
Dividend yield (gross)	7.0	5.9	6.5	4.7
Return on equity	14.3	15.1	15.4	14.8
Beta to ASX300	0.78	1.0	1.03	0.93

The active weights are a product of the investment process...

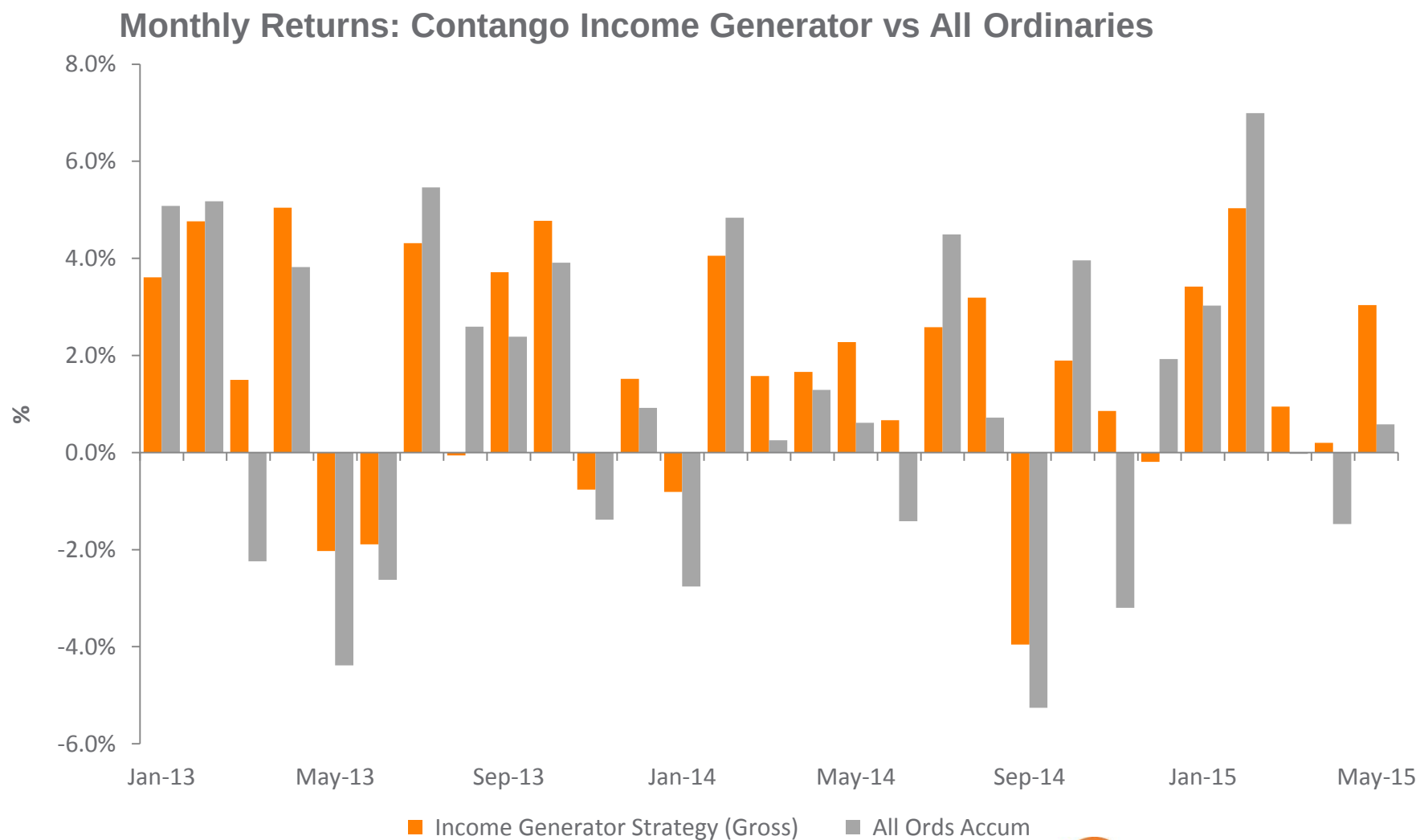
Contango Income Generator Fund: Contango Industry Weights vs ASX 300



...and so are the stock positions

Code	Stock	Position
BOQ	Bank of Queensland Limited	6.2%
BEN	Bendigo and Adelaide Bank Limited	5.6%
AGL	AGL Energy Limited.	5.0%
TAH	TABCORP Holdings Limited	4.9%
TTS	Tatts Group Limited	4.8%
DUE	Duet Group	4.7%
ASX	ASX Limited	4.4%
IFL	IOOF Holdings Limited	3.8%
GUD	G.U.D. Holdings Limited	3.5%
MMS	McMillan Shakespeare Limited	3.1%

The performance has been less volatile than the market



Contango Income Generator Limited offer summary

Proposed ASX Codes	• Share: CIE • Option: CIEO
Offer Structure	• Fully paid ordinary shares at \$1.00 per share • One free loyalty option for every two shares vesting on 29 February 2016 and exercisable at \$1.00 before 30 March 2018
Investment manager	Contango Asset Management Limited
Company objective	To provide investors with a sustainable income stream and modest capital growth over the medium term
Suggested investment time frame	5 years or more
Dividend policy	To pay annual dividends of not less than 6.5% of the Company's net tangible asset (NTA) value per share
Franking policy	To maximise the level of franking for investors where possible and reasonable to do so

Research ratings	• AIIR
Board members	• I. Ferres AM (Chair) • M. Kerr • D. Clarke • G. Boubouras
Minimum application amount	\$2,000
Lodgement date	29 June 2015
Offer open/close dates	TBA / TBA
Capital deployment	Within one month from listing

The investment guidelines

Objective	To provide investors a return including dividends that exceeds the relevant benchmark
Benchmark	ASX All Ordinaries
Number of securities	30 – 40
Target / max cash position	5% / 50%
Management Fee	• 0.95% (plus GST) of the Company's net tangible asset (NTA) value per share per year for a portfolio value of up to \$150 million • 0.90% (plus GST) of the Company's NTA per share per year for a portfolio value above \$150 million and up to \$500 million • 0.85% (plus GST) of the Company's NTA per share per year for a portfolio value above \$500 million
Performance fee	None
Top-30 investments	5%
Derivatives	Liquidity management only
Shorting/ Borrowing	No

Contact details

George Boubouras
Chief Investment Officer
Contango Asset Management Limited
Tel: +61 (3) 9222 2324
Mobile: +61 (0) 414 614 225
E-mail: gboubouras@contango.com.au

Bill Laister
Senior Portfolio Manager
Contango Asset Management Limited
Tel: +61 (3) 9222 2333
Mobile: +61 (0) 414 614 225
E-mail: wliaster@contango.com.au