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Investment Portfolio Mid-Month Update

COMMENT FROM INVESTMENT MANAGER

In May the investment portfolio generated a return in excess of broader ASX indices with 40 of the 67 positions held contributing positively to the portfolio.

	1-mth	1-yr	5-yrs pa	10-yrs pa
CTN Investment Portfolio	**1.86%**	**22.4%**	**13.1%**	**17.0%**
All Ords Accum Index	0.61%	16.2%	12.2%	9.3%
Small Ords Accum Index	0.08%	6.2%	4.3%	4.8%
Emerging Companies Index	-0.28%	2.4%	0.4%	3.2%

To 31.05.14. Performance is before impact of fees, taxes and charges, Past performance is no guarantee of future returns

Observing the market Bill Laister, portfolio manager of Contango MicroCap Limited (CTN) said that the month saw a recovery in a number of the internet names after a significant sell-off in April. We saw strong performances from Nearmap +26.0%, Ibuy +14.9% and Iproperty +11.1%. The bid for Shadforths +17.1% also had a positive impact on Hub24 +10.2%. On the downside we saw two profit downgrades in Chandler McLeod -18.0% and also Ingenia -9.1%.

The portfolio also undertook further selling in selected companies to lock in profits.

CTN NTA
At 31 May 2014
Pre-Tax* **$1.192
***Post-Tax* **$1.137**

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 FY15.

FY15 (forward)	**CTN**	**Small Ords**	**ASX100**
PE	11.9	14.0	14.2
EPSg %	25.6	10.6	5.7
Yield %	3.9	4.4	4.8
ROE %	16.8	14.6	16.4
ND/E %	11.0%	21.7%	34.0%

At 11.06.14. Source: CTN and FactSet. Excludes stocks with P/E > 50

20 LARGEST STOCK HOLDINGS WITHIN CTN INVESTMENT PORTFOLIO AT 31 MAY 2014

CODE	STOCK	WEIGHT	CODE	STOCK	WEIGHT
SGH	Slater & Gordon Ltd	3.6%	SYR	Syrah Resources Ltd	2.3%
TGS	Tiger Resources Ltd	2.9%	IPP	Iproperty Group Ltd	2.2%
VRL	Village Roadshow Ltd	2.9%	AUB	Austbrokers Holdings Ltd	2.2%
MYX	Mayne Pharma Group Ltd	2.8%	AHE	Automotive Holdings Grp Ltd	2.2%
CWP	Cedar Woods Properties Ltd	2.7%	GEM	G8 Education Ltd	2.1%
PRT	Prime Media Group Ltd	2.7%	NHF	NIB Holdings Ltd	2.1%
SFW	Sfg Australia Ltd	2.5%	EPW	ERM Power Ltd	2.1%
VLW	Villa World Ltd	2.5%	ASB	Austal Ltd	2.0%
BTT	BT Investment Mgmt Ltd	2.4%	INA	Ingenia Communities Grp	1.8%
GBT	GBST Holdings Ltd	2.3%	SGF	SG Fleet Group Ltd	1.8%

The CTN Investment Portfolio held 67 securities at 31 May 2014. In addition to this CTN owns 100% of fund manager Contango Asset Management Limited (CAML) representing 6% of CTN's Net Tangible Assets.

CTN OFFERS A FIRM DIVIDEND POLICY

The Company's dividend policy is to pay annual dividends amounting to a minimum 6% pa of the company NTA prevailing at the commencement of the Financial Year.

In line with the dividend policy CTN is able to provide an *indication* of future dividends. Please note that these are not a formal declaration of 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.

At the date of this document CTN provides investors with an *indication* of the future dividend proposed to be paid as per the company dividend policy:

***Indicative* Dividend Information as at 16 June 2014**		**AMOUNT**
FY14 Final	**October 2014: *Proposed*^**	**3.3 cents p/s**

Since declaring its first dividend in December 2004, CTN has declared a total of 75 cents in dividends to shareholders amounting to a total payout of over $82m.

CTN COMPANY INFORMATION

Investment Manager	Contango Asset Management Limited	**CTN Listing Date**	**25 March 2004**
Benchmark	ASX All Ordinaries Accum. Index	**Portfolio Size at 31 May 2014**	**$191 million**
Max. cash position	Can hold up to 50% in Cash	**Shares on issue**	157.6 million
Stock Universe	Generally those companies with a market cap between $10m-$350m at time of acquisition	**Number of stocks held**	Investments in **67** ASX companies. at 31.05.14
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 look to avoid	Biotech or early stage companies Pseudo-private equity type	Mining companies at exploration stage Companies with no definable earnings	

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 cap. 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.

DOWNLOAD THE CTN 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 and the rolling 12 month performances identified in this document are of the stocks held within the underlying investment portfolio as at the end of trading Friday 13 June 2014. This is gross performance and does not adjust for the effect of fees, taxes and charges.
*Pre-Tax NTA is *after* tax paid but *before* tax paid on unrealised gains. **Post Tax NTA is *after* tax paid & *after* tax paid on unrealised gains.
^Dividend 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. CTN may have declared a Dividend by the time you read this document. 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. The portfolio investment manager reserves the right to purchase, hold or retain securities that have a market cap greater than $350m.

DISCLAIMER:
Contango MicroCap Ltd (CTN) has prepared this intra month performance 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.