

Tuesday, 27 October 2020

The Manager  
ASX Announcements Office  
Australian Securities Exchange Limited  
Melbourne VIC 3000

By e-lodgement

Dear Sir/Madam,

## IMPORTANT ANNOUNCEMENT FOR CIE SHAREHOLDERS

Contango Income Generator Limited (ASX:CIE) (**CIE**) and CIE's investment manager Contango Asset Management Limited (ASX:CGA) (**CGA**) have been in discussions with WAM Capital Limited (ASX:WAM) (**WAM**) in relation to WAM's current offer to acquire all issued shares in CIE (**WAM Offer**). WAM has reviewed this announcement and endorses its content.

The WAM Offer is currently intended to close on Friday 13 November 2020, unless extended or withdrawn. WAM has confirmed that it does not currently intend to extend the WAM Offer beyond the minimum required by the Corporations Act, although it reserves the right to do so. If, however, the WAM Offer extends automatically,<sup>1</sup> WAM will at that time clarify the date beyond which CIE shareholders accepting into the WAM Offer will no longer receive the WAM dividend.<sup>2</sup>

As CIE will clarify in its Target's Statement, the CIE Board recommends that:

1. Shareholders who want to remain invested in the new WCM Quality Global Growth Long Short strategy should **reject the WAM Offer**. Those shareholders will also gain access to the intended renounceable rights issue described below.
2. Shareholders who do not want to remain invested in the new WCM Quality Global Growth Long Short strategy should **accept the WAM Offer** as the WAM Offer;
  - a. values CIE shares at \$0.783 per share<sup>3</sup>, representing a premium of:
    - i. a 23.4% premium to CIE's share price before the announcement of the WAM Offer; and
    - ii. a 7.5% premium to CIE's 30 September 2020 pre-tax net tangible assets (**NTA**) per share; and
  - b. will provide those CIE shareholders with a choice to:
    - i. remain a WAM shareholder; or
    - ii. utilise WAM's on-market liquidity to exit their investment.

### Restructure

The CIE Board, after considering available options, sets out below the terms of a proposed restructure following close of the WAM Offer (**Restructure**). The Restructure will proceed subject to any relevant CIE shareholder and regulatory approvals required.

<sup>1</sup> This could happen if, for example, WAM's acceptances increase over 50% in the final week

<sup>2</sup> The record date for the WAM dividend is 20 November 2020

<sup>3</sup> Based on WAM's closing share price on 26 October 2020 of \$2.35 per share

The Restructure involves:

1. A change in the name of the company from Contango Income Generator Limited to WCM Global Long Short Limited (if approved by special resolution).
2. A selective buy-back of CIE shares held by WAM, at NTA less transaction costs (excluding capital raising costs associated with the Restructure) (**Transaction Costs**). This will require approval by special resolution excluding WAM and its associates.
3. If the selective buy-back is not approved, an equal access buy-back of CIE shares at NTA less Transaction Costs (if approved by ordinary resolution).
4. A renounceable 1 for 1 rights offer with a free attaching option, which will be available to CIE shareholders on the register following the close of the WAM Offer and after the (selective or equal access) buyback referred to above.
5. An offer for new CIE shares to members of the public.
6. A change in the composition of the board of the Company – in which respect, Mr Don Clarke has tendered his resignation and Mr Andrew Meakin has been appointed to the board of the Company.

The CIE Board will convene an extraordinary general meeting (**EGM**) of shareholders, to be held as soon as reasonably practicable, to consider the Restructure.

The Restructure offers substantial benefits for CIE shareholders, including the flexibility to:

1. participate (including by increasing their CIE shareholding under the rights offer and public offer proposed) in CIE's new investment strategy currently under implementation;
2. if a selective buy-back is implemented, deliver an exit opportunity for WAM; and
3. if an equal access buy-back is implemented, exit from CIE at net tangible asset (**NTA**) value per CIE share, less Transaction Costs.

If the Restructure proceeds, the CIE Board believes it will result in a listed investment company (**LIC**) with a larger capital and shareholder base, together with a clear plan under which the restructured CIE would have a share price trading at or near the NTA value per CIE share.

The CIE Board believes that the Restructure provides CIE shareholders with a superior outcome, with greater certainty and flexibility than the status quo in which one or more of CIE's larger shareholders is not currently aligned with the new WCM Quality Global Growth Long Short strategy approved by shareholders on 18 September 2020.

The CIE Board recommends the Restructure subject to the views of the independent expert, to be appointed by the CIE Board.

Subject to the above, each of CGA and WAM endorse the Restructure proposed, and WAM and its affiliates have now withdrawn their previous meeting requisition notice under section 249D of the Corporations Act. In addition, WAM and its affiliates have indicated that they intend to vote in favour of all resolutions on which they are entitled to vote at the upcoming CIE AGM, which provides confidence that the current Board and strategy of the Company will remain intact.

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## Buy-back

Subject to shareholder approval and any necessary ASIC relief required, CIE intends to buy back all the CIE shares WAM holds following the close of the WAM Offer. This will be subject to a cap of approximately \$50 million; the final limit set will depend on the level of acceptances received under the WAM Offer (**Buy-Back Cap**).

### *Selective buy-back*

CIE undertakes to seek shareholder approval for the off-market selective buy-back for all CIE shares held by WAM, at NTA less Transaction Costs, subject to the Buy-Back Cap. This will provide an exit opportunity for WAM, without materially affecting the NTA per share of the remaining shareholders in CIE. An exit by WAM will support CIE's focus on implementing its new strategy as approved by shareholders. A selective buy-back will require CIE shareholder approval of 75%, excluding WAM and its associates, and the CIE Board recommends the selective buy-back subject to the views of the independent expert. To the extent the CIE shares that WAM holds at the end of the Offer are valued at more than the Buy-Back Cap, WAM will remain a shareholder in CIE following the buy-back.

### *Equal access buy-back*

If the selective buy-back is not approved by shareholders, CIE intends to undertake a shareholder approved off-market equal access buy-back for those CIE shareholders who might still wish to exit CIE following the WAM Offer. The equal access buyback will be subject to the Buy-Back Cap and would be valued at NTA less Transaction Costs. Applications will be scaled back pro rata to the extent that applications exceed the Buy-Back Cap.

WAM and its associated entities (**WAM Entities**) currently intend to exit from CIE under the buy-back, regardless of whether the buy-back is a selective or equal access buy-back. Subject to that exit, WAM will, on its own behalf, agree not to acquire CIE shares for a period of 3 years following the buy-back, in order to support CIE's implementation of its new strategy. WAM's Investment Manager, Wilson Asset Management (International) Pty Limited (**Wilson Asset Management**) has also agreed that, subject to any fiduciary duties and contractual obligations, it will not encourage any other vehicle it manages to acquire shares in CIE for the same 3 year period without prior approval from CIE.

## Rights offer

CIE intends to undertake a renounceable offer of 1 new CIE share for each 1 CIE share held, at 90% of NTA at the time of the offer. Each new share will have a free attaching option exercisable at any time over the following eighteen months, at the same price as the rights issue. This will be available only to CIE shareholders on the register following close of the WAM Offer and the buy-back (selective or equal access) detailed above.

## Public offer of new CIE Shares

CIE will issue a prospectus for new CIE shares for a general offer to the public to raise additional capital. The proposed public offering of new CIE Shares will be conducted at the same price as the rights offer. Wilson Asset Management will make investors within the WAM Group network aware of the investment opportunity under the WCM investment strategy with the public offer.

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## Effect of the Restructure

The Restructure is designed to create a reinvigorated LIC with a larger capital and shareholder base. The costs of the rights offer and the public offer would be borne by CIE, but would not be considered in calculating the NTA per share under the buy-back.

## Board Changes

Mr Don Clarke, a non-executive director of the Company, has tendered his resignation. The Board thanks Mr Clarke for his professional and diligent service to the Company and wishes him well in his future endeavours.

The Board is pleased to announce that Mr Andrew Meakin has been appointed as non-executive director of the Company effective immediately to fill the vacancy.

Mr Meakin is an experienced investment professional with over 30 years' experience in Australian and overseas markets. He has held positions including managing director and non-executive director of a number of listed and unlisted public companies. Mr Meakin is currently a director of Shartru Wealth and Apricity Finance. Andrew holds a BA in Economics and Industrial Relations, Master of Management, Masters of Business Administration and an Advanced Diploma of Financial Services.

As per the requirements of clause 60.2 of the Constitution, Mr Meakin will hold office until the end of the next annual general meeting, at which point the then board is likely to reappoint him for a further 12 months.

## Indicative timetable

Key dates are set out below for each of the buy-back alternatives (selective or equal access).

These dates may be adjusted as required under the Corporations Act or the Listing Rules (in which case, the Company will announce that change to ASX):

SELECTIVE BUY-BACK	DATE
Close of WAM offer	Friday 13 November 2020
Notice of Meeting and Shareholder booklet sent	Monday 23 November 2020
EGM to approve Restructure	Tuesday 22 December 2020
Completion and payment for selective buy-back	Thursday 24 December 2020
Lodge rights issue and public offer	Monday 15 February 2021
Close rights issue and public offer	Friday 12 March 2021

EQUAL ACCESS BUY_BACK	DATE
Close of WAM offer	Friday 13 November 2020
Notice of Meeting and Shareholder booklet sent	Monday 23 November 2020
EGM to approve Restructure	Tuesday 22 December 2020
Buy-back offer open	Wednesday 30 December 2020
Buy-back offer close	Tuesday 26 January 2021
Completion and payment for the buy-back	Thursday 28 January 2021

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Lodge rights issue and public offer

Monday 15 February 2021

Close rights issue and public offer

Friday 12 March 2021

## Clarification of previous disclosures

### *CIE Letter to shareholders*

The CIE directors' letter to shareholders dated 1 October 2020 included statements regarding the performance of Wilson Asset Management and the WAM Entities. CIE would like to add the following information to those statements:

- In terms of the comparison of WCM Investment Management, LLC's ("**WCM**") entities to WAM Entities for the relevant periods:
  - both WCM and each WAM Entity have outperformed their relevant performance benchmarks;
  - the comparative risk profiles and investment universes of the entities concerned should be considered by shareholders in determining relative performance; and
  - most WAM Entities trade at a premium to their underlying NTA.

CIE understands from its discussion with Wilson Asset Management that Wilson Asset Management does not have "capacity issues", as previously stated by CIE, preventing it from engaging with CIE.

### *Bidder's Statement*

In its Bidder's Statement dated 28 September 2020, WAM included comments which it would like to clarify as follows:

- WAM's reference to WCM's track record in managing an LIC was focussed on the discount to pre-tax NTA at which the only Australian LIC managed by WCM has been trading until recently; and
- WAM's reference to CIE's investment portfolio performance was in relation to CIE's historical portfolio performance rather than the new investment strategy.

The Board appreciates your ongoing support.

Yours sincerely,



Mark Kerr

**Chairman & Non-executive Director**

For enquiries please contact:

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