

Friday, 16 October 2020

The Manager  
ASX Market Announcements  
Australian Securities Exchange Limited

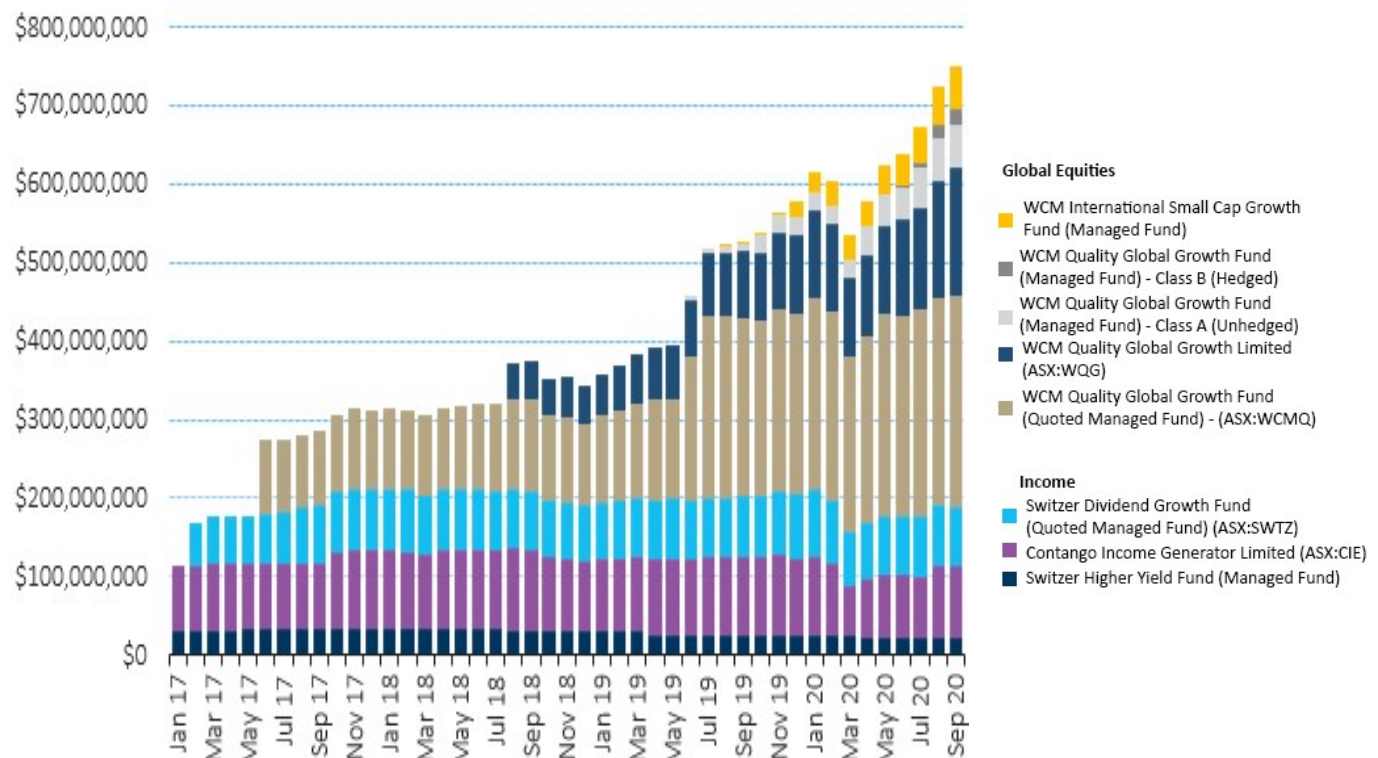
Dear Sir/Madam

## FUM Update

The Board of Contango Asset Management Limited (“**Contango**” or the “**Company**”) (ASX:CGA) is pleased to advise that the Company’s Funds Under Management (“**FUM**”) continued to grow strongly in the first quarter of the 2021 financial year. As at 30 September 2020, the Company’s FUM totalled approximately \$751 million, representing an increase of \$112 million or 18% above the total of \$638 million in FUM as at 30 June 2020.

The increase in FUM during the September 2020 quarter resulted from a combination of strong net inflows of over \$92 million, together with the superior investment returns from the suite of funds managed by WCM Investment Management (“**WCM**”).

The chart below shows the strong growth in retail FUM since January 2017:



## WCM strategies outperform over September 2020 quarter

The Company is pleased to advise that the WCM large cap and small cap strategies have continued to outperform their respective benchmarks for the September 2020 quarter.

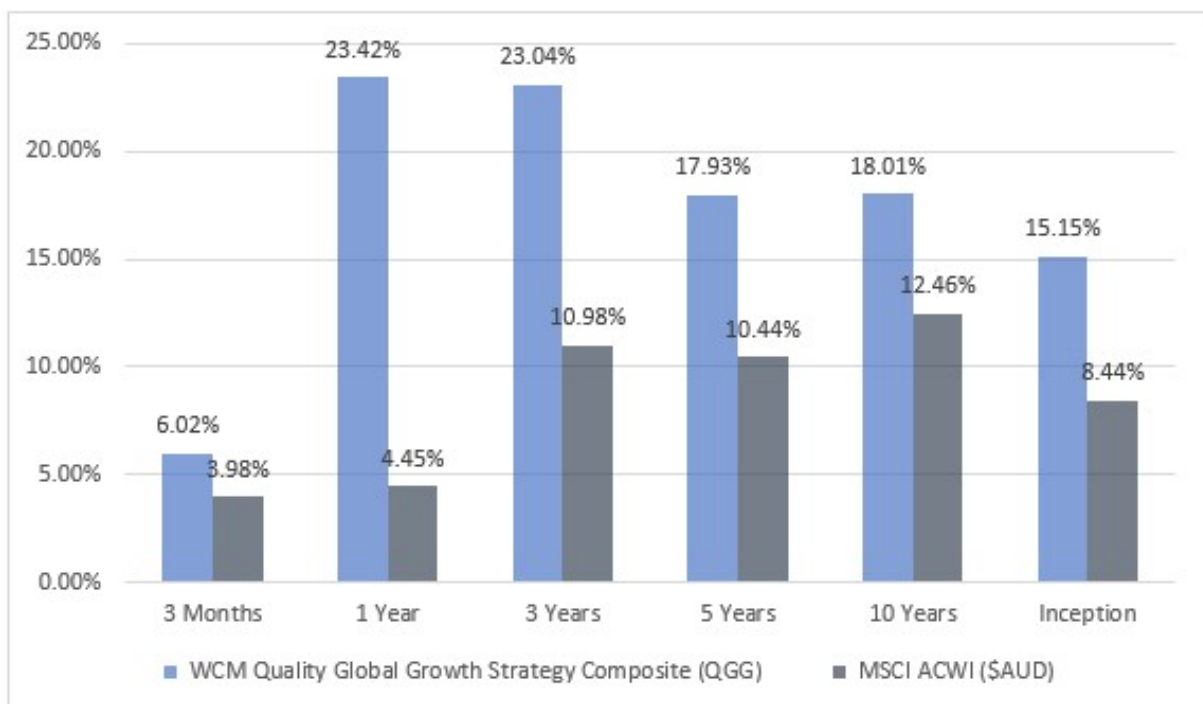
The WCM large cap strategy, WCM Quality Global Growth Equity Strategy, delivered a return of 6.0% over the quarter outperforming its benchmark by 2.0%. The WCM International Small Cap Growth Strategy delivered a return of 9.4% outperforming its benchmark by 3.2%. WCM is a top quartile global and international equities specialist with total FUM of over \$85 billion<sup>1</sup>.

Based in Laguna Beach, California, WCM's investment process is based on the belief that corporate culture is the biggest influence on a company's ability to grow its competitive advantage or 'moat'. This investment process has resulted in WCM's Quality Global Growth strategy outperforming the MSCI World Index by 5.6% per annum over a decade.

Contango has an exclusive retail distribution arrangement to distribute WCM's strategies in Australia.

### Large cap track record

Annualised returns of the WCM Quality Global Growth Strategy<sup>2</sup> versus its benchmark are shown below:

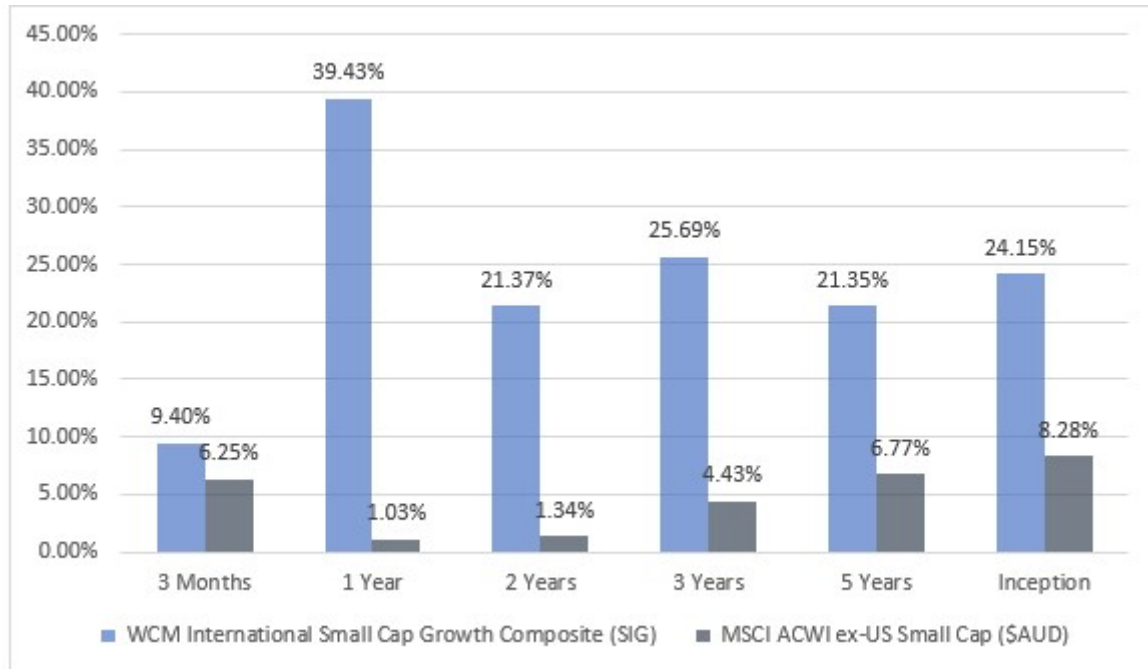


<sup>1</sup> As at 30 June 2020 in AUD.

<sup>2</sup> Data as at 30 September 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. Inception date of the WCM Quality Global Growth Equity Strategy is 31 March 2008.

## Small cap track record

Annualised returns of the WCM International Small Growth Strategy<sup>3</sup> versus its benchmark are shown below:



## Employment Arrangements

On 8 April 2020, in an immediate response to the anticipated impact of the COVID-19 pandemic on its revenues, Contango reduced its total employment costs by approximately \$450,000 on an annualised basis through agreed salary and directors' fees reductions.

The Company has proven to be resilient, subsequently achieving strong net FUM inflows and FUM growth which have continued through the quarter ended September 2020. Management's demonstrated cost control focus has also secured further ongoing operational cost savings. In the light of the improved business conditions the Board and management reviewed the salaries of its employees who had taken earlier salary reductions and approved a partial reinstatement of salaries with effect from 1 October 2020. Management have assessed the Company's future staffing composition and requirements as Contango successfully executes its strategy to shift from a product manufacturer to a marketing and distribution platform. The changes to its team composition are expected to offset the salary increases and result in a further small decrease in total annualised employment costs from the level announced on 8 April 2020.

In recognition of the outstanding support that Contango's employees have given the business and its clients throughout this calendar year, the Board have approved an issuance of fully paid ordinary shares in the Company to its employees amounting to approximately \$197,000 in total value. These new shares will be issued to employees on a date that will fall within the Company's next trading window, expected to commence in November 2020 after the Company's annual general meeting

<sup>3</sup> Data as at 30 September 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. Inception date of the WCM International Small Cap Growth Equity Strategy is 31 December 2014.

("AGM"). The issue price of the shares will be the volume weighted average price (VWAP) over the five trading days immediately preceding the issue date. The directors believe that the alignment of the interests of Contango's employees with its shareholders through share ownership will deliver positive outcomes for the Company over the medium to long term.

The Board have determined that Contango's CEO and Managing Director will have his base salary restored to a level that is 8% below its pre-COVID-19 reduced level, effective from the date of this announcement. The Board also propose that \$43,750 of the total value of the new shares noted above be issued to the Company's CEO and Managing Director. The issuance of the shares is subject to shareholder approval being obtained at the Company's 2021 AGM.

The non-executive directors have agreed to defer a decision on any reinstatement to their directors' fees, which were reduced by 10%.

The Board sincerely thanks its valued employees for their loyalty and dedication during this volatile market period.

Yours faithfully,



Marty Switzer  
CEO and Managing Director  
Contango Asset Management Limited  
M: **0407 297 702**  
E: [marty.switzer@contango.com.au](mailto:marty.switzer@contango.com.au)