

Contango Income Generator Limited

Annual General Meeting Chairman's Address

Wednesday 11 November | 10:00 AM

Mr Mark Kerr

Introduction

Good morning ladies and gentlemen. Welcome to the Annual General Meeting of Contango Income Generator Limited.

It is 10:00am and the Company Secretary has informed me that we have a quorum present and I'm delighted to declare the meeting open.

This meeting is being held via live webcast. The online platform that we use (provided by Lumi) allows shareholders to ask questions and submit votes in real time.

To begin, I would like to introduce myself and welcome my fellow Board members who are on the call with me today:

I am Mark Kerr, Chairman of Contango Income Generator Limited. I am joined by CIE Director's Mr Andrew Meakin and Mr Marty Switzer.

Mr Switzer is also the Chief Executive Officer of Contango Asset Management Limited, the Company's Investment Manager, so we welcome him in this capacity as well.

Also, in attendance is Mr Luke Slater, who joins us from Ernst & Young, the Company's auditor.

On behalf of the Directors of Contango Income Generator Limited, I would like to thank you for taking the time to attend the Company's Annual General Meeting.

Following my preliminary comments, we will proceed with the formal business of today's AGM, which is:

- to receive and consider the Financial Statements, Directors' Report and Auditor's Report of the Company for the year ended 30 June 2020;
- the adoption of the Remuneration Report; and
- re-elect myself, Mr. Mark Kerr as a Non-Executive Director.

Notice of the meeting was duly given and the meeting has been properly convened. We will turn to resolutions later in the meeting. Please note that only shareholders, proxy holders or shareholder company representatives may vote.

Voting on the resolutions will be conducted by way of poll.

Following the voting, general business questions will be taken. Shareholders participating online through the virtual meeting website. To ask a question press on the speech bubble icon.

Shareholder questions received prior to the meeting will be addressed during the general business questions.

Chairman's Address

For the financial year ended 30 June 2020 (FY20) the Company's after-tax loss for the period was \$14.2m compared with the prior period (FY19) profit of \$3.3m. Total dividends to shareholders attributable to FY20 were \$3.1m (2.96 cents per share with franking at 100%) equating to a dividend yield of 5.6% including franking (net dividend yield 3.9%) based on the share price at the beginning of the financial year.

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For the year ended 30 June 2020, CIE's total return was -16.5%, compared with the return of -7.4% for the S&P/ASX All Ordinaries Accumulation Index excluding the top-20 companies by market capitalisation, the appropriate benchmark for the CIE portfolio. The index outcome was driven primarily by the strong performance of growth companies.

During the year the Board conducted a review of the Company's performance, dividend policy and supporting investment framework.

The Company listed in 2015 with the objective of providing shareholders with a sustainable income stream of dividends and capital growth over time. However, due to a number of changes in the market environment, including the significant decline in interest rates to historically low levels, subdued rates of economic and earnings growth, lower market dividend yields, lower levels of capital growth in the mid-cap sector and the out-performance of "growth" stocks relative to "value" stocks, the Board, led by the independent Directors, concluded that the Company's original strategy was not sustainable.

After a search which encompassed discussions with a number of alternate investment managers and potential strategies, the Board proposed a change to a global long short strategy, managed by a quality investment manager, WCM Investment Management or WCM.

The Company believes that shareholders' decision to move to the WCM Quality Global Growth Long Short Equity Strategy will provide a number of benefits including:

1. access to a top-performing institutional manager with an outstanding long-term track record;
2. portfolio diversification. Unlike long-only strategies, a long short investment strategy buys stocks that are expected to outperform the market, while taking short positions in stocks that are expected to underperform;
3. the potential to grow the Company's net tangible assets (NTA) and generate distributable profits over time;
4. the expansion of CIE's shareholder base; and
5. increasing the relevance of the Company in the marketplace under the WCM brand.

WCM has an excellent track record of performance. WCM currently manages in excess of A\$93 billion¹ on behalf of institutional and retail investors around the world. As evidence of its performance, the WCM Quality Global Growth Long Short Strategy has, since inception on 30 June 2014, generated a return of 23.8% per annum², outperforming its benchmark, the MSCI All Country World Index by an annualised 12.2% per annum².

Based on its outstanding long-term investment track record across multiple strategies, the Company believes the appointment of WCM is a very positive outcome for the Company.

WCM's successful LIC that was floated in June 2017, WCM Global Growth Limited, has generated a return of 19.3%³ after fees and that company is already rewarding shareholders with dividends that are now partially franked. On 31 October 2020 WCM Global Growth Limited was trading at a post-tax premium at 1.8% highlighting the success of a LIC with a portfolio managed by WCM.

Shareholder Approval of the New WCM Strategy

The Board was delighted with the strong support of shareholders who approved the new strategy for the Company's investment portfolio on 18 September 2020. Approximately 68% of shareholders by number who voted on the resolution, voted in favour of the change in investment strategy or at the Chairman's discretion.

¹ Data as at 31 October 2020. First published on the ASX in the EGM NOM dated 20 August 2020

² Data as at 31 October 2020 in AUD. Performance presented is net of fees and includes the reinvestment of all dividends and income.

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The Company has now liquidated its portfolio and commenced investing in the WQG Quality Global Growth Long Short Strategy, with the initial investment processed on 1 October 2020.

One of the key reasons for the independent non-executive Directors unanimously recommending the new investment strategy was the potential to address the share price discount to net tangible assets or the NTA. The approved investment management agreement includes appropriate incentives to achieve outperformance that align the Manager's interests with those of all shareholders. However, should the Company's share price persistently remain at a material discount to NTA per share during the initial two-year period of the new agreement, the Board will prioritise and, if appropriate, seek shareholder approval to implement corporate strategies to address the discount.

The CIE Board has a clear plan to deliver earnings growth and value to shareholders

The CIE Board is focused on four key areas to improve shareholder value:

1. investment performance, with the appointment of WCM;
2. increase the scale of the Company;
3. active capital management; and
4. enhanced shareholder communication and engagement.

CIE's announcement to ASX dated 10 September 2020 outlined the initiatives of the CIE Board, in addition to the appointment of WCM, to achieve these objectives.

WAM Offer and Restructure

On 28 September 2020, WAM Capital Limited (WAM) announced an off-market takeover bid for the Company (WAM Offer). Following negotiations between the Company and WAM, CIE announced to ASX on 27 October 2020 a proposed restructure of the Company following the close of the WAM Offer.

The Restructure will proceed subject to any relevant CIE shareholder and regulatory approvals required.

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). 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 (at a 10% discount to the NTA per share at the time of the offer) with a free attaching option. The rights offer 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. The free attaching option will be exercisable at any time over the following 18 months, at the same price as the rights issue.
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 Andrew Meakin has been appointed to the board of the Company following the resignation of Mr Don Clarke. The Board welcome Andrew and would like to thank Don for his service to the Company.

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The CIE Board will convene an extraordinary general meeting 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 value per CIE share, less Transaction Costs.

If the Restructure proceeds, the CIE Board believes it will result in a reinvigorated listed investment company 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.

Outlook

The Board and the investment manager, Contango Asset Management, remain focused on improving the performance of the portfolio and closing the Company's share price discount to NTA.

We look forward to a positive year ahead with the new shareholder approved investment mandate and believe the appointment of WCM is a very positive outcome for the Company.

On behalf of the Company, I would like to thank the Portfolio Manager, Shawn Burns, and his team of analysts for their efforts navigating the very challenging financial markets throughout the year.

Resolutions

Ladies and Gentlemen, we now come to the formal part of the business - matters requiring resolution, which are outlined in the Notice of Meeting.

Questions

During the meeting, Shareholders can submit questions through the online meeting platform at any time from now. Instructions are shown presently on screen.

Resolutions

The resolutions for consideration today may only be voted on by shareholders, proxy holders and shareholder company representatives.

Shareholders online through the virtual meeting website have the opportunity to ask questions on each matter being put to shareholders. Now, moving to the resolutions, I propose to call a poll on each of these resolutions.

Each resolution set out in the Notice of Meeting is to be considered as an ordinary resolution and, as such, must be approved by a simple majority of the votes cast by shareholders entitled to vote and voting on the resolution.

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Financial statements and reports

The first item is to receive and consider the Financial Statements of the Company for the year ended 30 June 2020, which include the Financial Report, the Directors' Report and Auditor's Report.

There is no requirement for shareholders to approve the Financial Statements.

I would like now to provide shareholders with the opportunity to ask questions about, or comment on, the Financial Statements. Questions relating to the audit may be directed to our Auditors, Ernst & Young.

[Look at monitor for online questions/company secretary to read question]

Voting

With that introduction, we now turn to voting:

The following slide provides information on how you may cast your vote at this meeting.

I will open the voting now, and I will close the voting at the end of question time.

Wayne Hopkins from Computershare will act as the Returning Officer for the purposes of conducting and determining the results of the vote.

Resolution 1: Adoption of Remuneration Report

Resolution 1 concerns the Adoption of Remuneration Report.

This resolution, if thought fit, passes the Remuneration Report, as included in the Directors' Report of the Company for the year ended 30 June 2020, to be adopted.

I would like to now provide shareholders with the opportunity to ask questions about, or comment on, the Remuneration Report.

[Questions]

Are there any questions online?

[Look at monitor for online questions/company secretary to read question]

We have received the following question online OR we have no questions for this resolution.

Thank you – please now select either "FOR", "AGAINST" or "ABSTAIN" for Resolution 1 on the electronic voting card.

[Pause for voting]

Resolution 2 – Re-election of Non-executive Director – Mr. Mark Kerr

Resolution 2 concerns the election of Mr. Mark Kerr as a Non-executive Director.

Mr. Mark Kerr's credentials are detailed in the Notice of Meeting.

I would like to now provide shareholders with the opportunity to ask questions about, or comment on, the election of Mr. Mark Kerr as a Non-executive Director.

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[Questions]

I will handover to our Company Secretary to address any questions that have been presented online.

[Look at monitor for online questions/company secretary to read question]

We have received the following question online OR we have no questions for this resolution

Thank you – please now select either “FOR”, “AGAINST” or “ABSTAIN” for Resolution 2 on the electronic voting card.

[Pause for voting]

Questions

I will now address the questions that have been submitted. I’ll invite Andrew and Marty to also answer questions if appropriate.

Our Company Secretary will be reading the questions submitted.

[Company Sec to read out questions received and Chairman to provide answer/ask fellow Director/Managing Director to provide answer]

[After final question]

Final remarks

It appears as though the voting process has been completed. I therefore declare the poll closed. I will now welcome any additional general questions from attendees.

[Look at monitor for online questions/company secretary to read question]

We have received the following question online OR we have no questions to address.

With the formal business of the meeting complete, I now close the meeting and advise that my address will be lodged with ASX and on the Contango Income Generator website shortly.

Thank you for attending the meeting. If you require any further information about the Company, please do not hesitate to contact Contango Asset Management via email at invest@contango.com.au or via telephone 1300 100 750.

Thank you for joining us today and thank you for all our shareholders for your continued support.

Mark Kerr

Chairman and Non-Executive Director

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