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The most compelling undervalued growth opportunities in the Australian market.

WAM Capital bids for Contango Income Generator Limited

28 September 2020
ASX announcement

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WAM Capital Limited (ASX: WAM) has announced a conditional off-market takeover bid for Contango Income Generator Limited (ASX: CIE). The Offer Consideration is 1 WAM Share for every 3 CIE Shares. This represents a premium of 17.6% to CIE's 25 September 2020 share price, 18.1% to CIE's one-month volume-weighted average price (VWAP) and a premium to CIE's reported pre-tax net tangible assets (NTA) as at 31 August 2020.

An exit opportunity with WAM Capital

CIE has delivered deeply disappointing results and failed to provide shareholder value. CIE Shareholders have suffered a persistent and deepening share price discount to NTA, poor investment portfolio performance, an illogical change in investment strategy and an increase in fees, dilution of shareholder value, poor corporate governance and the CIE Board's failure to present Wilson Asset Management's superior alternative proposal.

In making this Offer, WAM is providing all CIE Shareholders with the opportunity to exit their positions in CIE at an 18.1% premium to CIE's one-month VWAP of $0.632. If this Offer is successful, WAM will provide CIE Shareholders with a choice, either:

a) remain a WAM Shareholder; or
b) utilise WAM's superior on-market liquidity to exit their position.

If you accept the Offer and are issued WAM Shares under the Offer before the WAM Dividend record date on 20 November 2020, and you continue to hold your WAM Shares on that date, you will also receive the fully franked WAM dividend of 7.75 cents per WAM Share announced on 8 July 2020 and payable on 27 November 2020.

Acquiring WAM shares provides access to Wilson Asset Management's investment expertise and experience and commitment to shareholder engagement, and WAM's track record of investment portfolio outperformance, greater market capitalisation and on-market liquidity, and lower management expense ratio.

Benefits of the Offer to WAM Shareholders

WAM Capital employs both a research-driven investment process focused on undervalued growth companies and a market-driven investment process that seeks to invest in discounted assets and market mispricing opportunities.

If the bid is successful, WAM Shareholders will benefit from realising all or part of WAM's holding of 12.3%* of CIE Shares that were purchased at a discount to their pre-tax NTA. In addition, the all scrip offer allows WAM Shareholders to benefit from the issuance of shares accretive to WAM's pre-tax NTA.

Capitalised terms in this announcement have the same meaning as the defined terms contained within the Bidder's Statement.
*As at the date of the Bidder's Statement, WAM had a Relevant Interest in 12.3% of CIE Shares and its Associates held 1.5%, therefore WAM and its Associates had Voting Power of 13.8% in CIE.

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Further information

Further information about the Offer is contained in the Bidder's Statement announced today. If you have any questions regarding this proposed transaction, please call Chairman Geoff Wilson AO on (02) 9247 6755 or Chief Financial Officer Jesse Hamilton on 0401 944 807.

About WAM Capital

WAM Capital Limited (ASX: WAM) is a listed investment company (LIC) managed by Wilson Asset Management. Listed in August 1999, WAM Capital provides investors with exposure to an actively managed, diversified portfolio of undervalued growth companies listed on the ASX, with a focus on small-to-medium sized businesses. The Company's investment objectives are to deliver a stream of fully franked dividends, provide capital growth and preserve capital.

About Wilson Asset Management

Wilson Asset Management has a track record of making a difference for shareholders and the community for more than 20 years. As the investment manager for seven leading LICs: WAM Capital, WAM Leaders, WAM Global, WAM Microcap, WAM Alternative Assets, WAM Research and WAM Active, Wilson Asset Management invests over $3 billion on behalf of more than 88,000 retail investors. Wilson Asset Management is the creator and lead supporter of Future Generation Australia and Future Generation Global, a passionate advocate for retail investors and a member of the global philanthropic Pledge 1% movement.

Wilson Asset Management | OVER 20 YEARS Making a difference

For further information, visit wilsonassetmanagement.com.au or contact:

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