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Contango.
Asset Management

Monday, 26 October 2020

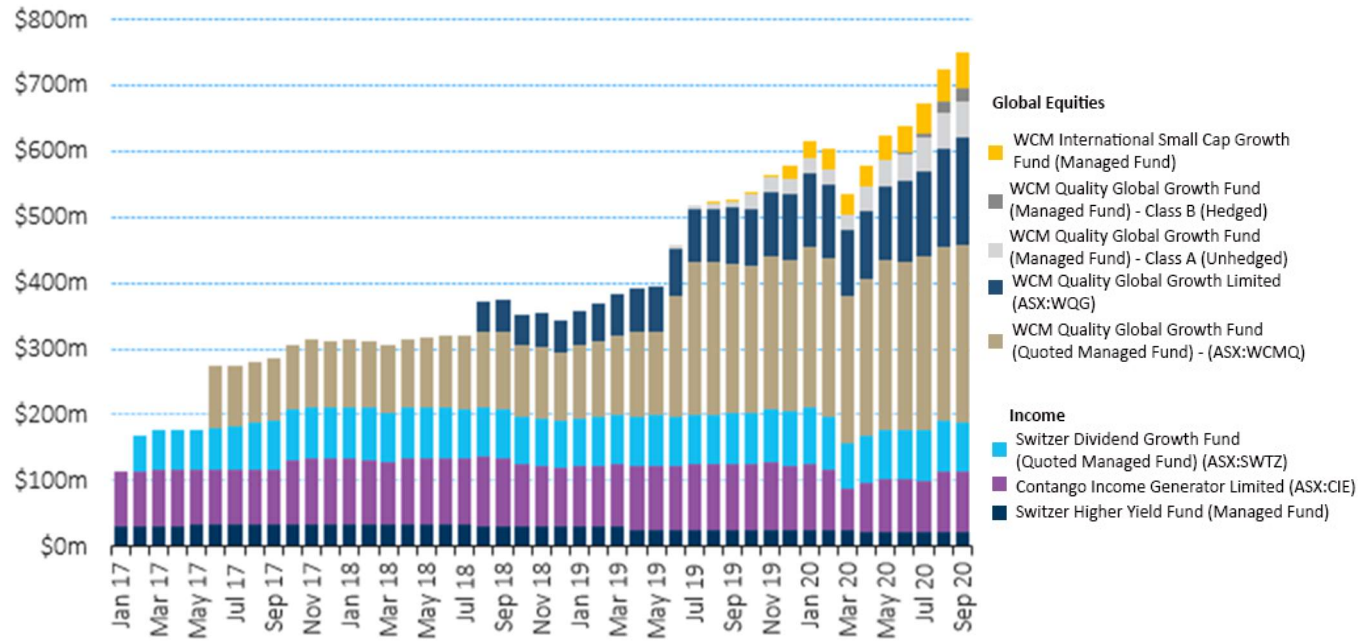
Quarterly activity report – for the quarter ended 30 September 2020

FUM Update

Contango Asset Management Limited ("**Contango**" or the "**Company**") 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 $113 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:



The Board is pleased to advise that Contango has recorded further growth in FUM since 30 September 2020, with the Company's FUM totalling approximately $805 million as at 23 October 2020. This includes further FUM inflows and increases from investment performance. The main contributor to the growth in FUM during the month of October 2020 was an $18 million mandate awarded to the WCM Quality Global Growth Managed Fund from the ASX listed Future Generation Global Investment Company.

Future Generation Global is Australia's first internationally focused listed investment company with the dual objectives of providing shareholders with diversified exposure to selected global fund managers and changing the lives of young Australians affected by mental illness. Although the mandate will not contribute to Contango's profitability due to the charitable nature of this

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enterprise, it enhances the WCM brand in the Australian market and reinforces WCM's position as a top-tier global fund manager.

WCM strategies outperform over September 2020 quarter

The WCM large cap and small cap strategies have both continued to outperform their respective benchmarks for the September 2020 quarter.

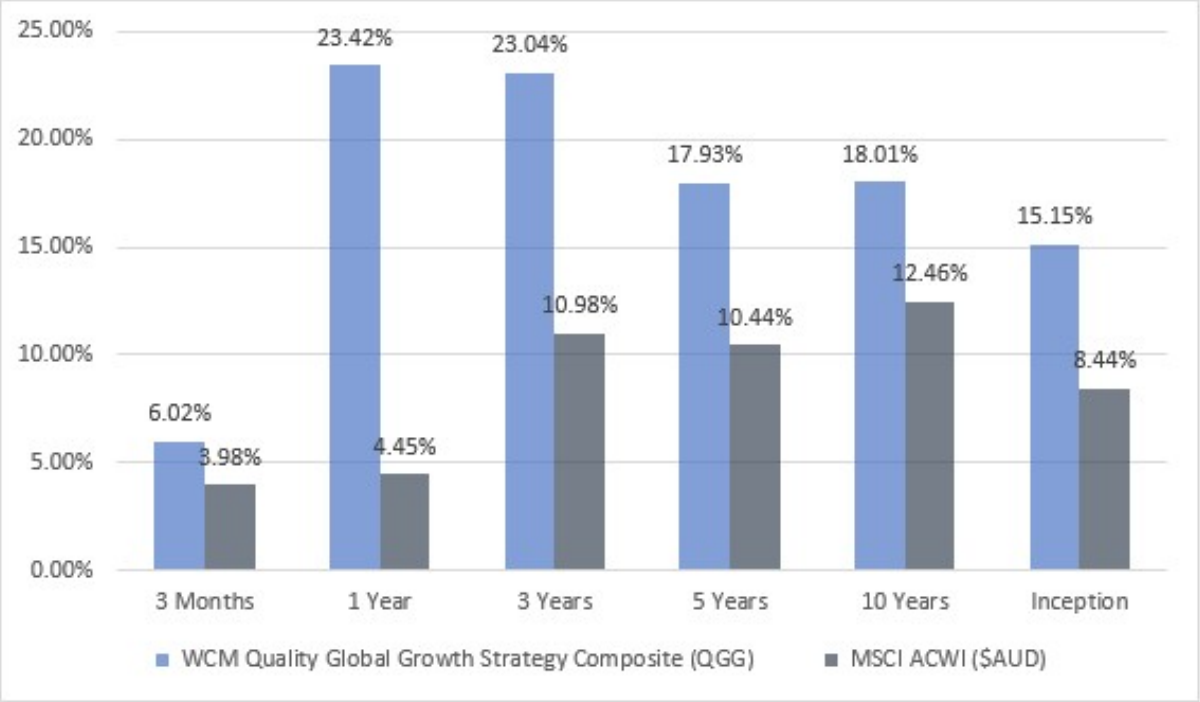
The WCM large cap strategy, WCM Quality Global Growth Equity Strategy, delivered a return of 6.0% over the quarter outperforming its benchmark by 2.0%. The WCM International Small Cap Growth Strategy delivered a return of 9.4% outperforming its benchmark by 3.2%. WCM is a top quartile global and international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

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[2] versus its benchmark are shown below:



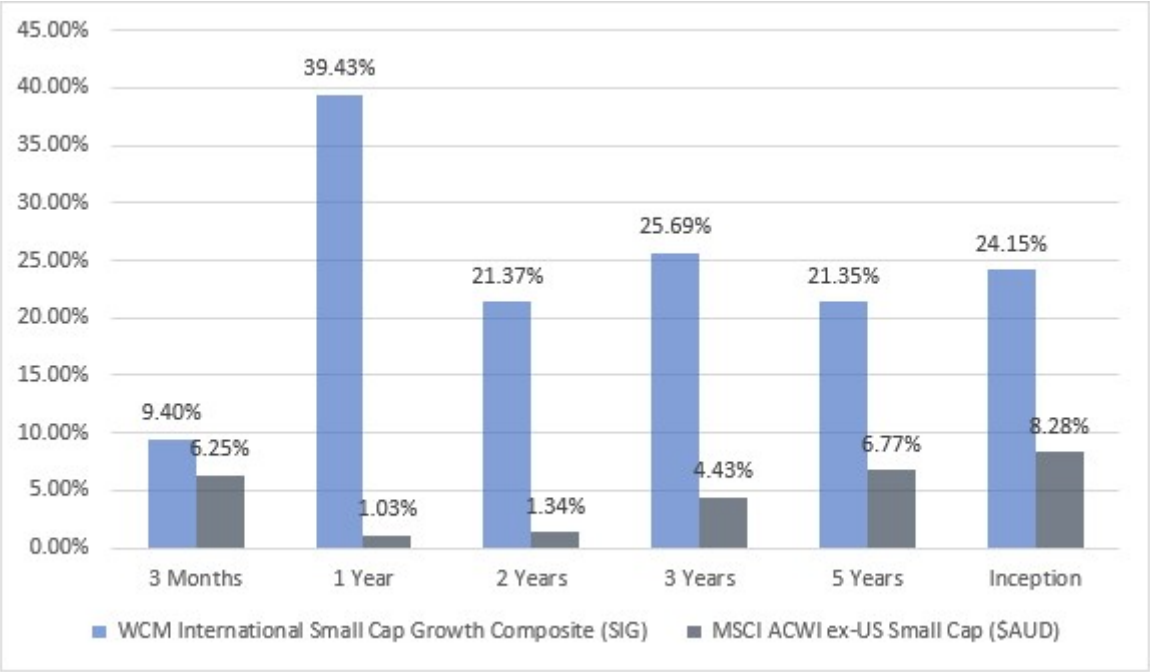
[1] As at 30 June 2020 in AUD.

[2] 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.

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Small cap track record

Annualised returns of the WCM International Small Growth Strategy[3] versus its benchmark are shown below:



Growth in retail investor base

As at 30 September 2020, Contango had over 13,000 unitholders and shareholders across its product suite.

Cash position

Contango's cash inflows increased significantly during the quarter due to an increase in management fees and the receipt of performance fees from the WCM Quality Global Growth Exchange Traded Managed Fund and the WCM International Small Cap Growth Fund relating to the 2020 financial year. Excluding performance fees, receipts from customers were $1.3 million in the September 2020 quarter.

Over the same period, cash outflows for operating expenses increased due to the timing of payments associated with the 2020 financial year end, and an increase in direct fund costs caused by higher FUM.

Contango has a receivable relating to the assignment of an investment mandate to NAOS Asset Management Limited. A total amount of $3.3 million remains payable to the Company in relation to this transaction, in two annual instalments in June 2021 and 2022.

[3] 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.

The Company's cash balance was $3.9m as at 30 September 2020. Including the receivable noted above, the Company had total cash and receivables of $7.2 million and debt of $1.25 million as at 30 September 2020.

Contango's strong financial position provides it with the capacity to continue to execute its growth strategy successfully and achieve further FUM growth.

Payments to related parties of the entity and their associates

The Company has an existing marketing and distribution agreement with Switzer Financial Group Pty Limited and paid $55,000 for this service during the period. In addition, the Company made payments of $142,600 for Directors' fees and the Managing Directors salary.

Yours faithfully,



Marty Switzer
CEO and Managing Director
Contango Asset Management Limited
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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity

Contango Asset Management Limited and Controlled Entities

ABN	**Quarter ended ("current quarter")**
56 080 277 998	30/09/2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customer	1,464	1,464
	(a) GST received on FY20 performance fees	202	202
1.2	Payments for		
	(a) operating costs	(399)	(399)
	(b) advertising and marketing	(96)	(96)
	(c) staff costs	(685)	(685)
	(d) administration and corporate costs	(437)	(437)
	(e) corporate activity	(60)	(60)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(40)	(40)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	161	161
1.8	GST on payment received from NAOS in June 2020	(166)	(166)
1.9	**Net cash from / (used in) operating activities**	**(56)**	**(56)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – GST on item 2.2(f)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,941	3,941
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(56)	(56)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**3,885**	**3,885**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	3,885	3,941
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**3,885**	**3,941**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	198
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Includes payment of Directors' fees, MD salary and other related parties.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	1,252	1,252
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	1,252	1,252

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The Company has an unsecured loan facility of $750,000 with an unrelated private family trust. The loan is for 3 years expiring on 6 December 2022, with an interest rate of 8% per annum and does not have loan covenant requirements. The Company has an additional unsecured loan facility of $502,000 with an unrelated private family trust. The loan is for 10 years expiring on 28 August 2028 with an interest rate of 8% per annum and does not have loan covenant requirements.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(56)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	3,885
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	3,885
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	69

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 26 October 2020



Authorised by: .....

Marty Switzer (CEO and Managing Director)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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