

CONTANGO INCOME GENERATOR LIMITED
ABN 40 160 959 991

HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3

Appendix 4D

Half-year Report for the six months to 31 December 2020

CONTANGO INCOME GENERATOR LIMITED

ABN 40 160 959 991

1. Reporting period:

Report for the half-year ended:	31 December 2020
Previous corresponding period:	Half-year ended 31 December 2019

2. Results for announcement to the market:

	\$A'000	Up/Down	\$A'000 Movement	% Movement
Revenues from ordinary activities (<i>item 2.1</i>)	4,485	Up	1,460	48.3
Profit from ordinary activities after tax attributable to members (<i>item 2.2</i>)	(1,008)	Down	(3,024)	(150.0)
Net profit for the year attributable to members (<i>item 2.3</i>)	(1,008)	Down	(3,024)	(150.0)

Interim Dividend (<i>item 2.4</i>)	31 Dec 2020	31 Dec 2019
Interim dividend per ordinary share	NA	1.0 cent
Franked amount per security at 30% tax rate	NA	100%

3. Net tangible assets per security:

	31 Dec 2020	31 Dec 2019
Net tangible asset backing per ordinary security (after tax)	\$0.723	\$0.929

4. Details of entities over which control has been gained or lost during the period:

Nil.

5. Dividends:

Dividends	Amount per security	Franked amount per security	Total \$'000	Record Date	Payment Date
Interim dividend – year ended 30 June 2020	1.00 cent	1.00 cent	1,045	10 Dec 19	20 Dec 19
Interim dividend – year ended 30 June 2020	1.00 cent	1.00 cent	1,046	26 Feb 20	13 Mar 20
Interim dividend – year ended 30 June 2020	0.96 cents	0.96 cents	1,007	27 May 20	9 Jun 20

6. Details of dividend or distribution reinvestment plans in operation are described below:

The rules of the DRP have been distributed to eligible shareholders and are also available on the Company's website.

The Company's DRP provides for a 3% discount to the Volume Weighted Average Price of ordinary shares for the 4 trading days up to and including record date. The last date for receipt of election notices for participation in the DRP is close of business one day after record date.

7. Details of associates and joint venture entities:

Nil.

8. The financial information provided in the Appendix 4D is based on the interim condensed financial report which accompanies this report

9. Independent review of the financial report:

The financial report has been independently reviewed by Ernst & Young. The financial report is not subject to a qualified independent review statement.

Contango Income Generator Limited
ABN 40 160 959 991

INTERIM REPORT

For the half-year ended 31 December 2020

Contents

	Page
Chairman's Report	2-4
Directors' Report	5-6
Auditor's Independence Declaration	7
Financial Report for the Half-Year Ended 31 December 2020	
Interim Condensed Statement of Profit or Loss and Other Comprehensive Income	8
Interim Condensed Statement of Financial Position	9
Interim Condensed Statement of Changes in Equity	10
Interim Condensed Statement of Cash Flows	11
Notes to the Financial Statements	12-18
Directors' Declaration	19
Independent Auditor's Review Report	20-21

CONTANGO INCOME GENERATOR LIMITED

CHAIRMAN'S REPORT for the half-year ended 31 December 2020

Chairman's Report

Dear Shareholder,

I am pleased to present this report of Contango Income Generator Limited (**CIE** or the **Company**) for the half-year to 31 December 2020 (**H1 FY2021**).

Results and Performance

The Company's net operating profit before tax for the half-year to 31 December 2020 was \$2,976,000 (31 December 2019: net operating profit before tax of \$1,946,000). The increase in before tax profit for the period is attributed to an increase in the value of the Company's investment portfolio. This occurred during a period of volatility in the Australian and global share markets due to the COVID-19 pandemic. The portfolio has delivered a return of 4.5% for the period (net of fees) (31 December 2019: 2.4%).

For the half-year to 31 December 2020, the pre-tax net tangible asset (**NTA**) value per share of the Company increased from \$0.740 at 30 June 2020 to \$0.742.

For the half-year to 31 December 2020, the post-tax NTA value per share of the Company decreased from \$0.754 at 30 June 2020 to \$0.723 primarily due to the derecognition of prior period carry forward tax losses as a result of the material change in the composition of the Company's shareholder register during the period. For further details refer to Note 1(f) of the financial statements regarding the major shareholder's attempted takeover offer for the Company.

New Investment Strategy

As previously announced in the 2020 financial 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, the Board, led by the Independent Directors, concluded that the Company's original strategy was not sustainable.

After a thorough 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 quality investment manager, WCM Investment Management, LLC (**WCM**).

The Company held an Extraordinary General Meeting (**EGM**) on 18 September 2020 where CIE's shareholders approved the resolution to adopt the QGLS for the Company's investment portfolio. The Board was delighted with the strong support of shareholders when approving the new strategy and was delighted with the high level of engagement by shareholders, with over two thirds of the Company's issued capital voting on the resolution to change the investment strategy.

In recognition for the strong support for the new investment strategy, the Company successfully completed a share placement and share purchase plan in August 2020 which raised a total of \$12,595,000 (net of transaction costs).

The Board believes the WCM Quality Global Growth Long Short Equity Strategy Composite (**QGLS** or the **Strategy**) is appropriate for the CIE investment portfolio, and in shareholders' best interests for the following reasons: the performance of QGLS; WCM's record of investment performance across multiple other investment strategies; and the ability to provide shareholders access to a far broader range of opportunities in the global equities market.

CONTANGO INCOME GENERATOR LIMITED

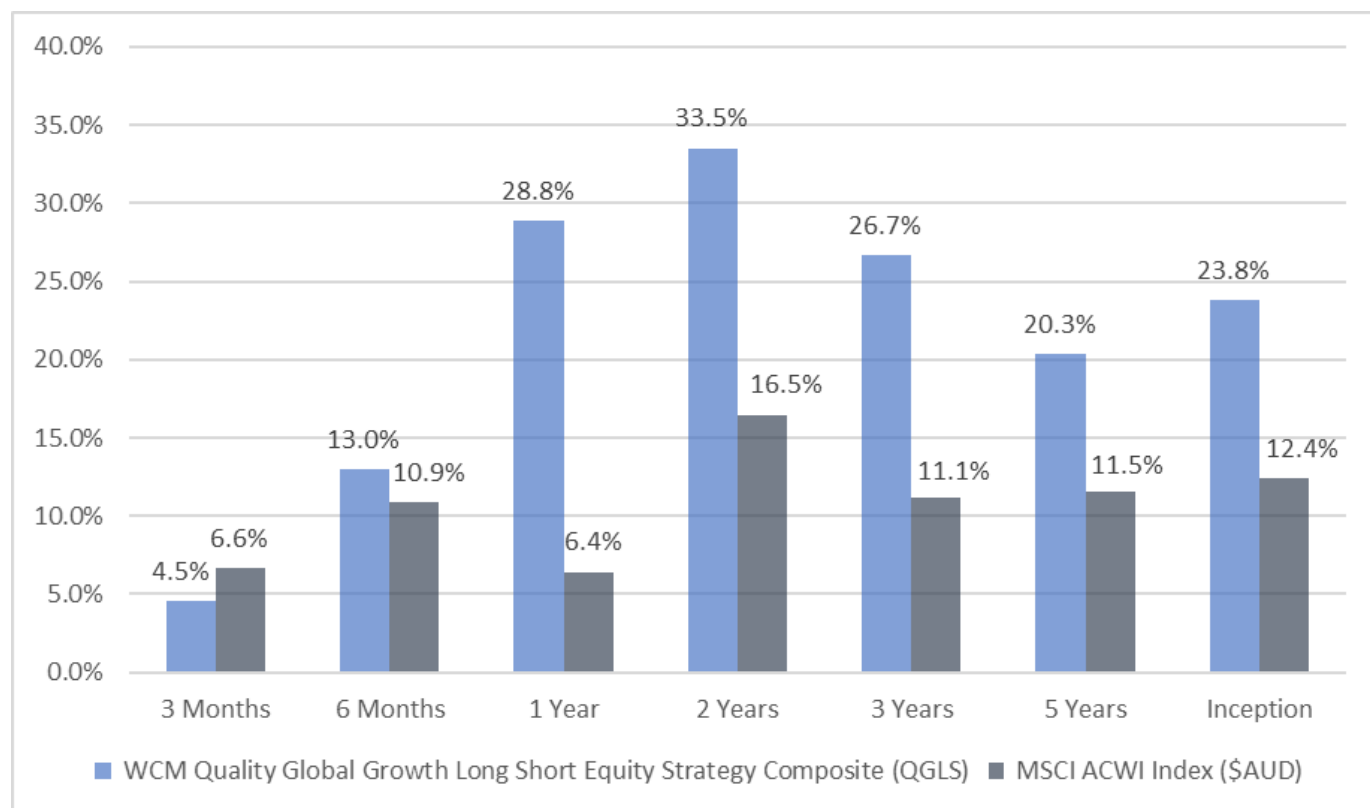
CHAIRMAN'S REPORT

for the half-year ended 31 December 2020

The WCM Quality Global Growth Long Short Equity Strategy Composite

The Strategy has, since inception on 30 June 2014, generated a return of 23.8% per annum, outperforming its benchmark, the MSCI All Country World Index (**Benchmark**) by an annualised 11.4% per annum¹. Since the implementation of the Strategy by the Company on 1 October 2020, it has generated a return of 4.5% underperforming its Benchmark by 2.1%. The Strategy performance during this period has been impacted by the Australian Dollar which has appreciated over 8.0% against the United States Dollar over the initial 3-month investment period.

Annualised returns of the WCM Quality Global Growth Long Short Equity Strategy Composite versus its benchmark are shown below:



Selective Buy-back

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, the Board entered into a binding term sheet with WAM and its investment manager in relation to a selective buy-back of WAM's 69.6% holding of ordinary shares in CIE following the close of WAM's takeover offer for CIE on 13 November 2020.

The selective buy-back is subject to a number of conditions, including shareholder approval at an upcoming Extraordinary General Meeting (**EGM**) of the Company on a date to be announced.

Proposed Change of Company Name to WCM Global Long Short Limited

The CIE Board has announced that it will propose a special resolution at the upcoming EGM to change the name of CIE to WCM Global Long Short Limited. The Board believes this initiative will align WCM with CIE's new investment strategy, increasing its relevance in the marketplace under the WCM brand, and introduce a new strategy to the WCM product suite in the Australian market.

¹ WCM applies the same investment principles, philosophy and execution approach of its WCM Quality Global Growth Long Short Equity Strategy Composite, which was created on 30 June 2014, to the Contango Income Generator Limited (CIE) portfolio. Past performance is not indicative of future performance. The benchmark for the CIE portfolio is the MSCI All Country World Index (MSCI ACWI Index). For further information please refer to contango.com.au.

CONTANGO INCOME GENERATOR LIMITED

CHAIRMAN'S REPORT (continued)

Appointment of a New Independent Director

The Company announced on 27 October 2020 the resignation of Independent Director, Mr Don Clarke and the appointment of Mr Andrew Meakin as an Independent Director. Andrew is an experienced investment professional with over 30 years' experience in Australia and overseas and is a valuable addition to the Board. The Board would also like to thank Mr Clarke for his professional and diligent service to the Company over a number of years.

Outlook

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

The Board looks forward to a positive year ahead with the new shareholder approved investment mandate now implemented, and believes the appointment of WCM is a very positive outcome for the Company.

Sincerely,

A handwritten signature in black ink that reads "Mark Kerr". The signature is written in a cursive, slightly slanted style.

Mark Kerr
Chairman

CONTANGO INCOME GENERATOR LIMITED

DIRECTORS' REPORT (continued)

Directors' Report

The Directors present their report together with the condensed financial report of Contango Income Generator Limited ("**the Company**"), for the half-year ended 31 December 2020 and independent review thereon. This financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors

The names of Directors in office during the half-year up to 31 December 2020 and up to the date of this report (unless otherwise indicated) are:

Mark Kerr – Non-executive Chairman

Don Clarke – Non-executive Director (resigned 26 October 2020)

Andrew Meakin - Non-executive Director (appointed 27 October 2020)

Martin Switzer – Non-executive Director

Principal activity

The principal activity of the Company during the period 1 July to 30 September 2020 was investment in companies listed on the Australian Securities Exchange (ASX) that are outside the top 20 largest companies (by market capitalisation) and are expected to deliver a sustainable tax effective dividend stream at the time of their purchase.

The principal activity of the Company during the period 1 October to 31 December 2020 was investment in the WCM Focused Global Growth Long-Short Offshore Fund Ltd. The WCM Focused Global Growth Long-Short Offshore Fund Ltd provides the Company with exposure to the WCM Quality Global Growth Long Short Equity Strategy Composite, a global long short investment strategy managed by WCM Investment Management, LLC, a California-based asset management firm which specialises in the active management of global and emerging markets equities.

Results

The Company's net operating profit before tax for the half-year was \$2,976,000 (31 December 2019: \$1,946,000). The Company's net operating loss after tax for the half-year was \$1,008,000 (31 December 2019: profit of \$2,016,000). The substantial increase in income tax expense for the half-year was primarily due to the derecognition of prior period carry forward tax losses as a result of the major shareholder's attempted takeover offer for the Company which closed on 13 November 2020. For further details refer to Note 1(f) of the financial statements. Basic loss per share post tax amounted to 0.83 cents for the half-year (31 December 2019: post tax earnings of 1.93 cents per share).

Review of operations

Profit and performance

The increase in before tax profit for the period is attributed to an increase in value of the Company's investment portfolio. This has occurred during a period of volatility in the Australian and global share markets due to the COVID-19 pandemic.

The Company continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Company, and in accordance with the provisions of its Constitution.

For the half-year to 31 December 2020, the pre-tax net tangible asset (**NTA**) value per share of the Company increased from \$0.740 at 30 June 2020 to \$0.742.

For the half-year to 31 December 2020, the post-tax NTA value per share of the Company decreased from \$0.754 at 30 June 2020 to \$0.723 primarily due to the derecognition of prior period carry forward tax losses as a result of the material change in the composition of the Company's shareholder register during the period. For further details refer to Note 1(f) of the financial statements regarding the major shareholder's attempted takeover offer for the Company.

The pre-tax and post-tax NTA returns for the half-year to 31 December 2020 are diluted by the issue of 20,506,000 shares under the share placement and share purchase plan at an issue price of \$0.625.

Refer to the Chairman's Report on page 2 for further information on the Company's results, strategy and future outlook.

CONTANGO INCOME GENERATOR LIMITED

DIRECTORS' REPORT (continued)

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company that occurred during the half-year under review other than as noted in the Chairman's Report and this report.

Events subsequent to balance date

On 19 February 2021, the Company advised ASX that its pre-tax and post- tax NTA per share was \$0.748 and \$0.727 as at 15 February 2021 a pre-tax NTA increase of 2.89% for the month.

No other matters or circumstances have arisen since the end of the financial half-year that have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' Report and in the financial statements have been rounded to the nearest thousand dollars (\$000's).

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the financial half-year is set out on page 7.

Signed in accordance with a resolution of the Directors.



Mark Kerr
Chairman
Melbourne
19 February 2021



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working world**

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Auditor's independence declaration to the directors of Contango Income Generator Limited

As lead auditor for the review of the half-year financial report of Contango Income Generator Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. No contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads "Ernst & Young".

Ernst & Young

A handwritten signature in black ink that reads "Luke Slater".

Luke Slater
Partner
19 February 2021

CONTANGO INCOME GENERATOR LIMITED**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the half-year ended 31 December 2020**

		31 December 2020	31 December 2019
	Note	\$'000	\$'000
Revenue and other income			
Interest income		-	14
Dividend income		616	3,189
Fair value profit/(loss) on financial assets at fair value through profit or loss	2	3,869	(178)
Total income		4,485	3,025
Expenses			
Investment management fees	7	461	475
Business administration expenses	7	81	125
Transaction costs		133	158
Listing, custody and registry costs		62	77
Legal, accounting and professional costs		38	41
Directors' remuneration expense		43	39
Other expenses		202	164
Corporate expenses		489	-
Total expenses		1,509	1,079
Profit before income tax		2,976	1,946
Income tax (expense)/benefit	4(b)	(3,984)	70
(Loss)/profit for the half-year		(1,008)	2,016
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year		(1,008)	2,016
Earnings per share for comprehensive income to the equity holders			
Basic and diluted (losses)/earnings per share (cents per share)		(0.83)	1.93

The above statement should be read in conjunction with the accompanying notes.

CONTANGO INCOME GENERATOR LIMITED

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
as at 31 December 2020**

	Note	31 December 2020 \$'000	30 June 2020 \$'000
Assets			
Cash and cash equivalents		41,758	4,052
Trade and other receivables		185	515
Investments at fair value through profit or loss	6	51,343	73,360
Deferred tax assets	4(a)	-	1,467
Total assets		93,286	79,394
Liabilities			
Trade and other payables		88	251
Current tax liability	4(b)	1,882	-
Deferred tax liabilities	4(a)	586	-
Total liabilities		2,556	251
Net assets		90,730	79,143
Equity			
Issued capital	5	115,266	102,671
Reserves		3,170	113
Accumulated losses		(27,706)	(23,641)
Equity attributable to owners of Contango Income Generator Limited		90,730	79,143

The above statement should be read in conjunction with the accompanying notes.

CONTANGO INCOME GENERATOR LIMITED

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
for the half-year ended 31 December 2020**

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2019	102,228	126	(5,357)	96,997
Profit for the year	-	-	2,016	2,016
Total comprehensive income for the year	-	-	2,016	2,016
Transactions with owners in their capacity as owners:				
Transfer to dividend reserve	-	4,101	(4,101)	-
Dividends paid	-	(1,940)	-	(1,940)
Shares issued under Dividend Reinvestment Plan	149	(149)	-	-
Balance at 31 December 2019	102,377	2,138	(7,442)	97,073
Balance at 30 June 2020	102,671	113	(23,641)	79,143
Loss for the year	-	-	(1,008)	(1,008)
Total comprehensive income for the year	-	-	(1,008)	(1,008)
Transactions with owners in their capacity as owners:				
Transfer to dividend reserve	-	3,057	(3,057)	-
Shares issued under Share Placement net of costs and tax	9,667	-	-	9,667
Shares issued under Share Purchase Plan net of costs and tax	2,928	-	-	2,928
Balance at 31 December 2020	115,266	3,170	(27,706)	90,730

The above statement should be read in conjunction with the accompanying notes.

CONTANGO INCOME GENERATOR LIMITED

**INTERIM CONDENSED STATEMENT OF CASH FLOWS
for the half-year ended 31 December 2020**

	Notes	31 December 2020 \$'000	30 December 2019 \$'000
Cash flows from operating activities			
Payments for purchase of investments		(61,304)	(27,609)
Proceeds from sale of investments		87,622	24,881
Realised foreign exchange impacts		(701)	-
Dividends received		1,067	3,011
Interest received		-	18
Other payments to suppliers and employees		(1,500)	(1,103)
Net cash provided by/(used in) operating activities		25,184	(802)
Cash flows from financing activities			
Dividend paid net of amounts reinvested		-	(1,942)
Share issued under Share Placement net of costs		9,594	-
Share issued under Share Purchase Plan net of costs	5	2,928	-
Net cash provided by/(used in) financing activities		12,522	(1,942)
Net increase/(decrease) in cash and cash equivalents		37,706	(2,744)
Cash and cash equivalents at the beginning of the half-year		4,052	5,467
Cash and cash equivalents at the end of the half-year		41,758	2,723

The above statement should be read in conjunction with the accompanying notes.

CONTANGO INCOME GENERATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the half-year ended 31 December 2020

Note 1: Statement of significant accounting policies

This condensed half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Contango Income Generator Limited during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

The half-year financial report was authorised for issue by the Directors as at the date of the Directors' Report.

Contango Income Generator Limited is "for-profit" for the purpose of preparing financial statements.

(a) Basis of preparation of the financial report

This condensed interim financial report has been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The key accounting policies applied in this half-year are described in Note 1(b) – (l).

The financial report covers the activities of Contango Income Generator Limited. The Company is limited by shares, incorporated and domiciled in Australia. The registered office is Level 6, 10 Spring Street, Sydney, NSW, 2000.

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

The Interim Condensed Statement of Financial Position has been presented in order of liquidity. The financial report is presented in Australian Dollars which is the functional currency of the Company.

New standards adopted as at 1 July 2020

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(b) Going concern

The financial report has been prepared on a going concern basis.

(c) Accounting for profits and losses

At the conclusion of each calendar month, the Company records profits earned to Retained Earnings with the intention of transferring undistributed Retained Earnings to a Dividend Reserve subject to board approval. Losses incurred at the end of each calendar month must be recouped before a transfer to the Dividend Reserve can occur. Losses incurred at the end of each financial year are transferred to Accumulated Losses. The above process enables the Directors to declare or determine to pay dividends from the Dividend Reserve to shareholders at a future date.

CONTANGO INCOME GENERATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1: Statement of significant accounting policies (continued)

(d) Revenue

Dividend and distribution income is recognised on the ex-dividend date with any related withholding tax recorded as an expense.

Interest income is recognised in the Interim Condensed Statement of Profit or Loss and Other Comprehensive Income using the effective interest rate method for all financial instruments that are not held at fair value through profit or loss.

Net gains/(losses) on financial assets and financial liabilities held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at the end of the reporting period and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend income.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Interim Condensed Statement of Financial Position.

(f) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities. The tax rate for the current period was 30% (2019: 27.5%).

Deferred tax balances

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Under tax law there are a number of Australian Taxation Office requirements to be met in order for tax losses to be utilised including the Business Continuity Test and or the Continuity of Ownership Test.

The change in the Company's investment strategy on 1 October 2020 resulted in the Company no longer satisfying the Business Continuity Test for tax purposes. However, the Company continued to satisfy the Continuity of Ownership Test at that date, enabling it to carry forward its existing tax losses.

Subsequent to the change in investment strategy WAM Capital Limited (**WAM**) acquired a 69.6% shareholding in the Company pursuant to a takeover offer for the Company which opened on 13 October 2020 and closed on 13 November 2020. Due to the WAM takeover offer, the Company no longer passes the Continuity of Ownership Test and as a direct result of this action, all carry forward tax losses for the year ended 30 June 2020, and prior, are no longer available to utilise, and have been derecognised accordingly. As a result, net assets on the Interim Condensed Statement of Financial Position have been reduced, however this has no impact on current cashflows.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Financial instruments

(i) Classification and measurement

Financial assets

The Company classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

CONTANGO INCOME GENERATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1: Statement of significant accounting policies (continued)

(g) Financial instruments (continued)

(i) Classification and measurement (continued)

Financial assets (continued)

For equity securities, including shares in investment funds, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss. The Company's portfolio of financial assets is managed, and performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is to evaluate the information about these financial assets on a fair value basis together with other related financial information.

A financial asset is measured at amortised cost only if both of the following conditions are met:

- the asset is held with a business model whose objective is to hold assets in order to collect contractual cash flows.
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using effective interest rate (EIR) method and are subject to impairment.

(ii) Recognition/Derecognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets and financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments has expired or the Company has transferred substantially all the risks and rewards of ownership.

(iii) Impairment

Impairment of financial assets is recognised based on the lifetime expected credit loss which is determined when the credit risk on a financial asset has increased significantly since initial recognition. In order to determine whether there has been a significant increase in credit risk since initial recognition, the entity compares the risk of default as at the reporting date with risk of default as at initial recognition using reasonable and supportable data, unless the financial asset is determined to have low credit risk at the reporting date.

For trade and other receivables, the simplified approach is used, which requires recognition of a loss allowance based on the lifetime expected credit losses. As a practical expedient, the Company uses a provision matrix based on historical information and adjusted for forward-looking estimates in order to determine the lifetime expected credit losses.

(h) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Interim Condensed Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Interim Condensed Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Trade and other payables

Trade and other payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. Payables include liabilities, amounts due to brokers and accrued expenses owed by the Company which are unpaid as at the end of the reporting period.

CONTANGO INCOME GENERATOR LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****Note 1: Statement of significant accounting policies (continued)****(j) Standards issued but not effective**

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2020 reporting period.

The Directors have assessed that the implementation of these standards does not have a material impact on the interim condensed financial report.

(k) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(l) Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' Report and in the financial statements have been rounded to the nearest thousand dollars (\$'000's).

Note 2: Fair value gain/(loss) on financial assets through profit and loss

	31 December 2020 \$'000	31 December 2019 \$'000
Realised investment (losses)/gains	(9,290)	3,349
Unrealised investment gains/(losses)	13,159	(3,527)
Total investment gains/(losses)	3,869	(178)

Note 3: Dividends

No final dividend for the year ended 30 June 2020 or interim dividend for the half-year ended 31 December 2020 has been declared or paid during the half-year ended 31 December 2020 (interim dividend for 31 December 2019: \$1,044,000).

Note 4: Income tax

a) Deferred tax / liability	31 December 2020 \$'000	30 June 2020 \$'000
<i>Deferred tax assets</i>		
The balance relates to:		
Tax losses carried forward	-	7,068
Deferred tax asset cap adjustment	-	(3,801)
Balance for accruals	22	14
Balance for capital raising costs	182	16
	203	3,297
<i>Deferred tax liabilities</i>		
Financial assets at fair value through profit or loss	(785)	(1,691)
Balance for accruals	(4)	(139)
	(789)	(1,830)
Net deferred tax (liabilities)/assets	(586)	1,467

CONTANGO INCOME GENERATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 4: Income tax (continued)

b) Income tax expense

	31 December 2020 \$'000	31 December 2019 \$'000
Current income tax expense/(benefit)	1,882	-
Deferred income tax expense/(benefit)	2,102	(70)
	3,984	(70)

c) Deferred income tax expense/(benefit) included in income tax expense comprises:

(Under)/over provision from prior year	(24)	1
Deferred tax asset recognised in equity	73	-
Decrease in deferred tax assets	3,094	197
Decrease in deferred tax liabilities	(1,041)	(268)
	2,102	(70)

For further details refer to Note 1(f) of the financial statements.

Note 5: Issued capital

On 12 August 2020 the Company announced it had received binding commitments for a share placement to professional and sophisticated investors at \$0.625 per share. Total shares issued under the share placement was 15,754,000 for total consideration of \$9,667,000 (net of transaction costs and tax).

On 12 August 2020, the Board also announced an offer to all shareholders with the opportunity to increase their interest in the Company with the announcement of a Share Purchase Plan (SPP). The SPP offered shareholders the opportunity to acquire up to \$30,000 of ordinary, fully paid shares in the Company without incurring any brokerage. The SPP was offered at the same price as the share placement. The SPP offer closed on 8 September 2020. Total shares issued under the SPP was 4,752,000 for total consideration of \$2,928,000 (net of transaction costs).

Details	31 December 2020		31 December 2019	
	No. of Shares	\$'000	No. of Shares	\$'000
Opening balance of the half-year	105,023,565	102,671	104,440,346	102,228
Share issued during the year:				
Share issued under Share Placement net of costs and tax	15,753,534	9,667	-	-
Share issued under Share Purchase Plan net of costs	4,752,220	2,928	-	-
Share issued under Dividend Re-investment Plan	-	-	186,156	149
Closing balance at the half-year end	125,529,319	115,266	104,626,502	102,377

CONTANGO INCOME GENERATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 6: Fair value measurement

The amounts of the Company's investments in the Interim Condensed Statement of Financial Position are carried at fair value.

For the half-year ended 31 December 2020 and year ended 30 June 2020, the Company did not have any financial assets and financial liabilities that were determined using valuation techniques. The fair values of the Company's financial assets and liabilities for the period ended 31 December 2020 were determined directly, in full, by reference to quoted prices from WCM Focused Global Growth Long-Short Offshore Fund Ltd. Financial assets and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The Company held \$Nil Level 1 Financial Assets and Liabilities as at 31 December 2020 (30 June 2020: \$73,360,000). The Company held \$51,343,000 Level 2 Financial Assets and Liabilities as at 31 December 2020 (30 June 2020: \$Nil).

For all other financial assets and financial liabilities in the Interim Condensed Statement of Financial Position, the Directors consider that the carrying amounts approximate their fair values as all financial assets and financial liabilities not fair valued are short-term in nature.

Note 7: Related party disclosures

All transactions with related entities are made on commercial arms-length terms.

On 21 September 2020, the Company executed a new Investment Management Agreement (**IMA**) approved by shareholders at the Extraordinary General Meeting of the Company held on 18 September 2020.

Under the new IMA, from 1 October 2020, the Investment Manager is entitled to a management fee of 1.40% per annum (excluding GST) for the Company's portfolio value.

In addition, the services agreement with 2735 CSM Holdings Pty Limited (**CSM**) was reduced from \$250,000 per annum to 0.10% per annum (excluding GST) of the Company's portfolio value.

The Company has agreed to pay the Investment Manager a performance fee equal to 20% (excluding GST) of the portfolio's outperformance relative to the "Total Hurdle Amount" being the initial portfolio value adjusted for the benchmark return (being the MSCI All Country World Index with gross dividends reinvested reported in Australian Dollars and unhedged) plus the management fee over each final year subject to full recoupment of any prior year underperformance.

The Investment Manager has appointed WCM Investment Management, LLC as its Investment Advisor (**Investment Advisor**) in respect of the Company's investment in the WCM Focused Global Growth Long-Short Offshore Fund Ltd. The Investment Advisor charges its share of the management fee and performance fee directly in the WCM Focused Global Growth Long-Short Offshore Fund Ltd.

The Company's investment manager is Contango Funds Management Limited (**Investment Manager**). The Company paid management fees of \$461,000 (2019: \$475,000) to the Investment Manager during the half-year. As at 31 December 2020, \$48,000 management fees were payable by the Company to the Investment Manager. As at 31 December 2020, there were no performance fees payable by the Company to the Investment Manager (2019: NA).

In addition, the Company has a services agreement with CSM to provide the use of premises and facilities, company secretarial, administrative, financial and accounting services. The Company paid service fees of \$81,000 (2019: \$125,000) to CSM during the half-year.

The Investment Manager and CSM are director associated entities. All the related party transactions are conducted on normal commercial terms and conditions.

CONTANGO INCOME GENERATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 7: Related party disclosures (continued)

There were no dividend payments to the Directors of the Company during the period, being Mr Mark Kerr (2019: \$3,031); Don Clarke (2019: \$2,262); Mr Martin Switzer (2019: \$720) and Mr Andrew Meakin (2019: NA).

Mr Mark Kerr, Mr Andrew Meakin and Mr Marty Switzer are current Directors of the Company. Mr Don Clarke is a former Director of the Company.

Note 8: Segment information

The Company operates solely in the business of investment in the WCM Focused Global Growth Long-Short Offshore Fund Ltd. Revenue, profit, net assets and other financial information reported to and monitored by the Chief Operating Decision Maker (**CODM**) for the single identified operating segment are the amounts reflected in the Interim Condensed Statement of Profit or Loss and Other Comprehensive Income, Interim Condensed Statement of Financial Position, Interim Condensed Statement of Changes in Equity and Interim Condensed Statement of Cash Flows. The CODM has been identified as the Board of Directors.

Note 9: Contingent liabilities and commitments

As at 31 December 2020, the Company had no contingent liabilities or capital commitments (30 June 2020: Nil).

Note 10: Subsequent Events

On 19 February 2021, the Company advised ASX that its pre-tax and post- tax NTA per share was \$0.748 and \$0.727 as at 15 February 2021 a pre-tax NTA increase of 2.89% for the month.

No other matters or circumstances have arisen since the end of the financial half-year that have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

CONTANGO INCOME GENERATOR LIMITED

**DIRECTORS' DECLARATION
for the half-year ended 31 December 2020**

In accordance with a resolution of the Directors of Contango Income Generator Limited (the Company), I state that:

In the opinion of the Directors:

- (a) the interim financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Chairman
Melbourne
19 February 2021



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working world**

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Independent Auditor's Review Report to the Members of Contango Income Generator Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Contango Income Generator Limited (the Company), which comprises the condensed statement of financial position as at 31 December 2020, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Company is not in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Company's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all



significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Luke Slater

Luke Slater
Partner
Melbourne
19 February 2021