Contango. | Income Generator

Contango Income Generator Limited
ABN: 40 160 959 991

Annual Report
2019-2020

Letter from the Chairman

Dear Shareholder,

I am pleased to present the Contango Income Generator Limited (the **Company** or **CIE**) Annual Report for the financial year ended 30 June 2020 (**FY20**).

The Company's after-tax loss for the period was $14.2m compared to the prior period (FY19) profit of $3.3m. Total dividends 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.

For the year ended 30 June, CIE's total return was -16.5%, compared to 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.

CIE Strategy Review

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, LLC (**WCM**).

The Board believed that a global large cap long short strategy was appropriate for the current market conditions. The Board also believed that the implementation of that strategy via the WCM Quality Global Growth Long Short Strategy Fund (**QGLS**), in conjunction with the continuation of its local management arrangements, was in shareholders' best interests for the following reasons:

- the performance of the WCM Quality Global Growth Long Short Strategy Fund;
- WCM's record of investment performance across multiple other investment strategies;
- access to a far broader range of opportunities in the global equities market;
- it was assessed to be the best option available to the Company to improve the performance of the portfolio, to grow the NTA, and narrow the trading discount; and
- maintaining the local management arrangements with Contango Asset Management Limited provided the Company with continuity in all other administrative and management respects.

In proposing the change, the Board was cognisant of the outstanding investment performance of QGLS which has, since inception on 30 June 2014, generated a return of 23.5% per annum[1], outperforming its benchmark, the MSCI All Country World Index by an annualised 11.9% per annum[1].

---

[1] Data as at 30 June 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 Long Short Equity Strategy is 30 June 2014.

Shareholder Approval of the New WCM Strategy

The Board was pleased with the strong support of shareholders when approving the new strategy for the Company's investment portfolio on 18 September 2020. The Company is now in the process of implementing the QGLS strategy managed by WCM.

The Board was also 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.

It is significant to note that:

- 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; and
- excluding the votes of the two competing fund managers – predominantly the Wilson Asset Management entities – who are substantial shareholders of the Company, **approximately 80% of votes were cast in favour of the resolution**.

Despite the strong endorsement of the new investment strategy, which the Board hoped would be respected by all shareholders, WAM Capital Limited (**WAM**) announced an off-market takeover bid for CIE on 28 September 2020. The proposed offer is unsolicited and is subject to a number of conditions which were set out in WAM's Bidder's Statement. WAM's takeover offer is consistent with its earlier efforts to destabilise the Company. It is also an unfortunate and costly distraction given that, in the process that led to the Board proposing adoption of the new investment strategy to the shareholders, WAM turned down the opportunity to pitch for the role of investment manager of the Company's portfolio.

Addressing the Share Price Discount to NTA

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 (**NTA**) by increasing liquidity, growing the size of the Company and improving the investment performance.

The Board assures shareholders that, in order to achieve this objective, it will actively consider appropriate capital management tools to reduce the share price discount to NTA.

The approved investment management agreement also includes appropriate incentives to achieve outperformance that align the Manager's interests with those of all shareholders. Further, 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. These strategies include those used recently by other listed investment companies. In recent weeks, since the announcement and adoption of the new investment strategy, the discount to NTA has narrowed from 16.2% (31 August 2020) to 6.0% (30 September 2020).

Appointment of an Additional Independent Non-Executive Director

The Board has also commenced a search process for the appointment of an additional independent non-executive director to maintain high standards of corporate governance. It is intended that the new Board member will improve CIE's capability of growing in the listed investment company market, enhancing shareholder value and delivering the outcomes noted above.

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.

Yours faithfully,

Mark Kerr

Mark Kerr
Non-Executive Chairman, Contango Income Generator Limited

Mark Kerr

Non-Executive Chairman
Contango Income Generator
Limited

Portfolio Manager's Report

Fellow shareholders, I'm pleased to present the Investment Manager's report for Contango Income Generator Limited (**CIE** or the **Company**) for the year ending 30 June 2020 (**FY2020**).

The investing environment during the past Financial Year was extraordinary. It was unlike anything that we have seen in many years. The year began on very solid footing with the ASX All Ordinaries Accumulation Index rising steadily, gaining 8.4% for the 7-months to January 2020 until COVID-19 virus fears took hold amongst investors. Equity indices fell almost 40% during March fuelled by the extreme measures that governments around the world implemented to stem the virus spread. Although markets quickly reversed course, surging 30% from the March bottom to the end of June, there was considerable collateral damage.

This report reviews the performance over the life of CIE's ex-20 income value strategy and discusses the Company's portfolio performance during the financial year including the impact of the COVID-19 crisis.

The Strategy

Since its inception 2012, CIE has aimed to build a portfolio of consistent, dividend-paying companies outside of the largest 30 companies listed on the ASX by market capitalisation (Ex-30). In August 2019 the market capitalisation criteria was broadened to include those companies outside of the top-20 (Ex-20). The portfolio was constructed to invest in a part of the market that is not typically held by retail investors and to compliment a retail investor's portfolio that is often overweight large-cap income paying companies including the big four banks. CIE has prioritised investing in companies that are characterised by attractive dividend yields with high franking, solid balance sheets and strong cash flows. The expected capital growth contribution these companies, though positive, was expected to be modest over the investment horizon.

The universe of stocks listed on the ASX that exhibit the high-yield and low-volatility characteristics sought out by CIE consists of around 120 companies. Of these 120 companies, CIE's holdings, on average, have numbered 40 to 50. Those companies with too much debt, poor cashflows or with question marks over the management were screened out and excluded from consideration.

From 2017 through to today, the Ex-20 area of the market has battled to produce positive returns. A significant factor over this period has been the outperformance of growth companies relative to value with growth outperforming value by a quantum not seen since the 1988 to 2000 "tech bubble". Many and varied reasons have been offered up as to why growth has dominated over the period, the most common include historically low interest rates, technological disruption and the lack of growth in both developed and emerging world economies with some of these being interconnected.

In response to the market trend described above, CIE's investment universe was further broadened in August 2019 to include some growth orientated companies and companies outside the traditional mid-cap sector. These changes were designed to help the Company to continue to meet its dividend objective in an increasingly challenging market environment as well as to provide more opportunity for capital growth. Overall, the 12-months post implementation has demonstrated the change has been positive for CIE investors.

Performance Over the Financial Year

During the year to 30 June 2020, the strategy was to remain relatively fully invested to maximise dividend income. In FY2020, CIE's total return was -16.5%, relative to the ASX All Ordinaries Accumulation return of -7.2% over the period. Given the Company's investment criteria to exclude the top-20 listed companies (representing over 60% of the index capitalisation) a more appropriate benchmark is the S&P/ASX All Ordinaries Accumulation Index excluding the top-20 companies by market capitalisation – this index returned -7.4%. CIE's income return was 5.6% including franking (net dividend yield 3.9%) based on the share price at the beginning of the financial year.

As the market approached peak levels in October 2019, the Investment Manager began to tilt the portfolio to become more defensive relative to the market. The increased potential for the market to fall from its lofty levels and maintaining a fully invested portfolio was balanced by a shift to a more conservative mix of investments. The Investment Manager judged that those companies exhibiting more defensive characteristics, which historically have outperformed in period of market falls and maintained their dividends in challenging environments, were likely to hold their share prices should the market fall. Companies that fall into this category include those relying on non-discretionary spending such as property (REITs), toll road operators, airport operators, gambling and utilities companies. Over the life of CIE prior to the onset of COVID, the Investment Manager's track record in picking defensive companies has been strong, only ever investing in one company which missed an expected dividend.

As markets fell dramatically over February and March, the manager felt confident that the defensive strategy would hold. However, when federal and state governments alike brought in severe restrictions on the mobility of all of us, these defensive assets were negatively impacted along with all parts of the equities market.

"Unprecedented" is a word that has been used extensively throughout 2020. Empty toll roads, empty airports, empty shopping centres and empty casinos was the truly unprecedented result of lockdowns imposed globally. With the broader equity market down about 11.0% during FY20, many of CIE's defensive investments fared worse than the market. These included: Dexus Property Group (-31.4%), GPT Group (-30.6%), Sydney Airport Holdings (-27.7%), Sydney Entertainment Group (-27.4%), Tabcorp Holdings (-20.0%) and Atlas Arteria Group (-11.8%). This was a massive disappointment in a year where the Investment Manager deliberately positioned the CIE portfolio to weather a falling equity market.

A number of CIE's defensive investments did pay off in a falling market including APA Group (7.7%) and Waypoint REIT (formerly Viva Energy REIT) (0.0%). As a group, the utilities companies held in the portfolio held up over the year, outperforming the broader market.

Opening up CIE to invest in more growth orientated companies provided some of the best returns for the portfolio over their respective holding periods. Tech stock, Appen returned an outstanding 92%. Big gains were also seen in Fortescue Metals Group (78.3%), Breville Group (56.6%), Evolution Mining (36.1%), carsales.com (30.2%) and REA Group (29.8%).

Shawn Burns

Senior Portfolio Manager
Contango Asset Management Limited

The Future of CIE

After several years of strong returns, the last 3-years has seen the mid-cap, high yield segment of the market, which is CIE's investment universe, struggle to deliver positive total returns. Though the issue of value investing significantly underperforming growth has been a global phenomenon, the recent few years have been amongst the most difficult for value style investing on which CIE's investment strategy is mostly based. It would seem that, at least for the foreseeable future, low interest rates and ongoing fiscal and monetary stimulus will see the global phenomenon continue.

As most investors will be aware, CIE's shareholders have approved a resolution to adopt a new strategy for the Company's investment portfolio. The company has now moved to a global long short investment strategy managed by WCM Investment Management.

In closing, I would like to thank the investment team for their efforts over the years and also CIE investors for their continued support.

Contents

Directors' Report

The directors present their report together with the financial report of Contango Income Generator Limited ("the Company" or "CIE"), for the financial year ended 30 June 2020 and auditor's report thereon. This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Directors

The names of directors in office during the year and as at the date of this report (unless otherwise indicated) are:

MARK KERR
Non-Executive Chairman

DON CLARKE
Non-Executive Director

MARTIN SWITZER
Non-executive Director

Information on Directors

The qualifications, experience and special responsibilities of each person who has been a director of Contango Income Generator Limited at any time during the year is provided below, together with details of the company secretary as at the year end.

Mark Kerr

LL.B.
Non-Executive Chairman

Mark is an experienced director whose other current roles for ASX listed companies are as Managing Director of Hawthorn Resources Limited (22 November 2007 to present); Chairman of Think Childcare and Education Limited (21 July 2014 to present). Mark is Chairman of Think Childcare Development Limited (29 July 2019 to present).

Mark is a director of Berkeley Consultants Pty Ltd which specialises in public relations and reputation management consultancy. He is also a director and adviser to various other private companies. Mark's community involvement currently extends to being a member of the Victorian Committee of the Juvenile Diabetes Research Foundation and a member of the St Vincent's Institute Charity Golf Day Committee. Mark is also a volunteer Board Member at International Specialised Skills Institute.

Mark was formerly a Non-Executive Director of Alice Queen Limited from 23 November 2015 to 30 June 2019. Mark was also the Chairman of ASX listed NAOS Small Cap Opportunities Company Limited (formerly Contango MicroCap Limited), ceasing in this role in October 2017.

OTHER RESPONSIBILITIES:
Member of Audit Committee

Don Clarke

LL.B. (Hons)
Non-Executive Director

Don was a corporate partner of the law firm, Minter Ellison, for over 25 years. He has extensive commercial law and business experience from over 30 years advising ASX listed and large private companies across a broad range of industries on corporate law, governance and investment issues.

Don is currently a consultant to Minter Ellison, a director and the Deputy Chairman of Webjet Limited (one of Australia's leading on-line travel companies), a director of ASX listed Zoono Group Limited and a director of several other unlisted public and private companies. He was formerly a director of ASX listed companies, Opthea Limited, Avecho Biotechnology Limited (formerly Phosphagenics Limited) and PolyNovo Limited.

OTHER RESPONSIBILITIES:
Chair of Audit Committee

Martin Switzer

B. Ec
Non-Executive Director

Martin is Chief Executive Officer of Contango Asset Management Limited (CAML), the parent entity of the Investment Manager, and has held this position since 27 October 2017. Prior to that he was a director of CAML and held that position since 25 August 2016. He is also a director of Switzer Asset Management Limited (since 30 December 2015) and a director of WCM Global Growth Limited (since 9 February 2017).

Before his appointment as Chief Executive Officer of CAML, Martin was previously the Chief Operating Officer of Switzer Financial Group, a content and financial services business. He has been a host on the Sky News Business channel, as well as a consultant to the Australian Defence Force Financial Services Consumer Centre.

OTHER RESPONSIBILITIES:
Member of Audit Committee

Company Secretary

The following persons held the position of Company Secretary during the financial year:

Anthony Rule

Anthony has over 17 years' experience in the financial services industry. During this time, he has held senior finance roles across both the publicly listed and private sectors including the Commonwealth Bank of Australia and most recently at Hunter Hall International where he held the role of Head of Finance and Operations. Anthony is also Company Secretary of ASX listed entities WCM Global Growth Limited and Contango Asset Management Limited.

Anthony holds a Bachelor of Business & Commerce, is a member of CPA Australia and a fellow of the Governance Institute of Australia.

Principal activity

The principal activity of the Company during the financial period was investment into 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. This provides investors with diversification away from the top 20 securities of the S&P/ASX 300 Index by market capitalisation.

Results

The loss after income tax attributable to the members of Contango Income Generator Limited was $14,153,292 (2019: profit: $3,340,764). Basic losses per share amounted to 13.52 cents per share for the year (2019: earnings of 3.21 cents).

Review of operations

Profit and performance

The decrease in after tax profit for the year is attributed to a decrease in the value of the Company's investment portfolio. This has occurred during a period of volatile performance in the Australian share market 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 year ended 30 June 2020, the pre-tax and post-tax net tangible asset ("NTA") value per share of the Company has decreased from $0.933 and $0.928 as at 30 June 2019 to $0.779 and $0.788 after the payment of dividends.

For the year ended 30 June 2020, the investment portfolio returned -16.27% (net of management fees).

The Company's objective is to pay quarterly dividends that provide investors with an attractive and sustainable income stream that is franked to the maximum possible extent.

During the year, the Company paid the following dividends:

- a final dividend of 1.0 cents per share, 50% franked, on 24 September 2019;
- an interim dividend of 1.0 cents per share, 100% franked, on 20 December 2019;
- an interim dividend of 1.0 cents per share, 100% franked, on 13 March 2020; and
- an interim dividend of 0.96 cents per share, 100% franked, on 9 June 2020.

Over the past 12 months, the Company has paid a dividend yield of 5.21%, or 7.16% including franking credits. Dividend yield is calculated as the dividends attributable to the 12-months to 30 June 2020 relative to the closing share price at the beginning of the year.

Revised dividend policy

A major development during the year was a revision to the Company's dividend policy. Changes in the market environment in recent years necessitated a review of the Company's dividend policy to secure it on a sustainable footing. Most notably, these market factors included:

- a significant decline in interest rates to historically low levels;
- more subdued rates of economic and of earnings growth rates;
- lower stock market dividend yields;
- lower levels of capital growth in the mid-cap sector; and
- the ongoing outperformance of "growth" stocks relative to "value" investments.

Following the review, the Board, in conjunction with the Investment Manager, revised the dividend policy as follows:

- to pay quarterly dividends that provide investors with an attractive and sustainable income stream that is franked to the maximum possible extent; and
- to the extent that the Company is not able to pay a dividend, it undertakes to return an appropriate amount of capital to shareholders via an on-market buyback.

In recognition of the factors that were influencing the market, the Board also provided the Investment Manager with more flexibility to invest in growth stocks and widened the investment universe to include those companies which, despite being outside the mid-cap sector, would assist the Company to meet its dividend objectives.

Dividend payments will continue to be subject to the availability of distributable profits and corporate, legal and regulatory considerations.

Closing discount to NTA

A key priority for the Board and the Investment Manager during the year has been to address the Company's share price discount to NTA per share. In this regard, we are pleased to advise that we continue to make good progress.

The Board and Investment Manager have deployed a new shareholder engagement strategy focussed on the direct and financial adviser market including:

- conferences and events targeting self-managed superannuation fund trustees and self-directed investors through channels such as the Switzer Financial Group;
- regular shareholder webinars;
- twice monthly email communications; and
- ongoing targeting of adviser and broker channels.

The combination of these initiatives has resulted in a reduction in the share price discount and improved share trading liquidity. Closing the share price discount to NTA per share remains a high priority for the Board and the Investment Manager.

Significant changes in the state of affairs

There have been no significant changes in the Company's state of affairs during the financial year other than as noted in this report.

Events after the reporting date

On 7 August 2020 the Company advised ASX that its pre-tax NTA per share was $0.734 as at 31 July 2020.

On 12 August 2020, the independent members of the Board advised that, subject to shareholder approval, the Company, in consultation with its Investment Manager, Contango Funds Management Limited (Investment Manager), has agreed to adopt a new investment strategy for the Company's investment portfolio.

If approved by the shareholders, the Company will move to a global long short investment strategy managed by WCM Investment Management, LLC (WCM), a California-based asset management firm which specialises in the active management of global and emerging markets equities. WCM currently manages in excess of A$85 billion (as at 30 June 2020) on behalf of institutional and retail investors around the world, including Australia.

The change of strategy is conditional on the Company obtaining shareholder approval.

The Notice of Meeting and Explanatory Statement was mailed to shareholders on 20 August 2020.

As detailed in the Review of Operations, the Board revised the dividend policy during the year ended 30 June 2020 in recognition of the factors that were influencing the market. The Board also provided the Investment Manager with more flexibility to invest in growth stocks and widened the investment universe to include those companies which, despite being outside the mid-cap sector, would assist the Company to meet its dividend objectives.

The Board had hoped the more flexible investment framework and revision to the Company's dividend policy would enable the Company to meet its objectives on a continuing basis. This has not proven to be the case. The Company has not been able to generate sufficient distributable profits to sustain dividends.

Furthermore, the impact of COVID-19 on financial markets has highlighted the limitations of an investment strategy essentially restricted to Australian mid-cap equities, in contrast to the depth and breadth of opportunities in global equities markets. This has led the Board to conclude that the current investment strategy, managed by the Investment Manager, is no longer appropriate.

Being a relatively new Listed Investment Company has also meant that the Company does not have the benefit of a bank of retained earnings sufficient to maintain dividend levels during market downturns. At today's date, it is unlikely the Company will have sufficient retained profits or retained earnings in September 2020 from which to declare a final dividend for the year ended 30 June 2020.

Given the above, the independent members of the Board, in conjunction with the Investment Manager, have undertaken an extensive review of the Company, its investment strategy and, equally importantly, of alternative investment strategies and investment managers that may be able to deliver a better outcome for the shareholders than a continuation of the present strategy.

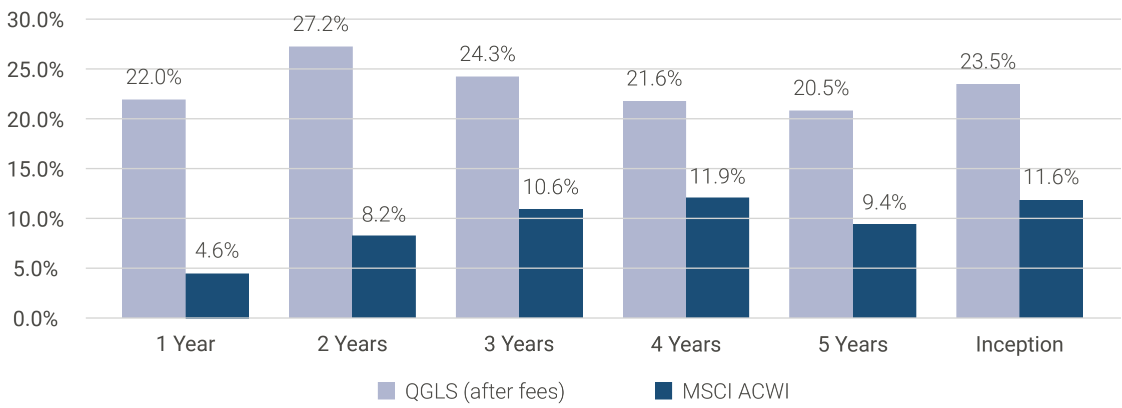
Following discussions with numerous alternate investment managers, the independent Directors and the Manager believe the proposed change to a global long short strategy, managed by a quality investment manager (WCM), is in the best long-term interests of Company shareholders. It was also taken against a background of the Company being unable to pay dividends. The Board expects the new strategy to grow the Company's NTA and generate distributable profits over time.

In making its decision, the independent Directors were of the view that combining the global long short investment strategy of WCM with the management arrangements in place with its current Investment Manager was the best option available to the Company and in the interests of shareholders.

WCM is a global growth equities manager based in Laguna Beach, California. WCM's investment philosophy and process are based on the belief that corporate culture is one of the largest influences on a company's ability to grow or deteriorate its competitive advantage, or 'economic moat'.

WCM has a record of outstanding investment performance across multiple investment strategies. The proposed strategy, the WCM Quality Global Growth Long Short Strategy has, since inception on 30 June 2014, generated a return of 23.5% per annum, outperforming its benchmark, the MSCI All Country World Index by an annualised 11.9% per annum.[1]

WCM Quality Global Growth Long Short Track Record



The Board believes the selection of WCM has a number of material benefits for shareholders, including:

- an expansion of the investment universe and investment opportunities available to the Company;
- providing access to a top performing institutional asset manager with an outstanding long-term investment track record;
- the opportunity to grow the Company's NTA and generate distributable profits over time;
- the potential to increase liquidity and address the persistent share price discount to NTA;
- investment access for new investors, independent financial planners and other high-net-worth supporters of WCM;
- the expansion of the Company's shareholder base (through increased trading); and
- increasing the relevance of the Company in the marketplace under the WCM brand.

In tandem with the Company's proposed new investment strategy, on 12 August 2020 the Company announced that the Company had received binding commitments for a $9.8 million share placement to professional and sophisticated investors at $0.625 per share, resulting in the issue of approximately 15.8 million new shares. The placement resulted in a dilution of the NTA per share of approximately 1.5 cents per share.

The Board firmly believes in the benefits of increasing the scale of the Company and introducing new shareholders to the register, thereby attracting a manager of WCM's quality and addressing the share price discount to NTA. The strong demand from new investors also provides evidence of the support for the Company's new strategy and the increasing awareness of the WCM brand in the Australian market.

On 12 August 2020, the Board also announced an offer to all shareholders of the opportunity to increase their interest in the Company with the announcement of a Share Purchase Plan (SPP). The SPP offers shareholders the opportunity to acquire up to $30,000 of ordinary, fully paid shares in the Company without incurring any brokerage.

[1] Data as at 30 June 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 Long Short Equity Strategy is 30 June 2014.

The SPP will be offered to existing shareholders at the same price as the share placement. Shareholders who participate in the SPP will be able to do so at an issue price of $0.625 per share to raise up $20.0 million, subject to the right of the Company to raise more or less. The SPP offer closes on Tuesday, 8 September 2020 and is not underwritten.

The Board is confident shareholders will benefit from the selection of WCM, a top-tier manager with outstanding long-term performance, which is well positioned to grow the portfolio and address the share price discount to NTA.

The new strategy is an exciting development for the Company, and the Board thanks all shareholders for their continued support.

No other matters or circumstances have arisen since the end of the financial 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.

Likely developments

Refer to Events after the reporting date above.

Environmental regulation

The Company's operations are not subject to any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Dividends paid, recommended and declared

Total dividends paid or declared during FY20 was $4,143,074 (2019: $6,197,623).

Directors' meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

	Directors Meetings		Audit and Risk Committee	
Name	Attended	Held	Attended	Held
Mark Kerr	5	5	2	2
Don Clarke	5	5	2	2
Martin Switzer	5	5	2	2

Indemnification and insurance of directors, officers and auditors

During the financial year, the Company has paid insurance premiums amounting to $69,585 (2019: $49,886) insuring all the directors and the officers which indemnifies them against any claim made against them subject to the conditions contained within the insurance policy. Further disclosure required under section 300(9) of the *Corporations Act 2001* is prohibited under the policy terms. To the extent permitted by law and professional regulations, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of their engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made by the Company to Ernst & Young in this respect during or since the financial year ended 30 June 2020.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company.

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 audit for the financial year is provided with this report.

Non-audit and other assurance services provided by auditor

The Company’s auditors are Ernst & Young (2019: Ernst & Young). Non-audit services are approved by the audit committee. Any other assurance services provided by the auditors of the Company during the year related to the issuance of an Investigating Accountants Report. The directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Amounts paid and payable to Ernst & Young for:

	2020 $	2019 $
Audit and review of financial reports		
Company	53,886	48,500
Total audit and review of financial statements	53,886	48,500
Non-audit services		
Taxation advice	-	-
Taxation compliance advice	7,500	7,500
Consulting services	-	-
Total non-audit services	7,500	7,500
Total remuneration of Ernst & Young	61,386	56,000

Rounding of amounts

The Company has applied the relief available under ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements and in the directors’ report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar (where indicated).

ASX Corporate Governance Statement

The Board of Directors of Contango Income Generator Limited is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement (CGS) in accordance with the third edition of the ASX Corporate Governance Council’s Principles and Recommendations under which the CGS may be made available on the Company’s website.

Accordingly, a copy of the Company’s CGS is available on the Contango website at: (www.contango.com.au).

Consequences of Company's performance on shareholder wealth

The following table summarises company performance and key performance indicators:

	2020	2019	2018	2017	2016
Revenue	-$14,055,638	$4,663,854	$4,579,038	$11,251,029	$4,390,511
(Decrease)/increase in revenue	-400%	2%	-59%	156%	100%
Profit/(loss) before tax	- 16,095,571	2,680,769	$2,519,322	$9,481,961	$2,933,877
Change in share price	-14.47%	-19.15%	-2.59%	4.30%	-8.00%
Dividend paid to shareholders	$4,143,956	$6,197,623	$8,154,117	$5,166,213	$2,143,922
Return of capital	-	-	-	-	-
Total remuneration of KMP	$73,365	$97,247	$136,875	$119,456	$114,583

Remuneration Report (Audited)

The directors present the Company's remuneration report for the year ended 30 June 2020 which details the remuneration information for directors and other key management personnel.

The Company's Remuneration Committee was dissolved during the year ended 30 June 2018 and all remuneration matters are dealt with by the Board. The Board sets the framework for Non-Executive Director remuneration, after having sought advice from external advisors in relation to market trends for Non-Executive Director remuneration. Only directors of the Company who are not employees of the Company's investment manager have been paid remuneration in the form of directors' fees. During the year ended 30 June 2020, there were two directors to which this applied – Mr Kerr and Mr Clarke.

The amount paid to these directors is fixed at a set amount each year and is not related to the performance of the Company.

The other director, Mr. Switzer, was Managing Director and Chief Executive Officer of Contango Asset Management Limited, the parent entity of the Company's investment manager – Contango Funds Management Limited ("the Investment Manager"). The Company pays management fees to the Investment Manager. Mr Switzer is directly remunerated by the parent entity, Contango Asset Management Limited. The amount of fees paid by the Company to the Investment Manager was not directly linked to the remuneration paid to Mr Switzer.

A remuneration consultant has not been engaged by the Company to provide recommendations in respect of this report.

For the year ended 30 June 2020, the amounts paid (excluding GST) as Short-Term Compensation and Post-Employment Benefits are outlined below.

Director's Remuneration

	Appointment Date	Director Fees FY20	Superannuation FY20	Total FY20
Mark Kerr	26 October 2012	35,000	3,325	38,325
Don Clarke	25 November 2014	32,000	3,040	35,040
Martin Switzer*	21 February 2019	-	-	-
Total		**67,000**	**6,365**	**73,365**

	Appointment Date	Director Fees FY19	Superannuation FY19	Total FY19
Andrew MacDonald	11 November 2016	23,333	2,217	25,550
Mark Kerr	26 October 2012	31,667	3,008	34,675
Don Clarke	25 November 2014	30,500	2,898	33,398
Stephen Bennett	11 May 2017	3,318	306	3,624
Martin Switzer*	21 February 2019	-	-	-
Total		**88,818**	**8,429**	**97,247**

* Mr Switzer was directly remunerated by related parties of the Company. Mr Switzer was not directly remunerated by the Company.

In addition to these payments and as part of its normal payment of dividends on its shares the Company made payments to directors that held shares in Contango Income Generator Limited (CIE). Dividend amounts of $7,494 were paid to current directors Mr Mark Kerr (2019: $6,866); and $4,534 to Mr Don Clarke (2019: $6,389); and $2,131 was paid to Mr Martin Switzer (2019: $Nil).

Directors’ interests in shares and options

Directors’ relevant interests in ordinary shares of Contango Income Generator Limited are detailed below.

	Ordinary Shares		
	Opening balance	Movement	30/06/20 Holding
Mark Kerr	120,758	218,378	339,136
Don Clarke	112,368	6,172	118,540
Martin Switzer	-	72,000	72,000

All directors’ interests in shares were purchased as ‘on-market’ transactions and are not part of any component of their remuneration. There were no other transactions with Key Management Personnel for the year ended 30 June 2020.

End of Remuneration Report

Signed in accordance with a resolution of the directors.

Mark Kerr.

Mark Kerr
Chairman
Melbourne
24 August 2020

Auditor's Independence Declaration

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Building a better working world

Auditor's Independence Declaration to the Directors of Contango Income Generator Limited

As lead auditor for the audit of the financial report of Contango Income Generator Limited for the financial year ended 30 June 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

Luke Slater

Luke Slater
Partner
24 August 2020

Financial Report

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	2020 000's $	2019 000's $
Revenue and other income			
Interest income		16	58
Dividend income		5,160	5,220
Fair value loss on financial assets at fair value through profit or loss	4	(19,231)	(615)
Total income		(14,055)	4,663
Expenses			
Investment management fees	19	844	930
Business administration expenses		250	250
Transaction costs		372	205
Other expenses		204	229
Listing, custody and registry costs		157	179
Legal, accounting and professional costs		141	93
Directors' remuneration expense	17	73	97
Total Expenses		2,041	1,983
(Loss)/profit before income tax		(16,096)	2,680
Income tax benefit	5	1,942	660
(Loss)/profit for the year		(14,154)	3,340
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(14,154)	3,340
Earnings per share for comprehensive income to the equity holders			
Basic and diluted (losses)/earnings per share (cents per share)	16	(13.52)	3.21

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

STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	2020 000's $	2019 000's $
Assets			
Cash and cash equivalents	7	4,052	5,467
Trade and other receivables	8	515	449
Investments at fair value through profit or loss	9	73,360	91,907
Deferred tax assets	5	1,467	-
Total assets		79,394	97,823
Liabilities			
Trade and other payables	10	251	366
Deferred tax liability	5	-	460
Total liabilities		251	826
Net assets		79,143	96,997
Equity			
Issued capital	11	102,671	102,228
Accumulated losses	12	(23,641)	(5,357)
Reserves	12	113	126
Equity attributable to owners of Contango Income Generator Limited		79,143	96,997

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

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2020

	Notes	Issued Capital 000's $	Reserves 000's $	Accumulated Losses 000's $	Total 000's $
Balance at 30 June 2018		101,727	2,984	(5,357)	99,354
Profit for the year		-	-	3,340	3,340
Transfer to dividend reserve		-	3,340	(3,340)	-
Dividends paid		-	(6,198)	-	(6,198)
Shares issued under Dividend Re-investment Plan		501	-	-	501
Balance at 30 June 2019	11	102,228	126	(5,357)	96,997
Balance at 30 June 2019		102,228	126	(5,357)	96,997
Loss for the year		-	-	(14,154)	(14,154)
Transfer to dividend reserve		-	4,130	(4,130)	-
Dividends paid		-	(4,143)	-	(4,143)
Shares issued under Dividend Re-investment Plan		443	-	-	443
Balance at 30 June 2020	11	102,671	113	(23,641)	79,143

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

STATEMENT OF CASH FLOWS
For the year ended 30 June 2020

	Note	2020 000's $	2019 000's $
Cash flows from operating activities			
Payments for purchase of investments		(62,967)	(34,458)
Proceeds from sale of investments		61,807	30,188
Dividends received		5,071	4,848
Interest received		21	53
Income tax paid		-	(39)
Other payments to suppliers and employees		(1,647)	(1,427)
Net cash provided by/(used in) operating activities	13	2,285	(835)
Cash flows from financing activities			
Dividend paid net of amounts reinvested		(3,700)	(5,697)
Net cash used in financing activities		(3,700)	(5,697)
Net decrease in cash and cash equivalents		(1,415)	(6,532)
Cash and cash equivalents at the beginning of the year		5,467	11,999
Cash and cash equivalents at the end of the year	7	4,052	5,467

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

Notes to the Financial Statements

For the Year Ended 30 June 2020

Table of Contents

Note 1 Statement of Significant Accounting Policies

The following is a summary of significant accounting policies adopted by the Company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the activities of Contango Income Generator Limited. The Company is limited by shares, incorporated and domiciled in Australia. The Company is a for-profit entity for the purpose of preparing the financial statements.

The financial report was authorised for issue by the directors on 24 August 2020.

Compliance with IFRS

The financial statements of Contango Income Generator Limited also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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 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.

Critical accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

(b) 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 Dividend Reserve at the conclusion of the financial period. Losses incurred at the end of each calendar month are transferred to Accumulated Losses. The above process enables the Directors to declare or determine to pay dividends from the Reserve to shareholders at a future date.

(c) Going concern

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

(d) Revenue

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

Interest income is recognised in the statement of Profit or Loss and Other Comprehensive Income using the effective interest 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) Expenses

All expenses, including Investment Manager's fees, are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

(f) Trade and other receivables

Trade and other receivables may include amounts for dividends, interest, trust distributions and amounts due from brokers. Dividends are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in Note 1 (d) above. Trade and other receivables also include such items as Reduced Input Tax Credits ("RITC").

(g) 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.

(h) 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 Statement of Financial Position.

(i) 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.

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. The Company currently has a deferred tax cap implemented at 2% of invested assets.

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.

(j) New standard adopted as at 1 July 2019

AASB 16 Leases became mandatorily effective on 1 July 2019. Accordingly, this standard applies for the first time to this set of financial statements.

AASB 16 supersedes AASB 117 Leases and AASB Interpretation 4 Determining whether an Arrangement contains a Lease. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The Company is not a lessee and there is no impact of adopting this standard.

(k) 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.

For equity securities, 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 amortized 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 have 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.

Any change in expected credit losses between the previous reporting period and the current reporting period is recognised as an impairment gain or loss in profit or loss. There was no material impairment during the year and as at 30 June 2020 (June 2019: Nil).

(l) 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 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 Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the 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.

(m) Comparatives

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

(n) Rounding of amounts

The Company has applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements and in the directors' report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar (where indicated).

(o) Standards issued but not effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2020 reporting period. The Directors have assessed that the implementation of these standards does not have a material impact on the financial report in the year of initial application.

Note 2 Significant Accounting Estimates and Judgements

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Income tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences to the extent management considers that it is probable that future taxable profits will be available to utilise those temporary differences. The Company currently has a deferred tax cap implemented at 2% of invested assets.

(b) Fair value measurements

Certain financial assets and liabilities are measured at fair value. Fair values have been determined in accordance with fair value measurement hierarchy. Refer to Note 3 for the details of the fair value measure key assumptions and inputs.

Note 3 Financial Risk Management

(a) Objectives, strategies, policies and processes

The Company's activities may expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk, liquidity risk and risk relating to fair value.

The Company's overall risk management program focuses on ensuring compliance with the Company's Prospectus and seeks to maximise the returns derived for the level of risk to which the Company is exposed. Financial risk management is carried out by an Investment Manager under policies approved by the Board of Directors of the Company ('the Board').

The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, price risks, and ratings analysis for credit risk.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: price risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

The sensitivity of the Company's equity and profit/(loss) before income tax to price risk is measured by the reasonably possible movements approach. This approach is determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, historical correlation of the Company's investments with the relevant benchmarks and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Company invests. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

Once management determines that an investment may be affected by a reasonably possible movement, the effect of this movement on the Company's equity and profit/(loss) is monitored.

(i) Price risk

Equity price risk is the risk that the fair value of equities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk exposure arises from the Company's investment portfolio. The investments are classified on the Statement of Financial Position as at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Investment Manager mitigates this price risk through diversification and a careful selection of securities within specified limits set by the Board.

The Company's overall market positions are monitored on a daily basis by the Company's Investment Manager and are reviewed on a monthly basis by the Board of Directors.

The Company's net assets include investments in equity securities. At 30 June, the overall market exposures were as follows:

	Year Ended 30 June 2020 000's $	Year ended 30 June 2019 000's $
Financial assets at fair value through profit or loss	73,360	91,907

At 30 June 2020, the trust's market risk is affected by changes in market prices. If the exposure of financial assets and liabilities had increased by 10% with all other variables held constant, this would have increased net assets attributable to unitholders by approximately $7,335,936 (2019: $9,190,769). Conversely, if the exposure of financial assets and liabilities at 30 June 2020 had decreased by 10% with all other variables held constant, this would have decreased net assets attributable to unitholders by approximately $7,335,936 (2019: 9,190,769).

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest bearing financial assets and financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Company has established limits on investments in interest bearing assets, which are monitored on a daily basis.

In accordance with the Company's policy, the Company monitors the Company's overall interest sensitivity on a daily basis, and the Board of Directors reviews it on a quarterly basis. Compliance with the Company's policy is reported to the Board on a monthly basis.

At 30 June 2020, cash and cash equivalents to the value of $4,051,818 (2019: $5,467,068) are the only financial instrument subject to interest rate risk. The Company is not subject to significant amounts of interest rate risk due to fluctuations in the prevailing levels of market interest rates.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk primarily arises from cash and cash equivalents, and deposits with banks and other financial institutions.

The investment manager manages credit risk by diversifying the exposure among counter parties and operating in liquid markets. The Company does not have any significant concentration of credit risk on an industry basis. Deposits are held with AAA rated institutions.

With respect to credit risk arising from the financial assets of the Company, the Company's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these investments as disclosed in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

The Company holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired as at the reporting date and no amounts have been written off in the period.

(d) Liquidity risk

Liquidity risk is the risk that a Company will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Company's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Company maintains sufficient cash and cash equivalents to meet normal operating requirements.

In accordance with the Company's policy, the Investment Manager monitors the Company's liquidity position on a daily basis, and the Board reviews it on a quarterly basis.

Maturity analysis for financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month 000's $	1-3 months 000's $	3-12 months 000's $	12-60 months 000's $
At 30 June 2020				
Payables	251	-	-	-
Total financial liabilities	**251**	**-**	**-**	**-**
At 30 June 2019				
Payables	366	-	-	-
Total financial liabilities	**366**	**-**	**-**	**-**

(e) Fair values of financial assets and financial liabilities

The carrying amounts of the Company's financial assets and financial liabilities are at or approximate fair value.

For the years ended 30 June 2020 and 30 June 2019, 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 years then ended were determined directly, in full, by reference to quoted prices from the Australian Securities Exchange. Financial asset 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 $73,359,362 (2019: $91,907,688) Level 1 Financial Assets and Liabilities as at 30 June 2020. For all other financial assets and liabilities, the carrying value is an approximation of fair value, including cash and cash equivalents, trade and other receivables and trade and other payables due to their short term nature.

Note 4 Fair value gain/(loss) on financial assets through profit or loss

	Year ended 30 June 2020 000's $	Year Ended 30 June 2019 000's $
Realised investment losses	(7,755)	(2,051)
Unrealised investment (losses)/gains	(11,476)	1,436
Total investment losses	(19,231)	(615)

Note 5 Income Tax

	Year ended 30 June 2020 000's $	Year Ended 30 June 2019 000's $
a) Income tax expense		
Current tax	-	-
Deferred tax	1,942	660
	1,942	660

	Year ended 30 June 2020 000's $	Year Ended 30 June 2019 000's $
b) Prima facie tax payable		
(Loss)/profit before tax from continuing operations	(16,096)	2,680
Total (loss)/profit before income tax	(16,096)	2,680
Prima facie income tax (benefit)/expense on profit before income tax at 30%	(4,830)	804
Add/(less) tax effect of:		
(Over)/under provision from prior year	(15)	24
Imputation credits	387	648
Franking credit gross up	(1,291)	(2,161)
Tax losses carried forward	-	108
DTA adjustment	3,801	-
Other adjustments	6	(83)
Income tax (benefit)/expense attributable to profit	(1,942)	(660)
c) Deferred tax		
Deferred tax assets		
The balance relates to:		
Tax losses carried forward	7,068	2,056
Balance for accruals	14	20
Balance for capital raising costs	16	137
DTA adjustment	(3,801)	-
	3,297	2,213
Deferred tax liabilities		
Financial assets at fair value through profit or loss	(1,691)	(2,560)
Accruals	(139)	(113)
	(1,830)	(2,673)
Net deferred tax assets	1,467	(460)

	Year ended 30 June 2020 000's $	Year Ended 30 June 2019 000's $
d) Deferred income tax expense/(revenue) included in income tax expense comprises		
(Over)/under provision from prior year	**(15)**	24
(Increase)/decrease in deferred tax assets	**(1,084)**	1,161
Increase in deferred tax liabilities	**(843)**	(1,845)
Increase in current tax liabilities	**-**	-
	(1,942)	(660)
e) Deferred income tax expense charged to equity		
Deferred income tax related to items charged directly to equity		
Increase in deferred tax assets	**-**	-

As at 30 June 2020, the gross amount of tax losses for which the deferred tax asset has not been recognised is $12,670,000 (2019: $Nil).

Note 6 Dividends

	Dividend Rate (cents per share)	Total Amount 000's $	% Franked	Date of Payment
Year ended 30 June 2020				
2019 Final dividend (declared on 20 August 2019)	1.00	1,044	50%	24 September 2019
2020 Interim dividend (declared on 25 November 2019)	1.00	1,045	100%	20 December 2019
2020 Interim dividend (declared on 17 February 2020)	1.00	1,047	100%	13 March 2020
2020 Interim dividend (declared on 20 May 2020)	0.96	1,007	100%	9 June 2020
Year ended 30 June 2019				
2018 Final dividend (declared on 30 August 2018)	1.80	1,869	50%	20 September 2018
2019 Interim dividend (declared on 12 November 2018)	1.55	1,611	50%	11 December 2018
2019 Interim dividend (declared on 13 February 2019)	1.55	1,613	100%	12 March 2019
2019 Interim dividend (declared on 13 May 2019)	1.06	1,105	75%	11 June 2019

Note 7 Cash and Cash Equivalent

	As at 30 June 2020 000's $	As at 30 June 2019 000's $
Cash at bank	4,052	5,467

Note 8 Trade and Other Receivables

	As at 30 June 2020 000's $	As at 30 June 2019 000's $
Other receivables	515	449
Total	515	449

Note 9 Investments at Fair Value Through Profit or Loss

	As at 30 June 2020 000's $	As at 30 June 2019 000's $
Financial assets at fair value through profit or loss	73,360	91,907
Investments at fair value through profit or loss	73,360	91,907

Note 10 Trade and Other Payables

	As at 30 June 2020 000's $	As at 30 June 2019 000's $
Other payables	251	366
Total	251	366

Note 11 Issued Capital

	30 June 2020		30 June 2019	
	No. of Shares	000's $	No. of Shares	000's $
Issued and paid up capital - ordinary shares	105,023,565	102,671	104,440,346	102,228

Movements in ordinary share capital

	30 June 2020		30 June 2019	
	No. of Shares	000's $	No. of Shares	000's $
Opening balance	104,440,346	102,228	103,810,943	101,727
Shares issued under Dividend Re-investment Plan	583,219	443	629,403	501
Closing balance	105,023,565	102,671	104,440,346	102,228

(a) Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up in proportion to the number of shares held. At shareholders meetings each ordinary share gives entitlement to one vote when a poll is called.

(b) Capital management

The Company's capital is currently invested to:

- achieve a long term real rate of return for investors over and above the return of the S&P/ASX All Ordinaries Accumulation Index;
- deliver the regular payment of dividends; and
- preserve the capital base of the Company.

The Directors have the additional discretion to undertake capital management initiatives such as on-market share buy-back of shares to assist with these investment objectives.

Note 12 Reserves and Accumulated Losses

	As at 30 June 2020 000's $	As at 30 June 2019 000's $
(a) Dividend payment reserve		
Opening balance	126	2,984
Transfer from retained earnings	4,130	3,340
Dividends paid	(4,143)	(6,198)
Balance at the end of the year	113	126
b) Accumulated Losses		
Balance at the beginning of the year	(5,357)	(5,357)
Transfer to profits reserve	(4,130)	(3,252)
Profit for the year attributable to the members of the Company	(14,154)	3,252
Balance at the end of the year	(23,641)	(5,357)

Note 13 Cash Flow Information

	As at 30 June 2020 000's $	As at 30 June 2019 000's $
(Loss)/profit for the year attributable to shareholders after tax	(14,154)	3,340
Change in assets and liabilities:		
Increase in receivables	(66)	(83)
(Decrease)/increase in payables	(115)	40
Net losses on financial assets at fair value	19,335	615
Net payments for purchase and sale of investments	(788)	(4,063)
Net increase in deferred tax attributed to operations	(1,927)	(684)
Net cash provided by/(used in) operating activities	2,285	(835)

Note 14 Commitments

The Company can commit to underwriting activities in respect of public share issues. At 30 June 2020 the potential financial amount that the Company may be liable for is $Nil (2019: $Nil).

Note 15 Contingencies

As at 30 June 2020, the Company had no contingent liabilities (2019: $Nil).

Note 16 Earnings Per Share

	Year ended 30 June 2020 cents	Year ended 30 June 2019 cents
Basic and diluted (losses)/earnings per share	(13.52)	3.21

	Shares	Shares
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	104,674,036	104,064,070

	000's $	000's $
Net profit used in the calculation of basic and diluted earnings per share	(14,154)	3,340

Note 17 Directors' Compensation

	As at 30 June 2020 $	As at 30 June 2019 $
Compensation by category		
Short-term employment benefits	67,000	88,818
Post-employment benefits	6,365	8,429
Total	73,365	97,247

Note 18 Auditor's Remuneration

	As at 30 June 2020 $	As at 30 June 2019 $
Audit and review of financial reports		
Company	53,886	48,500
Total audit and review of financial statements	53,886	48,500
Non-audit services		
Taxation advice	-	-
Taxation compliance advice	7,500	7,500
Consulting services	-	-
Total non-audit services	7,500	7,500
Total remuneration of Ernst & Young	61,386	56,000

Note 19 Investment Management Information

The Company has appointed the Investment Manager, Contango Funds Management Limited, pursuant to an Investment Management Agreement dated 24 June 2016 (the **IMA**). The IMA is for an initial term of 5 years, following which it continues unless terminated in accordance with its terms. The Investment Objective under the IMA is to exceed the performance of the S&P/ASX Mid-Cap Industrial Accumulation Index over any rolling 3 year period after the IMA commencement.

The Company is required to pay the Investment Manager a quarterly management fee of:

- 0.2375 % (or 0.95% pa) for the Company's portfolio valued at less than or equal to $150 million; plus
- 0.225% (or 0.9% pa) on the increment of the Company's portfolio valued above $150 million but less than or equal to $500 million; plus
- 0.2125% (or 0.85% pa) on the increment of the Company's portfolio above $500 million.

For the 2020 financial year, the Company paid to the Investment Manager management fees of $844,250 (2019: $929,732). No performance fee is payable to the Investment Manager under the terms of the IMA.

Note 20 Related Party Disclosures

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

The Company's investment manager is Contango Funds Management Limited ("Investment Manager"). The Company paid management fees of $844,250 (2019: $929,732) to the Investment Manager during the year.

As at 30 June 2020, $170,092 management fees were payable by the Company to the Investment Manager.

In addition, the Company has a services agreement with 2735 CSM Holdings Pty Limited to provide the use of premises and facilities, company secretarial, administrative, financial and accounting services. For the financial year 2020 the fees paid to 2735 CSM Holdings Pty Limited for these services were $250,000 (2019: $250,000).

The Investment Manager and 2735 CSM Holdings Pty Limited are director associated entities. All the related party transactions are conducted on normal commercial terms and conditions.

In addition to these payments and as part of its normal payment of dividends on its shares the Company made payments to directors that held shares in Contango Income Generator Limited (CIE). Dividend amounts of $7,494 were paid to current directors Mr Mark Kerr (2019: $6,866); and $4,534 to Mr Don Clarke (2019: $6,389); and $2,131 was paid to Mr Martin Switzer (2019: $Nil).

Note 21 Segment information

The Company operates solely in the business of investment in companies listed on the Australian share market. 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 Statement of Profit or Loss and other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows. The CODM has been identified as the Board of Directors.

Note 22 Subsequent events

On 7 August 2020 the Company advised ASX that its pre-tax NTA per share was $0.734 as at 31 July 2020.

On 12 August 2020, the independent members of the Board advised that, subject to shareholder approval, the Company, in consultation with its Investment Manager, Contango Funds Management Limited (Investment Manager), has agreed to adopt a new investment strategy for the Company's investment portfolio.

If approved by the shareholders, the Company will move to a global long short investment strategy managed by WCM Investment Management, LLC (WCM), a California-based asset management firm which specialises in the active management of global and emerging markets equities. WCM currently manages in excess of A$85 billion (as at 30 June 2020) on behalf of institutional and retail investors around the world, including Australia.

The change of strategy is conditional on the Company obtaining shareholder approval.

The Notice of Meeting and Explanatory Statement was mailed to shareholders on 20 August 2020.

As detailed in the Directors' Report, the Board revised the dividend policy during the year ended 30 June 2020 in recognition of the factors that were influencing the market. The Board also provided the Investment Manager with more flexibility to invest in growth stocks and widened the investment universe to include those companies which, despite being outside the mid-cap sector, would assist the Company to meet its dividend objectives.

Furthermore, the impact of COVID-19 on financial markets has highlighted the limitations of an investment strategy essentially restricted to Australian mid-cap equities, in contrast to the depth and breadth of opportunities in global equities markets. This has led the Board to conclude that the current investment strategy, managed by the Investment Manager, is no longer appropriate.

Being a relatively new Listed Investment Company has also meant that the Company does not have the benefit of a bank of retained earnings sufficient to maintain dividend levels during market downturns. At today's date, it is unlikely the Company will have sufficient retained profits or retained earnings in September 2020 from which to declare a final dividend for the year ended 30 June 2020.

Given the above, the independent members of the Board, in conjunction with the Investment Manager, have undertaken an extensive review of the Company, its investment strategy and, equally importantly, of alternative investment strategies and investment managers that may be able to deliver a better outcome for the shareholders than a continuation of the present strategy.

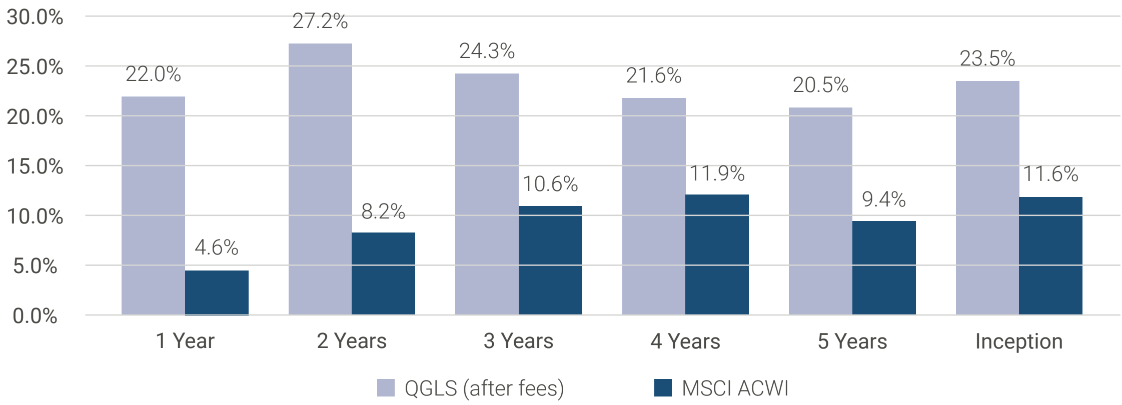
Following discussions with numerous alternate investment managers, the independent Directors and the Manager believe the proposed change to a global long short strategy, managed by a quality investment manager (WCM), is in the best long-term interests of Company shareholders. It was also taken against a background of the Company being unable to pay dividends. The Board expects the new strategy to grow the Company's NTA and generate distributable profits over time.

In making its decision, the independent Directors were of the view that combining the global long short investment strategy of WCM with the management arrangements in place with its current Investment Manager was the best option available to the Company and in the interests of shareholders.

WCM is a global growth equities manager based in Laguna Beach, California. WCM's investment philosophy and process are based on the belief that corporate culture is one of the largest influences on a company's ability to grow or deteriorate its competitive advantage, or 'economic moat'.

WCM has a record of outstanding investment performance across multiple investment strategies. The proposed strategy, the WCM Quality Global Growth Long Short Strategy has, since inception on 30 June 2014, generated a return of 23.5% per annum, outperforming its benchmark, the MSCI All Country World Index by an annualised 11.9% per annum.

WCM Quality Global Growth Long Short Track Record



The Board believes the selection of WCM has a number of material benefits for shareholders, including:

- an expansion of the investment universe and investment opportunities available to the Company;
- providing access to a top performing institutional asset manager with an outstanding long-term investment track record;
- the opportunity to grow the Company's NTA and generate distributable profits over time;
- the potential to increase liquidity and address the persistent share price discount to NTA;
- investment access for new investors, independent financial planners and other high-net-worth supporters of WCM;
- the expansion of the Company's shareholder base (through increased trading); and
- increasing the relevance of the Company in the marketplace under the WCM brand.

In tandem with the Company's proposed new investment strategy, on 12 August 2020 the Company announced that the Company has received binding commitments for a $9.8 million share placement to professional and sophisticated investors at $0.625 per share, resulting in the issue of approximately 15.8 million new shares. The placement resulted in a dilution of the NTA per share of approximately 1.5 cents per share.

The Board firmly believes in the benefits of increasing the scale of the Company and introducing new shareholders to the register, thereby attracting a manager of WCM's quality and addressing the share price discount to NTA. The strong demand from new investors also provides evidence of the support for the Company's new strategy and the increasing awareness of the WCM brand in the Australian market.

On 12 August 2020, the Board also announced an offer to all shareholders of the opportunity to increase their interest in the Company with the announcement of a Share Purchase Plan (SPP). The SPP offers shareholders the opportunity to acquire up to $30,000 of ordinary, fully paid shares in the Company without incurring any brokerage.

The SPP will be offered to existing shareholders at the same price as the share placement. Shareholders who participate in the SPP will be able to do so at an issue price of $0.625 per share to raise up $20.0 million, subject to the right of the Company to raise more or less. The SPP offer closes on Tuesday, 8 September 2020 and is not underwritten.

The Board is confident shareholders will benefit from the selection of WCM, a top-tier manager with outstanding long-term performance, which is well positioned to grow the portfolio and address the share price discount to NTA.

The new strategy is an exciting development for the Company, and the Board thanks all shareholders for their continued support.

There has been no other matter or circumstance, which has arisen since 30 June 2020 that has significantly affected or may significantly affect:

a. the operations, in financial years subsequent to 30 June 2020, of the Company, or
b. the results of those operations, or
c. the state of affairs, in financial years subsequent to 30 June 2020, of the Company.

Directors' Declaration

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 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 30 June 2020 and of its performance for the 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.

Mark Kerr

Mark Kerr
Chairman
Sydney
24 August 2020

Independent Auditor’s Report

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Contango Income Generator Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration of the Company.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of the investment portfolio	
Contango Income Generator Limited's investment portfolio as at 30 June 2020 includes listed equities and cash holdings. Investment valuation and existence was a key audit matter as the investment balance of $73,359,362 represents 90% of total assets. As detailed in the Company's accounting policy, described in Note 2(b) of the financial report, these financial assets are recognised at fair value through profit or loss in accordance with Australian Accounting Standards. Pricing, exchange rates and other market drivers can have a significant impact on the value of these financial assets and the financial report. Accordingly, valuation of the investment portfolio was considered a key audit matter.	We assessed the effectiveness of controls relating to the recognition and valuation of investments. We obtained and considered the assurance report on the controls of the Company's administrator and custodian in relation to the fund administration and custody services for the year ended 30 June 2020 and considered the auditor's qualifications, competence and objectivity and the results of their procedures. We agreed all investment holdings, including cash accounts, to third party confirmations at 30 June 2020. We assessed the fair value of all investments in the portfolio held at 30 June 2020. For listed securities, the values were verified against independently sourced market prices. We assessed the adequacy of the disclosures in Note 4 and Note 9 of the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Building a better working world

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 10 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Contango Income Generator Limited for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Luke Slater

Luke Slater
Partner
Melbourne
24 August 2020

Company Particulars

The Company was incorporated as a limited liability company in Victoria on 26 October 2012. The Company is a Listed Investment Company with its securities listed only on the Australian Stock Exchange.

Registered office

Level 6
10 Spring Street
Sydney NSW 2000

Directors

Mark Kerr (Chairman)
Don Clarke
Martin Switzer

Company Secretary

Anthony Rule

Auditor

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000

Investment Custodian

National Australia Bank Limited
500 Bourke Street
Melbourne VIC 3000

Share Registrar

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

Telephone 1300 850 505

Additional Information for Listed Companies

A. Security Holdings Data

Top 20 registered security holders

As at 31 July 2020, the twenty largest holders of the Company's ordinary shares and options are listed below:

Rank	Registered Holder	Ordinary Shares	%
1	HSBC Custody Nominees (Australia) Limited	22,559,601	21.48
2	J P Morgan Nominees Australia Pty Limited	3,223,453	3.07
3	Gold Tiger Investments Pty Ltd	2,000,000	1.90
4	Mrs Tracy Fraser	1,290,827	1.23
5	Picko Pty Ltd	996,733	0.95
6	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <Drp A/C>	766,137	0.73
7	Keiser Shipping & Transport Pty Ltd	750,000	0.71
8	Angus Mac Pty Ltd	748,770	0.71
9	Netwealth Investments Limited <Wrap Services A/C>	692,358	0.66
10	Keiser Investments Pty Ltd <Gann Family Retirement A/C>	569,149	0.54
11	Est Mr David Madden	531,915	0.51
12	Morgcam Pty Ltd	516,513	0.49
13	Pacific Point Partners Limited	507,614	0.48
14	Noonbah Pty Ltd <Noonbah S/F A/C>	400,000	0.38
15	Vaughan Agriculture Pty Ltd <D C Vaughan A/C>	400,000	0.38
16	Mr David Kenley <Kenley Super Plan A/C>	308,500	0.29
17	Careen Holdings Pty Ltd <Peter Lewin Retirement A/C>	300,000	0.29
18	Annie Oceana Pty Ltd <Ellis Super Fund A/C>	275,000	0.26
19	Mundiby Pty Ltd <M Pyle Super Fund A/C>	265,463	0.25
20	Bond Street Custodians Limited <Dommad - F06641 A/C>	254,001	0.24
	Total	**37,356,034**	**35.55**

Range of security holders

At 31 July 2020, there were 2,493 holders of ordinary shares. These holdings were distributed as follows:

	Share Holdings
1 - 1,000	145
1,001 - 5,000	374
5,001 - 10,000	369
10,001 - 100,000	1,485
100,001 Over	120
Total holders	2,493

There were 64 shareholdings of less than a marketable parcel of $500 (13,275 shares).

B. On-Market Buy Back

There was no buy-back activity undertaken during the year.

C. Investments and Transactions

As at 30 June 2020, the Company held investments in the following companies:

ASX Code	Name
ABC.AX	ADELAIDE BRIGHTON ORD
ALD.AX	AMPOL ORD
ALL.AX	ARISTOCRAT LEISURE ORD
ALX.AX	ATLAS ARTERIA ORD
APA.AX	APA GROUP UNT
APX.AX	APPEN ORD
AST.AX	AUSNET SERVICES ORD
ASX.AX	ASX ORD
AZJ.AX	AURIZON ORD
BAP.AX	BAPCOR ORD
BEN.AX	BENDIGO AND ADELAIDE BANK ORD
BKW.AX	BRICKWORKS ORD
BOQ.AX	BANK OF QUEENSLAND ORD
BRG.AX	BREVILLE GROUP ORD
BWP.AX	BWP TRUST ORD
CAR.AX	CARSALES.COM LIM ORD
CCL.AX	COCA COLA AMATIL ORD
CHC.AX	CHARTER HALL GRP UNT
COL.AX	COLES GROUP ORD
EVN.AX	EVOLUTION MINING ORD
EVT.AX	EVENT HOSPITALITY AND ENTERTAINM ORD
FMG.AX	FORTESCUE METALS GROUP ORD
GPT.AX	GPT GROUP UNT
GWA.AX	GWA GROUP ORD

ASX Code	Name
HPI.AX	HOTEL PROPERTY UNT
ILU.AX	ILUKA RESOURCES ORD
IRE.AX	IRESS ORD
LOV.AX	LOVISA HOLDINGS ORD
MFG.AX	MAGELLAN FINANCIAL GROUP ORD
MYS.AX	MYSTATE ORD
OML.AX	OOH!MEDIA ORD
ORA.AX	ORORA ORD
ORG.AX	ORIGIN ENERGY ORD
OZL.AX	OZ MINERALS ORD
REA.AX	REA GROUP ORD
SGP.AX	STOCKLAND UNT
SGR.AX	THE STAR ENTERTAINMENT GROUP ORD
SIQ.AX	SMARTGROUP CORPORATION ORD
SKI.AX	SPARK INFRASTRUCTURE GROUP UNT
SUN.AX	SUNCORP GROUP ORD
SXL.AX	SOUTHERN CROSS MEDIA GROUP ORD
SYD.AX	SYDNEY AIRPORT UNT
TAH.AX	TABCORP HOLDINGS ORD
URW.AX	UNIBAIL-RODAMCO-WESTFIELD CDI
WBC.AX	WESTPAC BANKING CORPORATION ORD
WEB.AX	WEBJET ORD
WPR.AX	WAYPOINT REIT STAPLED UNT

D. Transaction Data

Over the 12 months ended 30 June 2020, the Company executed 128 purchase transactions and 207 sale transactions. The total brokerage paid or accrued during this period was $398,872.

Contango. | Income Generator

Level 6, 10 Spring Street
Sydney NSW 2000 Australia

W contango.com.au
E invest@contango.com.au
P 1300 001 750