



Contango Income Generator Limited

TARGET'S STATEMENT

The CIE Board recommend shareholders who want to stay invested in the WCM Global Long Short Strategy should reject WAM's offer.

Reasons for the recommendation and reasons why shareholders might prefer to accept WAM's offer are set out in the Target Statement.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to how to deal with this document, please contact your legal, financial, taxation or other professional adviser.

Signed for the purposes of section 351
of the *Corporations Act 2001* (Cth) by:

.....
Name: Mark Kerr
Title: Chairman and Non-Executive Director
Date: 28/10/2020

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Chairman's letter

28 October 2020

Dear fellow CIE Shareholder,

None of the CIE Directors presently intend to accept the Offer in respect of their CIE Shares. The CIE Board recommend shareholders who want to stay invested in the WCM Global Long Short Strategy should reject WAM's offer.

I am writing to Contango Income Generator Limited shareholders in response to the off-market takeover offer from WAM Capital Limited (**WAM**) for all CIE Shares that WAM does not currently hold for a consideration of 1 WAM Share for every 3 CIE Shares (**WAM Offer** or **Offer**).

Your Directors believe that the Offer may not adequately reflect the improved environment for CIE Shares as the new investment strategy is implemented by its manager, Contango Funds Management Limited (**Manager** or **CGA**) and WCM Investment Management, LLC (**WCM**).

CIE Shareholders strongly endorsed the new Company investment strategy of the WCM Quality Global Growth Long Short Strategy, which is now in the process of being implemented¹.

The CIE Board strongly believes shareholders should allow this strategy to prove itself without the uncertainty of a further change in investment strategy and/ or investment manager. When combined with stability and continuity in the management of CIE, the CIE Board believes this top-tier strategy is in the best interests of CIE Shareholders. The Company has completely liquidated its portfolio and commenced investing in the WCM Quality Global Growth Long Short Strategy with the initial investment processed on 1 October 2020.

Recommendation: CIE Shareholders who wish to remain invested in the new WCM Quality Global Growth Long Short strategy should REJECT the Offer. Those shareholders will also gain access to the intended renounceable rights issue described below.

The CIE Board recommends that:

1. Shareholders who want to remain invested in the new WCM Quality Global Growth Long Short strategy should **reject the WAM Offer**. Those shareholders will also gain access to the intended renounceable rights issue described below.
2. Shareholders who do not want to remain invested in the new WCM Quality Global Growth Long Short strategy should **accept the WAM Offer** as the WAM Offer;
 - a. values CIE shares at \$0.783 per share², representing a premium of:
 - i. a 23.4% premium to CIE's share price before the announcement of the WAM Offer; and
 - ii. a 7.5% premium to CIE's 30 September 2020 pre-tax net tangible assets (**NTA**) per share; and
 - b. will provide those CIE shareholders with a choice to:
 - i. remain a WAM shareholder; or
 - ii. utilise WAM's on-market liquidity to exit their investment.

¹ Voted for by shareholders at the Company's extraordinary general meeting on 18 September 2020.

² Based on WAM's closing share price on 26 October 2020 of \$2.35 per share.

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In summary, the reasons for your Board's recommendation to **reject the Offer** are:

1. The WCM Quality Global Growth Long Short Strategy is the best available strategy to deliver superior value for CIE Shareholders
2. Shareholders have strongly endorsed the move to the WCM Quality Global Growth Long Short Strategy
3. WCM is a world-class fund manager with an outstanding track record across multiple investment strategies
4. The CIE Board has a clear plan to deliver earnings growth and value to shareholders
5. Those shareholders who remain invested will gain access to the intended renounceable rights issue as part of a proposed Company restructure

1. The WCM Quality Global Growth Long Short Strategy is the best available strategy to deliver superior value for CIE Shareholders

The choice of the WCM Quality Global Growth Long Short Strategy and investment management arrangements involving WCM followed an extensive review of CIE's activities, its investment strategy and, equally importantly, of alternative investment strategies and investment managers that may be able to deliver a better outcome for CIE Shareholders over the longer-term than a continuation of its former strategy.

Your Directors continue to believe that the WCM Quality Global Growth Long Short Strategy is the best strategy that was readily available to CIE at the time of its review in mid-2020 and that it offers CIE and CIE Shareholders the best option for investment returns over the longer-term.

2. Shareholders have strongly endorsed the move to the WCM Quality Global Growth Long Short Strategy

Following its extensive review of CIE's activities, the CIE Board believed that the WCM Quality Global Growth Long Short Strategy, of all of the alternative investment strategies and investment managers reviewed by CIE, offered a better outcome for CIE Shareholders than a continuation of its former strategy.

The Board was delighted with the high level of engagement and strong support of shareholders when approving the WCM Quality Global Growth Long Short Strategy, for the Company's investment portfolio on 18 September 2020. The Company has liquidated its portfolio and commenced investing in the WCM Quality Global Growth Long Short Strategy with the initial investment processed on 1 October 2020.

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.

Shareholders who endorsed the move to the WCM Quality Global Growth Long Short Strategy will not be able to realise any upside following from the new investment strategy if they accept the Offer.

3. WCM is a world-class fund manager with an outstanding track record across multiple investment strategies

WCM has an excellent track record of performance. WCM currently manages in excess of A\$85 billion³ on behalf of institutional and retail investors around the world. WCM entered the Australian market in 2013 and manages approximately A\$2.5 billion for Australian investors⁴. Based on its

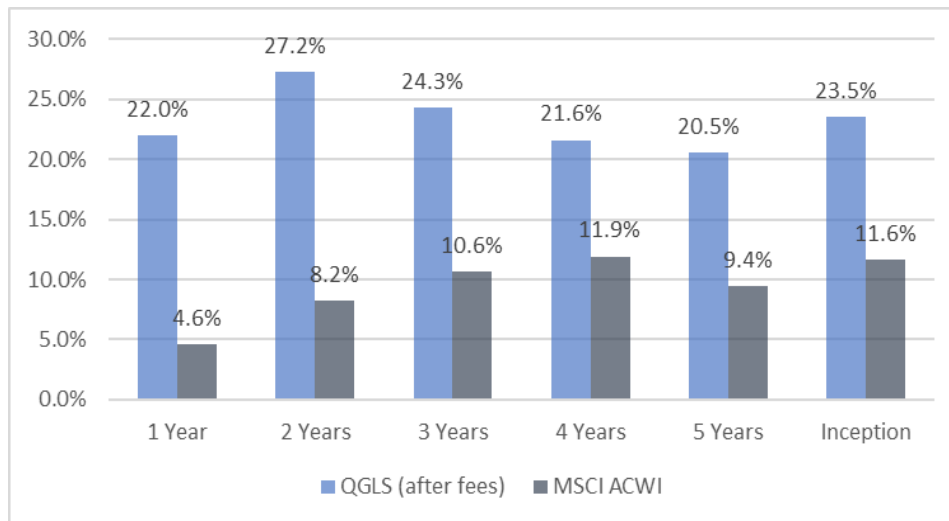
³ Data as at 30 June 2020. First published on the ASX in the EGM NOM dated 20 August 2020

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

As evidence of its performance, the WCM Quality Global Growth Long Short Strategy has, since inception on 30 June 2014, generated a return of 23.5% per annum⁴, outperforming its benchmark, the MSCI All Country World Index by an annualised 11.9% per annum⁴.

WCM Quality Global Growth Long Short Track Record



WCM also has a long-term track record of outstanding investment performance across its other investment strategies. For example, WCM currently distributes global large-cap and international small-cap strategies to the Australian institutional and retail markets. Both strategies have significantly outperformed their respective benchmarks since inception.

Since WCM's successful LIC that was floated in June 2017, WCM Global Growth Limited, has generated a return of 17.6% after fees⁵ and that company is already rewarding shareholders with dividends that are now partially franked. Retail access for Australian investors to the WCM Quality Global Growth Long Short Strategy makes CIE a more attractive investment option for additional investors and WCM looks to improving the investment performance of CIE, which should increase liquidity, grow the size of the Company and most importantly increase shareholder value.

The Board believes that the decision to move to the WCM Quality Global Growth Long Short Strategy, will provide CIE Shareholders with a number of other material benefits, including:

- a superior investment performance as proved by the consistent outperformance of WCM
- an expansion of the investment universe and investment opportunities available to CIE;
- an improved opportunity (compared to the continuation of CIE's previous investment strategy) to grow the Company's NTA and generate distributable profits over time;
- the potential to increase liquidity and therefore address the persistent share price discount to NTA;
- investment access for new investors, independent financial planners and other high-net-worth supporters of WCM;

⁴ Data as at 30 June 2020 in AUD. Performance presented is net of fees and includes the reinvestment of all dividends and income.
⁵ 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 WCM Global Growth Limited is 21 June 2017.

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- the expansion of CIE's shareholder base (through increased trading); and
- increasing the relevance of the Company in the marketplace under the WCM brand.

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

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

- investment performance;
- increase the scale of the Company;
- active capital management; and
- enhanced shareholder communication and engagement.

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

5. Those shareholders who remain invested will gain access to the intended renounceable rights issue as part of a proposed Company restructure

On Tuesday 27 October 2020 CIE announced on the ASX a proposed company restructure following the close of the WAM offer. As part of this restructure Shareholders who remain on the register following the close of the WAM offer will receive a renounceable 1 for 1 offer with a free attaching option.

CIE intends to undertake a renounceable offer of 1 new CIE share for each 1 CIE share held, at 90% of NTA at the time of the offer. Each new share will have a free attaching option exercisable at any time over the following eighteen months, at the same price as the rights issue. This will be available only to CIE shareholders on the register following close of the WAM Offer and the buy-back (selective or equal access) detailed in the ASX announcement dated 27 October 2020.

Restructure

The CIE Board, after considering available options, sets out below the terms of a proposed restructure following close of the WAM Offer (**Restructure**). The Restructure will proceed subject to any relevant CIE shareholder and regulatory approvals required.

The Restructure involves:

1. A change in the name of the company from Contango Income Generator Limited to WCM Global Long Short Limited (if approved by special resolution).
2. A selective buy-back of CIE shares held by WAM, at NTA less transaction costs (excluding capital raising costs associated with the Restructure) (**Transaction Costs**). This will require approval by special resolution excluding WAM and its associates.
3. If the selective buy-back is not approved, an equal access buy-back of CIE shares at NTA less Transaction Costs (if approved by ordinary resolution).
4. A renounceable 1 for 1 rights offer with a free attaching option, which will be available to CIE shareholders on the register following the close of the WAM Offer and after the (selective or equal access) buyback referred to above.
5. An offer for new CIE shares to members of the public.
6. A change in the composition of the board of the Company – in which respect, Mr Don Clarke has tendered his resignation and Mr Andrew Meakin has been appointed to the board of the Company.

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The CIE Board will convene an extraordinary general meeting (**EGM**) of shareholders, to be held as soon as reasonably practicable, to consider the Restructure.

The Restructure offers substantial benefits for CIE shareholders, including the flexibility to:

1. participate (including by increasing their CIE shareholding under the rights offer and public offer proposed) in CIE's new investment strategy currently under implementation;
2. if a selective buy-back is implemented, deliver an exit opportunity for WAM; and
3. if an equal access buy-back is implemented, exit from CIE at net tangible asset (**NTA**) value per CIE share, less Transaction Costs.

If the Restructure proceeds, the CIE Board believes it will result in a listed investment company (**LIC**) with a larger capital and shareholder base, together with a clear plan under which the restructured CIE would have a share price trading at or near the NTA value per CIE share.

The CIE Board believes that the Restructure provides CIE shareholders with a superior outcome, with greater certainty and flexibility than the status quo in which one or more of CIE's larger shareholders is not currently aligned with the new WCM Quality Global Growth Long Short strategy approved by shareholders on 18 September 2020.

The CIE Directors do recognise that for those CIE shareholders who voted against the adoption of the new global long short investment strategy and/or those CIE Shareholders who do not wish to retain their shareholding in CIE in the longer term the WAM Offer does present them with the opportunity, based on the Offer Consideration and the respective current market prices of CIE and WAM shares, to realise their investment in CIE at a more attractive price than would have been achievable prior to the launch of WAM's takeover bid. WAM's bid is also unconditional so there is surety of receipt of consideration for those CIE shareholders who do accept the bid.

The CIE Board recommends that Shareholders who do not want to remain invested in the new WCM Quality Global Growth Long Short strategy should **accept the WAM Offer** as the WAM Offer will provide those CIE shareholders with a choice to:

- remain a WAM shareholder; or
- utilise WAM's on-market liquidity to exit their investment.

The CIE Board nevertheless recommend that shareholders who share the Board's view about the WCM Quality Global Growth Long Short Strategy reject the Offer by ignoring all documentation sent to you by WAM.

It is the firm belief of the CIE Directors that:

- the stability in the future management of CIE;
- the outstanding track record of WCM (over all strategies and time frames); and
- the strong shareholder support for the new investment strategy,

offers CIE Shareholders the longer-term option for the creation of value.

You should read this Target's Statement in its entirety. You should also carefully consider the Offer having regard to your own personal risk profile, investment strategy and tax position. You may also wish to seek independent legal, financial, taxation or other professional advice in relation to your overall assessment of the Offer.

Your Directors will continue to keep you updated on all material developments relating to the Offer. All company announcements are available on our website, www.contango.com.au. In the meantime, if you have any questions in relation to this Target's Statement, please call us directly on 1300 001 750.

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Yours sincerely,



Mark Kerr
Chairman
Contango Income Generator Limited

For enquiries please contact:

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Contango Asset Management is the investment manager of Contango Income Generator Limited

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Key dates

Offer announced. Bidder's Statement lodged with CIE, ASIC and ASX	28 September 2020
Offer Period commenced	13 October 2020
Offer freed of defeating conditions	19 October 2020
Date of this Target's Statement	28 October 2020
Offer Period closes (unless Offer is extended or withdrawn)	13 November 2020

Important notices

1.1 Target's Statement

This document is a Target's Statement dated 28 October 2020 and is issued by Contango Income Generator Limited ACN 160 959 991 (**CIE**) under Part 6.5 Division 3 of the Corporations Act. This Target's Statement sets out the CIE Board's formal response to the off-market takeover offer made by WAM Capital Limited ACN 086 587 395 (**WAM**) in its Bidder's Statement.

1.2 ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with ASIC and ASX on 28 October 2020. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the content of this Target's Statement.

1.3 WAM information in this Target's Statement

The information in this Target's Statement in relation to WAM has been prepared by CIE using publicly available information including the Bidder's Statement. CIE and its Directors are unable to verify the accuracy or completeness of that information. The information on WAM in this Target's Statement should not be considered comprehensive. Accordingly, to the maximum extent permitted by law, CIE does not make any representation or warranty, express or implied, as to the accuracy or completeness of that information.

1.4 Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, their actual calculations may differ from the calculations set out in this Target's Statement.

1.5 Charts, maps and diagrams

Any diagrams, charts, maps, graphs or tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date immediately prior to the date of this Target's Statement.

1.6 No account of personal circumstances

This Target's Statement does not take into account your individual investment objectives, financial situation or particular needs. It does not contain personal advice. CIE is not licensed to provide financial product advice in relation to CIE Shares or any other financial products. This Target's Statement should not be relied on as the sole basis for any investment decision in relation to CIE Shares or the Offer generally. The Directors encourage you to obtain independent legal, financial, taxation or other professional advice before deciding whether or not to accept the Offer.

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1.7 Forward-looking statements

Some statements in this Target's Statement are in the nature of forward-looking statements. You should be aware that these statements are predictions only and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to CIE as well as general economic conditions and conditions in the financial markets, exchange rates, interest rates and the regulatory environment, many of which are outside the control of CIE and its Directors. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement.

None of CIE (nor any of its officers and employees) or any person named in this Target's Statement with their consent or anyone involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement or any events or results expressed or implied in any forward-looking statement, except to the extent required by law. You are cautioned not to place undue reliance on those statements.

The forward-looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. CIE has no obligation to disseminate any updates or revisions to any statements to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any of those statements are based unless it is required under Division 4 of Part 6.5 of the Corporations Act to update or correct this Target's Statement (i.e. for certain matters that are material from the point of view of a Shareholder) or under its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules.

1.8 Privacy statements

CIE has collected your information from the CIE share registry for the purpose of providing you with this Target's Statement. The type of information CIE has collected about you includes your name, contact details and information on your CIE shareholding. The Corporations Act requires the name and address of Shareholders to be held in a public register.

1.9 Shareholder enquiries

CIE encourages Shareholders to call CIE on 1300 001 750 if you have any queries in relation to the Offer. We are available Monday to Friday between 9.00am and 5.30pm (AEDT).

For queries regarding your CIE shareholding please contact CIE's share registry, Computershare Investor Services Pty Limited (Computershare) Monday to Friday (except public holidays) between 8.30am to 5.00pm (AEDT):

T: 1300 850 505 (within Australia)

T: +61 3 9415 4000 (outside Australia)

E: web.queries@computershare.com.au

1.10 Defined terms

Certain terms used in this Target's Statement have defined meanings, as set out in Section 9 of this Target's Statement.

1.11 No internet site is part of this Target's Statement

No internet site is part of this Target's Statement. CIE maintains an internet site (<https://contango.com.au/funds/cie/>). Any references in this Target's Statement to this internet site are textual references only and the information contained on the site does not form part of this Target's Statement.

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What do your Directors recommend?

REJECT the Offer
To REJECT the Offer TAKE NO ACTION
Ignore all documents sent to you by WAM

Your Directors' reasons to **REJECT** the Offer

- 1. The WCM Quality Global Growth Long Short Strategy is the best available strategy to deliver superior value for CIE Shareholders*
- 2. Shareholders have strongly endorsed the move to the WCM Quality Global Growth Long Short Strategy*
- 3. WCM is a world-class fund manager with an outstanding track record across multiple investment strategies*
- 4. The CIE Board has a clear plan to deliver earnings growth and value to shareholders*
- 5. Those shareholders who remain invested will gain access to the intended renounceable rights issue as part of a proposed Company restructure*

Section 2.2 of this Target's Statement elaborates on these key reasons.

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2. Your Directors' evaluation of the Offer

2.1 Recommendation

Your Directors unanimously recommend that you **REJECT** the Offer, for the reasons set out in Section 2.2 of this Target's Statement.

In evaluating the Offer, your Directors encourage you to:

- read the whole of this Target's Statement and the Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the choices available to you and ensure you understand the consequences of those choices, as outlined in Section 4 of this Target's Statement;
- carefully consider Section 2.2 (Reasons why you should **REJECT** the Offer) and Section 5 (Information about the Offer and other important issues) of this Target's Statement; and
- seek independent financial, legal, taxation or other professional advice if you are in any doubt as to what you should do in response to the Offer.

Your Directors will keep you informed of any material developments relating to the Offer.

2.2 Reasons why you should REJECT the Offer

Your Directors believe that the Offer may not adequately reflect the improved environment for CIE Shares as the new investment strategy is implemented by its manager, Contango Funds Management Limited (**Manager** or **CGA**) and WCM Investment Management, LLC (**WCM**).

CIE Shareholders strongly endorsed the new Company investment strategy of the WCM Quality Global Growth Long Short Strategy, which is now in the process of being implemented⁶.

The CIE Board strongly believes shareholders should allow this strategy to prove itself without the uncertainty of a further change in investment strategy and/ or investment manager. When combined with stability and continuity in the management of CIE, the CIE Board believes this top-tier strategy is in the best interests of CIE Shareholders. The Company has completely liquidated its portfolio and commenced investing in the WCM Quality Global Growth Long Short Strategy with the initial investment processed on 1 October 2020.

Recommendation: **CIE Shareholders who wish to remain invested in the new WCM Quality Global Growth Long Short strategy should REJECT the Offer.** Those shareholders will also gain access to the intended renounceable rights issue described below.

The CIE Board recommends that:

1. Shareholders who want to remain invested in the new WCM Quality Global Growth Long Short strategy should **reject the WAM Offer**. Those shareholders will also gain access to the intended renounceable rights issue described below.
2. Shareholders who do not want to remain invested in the new WCM Quality Global Growth Long Short strategy should **accept the WAM Offer** as the WAM Offer;
 - a. values CIE shares at \$0.783 per share⁷, representing a premium of:
 - i. a 23.4% premium to CIE's share price before the announcement of the WAM Offer; and
 - ii. a 7.5% premium to CIE's 30 September 2020 pre-tax net tangible assets (**NTA**) per share; and
 - b. will provide those CIE shareholders with a choice to:
 - i. remain a WAM shareholder; or

⁶ Voted for by shareholders at the Company's extraordinary general meeting on 18 September 2020.

⁷ Based on WAM's closing share price on 26 October 2020 of \$2.35 per share

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- ii. utilise WAM's on-market liquidity to exit their investment.

In summary, the reasons for your Board's recommendation to **reject the Offer** are:

1. The WCM Quality Global Growth Long Short Strategy is the best available strategy to deliver superior value for CIE Shareholders
2. Shareholders have strongly endorsed the move to the WCM Quality Global Growth Long Short Strategy
3. WCM is a world-class fund manager with an outstanding track record across multiple investment strategies
4. The CIE Board has a clear plan to deliver earnings growth and value to shareholders
5. Those shareholders who remain invested will gain access to the intended renounceable rights issue as part of a proposed Company restructure

1. 1. The WCM Quality Global Growth Long Short Strategy is the best available strategy to deliver superior value for CIE Shareholders

The choice of the WCM Quality Global Growth Long Short Strategy and investment management arrangements involving WCM followed an extensive review of CIE's activities, its investment strategy and, equally importantly, of alternative investment strategies and investment managers that may be able to deliver a better outcome for CIE Shareholders over the longer-term than a continuation of its former strategy.

Your Directors continue to believe that the WCM Quality Global Growth Long Short Strategy is the best strategy that was readily available to CIE at the time of its review in mid-2020 and that it offers CIE and CIE Shareholders the best option for investment returns over the longer-term.

2. Shareholders have strongly endorsed the move to the WCM Quality Global Growth Long Short Strategy

Following its extensive review of CIE's activities, the CIE Board believed that the WCM Quality Global Growth Long Short Strategy, of all of the alternative investment strategies and investment managers reviewed by CIE, offered a better outcome for CIE Shareholders than a continuation of its former strategy.

The Board was delighted with the high level of engagement and strong support of shareholders when approving the WCM Quality Global Growth Long Short Strategy, for the Company's investment portfolio on 18 September 2020. The Company has liquidated its portfolio and commenced investing in the WCM Quality Global Growth Long Short Strategy with the initial investment processed on 1 October 2020.

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.

Shareholders who endorsed the move to the WCM Quality Global Growth Long Short Strategy will not be able to realise any upside following from the new investment strategy if they accept the Offer.

3. WCM is a world-class fund manager with an outstanding track record across multiple investment strategies

WCM has an excellent track record of performance. WCM currently manages in excess of A\$85 billion⁸ on behalf of institutional and retail investors around the world. WCM entered the Australian market in 2013 and manages approximately A\$2.5 billion for Australian investors⁴. Based on its

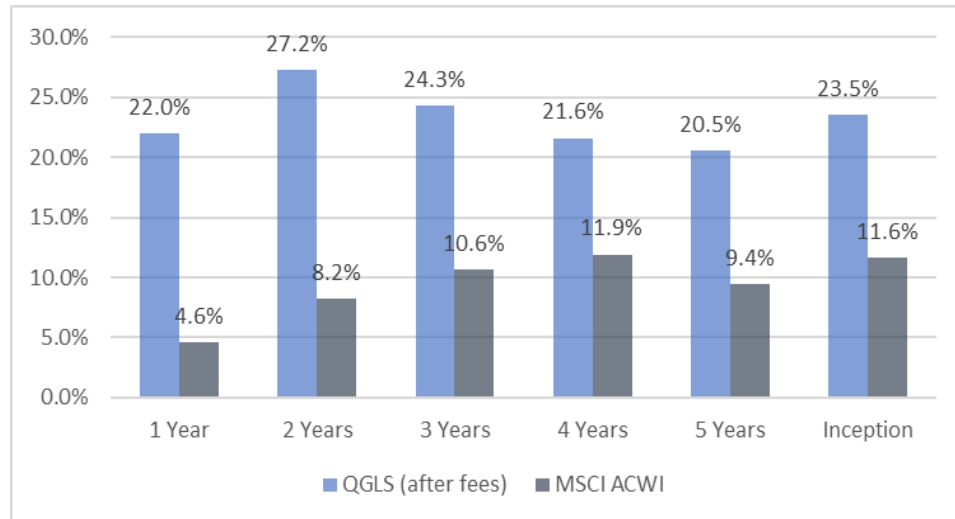
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outstanding long-term investment track record across multiple strategies, the Board believes the appointment of WCM is a very positive outcome for the Company.

As evidence of its performance, the WCM Quality Global Growth Long Short Strategy has, since inception on 30 June 2014, generated a return of 23.5% per annum⁹, outperforming its benchmark, the MSCI All Country World Index by an annualised 11.9% per annum⁵.

WCM Quality Global Growth Long Short Track Record



WCM also has a long-term track record of outstanding investment performance across its other investment strategies. For example, WCM currently distributes global large-cap and international small-cap strategies to the Australian institutional and retail markets. Both strategies have significantly outperformed their respective benchmarks since inception.

Since WCM's successful LIC that was floated in June 2017, WCM Global Growth Limited, has generated a return of 17.6% after fees¹⁰ and that company is already rewarding shareholders with dividends that are now partially franked. Retail access for Australian investors to the WCM Quality Global Growth Long Short Strategy makes CIE a more attractive investment option for additional investors and WCM looks to improving the investment performance of CIE, which should increase liquidity, grow the size of the Company and most importantly increase shareholder value.

The Board believes that the decision to move to the WCM Quality Global Growth Long Short Strategy, will provide CIE Shareholders with a number of other material benefits, including:

- a superior investment performance as proved by the consistent outperformance of WCM;
- an expansion of the investment universe and investment opportunities available to CIE;
- an improved opportunity (compared to the continuation of CIE's previous investment strategy) to grow the Company's NTA and generate distributable profits over time;
- the potential to increase liquidity and therefore 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 CIE's shareholder base (through increased trading); and
- increasing the relevance of the Company in the marketplace under the WCM brand.

⁹ Data as at 30 June 2020 in AUD. Performance presented is net of fees and includes the reinvestment of all dividends and income.
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4. The CIE Board has a clear plan to deliver earnings growth and value to shareholders

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

- investment performance;
- increase the scale of the Company;
- active capital management; and
- enhanced shareholder communication and engagement.

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

5. Those shareholders who remain invested will gain access to the intended renounceable rights issue as part of a proposed Company restructure

On Tuesday 27 October 2020 CIE announced on the ASX a proposed company restructure following the close of the WAM offer. As part of this restructure Shareholders who remain on the register following the close of the WAM offer will receive a renounceable 1 for 1 offer with a free attaching option.

CIE intends to undertake a renounceable offer of 1 new CIE share for each 1 CIE share held, at 90% of NTA at the time of the offer. Each new share will have a free attaching option exercisable at any time over the following eighteen months, at the same price as the rights issue. This will be available only to CIE shareholders on the register following close of the WAM Offer and the buy-back (selective or equal access) detailed in the ASX announcement dated 27 October 2020.

Restructure

The CIE Board, after considering available options, sets out below the terms of a proposed restructure following close of the WAM Offer (**Restructure**). The Restructure will proceed subject to any relevant CIE shareholder and regulatory approvals required.

The Restructure involves:

1. A change in the name of the company from Contango Income Generator Limited to WCM Global Long Short Limited (if approved by special resolution).
2. A selective buy-back of CIE shares held by WAM, at NTA less transaction costs (excluding capital raising costs associated with the Restructure) (**Transaction Costs**). This will require approval by special resolution excluding WAM and its associates.
3. If the selective buy-back is not approved, an equal access buy-back of CIE shares at NTA less Transaction Costs (if approved by ordinary resolution).
4. A renounceable 1 for 1 rights offer with a free attaching option, which will be available to CIE shareholders on the register following the close of the WAM Offer and after the (selective or equal access) buyback referred to above.
5. An offer for new CIE shares to members of the public.
6. A change in the composition of the board of the Company – in which respect, Mr Don Clarke has tendered his resignation and Mr Andrew Meakin has been appointed to the board of the Company.

The CIE Board will convene an extraordinary general meeting (**EGM**) of shareholders, to be held as soon as reasonably practicable, to consider the Restructure.

The Restructure offers substantial benefits for CIE shareholders, including the flexibility to:

1. participate (including by increasing their CIE shareholding under the rights offer and public offer proposed) in CIE's new investment strategy currently under implementation;
2. if a selective buy-back is implemented, deliver an exit opportunity for WAM; and

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3. if an equal access buy-back is implemented, exit from CIE at net tangible asset (NTA) value per CIE share, less Transaction Costs.

If the Restructure proceeds, the CIE Board believes it will result in a listed investment company (LIC) with a larger capital and shareholder base, together with a clear plan under which the restructured CIE would have a share price trading at or near the NTA value per CIE share.

The CIE Board believes that the Restructure provides CIE shareholders with a superior outcome, with greater certainty and flexibility than the status quo in which one or more of CIE's larger shareholders is not currently aligned with the new WCM Quality Global Growth Long Short strategy approved by shareholders on 18 September 2020.

The CIE Directors do recognise that for those CIE shareholders who voted against the adoption of the new global long short investment strategy and/or those CIE Shareholders who do not wish to retain their shareholding in CIE in the longer term the WAM Offer does present them with the opportunity, based on the Offer Consideration and the respective current market prices of CIE and WAM shares, to realise their investment in CIE at a more attractive price than would have been achievable prior to the launch of WAM's takeover bid. WAM's bid is also unconditional so there is surety of receipt of consideration for those CIE shareholders who do accept the bid.

The CIE Board recommends that Shareholders who do not want to remain invested in the new WCM Quality Global Growth Long Short strategy should **accept the WAM Offer** as the WAM Offer will provide those CIE shareholders with a choice to:

- remain a WAM shareholder; or
- utilise WAM's on-market liquidity to exit their investment.

The CIE Board nevertheless recommend that shareholders who share the Board's view about the WCM Quality Global Growth Long Short Strategy reject the Offer by ignoring all documentation sent to you by WAM.

It is the firm belief of the CIE Directors that:

- the stability in the future management of CIE;
- the outstanding track record of WCM (over all strategies and time frames); and
- the strong shareholder support for the new investment strategy,

offers CIE Shareholders the longer-term option for the creation of value.

2.3 Your Directors do not presently intend to accept the Offer

Your Directors believe that delivery of the WCM Quality Global Growth Long Short Strategy offers greater value to CIE Shareholders over the longer-term than by accepting the Offer and receiving the Offer Consideration. Accordingly, your Directors do not presently intend to accept the Offer. However each Director expressly reserves the right to accept the Offer or to otherwise dispose of their CIE shares at a later time.

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3. Frequently asked questions

This Section answers some questions you may have about the Offer. It is not intended to address all relevant issues for CIE Shareholders. This Section should be read in conjunction with all other parts of this Target's Statement.

Question	Answer
The Offer	
What is WAM offering for my CIE Shares?	WAM is offering 1 WAM Share for every 3 CIE Shares, with any fractional entitlement of 0.5 or more being rounded up to the nearest whole WAM Share and any fractional entitlement of less than 0.5 rounded down to the nearest whole WAM Share.
Who is WAM?	WAM Capital Limited (ASX: WAM) is a listed investment company. WAM is managed by Wilson Asset Management. Listed in August 1999, WAM provides investors with exposure to an actively managed, diversified portfolio of undervalued growth companies listed on the ASX, with a focus on small-to-medium sized businesses. WAM's investment objectives are to deliver a stream of fully franked dividends, provide capital growth and preserve capital.
Did CIE have any knowledge of WAM's intention to make its Offer?	No. The Offer was unsolicited and made without any prior notice to or consultation with CIE. WAM first informed CIE of its intention to make the Offer just before WAM lodged its original Bidder's Statement with ASX and ASIC on 28 September 2020.
What choices do I have in response to the Offer?	<p>As a Shareholder you have the following three choices in respect of your CIE Shares:</p> <ul style="list-style-type: none"> ▪ REJECT the Offer and remain a CIE Shareholder – to reject the Offer simply do nothing – ignore all documents sent to you by WAM. This option is your Directors' recommendation; ▪ sell your CIE Shares on the ASX (unless you have previously accepted the Offer). As at the date of this Target's Statement, the VWAP of CIE Shares since WAM announced its Offer is A\$0.71 per Share¹¹. ▪ accept the Offer by following the instructions set out in sections 1 and 4 of the Bidder's Statement and clause 6 of the Offer (Terms of the Offer in Schedule 1 to the Bidder's Statement). <p>There are implications for you in relation to each of these choices. An outline of these implications is set out in Section 4 of this Target's Statement.</p>
Will CIE remain listed on the ASX?	That depends on the outcome of the Offer. Assuming the Offer is successful and WAM acquires 90% of CIE Shares, WAM has said that it will proceed to compulsory acquisition, which will result in CIE being delisted. If WAM controls more than 50.1% but less than 90% of CIE Shares, WAM may seek to remove CIE from the official list of ASX. See Section 5.5 for further details.
Does the Offer extend to all CIE Shares?	Yes. The Offer extends to all existing CIE Shares and to all new CIE Shares that are issued after the date of the Offer.
How to respond to the Offer	
What do your Directors recommend?	Your Directors unanimously recommend that you REJECT the Offer, for the reasons set out in Section 2.2 of this Target's Statement. If there is a change to this recommendation or any material developments in relation to the Offer, CIE will keep you fully informed.

¹¹ Calculated using the cumulative volume and cumulative value of CIE Shares traded over the period from 28 September 2020 to 26 October 2020 inclusive (source: Bloomberg)

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Question	Answer
What do your Directors intend to do with their own Shares?	Your Directors believe that delivery of the WCM Quality Global Growth Long Short Strategy offers greater value over the longer-term than by accepting the Offer and receiving the Offer Consideration. Accordingly, your Directors do not presently intend to accept the Offer. However, each Director expressly reserves the right to accept the Offer at a later time.
When do I have to make a decision?	If you wish to follow your Directors' recommendation to REJECT the Offer, you do not need to do anything. You should IGNORE all documents received from WAM. If you wish to accept the Offer, you must do so before its scheduled closing date. WAM has stated that its Offer remains open until 7.00pm (Sydney time) on 13 November 2020. WAM has reserved the right to extend the Offer Period in accordance with the Corporations Act. In addition, the Offer Period may be extended automatically in certain circumstances. See Section 5.7 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.
Will WAM increase its Offer?	WAM has not declared its Offer to be final. Accordingly, it remains open for WAM to increase its Offer if it chooses. However, CIE cannot say whether WAM will in fact increase its Offer as this is a matter for WAM.
What happens if WAM increases its Offer or another offer emerges?	If WAM increases its Offer or another offer emerges, your Directors will carefully consider the revised offer and advise Shareholders accordingly.
What happens if I accept the Offer and a superior offer is subsequently made by a third party for my CIE Shares?	If you accept the Offer, you will be legally bound to sell your CIE Shares and will not be able to withdraw your acceptance. Accordingly, if you accept the Offer, you will be unable to accept any other superior offer that may emerge. As at the date of this Target's Statement, your Directors are not aware of any other offer or of any negotiations and/or discussions that may lead to any other offer being made for your CIE Shares. If any such other offer is made or any circumstances occur which, in the opinion of your Directors may eventuate in an alternate offer for your CIE Shares, CIE will update CIE Shareholders on all material developments.
What happens if I do nothing?	You will remain a CIE Shareholder. If WAM acquires between 50% and 90% of CIE Shares under the Offer, you will be a minority shareholder in CIE. The implications of this outcome are described in Section 5.4 of this Target's Statement. If WAM acquires 90% or more of CIE's Shares, WAM states that it intends to compulsorily acquire your CIE Shares. See Section 5.6 of this Target's Statement for more details.
What are the risks associated with continuing to hold CIE Shares?	Those risks are outlined in Section 6.5 of this Target's Statement.
If I accept the Offer now, can I withdraw my acceptance later?	No. If you accept the Offer, you will be legally bound to sell your CIE Shares to WAM and you cannot later withdraw your acceptance.
Can WAM extend the closing date of its Offer?	Yes. WAM has stated that its Offer remains open until 7.00pm (Sydney time) on 13 November 2020, unless it is withdrawn or extended under the Corporations Act. WAM has reserved the right to extend the Offer Period in accordance with the Corporations Act. In addition, the Offer Period may be extended automatically in certain circumstances. See Section 5.7 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.
Can I be forced to sell my CIE Shares?	You cannot be forced to sell your CIE Shares unless WAM is legally allowed to proceed to compulsory acquisition of CIE Shares. You may be forced to sell your shares if WAM acquires at least 90% of all CIE Shares (under the Offer or otherwise) and elects to proceed to compulsorily acquire the outstanding CIE Shares.

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Question	Answer
	<p>If WAM does compulsorily acquire the outstanding CIE Shares following its acquisition of at least 90% of CIE Shares under the Offer, you will receive the same Offer Consideration for your CIE Shares that you would have received under the Offer, but it will take longer for you to receive the Offer Consideration.</p> <p>For more information about compulsory acquisition refer to Section 5.6 of this Target's Statement.</p>
Can I accept the Offer for only some of my CIE Shares?	No. The terms of the Offer allow you to accept the Offer only for all of your CIE Shares. Special rules apply to nominees and others holding CIE Shares for different accounts.
When will I receive the Offer Consideration if I accept the Offer?	<p>As WAM declared the Offer unconditional on Monday, 19 October 2020, you will receive your Offer Consideration by the earlier of:</p> <ul style="list-style-type: none"> ▪ one month after the date of your acceptance of WAM's Offer; and ▪ 21 days after the end of the Offer Period.
Will I need to pay brokerage or stamp duty if I accept the Offer?	<p>If your CIE Shares are registered in your name in an Issuer Sponsored Holding (your SRN starts with an 'I'), you will not incur any brokerage fees or pay stamp duty in connection with your acceptance of the Offer.</p> <p>If your CIE Shares are registered in a CHESS Holding (your HIN starts with an 'X'), or if you are a beneficial owner whose Shares are registered in the name of a broker, bank, custodian or other nominee, you will not pay stamp duty by accepting the Offer. However, you should ask your Controlling Participant (usually your broker) or nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.</p> <p>You may incur brokerage costs if you choose to sell your CIE Shares on the ASX.</p>
Are there any taxation implications of accepting the Offer?	<p>A general outline of the tax implications for certain Australian-resident CIE Shareholders of accepting the Offer is set out in Section 7 of this Target's Statement. As that outline is general in nature and does not take into account your individual circumstances, you should not rely on that outline as advice for your particular circumstances.</p> <p>You should seek your own independent advice on the taxation implications applicable to your specific circumstances.</p>
Are there any conditions to the Offer?	<p>No. WAM declared the Offer to be unconditional and free of defeating conditions on Monday, 19 October 2020.</p> <p>The Offer is currently capable of being accepted and you will be eligible to receive the Offer Consideration.</p>
What if I have further questions?	<p>You should contact your legal, financial, taxation or other professional adviser. If you have any questions about the Offer or this document, please call the CIE office directly on 1300 001 750 (Monday to Friday between 9.00am and 5.30pm (AEDT)) or via email invest@contango.com.au</p> <p>If you have questions about your CIE shareholding, please contact Computershare directly:</p> <p>Phone: 1300 850 505 (within Australia) Phone: +61 3 9415 4000 (outside Australia) Email: web.queries@computershare.com.au</p>

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4. Your choices as a CIE Shareholder

Your Directors unanimously recommend that you **REJECT** the Offer.

You have the following three choices available to you:

1. REJECT THE OFFER

To **REJECT** the Offer, you should do nothing. You are not required to take any action to reject the Offer. In particular, you should not complete or return the Acceptance Form that accompanied the Bidder's Statement nor should you respond to any documentation sent to you by WAM or any other communication from WAM (including telephone solicitation or canvassing by WAM or its representatives).

If you decide to do nothing, you should be aware of the risks associated with rejecting the Offer, including the rights of WAM to compulsorily acquire your CIE Shares in certain circumstances. For further information on these risks, refer to Section 5.3(a) of this Target's Statement.

2. SELL YOUR CIE SHARES ON THE ASX

During the Offer Period, you may sell your CIE Shares on-market through ASX at the prevailing market price for cash (less any brokerage), provided you have not already accepted the Offer for those Shares.

As at the date of this Target's Statement, the VWAP of CIE Shares since WAM announced its Offer is A\$0.71 per Share¹², representing a discount of 9.4% to WAM's Implied Offer Value since the Offer was announced.

The latest trading price for CIE Shares may be obtained from the ASX website www.asx.com.au using the code 'CIE'.

If you sell your CIE Shares on-market, you will receive the consideration for that sale of your Shares sooner than if you accept WAM's Offer. If you sell your CIE Shares on-market, you:

- will lose the ability to accept WAM's Offer and receive the Offer Consideration (and any possible increase in the Offer Consideration and the fully franked dividend of 7.75 cents per WAM Share payable on 27 November 2020) in relation to those Shares;
- will lose the ability to accept any offer from a competing bidder if one eventuates;
- may incur a brokerage charge;
- will lose the opportunity to receive future returns from CIE in relation to those CIE Shares; and
- may receive consideration for your Shares the value of which is lower than the control value of your CIE Shares.

You should contact your broker for information on how to sell your CIE Shares through ASX and your tax adviser to determine your tax implications from such a sale.

3. ACCEPT THE OFFER

CIE Shareholders who accept WAM's Offer:

- will not receive any benefit generated by delivery of the WCM Quality Global Growth Long Short Strategy which, in the opinion of your Directors, may provide a better outcome for CIE Shareholders in the longer-term compared to what may be received by CIE Shareholders accepting the Offer (and, if applicable, subsequently selling their WAM Shares) and/or WAM obtaining control of CIE with the consequent risk that the WCM Quality Global Growth Long Short Strategy is not delivered;

¹² Calculated using the cumulative volume and cumulative value of CIE Shares traded over the period from 28 September 2020 to 26 October 2020 inclusive (source: Bloomberg).

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- are presented with an opportunity to exit their investment in CIE at a value that is higher than both the current CIE Share price and CIE's reported pre-tax NTA;
- will not be able to withdraw their acceptance and sell their CIE Shares, meaning that they would not be able to accept any offer from a competing bidder if one eventuates. See Section 5.7 of this Target's Statement; and
- will exit their investment in CIE completely and will not benefit if the market price for CIE Shares on the ASX trades above the Implied Offer Value.

If WAM increases the Offer Consideration, all CIE Shareholders, whether or not they have already accepted the Offer before then, will be entitled to receive the increased Offer Consideration.

Refer to Section 1.4 of the Bidder's Statement and clause 6 of the Terms of Offer in Schedule 1 to the Bidder's Statement for directions on how to accept the Offer.

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5. Information about the Offer & other important issues

5.1 Summary of the Offer

The Offer	WAM is offering to acquire all of your CIE Shares. You may accept the Offer for only all of your CIE Shares. You cannot accept the Offer for part of your holding.
Offer Consideration	WAM is offering 1 WAM Share for every 3 CIE Shares you hold.
Implied Offer Value	Based on \$2.35, being the closing price that WAM Shares traded on 26 October 2020, the Implied Offer Value of the Offer is A\$0.75 for every CIE Share. CIE Shareholders should be aware that the Implied Offer Value may vary depending on the underlying price at which WAM Shares trade.
Conditions	WAM declared the Offer free of all defeating conditions and unconditional on Monday, 19 October 2020. The Offer is therefore free from conditions.
WAM has not yet declared its Offer final	WAM has not declared its Offer final. Accordingly, it remains open for WAM to increase the Offer Consideration, which WAM may at its discretion choose to do, following any negotiation with the CIE Board or in response to any competing takeover or other similar proposal being announced by a third party. If WAM increases the Offer Consideration, all CIE Shareholders, whether or not they have already accepted the Offer before then, will be entitled to receive that increased Offer Consideration.
Offer closing date	The Offer is scheduled to close at 7.00pm (Sydney time) on 13 November 2020 unless the Offer is extended or withdrawn.
Procedural aspects	The Offer Period may be extended by WAM. The Offer Period may be required by law to be extended in certain circumstances. The Offer may be withdrawn in limited circumstances. WAM must notify CIE and the ASX on the status of Conditions by a certain date. If you accept the Offer, WAM is required to provide your Offer Consideration within a certain timeframe. These and other procedural aspects of the Offer are outlined in Section 5.7 of this Target's Statement.

5.2 Conditions of the Offer

On Monday, 19 October 2020 WAM declared that Offer to be unconditional and free of defeating conditions. CIE Shareholders who accept the Offer will be bound to sell their CIE Shares and entitled to receive the Offer Consideration in the time frame provided by the Offer.

CIE Shareholders who accept the Offer will lose the ability to deal with their CIE Shares including accepting any potential higher competing offer, except in certain limited circumstances.

5.3 Risks associated with the Offer

CIE Shareholders should be aware of the following key risks associated with the Offer.

(a) Risks associated with rejecting the Offer

If you choose to **reject** the Offer, you will not receive the Offer Consideration for your CIE Shares. Instead you will remain a CIE Shareholder and will continue to be subject to the

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risks associated with holding CIE Shares. A non-exhaustive summary of those risks is set out in Section 6.5 of this Target's Statement.

If you choose to **reject** the Offer and WAM acquires less than 90% of CIE Shares, you will also be exposed to the minority shareholder risks described in Section 5.4 of this Target's Statement.

(b) Risks associated with accepting the Offer

If you accept the Offer, you will be legally bound to sell your CIE Shares and will not be able to withdraw your acceptance.

Accordingly, if you accept the Offer now, some of the consequences include the following:

- you will give up your right to sell your CIE Shares on the ASX or otherwise deal with them (relinquishing your right, for example, to participate in a superior offer should one eventuate); and
- you will relinquish control of your CIE Shares and the Rights attaching to them to WAM.

The effect of accepting the Offer is set out in sections 8.8 and 8.9 of the Terms of Offer in Schedule 1 to the Bidder's Statement. CIE Shareholders should read those provisions in full to understand the effect that acceptance will have on their ability to exercise the Rights attaching to their CIE Shares and the representations and warranties which they give by accepting WAM's Offer.

In particular, CIE Shareholders should note that by accepting the Offer, WAM will be entitled to attend meetings of CIE and vote on accepting CIE Shareholders' behalf in respect of their CIE Shares to defeat resolutions relating to competing offers which may adversely affect the success of the Offer. If this occurs such that WAM is registered as the holder of those CIE Shares prior to the time set to determine entitlements to vote at the EGM, WAM will be entitled to vote those CIE Shares as it sees fit at the EGM.

In addition, if you accept the Offer, you will no longer be eligible to access the benefits of remaining a CIE Shareholder. Those benefits include the opportunity to participate in:

- the future value that your Directors expect will be created within CIE as a result of implementing the WCM Quality Global Growth Long Short Strategy; and
- any potential increase in the CIE Share price above the Implied Offer Value.

5.4 Consequences of WAM acquiring less than 90% of CIE

If WAM acquires more than 50% but less than 90% of the CIE Shares then WAM will acquire a majority shareholding in CIE.

In those circumstances, CIE Shareholders who do not accept the Offer will become minority shareholders of CIE. This outcome has a number of possible implications, including:

- WAM will be in a position to cast the majority of votes at a general meeting of CIE, enabling WAM to control the composition of CIE's board of directors and senior management and the strategic direction of CIE and its subsidiaries;
- the CIE Share price may fall immediately following the end of the Offer Period although this may be mitigated by the underlying attractiveness of CIE's business;
- the liquidity of CIE Shares may be lower than at present, and there is a risk that CIE could be fully or partially removed from certain S&P/ASX market indices due to lack of free float and/or liquidity;
- if the number of CIE Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing, then WAM may seek to have CIE removed from the official list of the ASX. If this occurs, CIE Shares will not be able to be bought or sold on the ASX; and
- WAM and CIE will not be able to form an income tax consolidated group.

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In addition, if WAM acquires 75% or more of the CIE Shares it will be able to pass a special resolution at a meeting of CIE Shareholders which, among other things, would enable WAM to pass amendments to CIE's constitution.

If the Offer lapses or if WAM acquires less than 50% of CIE Shares, the trading price of CIE Shares may be higher or lower than the implied value of the Offer Consideration. If you remain a CIE Shareholder in this circumstance, you will continue to enjoy the rewards, and be subject to the risks, of being a CIE Shareholder.

5.5 Potential delisting

WAM states in its Bidder's Statement that if it obtains greater than 90% of CIE Shares, WAM will seek to delist CIE from ASX. Alternatively, if WAM obtains more than 50.1% but less than 90% of CIE Shares, WAM states that it may also seek to delist CIE from ASX. Therefore, there is a possibility of CIE being delisted following the Offer. If this occurs, CIE Shares will not be able to be bought or sold on the ASX.

As at the date of this Target's Statement, your Directors consider that it is unlikely that CIE faces imminent delisting. Your Directors wish to emphasise the following important legal protections to Shareholders regarding any potential delisting of CIE:

- Any decision to apply to the ASX to delist CIE would need to be made by the CIE Board, not by WAM as the controlling Shareholder.
- The CIE Board, including nominee directors appointed by WAM, could only decide to seek a delisting if the Board concludes that this action is in the best interests of CIE and its Shareholders as a whole, at the relevant time.
- Your Directors currently consider that the disadvantages for Shareholders of delisting outweigh any potential benefits. Therefore, your Directors' current intention would be to vote against any Board proposal to delist CIE (however, your Directors' views may change depending on future circumstances including the final level of control achieved by WAM at the end of the Offer).
- Even if (a majority of) the Board resolved to delist CIE from ASX, this action would still require the ASX's consent and is likely to be subject to conditions imposed by ASX, which would be likely to include the approval of CIE Shareholders by special resolution.
- ASX states¹³ that it will use its discretion to ensure that the delisting of any entity is being sought for acceptable reasons. For example, ASX notes that a request to remove an entity from the ASX that is primarily or solely aimed at denying minority shareholders a market for their securities, in order to coerce them into accepting an offer from a controlling shareholder to buy out their securities, would be an unacceptable reason for requesting removal from the official list.
- The ASX applies a number of guidelines to safeguard the interests of minority shareholders in the context of any proposed delisting.
- A key ASX guideline is that the approval of CIE minority shareholders would most likely be needed for the ASX to allow delisting unless each of the following three conditions are met:
 - (a) WAM has at least 75% control of CIE at the time delisting is sought;
 - (b) there are *fewer than 150* CIE Shareholders (excluding WAM and its related bodies corporate) whose shareholding is worth at least A\$500. As at the date of this Target's Statement, CIE has approximately **2,265** Shareholders; and
 - (c) the Offer remains open for at least an additional two weeks after WAM attains at least 75% control of CIE.

¹³ See ASX Guidance Note 33 which sets out ASX's policy in relation to a delisting request.

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If, despite the above procedural protections, CIE is ultimately delisted at some point in the future, any remaining CIE Shareholders would be holders of unquoted shares. A delisting would result in a number of disadvantages for Shareholders such as:

- the absence of an orderly, transparent and timely mechanism for share trading;
- restricted information compared to that currently provided as CIE would no longer be subject to the continuous disclosure requirements of the ASX Listing Rules. If CIE remains a public company after delisting and has at least 100 members, CIE would still be required to disclose material information to ASIC and likely on its website. Nevertheless, the level of shareholder reporting in these circumstances could be diminished; and
- the ceasing of various requirements and protections for minority shareholders under the ASX Listing Rules and the Corporations Act. Examples of provisions that would cease to apply include: restrictions on the issue of new securities, a governance framework for related party transactions, requirements to seek Shareholder approval for significant changes in the nature or scale of CIE's activities and the annual consideration of a remuneration report.

5.6 Compulsory acquisition

(a) Compulsory acquisition following the Offer

WAM states in its Bidder's Statement that if it becomes entitled to proceed to compulsorily acquire outstanding CIE Shares at the end of the Offer Period under Part 6A.1 of the Corporations Act, it intends to do so.

If you choose to reject the Offer, you will only have your Shares compulsorily acquired if, by the end of the Offer Period, WAM:

- increases its ownership interest from approximately 34.25% as at the date of this Target's Statement to at least 90%; and
- acquires at least 75% of the CIE Shares that WAM offered to acquire (excluding CIE Shares in which WAM had a relevant interest at the date of the Offer).

If these thresholds are met, WAM will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Shareholders who have not accepted the Offer.

(b) Future compulsory acquisition by WAM

Even if WAM does not satisfy the compulsory acquisition threshold referred to in Section 5.6(a) of this Target's Statement, it is possible that WAM will, at some time after the end of the Offer Period, become the full beneficial holder of 90% of the CIE Shares. If so, WAM would then have rights to compulsorily acquire CIE Shares not owned by it within six months of becoming a 90% holder. The price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert at the relevant time.

(c) Challenging compulsory acquisition

CIE Shareholders have statutory rights to challenge any compulsory acquisition. However, a successful challenge will require the relevant CIE Shareholders to establish to the satisfaction of a court that the terms of the Offer do not represent *fair value* for the CIE Shares.

If CIE Shares are compulsorily acquired, Shareholders who have their CIE Shares compulsorily acquired are not likely to receive the Offer Consideration for their CIE Shares until at least one month after the compulsory acquisition notices are dispatched to them.

5.7 Procedural aspects of the Offer

Extension of the Offer Period

WAM may extend the Offer Period at any time before the end of the Offer Period. In addition, there will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period:

- WAM improves the Offer Consideration; or

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	<ul style="list-style-type: none"> WAM's voting power in CIE increases to more than 50%. <p>If either of these two events occur, the Offer Period is automatically extended so that it ends 14 days after the occurrence of the relevant event.</p> <p>The maximum duration of the Offer Period is 12 months.</p>
Notice of status of Conditions	<p>Clause 8.7 of Schedule 1 to the Bidder's Statement has the effect that WAM will give a Notice of Status of Conditions to the ASX and CIE not later than 6 November 2020, subject to variation if the Offer is extended</p> <p>WAM is required to set out in its Notice of Status of Conditions:</p> <ul style="list-style-type: none"> whether WAM's Offer is free of any or all of the Conditions; whether, so far as WAM knows, any of the Conditions have been satisfied; and WAM's voting power in CIE. <p>If the Offer Period is extended by a period before the current date by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In those circumstances, WAM is required, as soon as practicable after the extension, to give a notice to the ASX and CIE that states the new date for the giving of the Notice of Status of Conditions.</p> <p>On Monday 19 October 2020, WAM declared the Offer unconditional.</p>
Withdrawal of Offer	<p>WAM may withdraw its Offer at any time but only in limited circumstances with the written consent of ASIC and subject to the conditions (if any) specified in ASIC's consent.</p>
Effect of acceptance	<p>If you accept the Offer, then you will give up your right to sell your CIE Shares on-market or to sell your Shares to any other person who may make a takeover bid or to otherwise deal with your Shares in any manner.</p>
No ability to withdraw your acceptance	<p>If you accept the Offer, you will legally bound to sell your CIE Shares to WAM and you cannot later withdraw your acceptance.</p>
Timing for receipt of Offer Consideration if you accept	<p>On Monday, 19 October 2020, WAM declared the Offer to be unconditional. If you accept into the Offer, you will receive your Offer Consideration by the earlier of:</p> <ul style="list-style-type: none"> one month after the date of your acceptance of the Offer; and 21 days after the end of the Offer Period. <p>Refer to clause 7 of Schedule 1 to the Bidder's Statement for further details on when you will receive your Offer Consideration from WAM.</p>
Effect of an improvement in Offer Consideration for Shareholders who have already accepted	<p>If WAM increases the Offer Consideration, all CIE Shareholders, whether or not they have already accepted WAM's Offer before then, will be entitled to receive that increased Offer Consideration.</p>

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6. Profile of CIE

6.1 Introduction

CIE was incorporated in 2012 and listed on the ASX in August 2015.

Previously, CIE held a portfolio of companies largely outside of the ASX top-20 and was income focussed. However, on 18 September 2020, following approval by the CIE Shareholders of a change in investment strategy to a global long short strategy managed by WCM, CIE has been transitioning its investment portfolio from Australian equities into the WCM Quality Global Growth Long Short Fund.

As at 27 October 2020, CIE has approximately 2,265 Shareholders.

6.2 Investment Strategy

At the recent Extraordinary General Meeting Shareholders approved a new investment strategy¹⁴ for the Company's portfolio being a move to a global long short strategy managed by WCM Investment Management, LLC.

WCM is a top-tier manager with an outstanding long-term investment track record across multiple strategies. The new strategy, the WCM Quality Global Growth Long Short Strategy has, since inception on 30 June 2014, generated a return of 23.5%¹⁵ per annum, outperforming its benchmark, the MSCI All Country World Index by an annualised 11.9% per annum¹⁵.

The CIE Board's key objectives remain to improve investment returns, address the share price discount to NTA and generate distributable profits over time.

6.3 Directors

Name	Title
Mark Kerr	Non-Executive Chairman
Andrew Meakin	Non-Executive Director
Martin (Marty) Switzer	Director

A biography of each Director is set out below:

Mark Kerr

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.

¹⁴ Voted for by Shareholder at the company's extraordinary general meeting on 18 September 2020

¹⁵ 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.

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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.

Andrew Meakin

Andrew is an experienced investment professional with over 30 years' experience in Australian and overseas markets. He has held positions including managing director and non-executive director of a number of listed and unlisted public companies. Andrew is currently a director of Shartru Wealth and Apricity Finance. Andrew holds a BA in Economics and Industrial Relations, Master of Management, Masters of Business Administration and an Advanced Diploma of Financial Services.

Martin (Marty) Switzer

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.

6.4 Financial information

CIE's last published financial statements are for the financial year ended 30 June 2020, as set out in its *Annual Report for the year ended 30 June 2020* announced on the ASX on 13 October 2020.

In addition, CIE published a Shareholder update and NTA to the ASX on 14 October 2020.

Except as set out in this Target's Statement, your Directors are not aware of any material changes to the financial position of CIE since the release of the above financial information.

6.5 Key risks faced by CIE

Set out below is a summary of the key risks to which CIE Shareholders will continue to be exposed if they reject the Offer and retain their current investment in CIE Shares. The risks identified in this Section are not an exhaustive list of all of the risks relevant to CIE. No assurances or guarantees are given as to CIE's future performance, profitability or dividend payments.

CIE specific risks	
Manager risk	<p>The success and profitability of CIE's investment portfolio depends in large part on the ability of the Manager and WCM to make investments that increase in value over time and the retention of the Manager and WCM to manage the investment portfolio of CIE.</p> <p>The following factors may affect the Manager's and WCM's performance:</p> <ul style="list-style-type: none"> ▪ poor investment strategy and securities selection in that the Manager and/or WCM may be unable to construct a portfolio in accordance with CIE's investment objectives, strategy, guidelines and permitted investments and even if it does so, there can be no guarantee that the investment strategy will be successful or that the Manager will not make investment decisions that result in unprofitable outcomes; ▪ changing market conditions such as negative changes in market sentiment; ▪ loss of key personnel; ▪ market perception of the Manager and WCM and their respective funds management business; and

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	<ul style="list-style-type: none"> market and systemic risk. <p>While the Manager and WCM seek to mitigate the risks that may adversely affect their investment performance or their investment decisions, through implementation of internal risk management policies and procedures designed to monitor and address these risks, there can be no guarantee that the Manager or WCM will achieve any particular investment return within their investment portfolio or that its future performance will match or exceed its past performance.</p> <p>The Manager is required to hold an Australian Financial Services Licence or be authorised by a financial services licensee to operate its business. The ability of the Manager to continue managing CIE's investment portfolio is dependent on the maintenance of its Australian Financial Services Licence or authorisation. If the Manager should lose or have restrictions imposed on its Australian Financial Services Licence or authorisation preventing it from continuing to manage CIE's investments, CIE would need to identify and engage a suitably qualified and experienced investment manager to implement CIE's investment strategy. Similarly, if the CIE Management Agreement is terminated for any other reason, CIE will need to identify and engage a suitably qualified and experienced investment manager. Similarly, if the CIE Management Agreement is terminated for any other reason CIE will need to identify and engage a suitably qualified and experienced investment manager.</p> <p>There can be no guarantee that CIE will be able to identify an appropriately qualified replacement for the Manager and/or WCM (as the entity implementing the WCM Quality Global Long Short Strategy) or, if such person or entity is appointed, that it will be able to perform its duties as investment manager to the standard required by CIE or to a level that matches or exceeds the performance of the Manager and/or WCM.</p>
Counterparty and credit risk	<p>Counterparty risk is the risk that a counterparty, such as a clearing house prime broker or custodian, will not be able to meet its obligations under a contract.</p> <p>The investment strategies of CIE, the Manager and WCM rely on the successful performance of contracts with external parties, including securities brokers and service providers. There is a risk that these counterparties may not meet their responsibilities, including as a result of insolvency, financial distress or liquidation of the counterparty, which may expose CIE to the risk of loss. In the case of a default, CIE could also become subject to adverse market movements while replacement transactions are executed.</p> <p>The ability of CIE to transact business with one or more counterparties, the lack of any independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by CIE.</p>
Derivatives risk	<p>There is a risk that the use of derivatives can have a negative impact due to an adverse movement in the underlying asset or where the position is difficult or costly to reverse or maintain.</p> <p>Derivative instruments include futures, options on futures, over-the-counter options, exchange-traded options, swaps and forward contracts.</p> <p>The value of all derivatives is 'derived' from underlying physical assets, such as company shares, commodities and bonds.</p> <p>Derivatives such as futures and options may be used by the Manager and/or WCM:</p> <ul style="list-style-type: none"> to offset the risk of price variations of securities; as an alternative to purchasing the physical security; to seek to take advantage of any opportunities for profit which may exist in the market from time to time; and in the management of currency and interest rate risk. <p>In all cases there will be cash and/or underlying assets available to meet the exposure positions of the derivative instruments.</p> <p>The use of derivatives potentially exposes CIE to counterparty, legal and documentation risks.</p>
Past performance and history	<p>There can be no assurance that CIE will achieve its investment objective. CIE's past performance information should not be relied upon as (and is not) an indicator of future performance, particularly in light of the recently changed investment strategy.</p>
Foreign investment and emerging markets risk	<p>CIE may, through its foreign investments (including emerging markets) and exposure to foreign currencies, have exposure to risks not usually associated with investing in Australia and other developed markets such as political, social and economic instability,</p>

	<p>difficulty in enforcing legal rights, unforeseen taxes and less stringent regulatory protections, reporting and disclosure. These factors may affect the value of CIE Shares, volatility of CIE's returns and liquidity of CIE's investments.</p> <p><i>Valuation</i></p> <p>Investments may not have a readily ascertainable market price and may have valuations that differ from their true and actual realization value. Adjustments may be made having regard to what the Manager considers to be fair value for those assets. Further adjustments may be made on the basis of a number of matters including contingencies such as litigation expenses and fee waivers, deferrals and accruals.</p>
Concentration risk	<p>There is potential for volatility due to the lack of diversity within CIE's investment portfolio. The lower the number of investments, the higher the concentration and, in turn, the higher potential volatility.</p>
Liquidity risk and discount to NTA	<p>There is a risk that CIE's underlying investments may not be easily converted to cash. This can result in a loss if the holder of the security needs to sell within a particular timeframe.</p> <p>CIE is a listed investment company (LIC). The ability of CIE Shareholders to sell CIE Shares on the ASX is a function of the turnover or liquidity of the Shares at the time of sale. Turnover is a function of a wide variety of factors including the size of a company and the cumulative investment intention of all current and possible investors in CIE at any one point in time.</p> <p>Since listing, CIE Shares have been relatively illiquid and have consistently traded on ASX at a material discount to CIE's NTA value. As a result, CIE Shareholders may not be able to sell their Shares at the time and in the volumes or at a price which they desire.</p> <p>If the Scheme is not implemented, your Directors expect that these factors will continue to influence the price of CIE Shares, and any resultant discount to Net Tangible Assets</p>
Performance fee incentive	<p>Any Performance Fee payable or potentially payable by CIE to the Manager, may create an incentive for the Manager to make investments on behalf of CIE that are riskier and more speculative than would be the case in the absence of a fee payable to the Manager based solely on the performance of the underlying investments, which may add to the risk and volatility of the underlying investments.</p>
Personnel risk	<p>The Manager's and WCM's performance is largely dependent on the skills and efforts of its investment team. The Manager's ability to perform effectively is dependent on its ability to retain and motivate their investment teams. There can be no guarantee that the Manager or WCM will be able to retain its investment team or that the Manager or WCM will be able to attract and retain management personnel of sufficient experience and expertise to manage CIE's investment portfolio.</p>
Potential conflicts of interest	<p>The Manager and WCM are, and may continue to be, the manager or adviser to other funds and investment vehicles. It is possible therefore that the Manager and/or WCM may, in the course of its business, have potential conflicts of interest which may not be managed effectively and therefore may be detrimental to CIE and consequently CIE Shareholders.</p>
Dividend risk	<p>The ability of CIE to pay a fully or partly franked dividend is contingent on it making taxable profits. CIE's taxable profits may be volatile, making the reliable forecasting and payment and franking of dividends or distributions difficult and unpredictable.</p> <p>No guarantee can be given concerning the future earnings of CIE, the earnings and capital appreciation of CIE's investment portfolio or the return of the capital invested by CIE Shareholders. Specifically, the Manager may make poor investment decisions resulting in the returns being inadequate to pay an annual dividend to CIE Shareholders.</p>
Operational costs	<p>Operational costs representing a greater proportion of total assets will reduce the operating results of CIE and its ability to make dividend payments.</p>

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Future capital requirements of CIE	<p>There can be no assurance that CIE will not need to raise additional capital to fully exploit business opportunities available to it. There can be no assurance that CIE will be able to raise such capital on favourable terms (or at all) or, if it is able to raise the capital, that it will be able to invest that capital efficiently.</p> <p>If CIE is unable to obtain or invest such additional capital, CIE may be required to reduce the scope of its investment activities or forgo an investment opportunity, which could adversely affect its business, financial condition and results of operation.</p>
Other risks	<p>Other areas of risk faced by CIE include:</p> <ul style="list-style-type: none"> ▪ cyber risk; and ▪ financial risks arising from fraud, and bad debts. <p>The Manager has in place what it considers are appropriate policies and procedures to help manage these risks, and continually updates and develops those policies.</p>
General risks	
General investment risk	<p>There is a risk that CIE Shares and/or CIE's investments will fall in value over the short or long term. Individual security prices may fluctuate and under perform other asset classes over time. Investors in CIE are exposed to this risk through both their holding of CIE Shares and through CIE's investments.</p> <p>Also, CIE Shares may trade on ASX at a discount to the net asset value of its investment portfolio on a per Share basis and the performance of the Shares may not be correlated with the performance of the Investment Portfolio.</p> <p>WCM will invest in international and domestic securities.</p>
General economic climate	<p>Factors such as inflation, currency fluctuations, interest rates, legislative changes, political decisions and industrial disruption have an impact on operating costs. CIE's future income, asset values and share price can be affected by these factors and, in particular, by fluctuations in equity markets.</p>
Government policy changes	<p>Any material adverse changes in government policies or legislation of any countries in which CIE may operate may affect the viability and profitability of CIE.</p>
Currency and foreign jurisdiction risk	<p>In addition to investments in Australian entities, the Manager and WCM may invest in international securities (i.e. securities of entities which are not domiciled in Australia). Hence CIE may assume currency exposure and there is a risk that adverse movements in exchange rates will reduce their value in Australian dollar terms.</p> <p>CIE's foreign currency exposure may be over or under hedged or not hedged at all. It may not always be possible to hedge all foreign currency exposures and there is no guarantee that hedging will be successful.</p> <p>CIE may also hedge the exposure of the other investments against investment loss, but is under no obligation to do so. There is no guarantee that any hedging will be successful. The cost of implementing hedging may be significant.</p> <p>In addition, CIE may be exposed to risks relating to its investments in securities of entities which are located in a foreign jurisdiction, where the laws of those foreign jurisdictions offer less legal rights and protections to security holders of securities in such foreign entities as compared to the laws in Australia.</p>
Regulatory risk	<p>CIE is subject to a range of regulatory controls imposed by government (federal and state) and regulatory authorities (for example, ASX and ASIC). The relevant regulatory regimes are complex and are subject to change over time depending on changes in the laws and the policies of the governments and regulatory authorities.</p> <p>CIE is exposed to the risk of changes to the applicable laws and/or the interpretation of existing laws which may have a negative effect on CIE, its investments and/or returns to CIE Shareholders or the risks associated with non-compliance with these laws (including reporting or other legal obligations). Non-compliance may result in financial penalties being levied against CIE.</p>
Interest rate risk	<p>Changes in short and long term interest rates can have a positive or negative impact on investment returns.</p>
Accounting policy risk	<p>Changes to accounting policies may influence the approach in determining the fair value of investments held by CIE and may have a detrimental impact on the fair value of investments.</p>

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<p>Tax risk</p>	<p>Tax laws are in a continual state of change and reform which may affect CIE and its Shareholders. Tax liabilities are the responsibility of each individual investor. There may be tax implications arising from ownership of the Securities, the receipt of franked and unfranked dividends (if any) from CIE, receiving returns of capital and the disposal of CIE Shares.</p> <p>Changes to tax laws may adversely affect CIE's financial performance and/or the returns achieved by investors. Dividends paid by CIE to certain investors may not be recognised as frankable by the Australian Taxation Office.</p> <p>The Company is not responsible for either taxation or penalties incurred by investors. You should carefully consider these tax implications and obtain tax advice in relation to the application of the tax legislation to your investment in CIE.</p>
<p>Market risk</p>	<p>Investment returns are influenced by general market factors both in Australia and internationally and by factors specific to each security. In particular, the market prices of the shares of many listed entities have in recent times experienced wide fluctuations which in many cases reflect a diverse range of non-entity specific influences including:</p> <ul style="list-style-type: none"> ▪ general economic conditions, including changes in inflation rates, short-term or long-term interest rates, exchange rates and commodity prices; ▪ variations in the local and global markets for listed securities; ▪ domestic and international economic conditions including the current global economic downturn caused by the regulatory response to the global COVID-19 pandemic; ▪ changes in investor confidence generally and in relation to specific sectors of the market; ▪ global pandemics, such as COVID-19, natural disasters, global hostilities and acts of terrorism; ▪ changes to government policy, legislation or regulation including in relation to taxation and other policy changes; and ▪ the inclusion or removal of stocks from major market indices. <p>While the Manager and WCM propose that CIE's investment portfolio will be constructed so as to reduce market risks but those risks cannot be entirely eliminated. In a strong equity market, CIE's investment portfolio may underperform the broader market, as the investment portfolio will have limited exposure to market risk.</p> <p>The net asset value of the CIE's investment portfolio has been materially reduced by the substantial falls and heightened volatility in global equity markets arising from the global COVID-19 pandemic. Global equity market conditions are likely to remain volatile for at least several months. During this period, CIE's investment portfolio will continue to be exposed to these risks and uncertainties. Accordingly, unless there are substantial upwards movements in share prices of companies within its investment portfolio, the valuation of the CIE's investment portfolio could remain materially diminished and may reduce further. Note that past performance is not a reliable indicator of future performance.</p> <p>As a result, no guarantee can be given in respect of the future earnings of CIE or the earnings and capital appreciation of CIE's investments.</p>
<p>Coronavirus (COVID-19) pandemic risk</p>	<p>The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of CIE remains unknown. Equity markets may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact CIE's portfolio position and are likely to be beyond the control of the CIE. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.</p>
<p>Forward looking statements</p>	<p>Certain statements in this Target's Statement are made as forward looking statements. These statements are predictions only and are subject to inherent risks and uncertainties. These uncertainties and risks relate to factors specific to CIE as well as broader economic conditions both domestically and internationally. Actual outcomes of events or results may differ materially from the forward looking statements expressed or implied in this Target's Statement.</p>

Speculative nature of investments

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of CIE Shares. Therefore, CIE Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of CIE Shares.

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7. Taxation consequences

7.1 Introduction

This Section provides a summary of the Australian income tax, goods and services tax (**GST**) and stamp duty implications for CIE Shareholders on disposing of their CIE Shares (through acceptance of the Offer or having them compulsorily acquired by WAM) in return for scrip consideration.

This Section is relevant for Australian resident and foreign resident CIE Shareholders that hold their CIE Shares on capital account. This information relates to CIE Shares. This Section does not consider the Australian tax consequences for CIE Shareholders:

- who hold their CIE Shares as trading stock or as revenue assets;
- who hold their CIE Shares as assets used in carrying on a business or as part of a profit-making undertaking or scheme;
- who acquired their CIE Shares through an employee share, option or rights scheme;
- who are taken for capital gains tax purposes to have acquired their CIE Shares before 20 September 1985;
- who are Australian tax residents but who hold their CIE Shares as part of an enterprise carried on, at or through a permanent establishment in a foreign country;
- who are foreign resident shareholders who hold their CIE Shares in carrying on a business through a permanent establishment in Australia;
- that are financial institutions, insurance companies, partnerships, tax exempt organisations, trusts (except where expressly stated), superannuation funds (except where expressly stated) or temporary residents; or
- who are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* in relation to gains and losses on their CIE Shares.

The information in this Section is based on the Australian taxation law and practice in effect as at the date of this Target's Statement. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every CIE Shareholder. CIE Shareholders should seek independent professional advice regarding the taxation consequences of accepting the Offer and disposing of their CIE Shares. CIE Shareholders who are tax residents of a country other than Australia (whether or not they are also residents or temporary residents of Australia for tax purposes) should also take into account the tax consequences under the laws of their country of residence.

7.2 Taxation consequences of disposal of CIE Shares by Australian residents

The below is a summary of the income tax consequences relevant for Australian resident CIE Shareholders who dispose of their CIE Shares (through acceptance of the Offer or having them compulsorily acquired by WAM).

CIE Shareholders who accept the Offer

CIE Shareholders who accept the Offer will dispose of their CIE Shares by way of transfer to WAM in exchange for WAM Shares. The disposal of CIE Shares to WAM under the Offer will constitute a capital gains tax (**CGT**) event for CIE Shareholders. The CGT event will happen at the time CIE Shareholders accept the Offer.

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Compulsory acquisition

If a CIE Shareholder does not accept the Offer and their CIE Shares are compulsorily acquired by WAM, the CIE Shareholder will be treated as having disposed of their CIE Shares for CGT purposes at the time at which the CIE Shares are acquired by WAM.

Calculation of capital gain or capital loss

Subject to the availability of roll over relief discussed below, CIE Shareholders will:

- make a capital gain if the capital proceeds received on the disposal of their CIE Shares are more than the cost base of those CIE Shares; or
- make a capital loss if the capital proceeds received on the disposal of their CIE Shares are less than the reduced cost base of those CIE Shares.

The capital proceeds received by a CIE Shareholder that accepts the Offer (or has their CIE Shares compulsorily acquired by WAM) will be equal to the market value of the WAM Shares issued in exchange for the CIE Shares acquired, which should be equal to the Implied Offer Value.

Where a capital gain is made, the cost base of CIE Shares in the hands of the CIE Shareholders will be broadly the sum of the original amount paid to acquire their CIE Shares, any non-deductible incidental costs associated with the acquisition of the CIE Shares and any non-deductible incidental costs associated with the disposal of the CIE Shares to WAM.

Where a capital loss is made, the reduced cost base of the CIE Shares is determined in a similar manner.

CIE Shareholders may be entitled to reduce any capital gain on the disposal of their CIE Shares by applying the CGT discount (discussed below).

CGT Discount

The CGT discount should be available to CIE Shareholders who are individuals, trusts or complying superannuation funds and have held their CIE Shares for at least 12 months before the time of the CGT event resulting in the disposal of the CIE Shares by accepting the Offer (or having their CIE Shares compulsorily acquired).

Broadly, the CGT discount rules enable the CIE Shareholders to reduce their capital gain (after the application of any current year or prior year capital losses) by 50% for individuals and trusts and 33 1/3% for complying superannuation funds.

The CGT discount is not available to CIE Shareholders that are companies.

The application of the CGT discount rules to a CIE Shareholder that is a trustee of a trust is complex, particularly where distributions to beneficiaries of the trust are attributable to discounted capital gains. The ultimate access to the CGT discount may depend on a beneficiary's entitlement to the CGT discount amount under the terms of the relevant trust deed. CIE Shareholders that are trustees of trusts should obtain specific tax advice.

Net capital gains or losses

If a CIE Shareholder makes a capital gain from the disposal of their CIE Shares, that capital gain will be combined with any other capital gains that the CIE Shareholder has made for the income year. Any available capital losses will then be applied against the total capital gains made for the income year, following which the CGT discount (if available) is applied to any remaining discount capital gains. A resulting net capital gain will be included in the CIE Shareholder's assessable income for the income year.

A resulting net capital loss cannot be deducted against other income for income tax purposes, but may be carried forward to offset capital gains made in future income years (before taking into account the CGT discount, if available). Specific loss recoupment rules apply to companies to restrict their ability to utilise capital losses in future years in some circumstances. CIE Shareholders should seek their own tax advice in relation to the operation of these rules.

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CGT roll over relief

CIE Shareholders who accept the Offer or have their CIE Shares compulsorily acquired and make a capital gain are eligible to elect that CGT 'scrip for scrip' roll over relief applies provided WAM becomes the owner of 80% or more of the CIE Shares and the relevant choices are made by CIE and, if necessary, by WAM. We expect that the other conditions to obtain roll over relief should be satisfied by the arrangement.

If WAM is not successful in acquiring 80% of the voting shares in CIE, the roll over will not be available to any of the CIE Shareholders (80% Rule) and those CIE Shareholders will be assessed on any capital gain that arises, even though the CIE Shareholder will not receive any cash from the exchange of their CIE Shares for replacement WAM Shares.

Where it is necessary for WAM to make a joint election with CIE Shareholders for roll over relief to occur, WAM has indicated that it will make the required joint election provided that the relevant CIE Shareholder provides WAM information in relation to its cost base in the CIE Shares (as WAM will require this information for the purposes of attending to its own tax obligations). WAM has confirmed that it will not make any choice or election that would prevent CIE Shareholders from benefitting from rollover relief where available.

The consequences of choosing roll over relief for the CIE Shareholders are as follows:

- (a) any capital gain in respect of the disposal of the CIE Shares will be disregarded; and
- (b) the realisation of any capital gain will be deferred until a CGT event takes place in respect of the replacement WAM Shares.

A CIE Shareholder who chooses roll over relief will be taken to have acquired their replacement WAM Shares at the time they acquired their original CIE Shares. This is relevant to determine if the CGT discount rules apply on a future disposal of the replacement WAM Shares.

If a roll over is available and chosen, the existing cost base of a CIE Shareholder in their CIE Shares is allocated pro-rata to the replacement WAM Shares and will be used to determine any future CGT implications in relation to the replacement WAM Shares.

7.3 Taxation consequences of disposal of CIE Shares by foreign residents

Generally, a CIE Shareholder who is a foreign resident for Australian income tax purposes and who does not carry on business in Australia at or through a permanent establishment should be exempt from CGT on the disposal of their CIE Shares, unless, broadly:

- the foreign resident CIE Shareholder (together with its associates) hold 10% or more of the issued shares in CIE at the time of the CGT event resulting from the disposal of the CIE Shares or for any continuous twelve month period within two years preceding the time of the CGT event (**non-portfolio interest**); and
- more than 50% of the market value of CIE is represented by direct or indirect interests in Australian real property (broadly, land situated in Australia and mining rights in respect of certain resources located in Australia) (**principal asset test**),

(collectively, the **TARP Test**).

The CIE Board is currently of the view that the CIE Shares do not satisfy the TARP Test as not more than 50% of the market value of CIE is represented by direct or indirect interests in Australian real property (that is, the principal asset test limb of the TARP Test is not satisfied).

Nevertheless, CIE recommends that foreign resident CIE Shareholders seek their own advice on the Australian CGT implications of a disposal of their CIE Shares, particularly if they (together with their associates) hold a non-portfolio interest.

Foreign resident CIE Shareholders who are subject to CGT on the disposal of their CIE Shares will not be entitled to the CGT discount in relation to that portion of the capital gain which relates to the period after 8 May 2012.

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Foreign resident CIE Shareholders should note that the Australian tax consequences from the disposal of CIE Shares may be affected by any double tax agreement between Australia and their country of residence. Foreign resident CIE Shareholders should obtain specific tax advice, including in their country of residence.

CGT roll over relief

CGT roll over relief will only be relevant and available to foreign resident CIE Shareholders where both the CIE Shares and the WAM Shares satisfy the TARP Test. The 80% Rule discussed above, as well as the other conditions to obtain roll over relief, will also apply to foreign resident CIE Shareholders.

7.4 Foreign resident CGT payment rules

In respect of certain types of transactions entered into on or after 1 July 2016, and subject to certain exceptions, bidders in an off-market takeover are required to pay an amount equal to 12.5% of the offer consideration to the ATO (broadly referred to as the foreign resident CGT payment rules).

WAM has this obligation if the CIE Shares acquired from a CIE Shareholder satisfy the TARP Test and other conditions exist.

CIE currently believes that the CIE Shares do not satisfy the TARP Test. As such, CIE currently does not expect that WAM should withhold any amount from consideration payable to foreign resident CIE Shareholders.

Nevertheless, foreign resident CIE Shareholders should obtain independent tax advice as to the potential implications to them of the foreign resident CGT payment rules.

7.5 Stamp duty

No Australian stamp duty will be payable by a CIE Shareholder on the transfer of their CIE Shares or the acquisition of the WAM Shares under the Offer.

7.6 GST

The disposal of CIE Shares or acquisition of WAM Shares by a CIE Shareholder pursuant to the Offer should not be subject to GST, either as an input taxed financial supply, or an out-of-scope supply (depending on the circumstances of the CIE Shareholder).

CIE Shareholders may be charged GST on costs (such as brokerage and advisor fees) that relate to their participation in the Offer. CIE Shareholders may not be entitled to claim full input tax credits for the GST included in such costs that relate to the disposal of their CIE Shares or acquisition of WAM Shares. CIE Shareholders should seek independent advice in relation to the impact of GST in their individual circumstances.

8. Additional information

8.1 Your Directors' interests and dealings in CIE Shares

(a) Interests in CIE securities

As at the date of this Target's Statement, the CIE Directors and their respective interests in CIE Shares are set out in the table below:

Name	Position	CIE Shares held by or on behalf of Director
Mark Kerr	Non-Executive Chairman	435,136
Andrew Meakin	Non-Executive Director	19,699

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Martin (Marty) Switzer	Director	120,000
Total		574,835

(b) Dealings in CIE Shares

No CIE Director has disposed of a relevant interest in any CIE Shares in the four months ending on the date immediately before the date of this Target's Statement.

CIE Directors have acquired a relevant interest in CIE Shares in the four months ending on the date immediately before the date of this Target's Statement, as set out in the table below.

Name	Position	CIE Shares acquired by or on behalf of Director in the preceding four months
Mark Kerr	Non-Executive Chairman	96,000
Andrew Meakin	Non-Executive Director	0
Martin (Marty) Switzer	Non-Executive Director	48,000
Total		144,000

(c) Intentions in relation to the Offer

Your Directors believe that delivery of the WCM Quality Global Growth Long Short Strategy offers greater value to CIE Shareholders over the longer-term than by accepting the Offer and receiving the Offer Consideration. Accordingly, your Directors do not presently intend to accept the Offer; however each Director expressly reserves the right to accept the Offer or otherwise to dispose of their shares at a later time.

8.2 Your Directors' interests and dealings in WAM securities

(a) Interests in WAM securities

As at the date of this Target's Statement, no Director has a relevant interest in any securities of WAM.

(b) Dealings in WAM securities

No CIE Director has acquired or disposed of a relevant interest in any securities of WAM in the four months ending on the date immediately before the date of this Target's Statement.

8.3 Benefits and agreements

(a) Directorships

As at the date of this Target's Statement, no Director of CIE is a director of WAM.

(b) Benefits in connection with retirement from office

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of CIE.

(c) Agreements connected with or conditional on the Offer

There are no agreements made between any Director and any other person in connection with, or conditional on, the outcome of the Offer other than in their capacity as a holder of CIE Shares.

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(d) Benefits from WAM

No Director has agreed to receive, or is entitled to receive, any benefit from WAM which is conditional on, or is related to, the Offer, other than in their capacity as a holder of CIE securities as outlined in Section 8.1(a) of this Target's Statement.

(e) Material interests of Directors in contracts with WAM

No Director has any interest in any contract entered into by WAM.

8.4 Material litigation

Your Directors do not believe that CIE is involved in any litigation or dispute which is material in the context of CIE and the CIE group of companies taken as a whole.

8.5 Issued capital

As at the date of this Target's Statement, CIE's issued capital comprises 125,529,319 CIE Shares.

8.6 Substantial holders

As at the date of this Target's Statement, the following persons held an interest in CIE Shares of more than 5% as disclosed in substantial holding notices provided to the ASX:

Name	Number of CIE Shares	Percentage of CIE Shares
Wilson Asset Management Group	38,942,051	34.25%

8.7 ASX announcements

CIE is a *disclosing entity* under the Corporations Act and therefore has continuous disclosure obligations under that legislation and also under the ASX Listing Rules. CIE is required to immediately disclose to the market through ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of CIE Shares.

CIE is in compliance with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules. CIE's announcements are available free of charge from the ASX website at www.asx.com.au (ASX code: CIE).

The most recent financial information regarding CIE is set out in the Annual Report for the year ended 30 June 2020 announced to the ASX on 13 October 2020.

A copy of the Annual Report is also available free of charge from CIE on request and on CIE's website at <https://contango.com.au/funds/cie/>.

8.8 Takeover response costs

The Offer will result in CIE incurring expenses that would not otherwise have arisen in 2020. These include legal, financial and other expenses from advisers engaged by CIE to assist in responding to the Offer. The total cost of the takeover response depends on the outcome of the Offer, the duration of the Offer and required response activities, as well as the complexity of the issues addressed in the response. Therefore, it is difficult to estimate the likely total cost to CIE. These defence costs will be reflected in CIE's financial results for the financial year ending 30 June 2021.

8.9 Consents

MinterEllison has consented to being named in this Target's Statement as the legal adviser to CIE and has not withdrawn that consent at the date of this Target's Statement.

Contango Funds Management Limited has consented to being named in this Target's Statement as the investment manager of CIE and has not withdrawn that consent at the date of this Target's Statement.

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Computershare Investor Services Pty Ltd has consented to being named in this Target's Statement as CIE's share registry and has not withdrawn that consent at the date of this Target's Statement.

Each person named in this Section 8.9 of this Target's Statement as having given its consent to the inclusion of a statement or to being named in this Target's Statement:

- has not authorised or caused the issue of this Target's Statement;
- does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than a statement included in this Target's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Target's Statement with the consent of that party.

8.10 Reliance on ASIC class orders

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to the ASX. In accordance with this class order, the consent of WAM or the ASX (respectively) is not required for the inclusion of such statements in this Target's Statement. Any CIE Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting CIE.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or published book, journal or comparable publication.

In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement contains share price trading and financial data sourced from Bloomberg, without their consent.

8.11 No other material information

This Target's Statement is required to include all the information that CIE Shareholders and their professional advisers would reasonably require to make an informed assessment whether or not to accept the Offer but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in the Target's Statement; and
- only if the information is known to any of your Directors.

Your Directors are of the opinion that the only information that CIE Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- the information contained in releases by CIE to the ASX before the date of this Target's Statement; and
- the information contained in this Target's Statement.

Your Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless expressly indicated otherwise in this Target's Statement). However, your Directors do not take any responsibility for the content of the

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Bidder's Statement and is not to be taken as endorsing, in any way, any or all statements contained therein.

In deciding what information should be included in this Target's Statement, your Directors have had regard to:

- the nature of CIE Shares;
- the matters CIE Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to the professional advisers to CIE Shareholders;
- the nature of the Offer; and
- the time available to CIE to prepare this Target's Statement.

8.12 Approval of Target's Statement

This Target's Statement has been approved by a resolution passed by your Directors.

Signed for and on behalf of CIE by:



Mark Kerr
Chairman

Date: 28 October 2020

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9. Glossary & interpretation

9.1 Glossary

Term	Meaning
AEDT	Australian Eastern Daylight Time
Announcement Date	28 September 2020
ASIC	Australian Securities and Investments Commission
associate	has the same meaning as given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time) as if section 12(1) of that Act included a reference to this Target's Statement and CIE was the designated body
ASX	ASX Limited ABN 98 008 624 691 or, where the context otherwise requires, a financial market operated by it known as the Australian Securities Exchange
ASX Listing Rules	the Listing Rules of ASX, as amended or replaced
AUD or A\$ or \$	Australian dollars
Bidder's Statement	the bidder's statement by WAM dated 28 September 2020 setting out the terms and other information in relation to the Offer
CGT	capital gains tax
CIE	Contango Income Generator Limited ACN 160 959 395
CIE Board or Board	the board of directors of CIE
CIE Share or Share	a fully paid ordinary share in the capital of CIE
CIE Shareholder or Shareholder	a holder of CIE Shares
Conditions	each defeating condition to which WAM's Offer is subject, as set out in clause 8 of Schedule 1 to the Bidder's Statement
Corporations Act	the Corporations Act 2001 (Cth)
Director	a director of CIE
FY	financial year, which for CIE is the year ending 30 June
GST	goods and services tax
LIC	listed investment company
Manager	Contango Funds Management Limited ACN 085 487 421
Offer	the off-market takeover bid by WAM for all CIE Shares other than those already owned by WAM, as described in the Bidder's Statement
Offer Consideration	the consideration due to you as a result of your acceptance of the Offer, being 1 WAM Share for every 3 CIE Shares that you hold
Offer Period	the period during which the Offer will remain open for acceptance in accordance with section 5 of Schedule 1 of the Bidder's Statement
Implied Offer Value	the implied value offered by WAM under the Offer. Based on \$2.35, being the closing price that WAM Shares traded on 26 October 2020, the Implied Offer Value of the Offer is A\$0.75 for every CIE Share.
relevant interest	has the meaning given in sections 608 and 609 of the Corporations Act

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Rights	all accreditations, rights or benefits of whatever kind attaching to or arising from CIE Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends, distributions and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by the CIE Group after that date) but excluding any franking credits attached to a dividend or other distribution
Target's Statement	this document, being the statement of CIE under Part 6.5 of the Corporations Act in response to the Offer
TARP Test	as defined in Section 8.3 of this Target's Statement
voting power	has the meaning given in section 610 of the Corporations Act
VWAP	volume weighted average price
WAM	WAM Capital Limited ACN 086 587 395
WAM Share	a fully paid ordinary share in the capital of WAM
WCM	WCM Investment Management, LLC

9.2 Interpretation

In this Target's Statement, unless the context otherwise requires:

- the singular includes the plural and vice versa and words importing one gender include other genders;
- terms defined in the Corporations Act as at the date of this Target's Statement have the meanings given to them in the *Corporations Act 2001* (Cth) at that date;
- a reference to dollars, A\$, AUD, \$ and cents is a reference to Australian currency;
- a reference to a statute of any parliament or any section, provision or schedule of a statute of any parliament includes a reference to any statutory amendment, variation or consolidation of the statute, section, provision or schedule and includes all statutory instruments issued under the statute, section, provision or schedule;
- a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- a reference to a Section is a reference to a section of this Target's Statement;
- a reference to time is a reference to Sydney time; and
- headings and bold type are used for reference only.

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Corporate Directory

Directors

Mark Kerr (non-executive chairman)
Andrew Meakin (non-executive director)
Martin (Marty) Switzer (non-executive director)

Manager

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