

# Investment update

As at 31 July 2017

## Snapshot

Pre-tax net tangible assets

94.1C

Gross assets

\$89.2m

ABN: 11 107 772 761

[wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au)

## Century Australia

ASX Code	CYA
Listed	April 2004
Gross assets	\$89.2m
Market cap	\$89.6m
Share price	95.0c
NTA before tax	94.1c
Shares on issue	94,268,790

## Investment objectives

- Deliver a regular income stream via fully franked dividends
- Provide capital growth over the medium-to-long term
- Preserve capital

## Wilson Asset Management investment and management team

Geoff Wilson	Chairman & Portfolio Manager
Kate Thorley	Chief Executive Officer
Chris Stott	Chief Investment Officer & Portfolio Manager
Matthew Haupt	Portfolio Manager
Martin Hickson	Portfolio Manager
Oscar Oberg	Portfolio Manager
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Cooper Rogers	Assistant Dealer

## Company Overview

On 18 April 2017, shareholders of Century Australia Investments Limited (ASX: CYA) approved the appointment of MAM Pty Limited, a member of the Wilson Asset Management Group, as the New Investment Manager. Century will provide investors with access to a Portfolio predominately comprised of large-cap companies in the S&P/ASX 300 Index and the investment management expertise of Wilson Asset Management.

## Shareholder Presentations

Adelaide	20 November
Perth	21 November
Toowoomba	23 November
Brisbane	24 November
Hobart	27 November
Canberra	28 November
Sydney (AGM)	29 November
Melbourne	30 November

**SAVE THE DATE**

## Market overview

The S&P/ASX 300 Accumulation Index closed flat in July 2017. The best performing sectors during the month included materials (+3.5%), banks (+2.3%) and financials (+1.3%), while healthcare and utilities weighed on the Index with declines of 7.5% and 5.3% respectively.

As expected, the Reserve Bank of Australia (RBA) held the cash rate at 1.5% for the 12<sup>th</sup> consecutive month. The Australian Bureau of Statistics released its anticipated inflation numbers, which fell below expectations, lowering the probability of the RBA raising the cash rate in the near term. Consumer sentiment figures released by the Westpac-Melbourne Institute showed a decline of 2.5% over the last 12 months.

Globally, the Chinese economy increased 6.9% from a year earlier in the second quarter, exceeding market expectations. The US Federal Reserve held its interest rate at the level reached by an increase in June, reiterating its forecast of one further increase this calendar year. The European Central Bank also maintained its monetary policy setting – a deposit rate of -0.4% for banks and a base interest rate of 0.0%.

## Portfolio update

In July, the investment portfolio increased 0.2% outperforming the Index which closed flat for the month. Our equity weighting increased from 77.9% to 87.7% over the course of the month as we took advantage of select mid-cap opportunities and increased our exposure to the banks prior to Australian Prudential Regulatory Association's (APRA) announcement on bank capital requirements. We believed the market was overly sceptical about the sector in advance of APRA's definition of "unquestionably strong" and increased our weighting in the banks to over 18%. The banks rallied on the announcement of a 10.5% capital requirement, which the banks should meet without the need for potentially dilutive equity capital raisings. We expect this momentum to continue through the August reporting season.

We selectively added 19 positions into the market-driven side of the portfolio across various sectors to capitalise on opportunities ahead of the upcoming reporting season. The portfolio is well positioned heading into this period with target weightings achieved across a majority of holdings.

## Net Tangible Assets (NTA) figures

NTA before tax	94.1c
Deferred tax asset on carry forward realised losses	5.4c
Deferred tax asset/(liability) on unrealised income and gains/losses	(0.4)c
NTA after tax	99.1c

In addition to the deferred tax assets (DTA) of 5.4 cents per share recorded in the accounts there is a further \$2.9m or 3.1 cents per share of tax benefit on realised losses which is not carried on the company's balance sheet and is available to be offset against future taxation liabilities.

The fact that Century Australia is currently not liable to pay tax means that the level of franked dividends paid is restricted by the level of franking credits received by way of fully franked dividend income. Once the total carry forward losses are utilised, Century Australia will return to paying tax on any realised gains. Tax payments will generate additional franking credits from which franked dividends can be paid.

## Diversified portfolio

Investment Type	June 2017		July 2017	
	\$m	%	\$m	%
Listed Equities	69.4	77.9	78.2	87.7
Fixed Interest & Cash	19.7	22.1	11.0	12.3
<b>Gross Assets</b>	89.1	100.0	89.2	100.0
<b>Total Shares on issue</b>	94,268,790		94,268,790	

## Top 10 holdings

Code	Company	Market value \$	Market value as % gross assets
BHP	BHP Billiton Limited	3,918,524	4.4%
ANZ	Australia and New Zealand Banking Group	3,840,937	4.3%
NAB	National Australia Bank Limited	3,501,455	3.9%
WBC	Westpac Banking Corporation	3,486,613	3.9%
RIO	Rio Tinto Limited	3,086,998	3.5%
JHG	Janus Henderson Group PLC	3,068,384	3.4%
CBA	Commonwealth Bank of Australia	2,933,481	3.3%
CTX	Caltex Australia Limited	2,804,406	3.1%
AMP	AMP Limited	2,674,796	3.0%
WPL	Woodside Petroleum Limited	2,664,796	3.0%

## Investor conference call

Shareholders have the opportunity to take part in an investor conference call in which the investment team will provide an update on the Century Australia investment portfolio, insights from the current reporting season and our equity market outlook. The call will also cover WAM Capital, WAM Leaders, WAM Research, WAM Active and WAM Microcap.

**Date:** Wednesday 6 September 2017

**Time:** 4:30pm – 5:30pm (AEST)

To register, please visit [www.waminvestorcall.eventbrite.com.au](http://www.waminvestorcall.eventbrite.com.au)