

Investment update

As at 31 December 2017

Snapshot

Pre-tax net tangible assets

\$1.03

Gross assets

\$97.4m

Century Australia

ASX code	CYA
Listed	April 2004
Gross assets	\$97.4m
Market cap	\$91.0m
Share price	\$0.965
NTA before tax	\$1.03
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.

Market overview

The investment portfolio increased 2.4% in December 2017, outperforming the S&P/ASX 300 Accumulation Index, which rose 1.9% to close the calendar year up 11.9%. The Index's best performing sectors during the month included resources, up 7.1% and energy, up 6.5%.

During the month, the Reserve Bank of Australia (RBA) left the cash rate unchanged, while reiterating its upbeat outlook for 3% gross domestic product (GDP) growth and rising inflation for the next few years. The Westpac-Melbourne Institute index of consumer sentiment increased to a four-year high, rising 3.6% in December and data from the Australian Bureau of Statistics reported continued and strong growth in Australia's population.

Globally, oil prices rose 5.2% for the month, continuing to benefit from supply cuts led by OPEC. Commodities rebounded, with coking coal rising 23.1%, nickel and aluminium pushing base metals higher and iron ore rising 6.0%. The MSCI AC World Index (USD) rose 1.5% for the month to close the calendar year up 21.6%.

Performance

Performance at 31 December 2017	1 Mth	3 Mths	Fin YTD	Since appointment of new investment manager (April-17)
CYA Investment Portfolio*	2.4%	9.2%	10.3%	11.0%
S&P/ASX 300 Accumulation Index	1.9%	7.7%	8.6%	7.4%
Outperformance	+0.5%	+1.5%	+1.7%	+3.6%

*Investment performance and Index returns are before expenses, fees and taxes.

Net Tangible Assets (NTA) figures

NTA before tax	102.6c
Deferred tax asset on carry forward realised losses	6.0c
Deferred tax liability on unrealised income and gains	(2.0)c
NTA after tax	106.6c

In addition to the deferred tax assets of 6.0 cents per share recorded in the accounts there is a further \$1.9 million or 2.1 cents per share of tax benefit on realised losses that 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 reliant on 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.

Portfolio update

The investment portfolio's outperformance during December 2017 was driven by solid performance across the majority of holdings and catalysts materialising in research-driven investments. The largest contributors to the outperformance were Westfield Corporation (ASX: WFD), which had entered into a \$32 billion takeover agreement with French company Unibail-Rodamco, and Tabcorp Holdings (ASX: TAH) which completed a merger with Tatts Group. Other contributors to the outperformance included the portfolio's increased exposure to the resources sector, primarily through holdings in BHP Billiton (ASX: BHP), Rio Tinto (ASX: RIO), Iluka Resources (ASX: ILU) and OZ Minerals (ASX: OZL), following greater confidence about pricing conditions, together with an improvement in company balance sheets and capital management flexibility.

Diversified portfolio

Investment Type	November 2017		December 2017	
	\$m	%	\$m	%
Listed Equities	84.7	89.1	86.7	89.0
Fixed Interest & Cash	10.4	10.9	10.7	11.0
Gross Assets	95.1	100.0	97.4	100.0
Total Shares on issue	94,268,790		94,268,790	

Top 20 holdings

Code	Company	Code	Company
BHP	BHP Billiton Limited	MQG	Macquarie Group Limited
ORG	Origin Energy Limited	AMC	Amcor Limited
WOW	Woolworths Limited	BLD	Boral Limited
NAB	National Australia Bank Limited	RIO	Rio Tinto Limited
WBC	Westpac Banking Corp	PRY	Primary Health Care Limited
WPL	Woodside Petroleum Limited	TAH	Tabcorp Holdings Limited
CSL	CSL Limited	JHG	Janus Henderson Group PLC
JHX	James Hardie Industries PLC	NWS	News Corp
AMP	AMP Limited	TLS	Telstra Corporation Limited
ANZ	Australia and New Zealand Banking Group Limited	CBA	Commonwealth Bank of Australia