

# Investment update

As at 31 October 2017

## Snapshot

Pre-tax net tangible assets

98.3c

Gross assets

\$92.9m

## Century Australia

|                 |            |
|-----------------|------------|
| ASX code        | CYA        |
| Listed          | April 2004 |
| Gross assets    | \$92.9m    |
| Market cap      | \$89.1m    |
| Share price     | 94.5c      |
| NTA before tax  | 98.3c      |
| 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 |

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## Market overview

The Century Australia investment portfolio increased 4.1% in October 2017, outperforming the S&P/ASX 300 Accumulation Index, which rose 4.0%. The Index reached its highest level since early May 2017 and posted its best calendar month return this year. The best performing sectors during the month included energy (+6.4%), consumer discretionary (+5.4%) and healthcare (+5.5%).

During the month the Australian Bureau of Statistics announced the September quarter consumer price index (CPI) was unchanged at 1.8%, falling well below market expectations and further supporting our view that the Reserve Bank of Australia will maintain the cash rate at 1.5% for the foreseeable future. The Westpac-Melbourne Institute index of consumer sentiment rose 3.6% in October, the highest level recorded in 12 months.

Globally, economic data releases continued to be strong and the revival of United States President Trump's tax plan drove the S&P 500 Index to yet another record high. The iron ore price fell following steel production cuts and winter shut downs in China, while base metals, including copper and nickel, rose substantially following optimism that a strong global economic backdrop would lift demand. Oil prices rallied following continued US inventory drawdowns and talks of extension to the OPEC cuts which are scheduled to finish in March of next year.

## November 2017 Shareholder Presentations

Don't forget to reserve your place at our November 2017 Shareholder Presentations. We will discuss our listed investment companies, investment themes and trends, investment case studies, market outlook and making a difference initiatives. To RSVP, click [here](#).

## Performance

| Performance at 31 October 2017 | 1 Mth        | 3 Mths       | Fin YTD      | 6 Mths       | Since appointment of new investment manager (April-17) |
|--------------------------------|--------------|--------------|--------------|--------------|--|
| CYA Investment Portfolio*      | 4.1%         | 4.9%         | 5.1%         | 4.1%         | 5.8%   |
| S&P/ASX 300 Accumulation Index | 4.0%         | 4.8%         | 4.8%         | 2.2%         | 3.7%   |
| <b>Outperformance</b>          | <b>+0.1%</b> | <b>+0.1%</b> | <b>+0.3%</b> | <b>+1.9%</b> | <b>+2.1%</b>   |

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

## Net Tangible Assets (NTA) figures

|   |               |
|---|---------------|
| NTA before tax  | 98.3c         |
| Deferred tax asset on carry forward realised losses   | 6.5c          |
| Deferred tax liability on unrealised income and gains | (1.3)c        |
| <b>NTA after tax</b>                                  | <b>103.5c</b> |

In addition to the deferred tax assets of 6.5 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 in October 2017 was driven by a broad rally across all holdings. Highlights included Origin Energy (ASX: ORG) and Santos (ASX: STO), which benefitted from the rising oil price and solid operational updates. Fairfax Media Group (ASX: FXJ) was a standout following further clarity regarding the proposed spin-off of Domain. Another driver of performance was positive updates from both Woolworths (ASX: WOW), which provided a quarterly sales update and Macquarie Group (ASX: MQG), which upgraded its guidance and announced a buyback. We also increased exposure to the banks in anticipation of strong results in the reporting period. We exited our profitable position in Bank of Queensland (ASX: BOQ) post its result, which was ahead of the market's expectations and believe the remaining banks will all demonstrate solid results. During the month a number of new positions were added to the portfolio, which included Primary Healthcare Limited (ASX: PRY) following the release of positive data.

## Diversified portfolio

| Investment Type              | September 2017 |       | October 2017 |       |
|------------------------------|----------------|-------|--------------|-------|
|                              | \$m            | %     | \$m          | %     |
| Listed Equities              | 78.2           | 87.5  | 77.3         | 83.2  |
| Fixed Interest & Cash        | 11.2           | 12.5  | 15.6         | 16.8  |
| <b>Gross Assets</b>          | 89.4           | 100.0 | 92.9         | 100.0 |
| <b>Total Shares on issue</b> | 94,268,790     |       | 94,268,790   |       |

## Top 20 holdings

| Code | Company   | Code | Company                        |
|------|---|------|--------------------------------|
| BHP  | BHP Billiton Limited                            | AMP  | AMP Limited                    |
| NAB  | National Australia Bank Limited                 | MQG  | Macquarie Group Limited        |
| WBC  | Westpac Banking Corporation                     | TAH  | Tabcorp Holdings Limited       |
| JHG  | Janus Henderson Group PLC                       | BLD  | Boral Limited                  |
| RIO  | Rio Tinto Limited                               | TLS  | Telstra Corporation Limited    |
| WPL  | Woodside Petroleum Limited                      | AGL  | AGL Energy Limited             |
| AMC  | Arcor Limited                                   | IPL  | Incitec Pivot Limited          |
| ORG  | Origin Energy Limited                           | WOR  | WorleyParsons Limited          |
| ANZ  | Australia and New Zealand Banking Group Limited | CBA  | Commonwealth Bank of Australia |
| WOW  | Woolworths Limited                              | NWS  | News Corporation               |