

Investment update

As at 30 September 2018

Snapshot

Pre-tax net tangible assets

\$1.02

Gross assets

\$96.9m

Century Australia

ASX code	CYA
Listed	April 2004
Gross assets	\$96.9m
Market cap	\$91.9m
Share price	\$0.975
NTA before tax	\$1.02
Shares on issue	94,268,790
FY2018 fully franked full year dividend	4.09c

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 AO	Chairman & Portfolio Manager
Kate Thorley	Chief Executive Officer
Chris Stott	Chief Investment Officer & Portfolio Manager
Matthew Haupt	Lead Portfolio Manager
Catriona Burns	Lead Portfolio Manager
Martin Hickson	Lead Portfolio Manager
Oscar Oberg	Lead Portfolio Manager
Tobias Yao	Portfolio Manager
John Ayoub	Portfolio Manager
Nick Healy	Equity Analyst
Matt Nicholas	Equity Analyst
Cooper Rogers	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

We look forward to meeting with you at our upcoming Shareholder Presentations. The presentations begin at 10.00am in each city and are followed by the Future Generation Shareholder Presentations at 12.15pm.

Reserve your place now.

Portfolio update

The Century Australia investment portfolio increased 0.5% in September. During the month, we tactically deployed capital to take advantage of oversold commodity exposed companies following the rout on emerging markets and increased clarity on the US and China trade war. Northern Star Resources (ASX: NST) announced it had acquired North American gold asset Pogo, which was well received by the investment market and highlighted the quality portfolio of NST's assets. Other notable contributors to the portfolio performance included BHP Billiton (ASX: BHP), Rio Tinto (ASX: RIO), South32 (ASX: S32) and Woodside Petroleum (ASX: WPL).

Market overview

The S&P/ASX 300 Accumulation Index closed down 1.2% in September. The oscillation between diplomacy and sabre-rattling in the trade war between the United States and China continued to dominate financial markets. The White House announced 10% tariffs on an additional \$200 billion of Chinese imports to take effect from September 24. The Chinese market continues to decline, having fallen 27% from its peak this calendar year.

The US Federal Reserve increased interest rates for the third time this year and flagged another rate hike in December, with three more in 2019 and one in 2020. The move reflects an optimistic assessment of the US economy that was unchanged from the central bank's last policy statement, despite concerns over the escalating trade war.

Second quarter Australian GDP data was announced at an annualised rate of 3.4%, which was above expectations. This positive news should be tempered by the fact that the growth was sustained by increased consumer spending at the expense of lower household savings. The savings rate is now back at 1%, the lowest level in almost a decade.

Minutes from the last meeting of the Reserve Bank of Australia (RBA) reiterated that the next move in official interest rates was more likely to be up than down, although the RBA stated that there was no case for any near-term move. Despite this decision, the Commonwealth Bank of Australia (ASX: CBA) and ANZ Banking Group (ASX: ANZ) joined Westpac Banking Corporation (ASX: WBC) in raising mortgage interest rates to combat higher funding costs. We will be watching the potential impact these out of cycle rate increases will have on the economy in the coming months.

The S&P/ASX All Ordinaries Accumulation Index took a dramatic fall this week, following other global markets. In the absence of a clearly identifiable catalyst for the global rout on equities, the million dollar question is whether this is the beginning of the current bull market's end.

Performance

Performance at	1	Fin	1	Since
30 September 2018	1	YTD	1	appointment of
	1		1	new investment
	1		1	manager
	1		1	% pa (April-17)
CYA Investment Portfolio*	0.5%	1.4%	15.0%	11.3%
S&P/ASX 300 Accumulation Index	-1.2%	1.5%	14.0%	9.1%
Outperformance	+1.7%	-0.1%	+1.0%	+2.2%

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

Net tangible assets (NTA) figures

The following NTA figures are **after** the 2.0 cents per share fully franked final dividend paid on 28 September 2018. The shares traded ex dividend on 6 September 2018.

NTA before tax	102.4c
Deferred tax asset on carry forward realised losses	5.8c
Deferred tax liability on unrealised income and gains	(2.3)c
NTA after tax	105.9c

In addition to the deferred tax assets of 5.8 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 capital 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 on a portion of its investment portfolio means that the level of franked dividends paid is primarily dependent on the payment of tax on taxable gains derived from the Company's trading portfolio and 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 taxable gains for the entire investment portfolio. Tax payments generate additional franking credits for shareholders from which franked dividends can be paid.

Diversified portfolio

Investment type	August 2018		September 2018	
	\$m	%	\$m	%
Listed equities	85.2	86.7	87.2	90.0
Fixed interest & cash	13.1	13.3	9.7	10.0
Gross assets	98.3	100.0	96.9	100.0
Total shares on issue	94,268,790		94,268,790	

Top 20 holdings

Code	Company	Code	Company
AMC	Amcors Limited	QBE	QBE Insurance Group Limited
AMP	AMP Limited	RIO	Rio Tinto Limited
ANZ	Australia and New Zealand Banking Group Limited	S32	South32 Limited
BHP	BHP Billiton Limited	TAH	Tabcorp Holdings Limited
CBA	Commonwealth Bank of Australia	TLS	Telstra Corporation Limited
CSL	CSL Limited	SGR	The Star Entertainment Group Limited
JHX	James Hardie Industries Plc	WBC	Westpac Banking Corporation
MQG	Macquarie Group Limited	WES	Wesfarmers Limited
NAB	National Australia Bank Limited	WPL	Woodside Petroleum Limited
ORG	Origin Energy Limited	WOW	Woolworths Group Limited

The top 20 holdings are presented in alphabetical order.