

Investment update

As at 31 December 2018

Snapshot

Pre-tax net tangible assets

92.3c

Gross assets

\$87.3m

Century Australia

| | |
|---|------------|
| ASX code | CYA |
| Listed | April 2004 |
| Gross assets | \$87.3m |
| Market cap | \$84.4m |
| Share price | \$0.895 |
| NTA before tax | \$0.92 |
| 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 & Chief Investment Officer |
| Kate Thorley | Chief Executive Officer |
| 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 |
| Sam Koch | 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.

Market overview

The S&P/ASX 300 Accumulation Index closed down 0.2% in December, representing the fourth consecutive month of negative returns. Market sentiment was again driven by concerns over slowing global growth, quantitative tightening, rising interest rates in the US and the impact of the US-China trade war. In addition the China Manufacturing Purchasing Managers Index (PMI) fell to 49.4 for December indicating a weakening Chinese economy.

The S&P 500 Index fell 5.9% for the month in AUD terms – the worst December since 1931. Global investors turned to defensive investments, favouring gold, the Japanese yen and treasury bonds as a result. The MSCI World Index fell by 4.2% in AUD terms in December to close down 4.6% financial year to date (FYTD).

The Australian market fared slightly better than its global peers in December with the S&P/ASX All Ordinaries Accumulation Index falling by 0.4% to close the FYTD down 7.3%. The S&P/ASX 200 Accumulation Index declined by 0.1% in December and is down 6.8% FYTD and the S&P/ASX Small Ordinaries Accumulation Index fell by 4.2% during the month and 12.8% FYTD. Overall 2018 has proven to be a tumultuous year for the Australian equity market. Key themes driving the market's decline and heightened volatility included the increase in government regulations, escalation in trade wars and attempts to control the global oil surplus.

Portfolio update

The Century Australia investment portfolio increased 0.2% in December. The outperformance was driven by tactical positions in gold and mining companies and exposure to defensive holdings that were beneficiaries of the equity market volatility during the month. Evolution Mining (ASX: EVN) was a notable performer as gold prices rallied under equity market volatility and expectations of lower than previously anticipated interest rate rises from the US Federal Reserve. Holdings in BHP Billiton (ASX: BHP) and Rio Tinto (ASX: RIO) also drove the investment portfolio's outperformance as commodity prices rallied due to the falling USD, more accommodative Chinese domestic policy and improvements in the trade war dialogue.

Merger with WAM Leaders

In December the Federal Court approved the Scheme of Arrangement to merge Century with WAM Leaders Limited (ASX: WLE). The Independent Expert appointed by the Century Board of Directors concluded that the Scheme is fair and reasonable and in the best interest of Century shareholders. Please see the ASX announcement [here](#). If you would like any further information regarding the Scheme please contact Chief Financial Officer Jesse Hamilton or Emily Macpherson on (02) 9247 6755.

Performance

| Performance at | 1 | Fin | 1 | Since |
|--------------------------------|--------------|--------------|--------------|---|
| 31 December 2018 | mth | YTD | yr | appointment of new investment manager % pa (April-17) |
| CYA Investment Portfolio* | 0.2% | -7.7% | -4.1% | 3.7% |
| S&P/ASX 300 Accumulation Index | -0.2% | -7.0% | -3.1% | 2.4% |
| Outperformance | +0.4% | -0.7% | -1.0% | +1.3% |

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

Net tangible assets (NTA) figures

| | |
|---|--------------------|
| NTA before tax | 92.3c [^] |
| Deferred tax asset on carry forward realised losses | 5.8c |
| Deferred tax asset/(liability) on unrealised income and gains | 1.3c |
| NTA after tax | 99.4c |

[^]The NTA before tax is after the payment of \$492k (0.5 cents per share) in tax for the 2018 financial year.

In addition to the deferred tax assets on carried forward realised losses 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 | November 2018 | | December 2018 | |
|-----------------------|---------------|--------------|-------------------------|--------------|
| | \$m | % | \$m | % |
| Listed equities | 78.0 | 88.8 | 77.8 | 89.1 |
| Fixed interest & cash | 9.8 | 11.2 | 9.5 | 10.9 |
| Gross assets | 87.8 | 100.0 | 87.3[*] | 100.0 |
| Total shares on issue | 94,268,790 | | 94,268,790 | |

^{*}This figure is after the payment of \$492k in tax for FY18 during the month.

Top 20 holdings

| Code | Company | Code | Company |
|------|---|------|---------------------------------|
| ALL | Aristocrat Leisure Limited | NAB | National Australia Bank Limited |
| ANZ | Australia and New Zealand Banking Group Limited | NCM | Newcrest Mining Limited |
| AZJ | Aurizon Holdings Limited | RIO | Rio Tinto Limited |
| BHP | BHP Billiton Limited | TAH | Tabcorp Holdings Limited |
| CBA | Commonwealth Bank of Australia | SGR | The Star Entertainment |
| CSL | CSL Limited | TCL | Transurban Group |
| DXS | Dexus Property Group | TWE | Treasury Wine Estates Limited |
| EVN | Evolution Mining Limited | WBC | Westpac Banking Corporation |
| GMG | Goodman Group | WPL | Woodside Petroleum Limited |
| MQG | Macquarie Group Limited | WOW | Woolworths Group Limited |

The top 20 holdings are presented in alphabetical order.