
CENTURY
AUSTRALIA
INVESTMENTS LIMITED



Investing for Income Roadshow
- ASX Sydney -

22 June 2006

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What are listed funds?

- Managed funds listed on the ASX
- Professional Investment Managers make investment decisions on your behalf
- Diversification in one investment
- Buying and selling in the same manner as shares
- Low cost with lower than average management fees
- Includes Listed Investment Companies (LICs) and Exchange Traded Funds (ETFs)

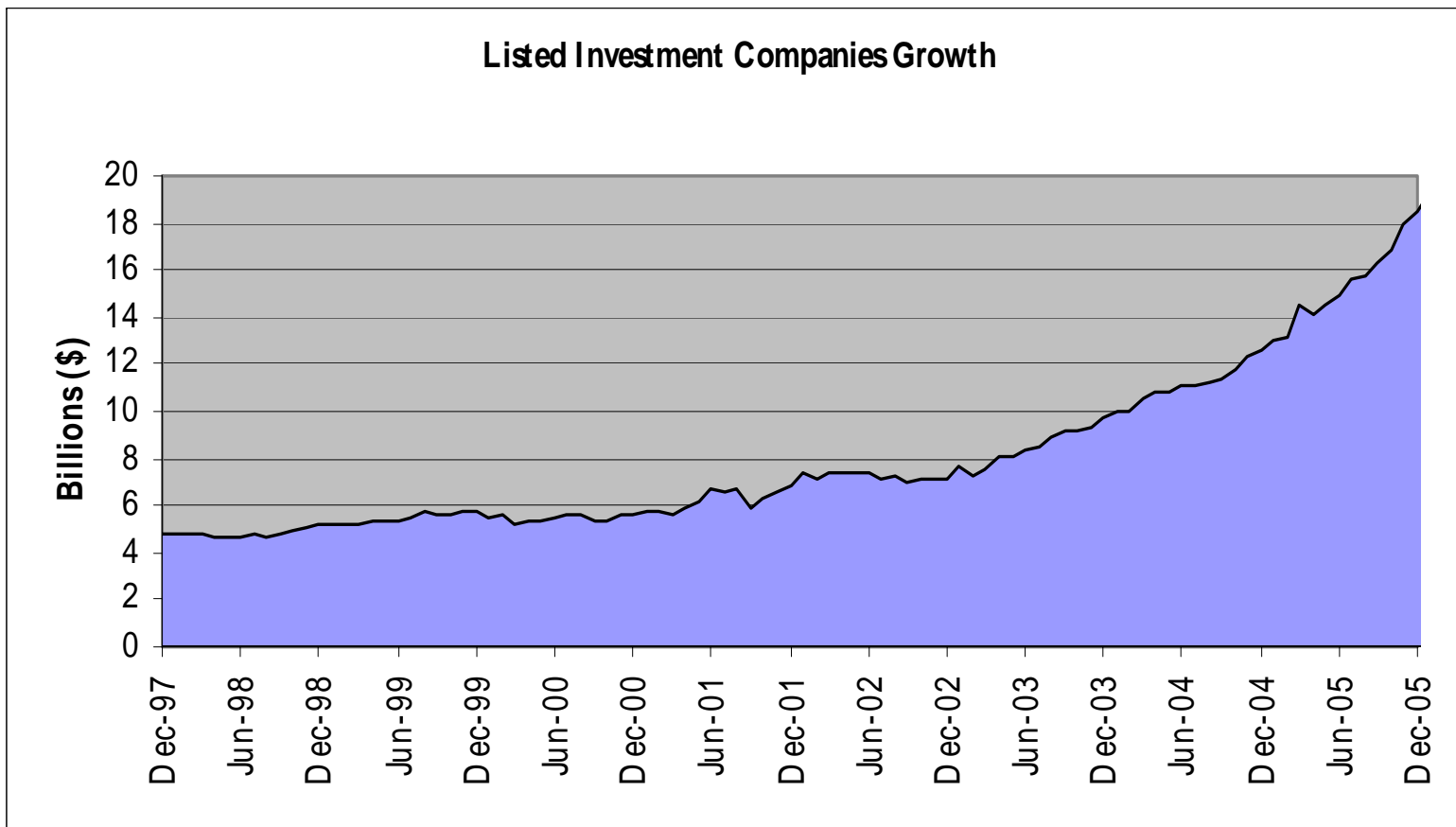
Understanding LICs

- Like managed funds, LICs provide you with a diversified portfolio of assets
- Investment decisions are made by fund managers
- LICs may have up to 200 stocks in their portfolios
- Have been listed on ASX for over 70 years
- Buy and sell through your adviser on ASX

Investment objectives – one example

- Provide long-term capital growth and income by investing in quality, undervalued Australian companies
- Investment selection – based on active, bottom up value based approach rather than index weightings
- To warrant inclusion in portfolio companies must:
 - be financially sound;
 - have superior management and a sustainable business model; **and**
 - be trading at share prices below their intrinsic value or relative to industry and market.
- Ongoing review

Growth of LICs



Features of LICs

- Low cost - MERs between 0.15%-1.00% pa, however most 'new' LICs also have performance fees
- Dividends yields are between 3-5%
- Dividends are fully-franked
- CGT credits may be passed through
- Closed-end vehicle
- May trade at a premium or discount to the value of the underlying portfolio (relative to NTA)

Types of LICs

- **Australian shares**
 - e.g. Argo, AFIC, Century Australia, Clime Capital

- **International shares**
 - e.g. Templeton Global, Global Masters Fund

- **Specialist**
 - e.g. Global Mining Investments, LinQ Resources

- **Private equity**
 - e.g. Souls Private Equity

Reducing management fees

\$50,000 investment for 5 years assuming no movement in prices

- Unlisted Managed Funds portfolio
 - Average management fees of 1.81% p.a (*Source KPMG*)
 - \$50,000 after 5 Years = **\$45,635.87**

- Listed Investment Companies portfolio
 - Average management fees of 0.80% p.a
 - \$50,000 after 5 years = **\$48,031.74**

- 'Traditional' Listed Investment Companies portfolio
 - Average management costs of 0.18% p a
 - \$50,000 after 5 years = **\$49,551.62**

A saving of \$2,395.87, or \$3,915.75 over the 5-year period.

LIC Buy / Sell example

Century Australia LIC (ASX Code: CYA)

- Buy 10,000 CYA LIC @ \$1.01 on 31 December 2005
= \$10,100
- Exposure to a portfolio of stocks listed on ASX
e.g. BHP, NAB, WES, MBL, CML, CBA, WBC...
- Receive fully franked dividends of \$200 (2c per share) and \$ 300 (3c per share) over the period (interim and final)

= \$ 500
- Sell 10,000 CYA @ \$1.11 on 31 December 2005

= \$ 11,110
- **RESULT: Total return of 15%***

* Pre-tax adjustment

LIC Yields

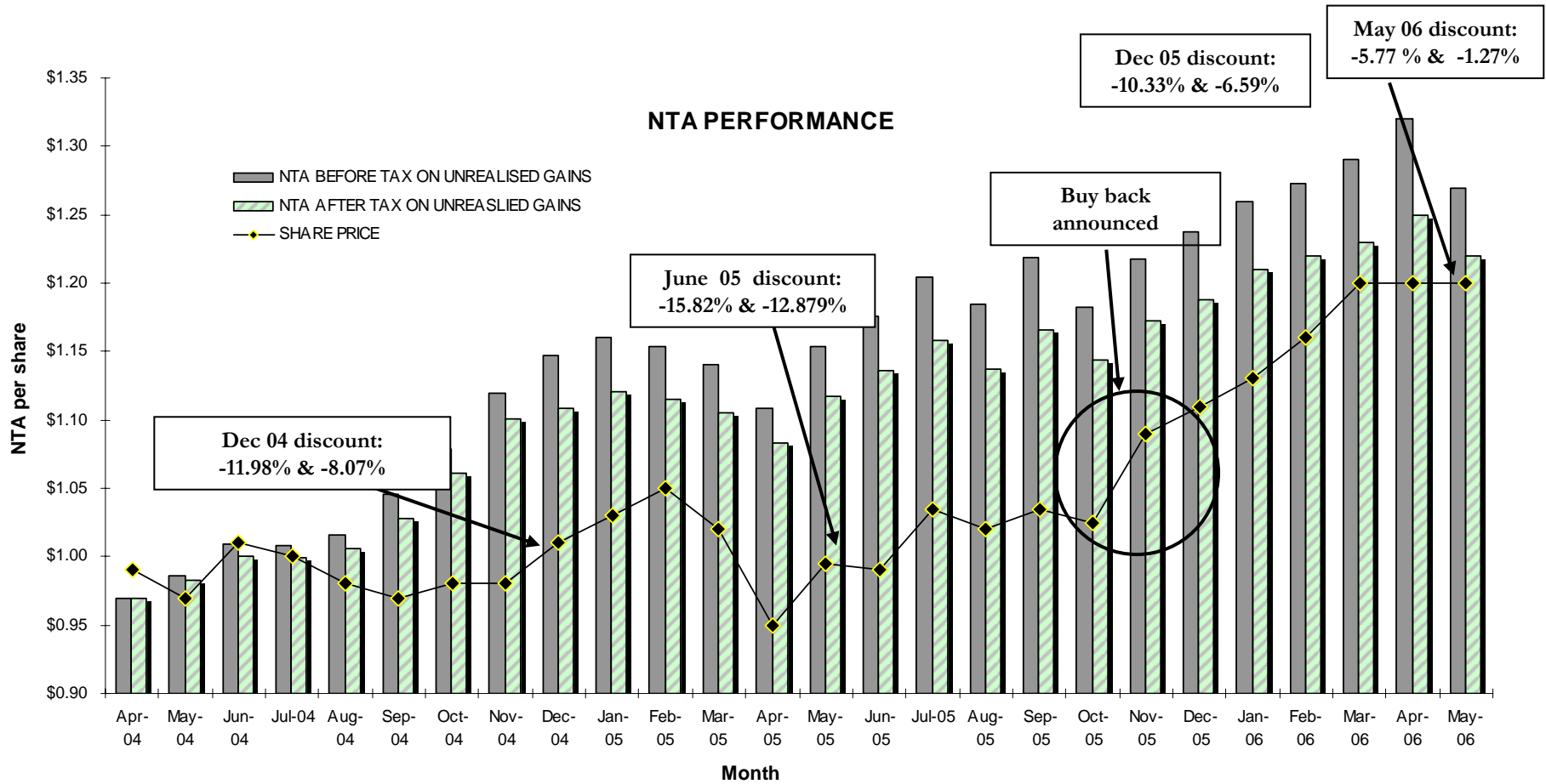
	12 month rolling – Cents per share	Dividend Yield * (12 month rolling)	Dividend Yield * (Tax Adjusted)
Similar Funds			
Century	5.5 c ff	4.87 %	6.95 %
Aberdeen Leaders	6.25 c ff	4.25 %	6.07 %
Brickworks	5.0 c ff	3.95 %	5.65 %
Mirrabooka Investments	6.5 c ff	3.82 %	5.46 %
Wilson Investment Fund	5.5 c ff	6.04 %	8.63 %
Major Funds			
AFIC	16.5 c ff	3.6 %	5.15 %
Argo	22.0 c ff	3.3 %	4.71 %
Djerriwrrah Investments	22.50 c ff	5.0 %	7.14 %
Milton	65 c ff	3.42 %	4.89 %

* Based on 31/01/06 share price

Shareholder value

- Shareholder return – increase in share price + dividends paid to Shareholders
- NTA measures value for shareholders of net worth of company – timely indication of value (before tax and after tax on unrealised capital gains) – reported on per share basis
- Changes in NTA reflects:
 - underlying portfolio returns – capital gains, dividends received
 - Investment Manager fee + other costs of Company
- Share price of LIC's often trade at discount to NTA – function of market and view on Company

CYA Performance – Share Price, NTA



Understanding Net Tangible Assets

- **NTAs** can be found at www.asx.com.au/LMI - updated monthly
- **Pre-tax NTA** – Should be used as an indicator for LICs with low portfolio turnover, typically ‘old style’ LICs e.g. AFIC, Argo
- **Post-tax NTA** – Should be used as an indicator for LICs with high portfolio turnover, typically ‘new’ style LICs e.g. Century, Premium Investors
- **Why?** Portfolio turnover increases the income and capital gains tax for the LIC

How do I start?

- Research individual LICs e.g. www.asx.com.au/LMI
 - Fund track record (ASX tables have 1, 3 & 5 year figures)
 - Fees
 - Premium/discount to NTA
 - Review the annual report

- Match your objectives with the LIC strategy

- Speak to your financial adviser

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About Century Australia

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- Listed on ASX - April 2004
- Currently about 6,700 shareholders
- Investment manager - 452 Capital
- Portfolio – Australian listed companies
- Market cap @ end of May - \$ 215 million
- Net Tangible Assets @ end of May - \$ 228 million*

* pre tax on unrealised capital gains

About 452 Capital

- Established 2002 - boutique funds management company
- Investment Director – Peter Morgan
- Value manager – specialising in Australian listed companies
- Staff own 57% - with option to go to 70%
- Commonwealth Bank owns 30%

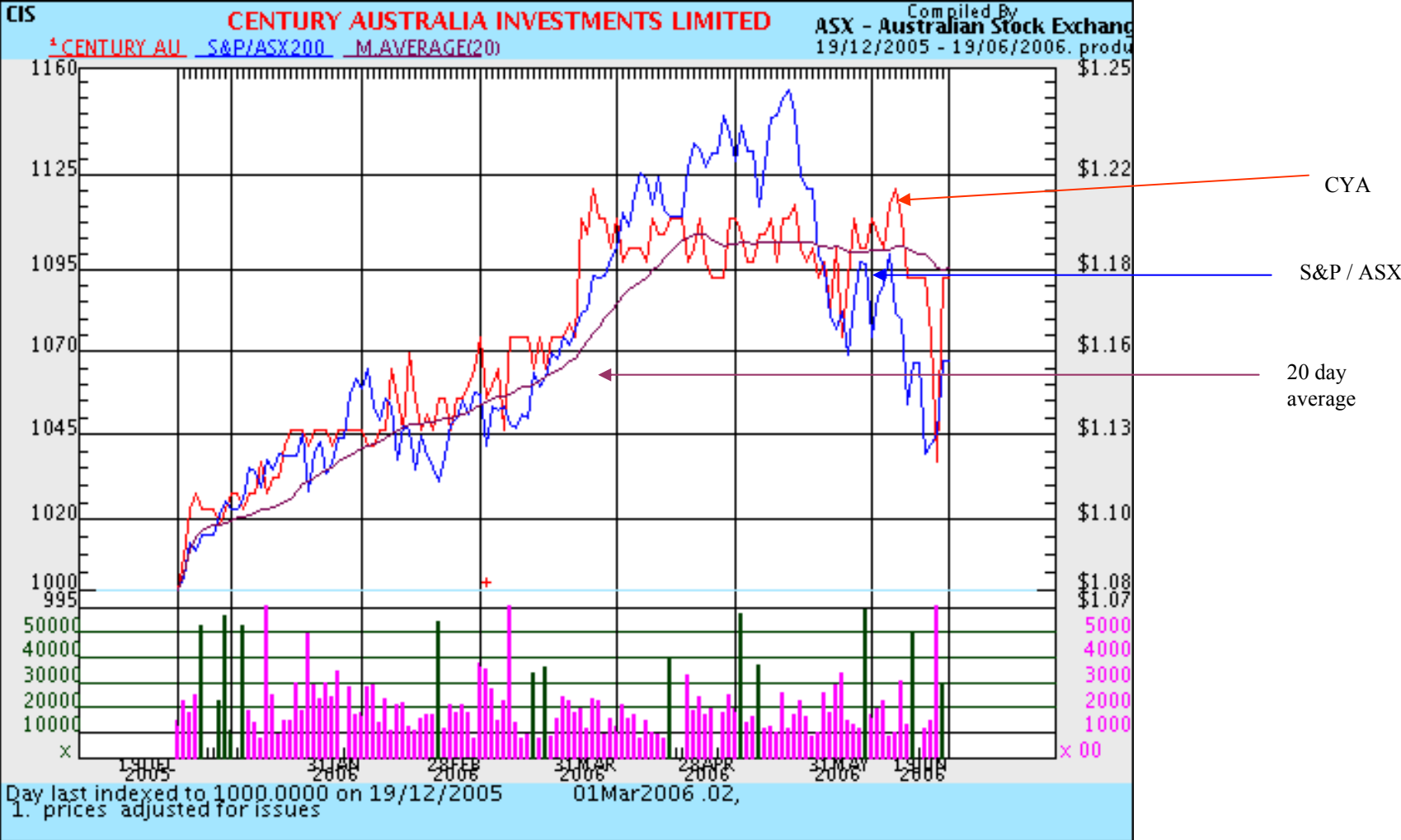
Arrangements with 452 Capital

- Management Fee – 1 % of NTA per annum
- 25 year contract, with potential for termination after 5 years
- Performance incentives:
 - 10 million shares issued as deferred ordinary shares to 452 Capital. Vest based on out performance of ASX / S&P 300 by 3% (to 2009)
 - Performance fee after 2010 – 10% of out performance greater than 3%
- Manager is therefore aligned to shareholders' interests

CYA - Shareholder Returns

	31 May 2006	
	Return – cents per share	Return
Share Price – 12 months increase	+\$0.20c	20.60%
Dividend – annualised (05 full year + 06 interim)	+\$0.055 (ff)	4.58% - dividend yield 6.55% - tax adjusted
Net Tangible Assets – before tax	+\$0.12c	+ 10.34 %
Share market (ASX / S&P 300)	-	27.33%

CYA Performance – Share Price versus S & P 200



CYA Performance – Share Price v Volumes traded

