

13 May 2016

Company Announcements Office  
Australian Stock Exchange Limited  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

CENTURY  
AUSTRALIA  
INVESTMENTS LIMITED



Dear Sir/Madam

### MONTHLY NET TANGIBLE ASSETS PER SHARE

The unaudited Net Tangible Asset Backing (“NTA”) for Century Australia Investments Limited (“Century Australia”) is as follows:

	30 April 2016	31 March 2016
<b>NTA per share (ex-dividend)</b>	<b>86.7 cents</b>	<b>84.2 cents</b>
Deferred tax asset on carry forward realised losses	4.5 cents	4.4 cents
Deferred tax asset/(liability) on unrealised income and gains	(0.5 cents)	0.4 cents
<b>NTA per share after all tax balances (ex-dividend)</b>	<b>90.7 cents</b>	<b>89.0 cents</b>

In addition to the deferred tax asset (DTA) of 4.5 cents per share recorded in the accounts **there is a further \$5.94m or 7.26 cents per share of tax benefit on realised losses which is not carried on the Company’s balance sheet** and is available to be offset against future taxation liabilities.

In total there is approximately \$30.5m of carried forward tax losses as at 30 April 2016. Until all carried forward tax losses are recouped, Century Australia will not be paying tax.

The fact that Century Australia is currently not liable to pay tax means that the level of franked dividends paid is restricted by the level of franking credits received by way of fully franked dividend income. Once the total carry forward tax 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.

Notes:

1. The Net Tangible Asset Backing calculation is based on the Company’s interpretation of law relating to ASX Listing Rule 4.12.
2. ‘NTA per share after all tax balances’ represents investments at market value, less associated selling costs and less all other accrued expenses.
3. ‘NTA per share’ this is the value per share should the Company be liquidated at the relevant month end.

### PORTFOLIO PERFORMANCE

April 2016	Return	Benchmark	Excess
1 Month	3.04%	3.34%	-0.30%
1 Year	-7.35%	-4.67%	-2.68%



## PERENNIAL VALUE MANAGEMENT COMMENTARY

### Market Review

The S&P/ASX300 Accumulation Index (the Index) rallied strongly, finishing the month up 3.3%.

Globally, markets were mixed with the S&P500 up 0.3%, the FTSE100 up 1.1%, the Nikkei 225 down 0.6% and the Shanghai Composite down 2.2%. The Federal Reserve kept rates unchanged in April. Commodity prices continued to firm, with Brent oil ending the month up 18.0% (closing just below five month highs) and the iron ore price up 22.0%. In Australia, the Reserve Bank of Australia (RBA) left interest rates unchanged at 2.0% for the tenth straight meeting, cautioning that a rising currency could "complicate" the economy's transition away from resources. The weak March quarter consumer price index (CPI) (down 0.2% quarter on quarter) marked the first negative inflation number since December 2008, and drove the Australian Dollar (AUD) down 2.0% on the day. The AUD closed the month at 76 US cents, down 1.0 cent.

Cyclical sectors outperformed over the month with metals and mining (up 19.0%), materials (up 14.3%) and energy (up 7.5%) all up strongly. Weaker sectors included financials (up 1.4%), telecommunications (up 0.5%), utilities (down 0.3%) and consumer discretionary (down 1.7%).

### Portfolio Review

The Century Australia Investment Portfolio (the Portfolio) returned 3.0%, underperforming the Index by 0.3%.

The stronger April returns were dominated by a very strong rebound in resource stocks and the Portfolio benefitted from this via a mild overweight to this sector. Key portfolio moves comprised BHP Billiton up 22.7%, Rio Tinto up 20.8%, and Woodside Petroleum up 9.2%. Other strong performers included Ansell, CYBG plc which is the demerged Clydesdale Bank, Graincorp and Suncorp, each of which rose 5.0% or more. In recent months, the Portfolio had added to both Ansell and CYBG plc during share price weakness.

Overall stockmarket sentiment towards the domestic economic outlook weakened over the month, particularly around the outlook for housing and inner city apartments. Consumer discretionary stocks reflected this trend and resulted in a number of portfolio holdings registering negative returns for the month, including Myer down 11.9%, Flight Centre down 9.1%, and Harvey Norman down 4.7%. Other holdings to detract from the Portfolio included Crown Resorts down 5.2% and Aristocrat Leisure down 2.9%.

In terms of portfolio moves, the key sales were predominantly focused on reducing the Portfolio's financials exposure, via reducing holdings in each of Commonwealth Bank, Macquarie Group, National Australia Bank and Westpac. The Portfolio holds a mild overweight to the banking sector. Sentiment to the banking sector is currently very poor due to concerns over the impact of a slowing housing market and the end of the resources boom. However, at present there is no indication of any broad-based deterioration in credit quality, with the small number of bad debts to date being largely the result of company-specific factors.



Proceeds were reinvested in a small number of existing holdings, including Aristocrat, Henderson Group, QBE Insurance and Wesfarmers.

### **Investment Outlook**

Data points confirm the ongoing transition to the east coast economy. The Portfolio continues to be exposed to this theme through overweight positions in retail, building, and infrastructure/construction-related stocks. The Portfolio remains overweight in the large-cap, low-cost, financially-sound resources companies. We remain underweight the “expensive defensive” sectors of the market such as healthcare, infrastructure and REITs. These sectors have become a crowded trade and valuations remain stretched as a result of historically low interest rates. The overall portfolio continues to exhibit Perennial Value’s true to label value characteristics, with the Portfolio offering better value than the overall market on each of our four valuation characteristics; price to earnings, price to free cashflow, gross dividend yield and price to net tangible assets.

**As always, our focus will continue to be on investing in quality companies which are offering attractive valuations and have the ability to deliver high levels of franked dividend income to investors.**



## Top 10 Equity Holdings – 30 April 2016

The top ten equity holdings of the Century Australia Portfolio as at 30 April 2016 were as follows:

Security Name	% of Portfolio
Commonwealth Bank	8.7
Westpac Banking Corporation	8.3
National Australia Bank	6.3
BHP Billiton Limited	6.2
ANZ Banking Group Limited	5.7
Telstra Corporation	5.7
Wesfarmers Limited	4.7
Woolworths Limited	3.4
Woodside Petroleum	3.4
QBE Insurance Group	2.5

At month end, stock numbers were 43 and cash was 4.6%.

## Performance returns

April 2016	Return	Benchmark	Excess
1 Month	3.04%	3.34%	-0.30%
1 Year	-7.35%	-4.67%	-2.68%
2 Years (p.a)	2.35%	2.48%	-0.13%

