

# Investment update

As at 31 August 2017

## Snapshot

Pre-tax net tangible assets

94.2c

Gross assets

\$89.1m

ABN: 11 107 772 761

[wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au)

## Century Australia

|                 |            |
|-----------------|------------|
| ASX code        | CYA        |
| Listed          | April 2004 |
| Gross assets    | \$89.1m    |
| Market cap      | \$87.7m    |
| Share price     | 93.0c      |
| NTA before tax  | 94.2c      |
| 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 |

**SAVE THE DATE**

## FY2017 full year results

On 30 August 2017, Century Australia reported an operating profit after tax of \$3.6 million for the full year to 30 June 2017. Total comprehensive income for the period increased by 542.6% to \$8.8 million, reflecting the sound portfolio performance over the period.

The investment portfolio increased 14.8% in FY2017, outperforming the S&P/ASX 300 Accumulation Index by 1.0%.

## Market overview

The S&P/ASX 300 Accumulation Index finished 0.8% higher for the month on the back of a mixed reporting season that saw many companies fall short of the market's elevated expectations. Despite this trend, earnings growth was the best in many years.

The best performing sectors during August included energy (+5.2%), consumer staples (+5.2%) and industrials (+4.6%). The largest detractor to the index was the telecommunications sector (-7.2%), following Telstra's (ASX: TLS) significant reduction in its dividend guidance for the year ahead. Financials were another poor performer (-2.1%), following a number of downgrades from insurance companies and allegations of money laundering against Commonwealth Bank (ASX: CBA) further weighing on the sector.

## Portfolio update

In August, the investment portfolio increased by 0.4%. Our equity exposure increased from 87.7% to 97.8% over the course of the month as we capitalised on opportunities identified during reporting season. A number of new positions were added to the portfolio including Tabcorp Holdings (ASX: TAH), Fairfax Media (ASX: FXJ) and QBE Insurance Group (ASX: QBE). Companies with exposure to the energy and materials sectors performed well and we increased our existing weightings in Origin Energy (ASX: ORG), Santos (ASX: STO) and BHP Billiton (ASX: BHP). BHP delivered a strong result and announced its decision to realise the value of its on-shore oil assets. Positive results from existing positions in the investment portfolio included Rio Tinto (ASX: RIO), Worley Parsons (ASX: WOR) and Orora (ASX: ORA).

## Net Tangible Assets (NTA) figures

|  |         |
|--|---------|
| NTA before tax   | 94.2c   |
| Deferred tax asset on carry forward realised losses                  | 6.6c*   |
| Deferred tax asset/(liability) on unrealised income and gains/losses | (0.3)c  |
| NTA after tax  | 100.5c* |

\*This includes the \$10 million (1.1 cents per share) in deferred tax assets written back as part of the 30 June 2017 audited Annual Financial Report.

In addition to the deferred tax assets of 6.6 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.

## Diversified portfolio

| Investment Type              | July 2017   |              | August 2017 |              |
|------------------------------|-------------|--------------|-------------|--------------|
|                              | \$m         | %            | \$m         | %            |
| Listed Equities              | 78.2        | 87.7         | 87.1        | 97.8         |
| Fixed Interest & Cash        | 11.0        | 12.3         | 2.0         | 2.2          |
| <b>Gross Assets</b>          | <b>89.2</b> | <b>100.0</b> | <b>89.1</b> | <b>100.0</b> |
| <b>Total Shares on issue</b> | 94,268,790  |              | 94,268,790  |              |

## Top 10 holdings

| Code | Company                                 | Market value \$ | Market value as % gross assets |
|------|---|-----------------|--------------------------------|
| BHP  | BHP Billiton Limited                    | 4,150,452       | 4.7%                           |
| NAB  | National Australia Bank Limited         | 3,530,682       | 4.0%                           |
| WBC  | Westpac Banking Corporation             | 3,426,348       | 3.8%                           |
| JHG  | Janus Henderson Group PLC               | 3,188,757       | 3.6%                           |
| RIO  | Rio Tinto Limited                       | 3,183,188       | 3.6%                           |
| CTX  | Caltex Australia Limited                | 3,007,037       | 3.4%                           |
| AMC  | Amcor Limited                           | 2,854,386       | 3.2%                           |
| WPL  | Woodside Petroleum Limited              | 2,633,736       | 3.0%                           |
| ORG  | Origin Energy Limited                   | 2,585,715       | 2.9%                           |
| ANZ  | Australia and New Zealand Banking Group | 2,574,617       | 2.9%                           |

## Investor conference call recording and slides

Thank you to those who dialled in to the Wilson Asset Management investor conference call on 6 September 2017. If you would like to listen to the recording, along with the corresponding slides, please click [here](#).