

14 July 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 June 2016	31 May 2016
NTA per share (ex-dividend)	86.1 cents	89.2 cents
Deferred tax asset on carry forward realised losses	4.1 cents	4.1 cents
Deferred tax asset/(liability) on unrealised income and gains/losses	0.4 cents	(0.6 cents)
NTA per share after all tax balances (ex-dividend)	90.6 cents	92.7 cents

In addition to the deferred tax asset (DTA) of 4.1 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 \$29.3m of carried forward tax losses as at 30 June 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

June 2016	Return	Benchmark	Excess
1 Month	-3.14%	-2.44%	-0.70%
1 Year	-3.25%	0.87%	-4.12%



PERENNIAL VALUE MANAGEMENT COMMENTARY

Portfolio Performance

The 2016 financial year has been very difficult for true-to-label value investors such as Perennial Value. What is clear to us however, is that value as a style is a proven performer over the long term, as is our investment process. This is reflected in our long term outperformance of 2.9% per annum above the Index over 16 years. There have been periods where we have seen value perform poorly in the past, such as at the tail end of the pre-financial crisis boom and during the 2012 flight to safety. However, on each occasion, we have remained disciplined, stayed true to our process and have been rewarded by subsequent strong outperformance. We have no reason to believe that this will not be the case going forward as relative market valuations inevitably normalise.

The Century Australia Investment Portfolio (the Portfolio) fell 3.1% for June, with the S&P/ASX300 Accumulation index falling 2.4%. Underperforming by 0.7% for the month.

Market Activity

The initial turmoil in global markets following the unexpected Brexit decision subsided and there was some recovery at month end; the S&P500 up 0.1%, FTSE100 up 4.4% and Shanghai Composite up 0.4% although the Nikkei 225 was very weak, down 9.6%. The Federal Reserve left rates unchanged and metal prices were strong, with iron ore (up 8.0%) and copper (up 2.7%), partially retracing last month's declines. Brent oil remained steady and the Australian Dollar (AUD) firmed slightly to 74.5 US cents (up 3.0%).

Defensive industrial sectors outperformed with utilities (up 5.6%) and REITs (up 3.5%) standing out. Our underweight stance in these sectors worked against the Portfolio. The metals and mining sector (up 3.4%) was helped by higher metals prices with the gold sector (up 22.0%) rising sharply, reflecting a higher gold price (up 8.8%), likely due to the postponement of US interest rate rises and heightened economic uncertainty.

The strongest Portfolio performers included Newcrest Mining (up 20.6%) which rallied on the stronger gold price, Stockland Property Group (up 6.7%) and AGL Energy (up 3.8%) as the mindset of the market shifted in favour of defensive quality. Leading iron ore giant, Rio Tinto (up 1.8%) followed the higher iron ore prices. A recent addition to the portfolio, Westfield Holdings (down 0.7%) did comparatively well, notwithstanding its UK exposure.

Prior to the Brexit announcement, our Portfolio's exposure to financials with UK operations, CYBG plc and Henderson Group, was substantially reduced by selling at an average price of \$5.43 and \$5.08 respectively. Following the outcome of the referendum, these stocks experienced significant negative share price performance, with Henderson Group (down 31.2%) and CYBG plc (down 28.2%) for the month. The Portfolio then repurchased both stocks at significantly lower prices. QBE Insurance (down 16.2%) declined, and other financial stocks were also weak, given the cautious sentiment concerning global equity markets, with AMP (down 8.5%) and Macquarie Group (down 8.0%). We are comfortable in the outlook for each of these companies.



Portfolio Activity

In addition to the Portfolio changes mentioned above, the Portfolio has been buying AGL Energy, as the outlook is solid and the NSW electricity wholesale price continues to strengthen. Gas prices have recently spiked in the cold weather which should help AGL given their investments in gas storage. The Portfolio also increased its holding in Flight Centre at attractive prices.

Investment Outlook

In recent months, we have become more cautious about domestic economic conditions and have reduced our overweight positions in the building and construction-related stocks and the banking sector. Further, the close election result is unfavourable given the policy uncertainties this creates. The Portfolio remains mildly overweight in the large-cap, low-cost, financially-sound resources companies. We have very selectively increased our exposure in REITs and healthcare. Infrastructure remains heavily underweight given that sector's high leverage at a time of historically low interest rates. The 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 cash flow, 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 June 2016

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

Security Name	% of Portfolio
Commonwealth Bank	7.8
Westpac Banking Corporation	6.4
Telstra Corporation	5.9
BHP Billiton Limited	5.7
ANZ Banking Group Limited	5.4
National Australia Bank	5.0
Wesfarmers Limited	4.6
Woolworths Limited	3.2
Woodside Petroleum	3.1
AMP Limited	2.8

At month end, stock numbers were 46 and cash was 4.7%.

Performance returns

June 2016	Return	Benchmark	Excess
1 Month	-3.14%	-2.44%	-0.70%
1 Year	-3.25%	0.87%	-4.12%
2 Years (p.a)	2.73%	3.22%	-0.49%

