

# Investment update

As at 31 May 2017

## Snapshot

Pre-tax net tangible assets

93.7c

Gross assets

\$76.9m

ABN: 11 107 772 761

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

## Century Australia

ASX Code	CYA
Listed	Apr 2004
Gross assets	\$76.9m
Market cap	\$78.2m
Share price	95.5c
NTA before tax	93.7c
Shares on issue	81,865,704

## 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	Head of Trading
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Oscar Oberg	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.

## Century Australia raises \$50.1m

Century Australia Investments Company Limited **announced** on 1 June 2017 it had raised \$50.1 million through a capital raising to new and existing shareholders and completed a share buy-back. The company gained 848 new shareholders through the capital raising.

## Market overview

In May, the portfolio decreased 1.5%, outperforming the S&P/ASX 300 Accumulation Index, which fell 2.7%. In the period since Wilson Asset Management was appointed investment manager on 18 April 2017 the portfolio has outperformed the benchmark by 1.4%.

During the month the Australian equity market was impacted by a sell-off in domestic bank stocks following the proposed levy to the major banks announced in the Federal Government's budget and mounting concerns around the Australian property market. Australia's residential property market showed signs of cooling with a second consecutive monthly fall in property prices as bank led interest rate increases and Australian Prudential Regulation Authority (APRA) led lending restrictions on interest only loans weakened demand. Employment data released by the Australian Bureau of Statistics was stronger than expected, with jobs rising 37,400 and the unemployment rate dropping to 5.7% beating consensus expectations of 5.9%.

In the US, minutes released by the Federal Reserve indicated officials were in broad agreement at their recent May meeting to shrink the central bank's balance sheet. Most officials said it would "soon" be time to raise rates again. Globally, the Organisation of Petroleum Exporting Countries (OPEC) disappointed equity markets by agreeing to only maintain existing supply cuts of 1.8 million barrels per day until the end of first quarter 2018, which drove down oil prices down. The market was expecting deeper cuts to draw down on the current elevated inventories

## Net Tangible Assets (NTA) figures

The following NTA figures are **after** the 2.7 cents per share fully franked interim and special dividend paid on 10 May 2017.

NTA before tax	93.7c
Deferred tax asset on carry forward realised losses	6.2c
Deferred tax asset/(liability) on unrealised income and gains/losses	(0.7)
NTA after tax	99.2

In addition to the deferred tax assets (DTA) of 6.2 cents per share recorded in the accounts there is a further \$2.94m or 3.6 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.

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 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	April 2017		May 2017	
	\$m	%	\$m	%
Listed Equities	75.8	96.7	65.2	84.7
Fixed Interest & Cash	2.6	3.3	11.7	15.3
<b>Gross Assets</b>	78.4*	100.0	76.9*	100.0
<b>Total Shares on issue</b>	81,865,704		81,865,704	

\*These figures are after the 2.7 cents per share fully franked interim and special dividends which traded ex dividend on 21 April 2017 and was paid 10 May 2017.

## Top 10 holdings

Code	Company	Market value \$	Market value as % gross assets
CBA	Commonwealth Bank of Australia	3,976,498	5.2%
ANZ	Australia and New Zealand Banking Group	3,629,640	4.7%
BHP	BHP Billiton Limited	3,615,350	4.7%
NAB	National Australia Bank Limited	3,518,991	4.6%
WBC	Westpac Banking Corporation	3,341,977	4.4%
JHG*	Janus Henderson Group PLC	3,041,061	4.0%
CTX	Caltex Australia Limited	2,949,400	3.8%
RIO	Rio Tinto Limited	2,943,417	3.8%
WPL	Woodside Petroleum Limited	2,932,463	3.8%
AMP	AMP Limited	2,491,341	3.2%

\*The ASX code for this company at 31 May 17 was HGGDA, which changed to JHG on 13 June 2017 as a result of the completed merger between Henderson Group plc and Janus Capital Group Inc.