

14 October 2016

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



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 September 2016	31 August 2016
<b>NTA per share (ex-dividend)</b>	<b>90.0 cents</b>	<b>89.4 cents*</b>
Deferred tax asset on carry forward realised losses	7.8 cents	7.9 cents
Deferred tax asset/(liability) on unrealised income and gains/losses	(0.5 cents)	(0.6 cents)
<b>NTA per share after all tax balances (ex-dividend)</b>	<b>97.1 cents</b>	<b>96.7 cents*</b>

\*The above August 2016 figures include a provision for the final dividend of 1.60 cents per share which went ex on 15 September 2016 and was paid on 30 September 2016.

In addition to the deferred tax asset (DTA) of 7.8 cents per share recorded in the accounts **there is a further \$2.94m or 3.60 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 \$28.1m of carried forward tax losses as at 30 September 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

September 2016	Return	Benchmark	Excess
1 Month	0.60%	0.51%	0.09%
1 Year	11.80%	13.50%	-1.70%

## PERENNIAL VALUE MANAGEMENT COMMENTARY

### Market Review

The international markets were mixed with the S&P500 down 0.1%, Nikkei 225 down 2.6% and Shanghai Composite down 2.6%, while the FTSE 100 rallied up 1.7%. Metal prices rallied, with nickel up 8.3%, copper up 5.4% and aluminium up 3.7%, while iron ore declined 1.0% over the month. The oil price closed up 7.9% and gold increased 0.5%. The Federal Reserve left rates unchanged, as did the Reserve Bank of Australia (RBA), with the cash rate remaining steady at 1.5%, while the Australian Dollar (AUD) finished the month up one cent at 77 US cents.

During September, the better performing sectors included metals and mining (up 8.1%), materials (up 5.7%) and consumer staples (up 1.6%), while REITs (down 4.3%), telecommunications (down 4.0%) and utilities (down 3.2%) underperformed.

### Portfolio Performance

The Century Australia Investment Portfolio (the Portfolio) delivered a return of 0.6% for September, out performing the Index by 0.1%.

Stocks within the Portfolio which performed strongly included miners BHP (up 10.5%) and Rio Tinto (up 8.4%) as well as Downer (up 10.0%) with its mining services exposure and Wesfarmers (up 3.9%) which stands to benefit from the strong recovery in coal prices. We have been increasing our resources exposure in recent times, seeing good medium-term value in the large-cap end of the resources market, with their strong balance sheets, tier one assets and management focus on cost and capex reduction. Should the current strength in commodity prices continue, the sector is likely to see significant upgrades to consensus earnings forecasts. Other strong performers over the month included Crown Resorts (up 2.9%), with some signs of an improvement in Macau and AGL Energy (up 2.7%), which outperformed after announcing a buy-back, increasing the dividend payout ratio and providing positive FY17 earnings guidance at their AGM.

Stocks which detracted from performance tended to have offshore exposures and have been weighed down by the persistently high Australian dollar, including Henderson Group (down 8.2%), QBE Insurance (down 6.4%), CYBG (down 5.8%), Resmed (down 5.5%) and Westfield Corporation (down 4.8%). We remain comfortable with the outlook for each of these stocks.

During the month we took profits and reduced our holdings in Downer and Harvey Norman. Both these stocks have been very strong performers, delivering total returns of 68.6% and 40.2% over the last twelve months. We also reduced our position in Telstra, where we see increasing



competitive pressure building. Proceeds were used to increase our holdings in a number of stocks including Navitas, Macquarie Group, Woolworths and CYBG.

### **Investment Outlook**

In recent months, we have become slightly more cautious about domestic economic conditions and have reduced our overweight positions in the building and construction-related stocks and the banking sector. The Portfolio remains overweight in the large-cap, low-cost, financially-sound resources companies. The Portfolio remains heavily underweight infrastructure 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 September 2016

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

Security Name	% of Portfolio
BHP Billiton Limited	7.8
Commonwealth Bank of Australia	6.9
Westpac Banking Corporation	5.7
ANZ Banking Group Limited	5.4
National Australia Bank	4.8
Wesfarmers Limited	4.8
Macquarie Group Limited	4.2
Telstra Corporation.	3.8
Woolworths Limited	3.3
Woodside Petroleum	2.9

At month end, stock numbers were 47 and cash was 2.3%.

## Performance returns

September 2016	Return	Benchmark	Excess
1 Month	0.60%	0.51%	0.09%
1 Year	11.80%	13.50%	-1.70%
2 Years (p.a)	5.75%	6.18%	-0.43%

