

Investment update

As at 30 September 2017

Snapshot

Pre-tax net tangible assets

94.5c

Gross assets

\$89.4m

ABN: 11 107 772 761

wilsonassetmanagement.com.au

Century Australia

ASX code	CYA
Listed	April 2004
Gross assets	\$89.4m
Market cap	\$87.7m
Share price	93.0c
NTA before tax	94.5c
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

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Market overview

The Century Australia investment portfolio increased 0.4% in September, while the S&P/ASX 300 Accumulation Index closed flat. The best performing sectors during the month included healthcare (+2.3%), energy (+1.1%) and financials (+1.1%), while telecommunications (-4.5%) and utilities (-3.6%) weighed heavily on the Index.

Minutes from the Reserve Bank of Australia (RBA) indicated reduced demand for steel production in China would weigh on the iron ore price. Evidence of this was a fall of almost 20% in the iron ore price in September. During the month, the RBA Assistant Governor (Financial System) Michele Bullock said the central bank would continue to consider the heightened level of household debt in monetary policy decision-making, reaffirming our view that interest rates will remain on hold in the short term.

Globally, the US Federal Reserve announced it would start to unwind its balance sheet and indicated another rate increase before the end of the year was possible. US President Trump announced a simplified plan to cut corporate taxes that would reduce the corporate tax rate from 35% to 20% and eliminate tax on foreign profits.

November 2017 Shareholder Presentations

We are pleased to invite you to our November 2017 Shareholder Presentations. We will discuss our listed investment companies, investment themes and trends, investment case studies, market outlook and making a difference initiatives. To RSVP, click [here](#).

Performance

Performance at 30 September 2017	1 Mth	Fin YTD	Since appointment of new investment manager (April-17)
CYA Investment Portfolio [†]	0.4%	1.0%	1.7%
S&P/ASX 300 Accumulation Index	0.0%	0.8%	-0.3%
Outperformance	+0.4%	+0.2%	+2.0%

[†]Investment performance and Index returns are before expenses, fees and taxes.

Net Tangible Assets (NTA) figures

NTA before tax	94.5c
Deferred tax asset on carry forward realised losses	6.5c
Deferred tax liability on unrealised income and gains	(0.2)c
NTA after tax	100.8c

In addition to the deferred tax assets of 6.5 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.

Portfolio update

The investment portfolio's outperformance during the month was driven by solid performance from mining and metals company South32 (ASX: S32), industrial chemical, fertilizer and explosive producer and distributor Incitec Pivot (ASX: IPL), oil and gas company Santos (ASX: STO) and plumbing manufacturer Reliance Worldwide Corporate (ASX: RWC). Another driver of performance was the tactical position we secured and continue to hold in the major banks, as well as Macquarie Bank (ASX: MQG) and Bank of Queensland (ASX: BOQ) in the lead up to their earnings results in October and November. Our holdings in Sims Metal Management (ASX: SGM) and BHP Billiton Limited (ASX: BHP) were the largest detractors for the month.

During the month Senior Equity Analyst John Ayoub visited a number of companies in the United States. We remain confident in our outlook for the US economy and expect interest rate increases to continue. The portfolio is positioned to benefit from this theme through our holdings in Boral (ASX: BLD) and Computershare (ASX: CPU).

Diversified portfolio

Investment Type	August 2017		September 2017	
	\$m	%	\$m	%
Listed Equities	87.1	97.8	78.2	87.5
Fixed Interest & Cash	2.0	2.2	11.2	12.5
Gross Assets	89.1	100.0	89.4	100.0
Total Shares on issue	94,268,790		94,268,790	

Top 10 holdings

Code	Company	Market value \$	Market value as % gross assets
BHP	BHP Billiton Limited	3,907,913	4.4%
NAB	National Australia Bank Limited	3,682,665	4.1%
WBC	Westpac Banking Corporation	3,497,570	3.9%
JHG	Janus Henderson Group PLC	3,244,881	3.6%
RIO	Rio Tinto Limited	3,121,721	3.5%
AMC	Amcor Limited	2,694,923	3.0%
WPL	Woodside Petroleum Limited	2,658,401	3.0%
ANZ	Australia and New Zealand Banking Group Limited	2,592,131	2.9%
ORG	Origin Energy Limited	2,528,255	2.8%
WOW	Woolworths Limited	2,426,513	2.7%