

Investment update

As at 31 July 2018

Snapshot

Pre-tax net tangible assets

\$1.04

Gross assets

\$98.6m

Century Australia

ASX code	CYA
Listed	April 2004
Gross assets	\$98.6m
Market cap	\$92.4m
Share price	\$0.98
NTA before tax	\$1.04
Shares on issue	94,268,790
FY2018 fully franked interim dividend	2.09c

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 AO	Chairman & Portfolio Manager
Kate Thorley	Chief Executive Officer
Chris Stott	Chief Investment Officer & Portfolio Manager
Matthew Haupt	Lead Portfolio Manager
Catriona Burns	Lead Portfolio Manager
Martin Hickson	Lead Portfolio Manager
Oscar Oberg	Lead Portfolio Manager
Tobias Yao	Portfolio Manager
John Ayoub	Portfolio Manager
Nick Healy	Equity Analyst
Matt Nicholas	Equity Analyst
Cooper Rogers	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.

Portfolio update

The Century Australia investment portfolio increased 0.9% in July. We increased our weighting towards the banks in June, which had positive flow on effects due to the strong performance from banks in July – notable contributors to the portfolio included Commonwealth Bank of Australia (ASX: CBA) and National Australia Bank (ASX: NAB). We also added to our positions in Brambles (ASX: BXB), CIMIC Group (ASX: CIM) and Mayne Pharma (ASX: MYX). BHP Billiton (ASX: BHP) was the largest contributor to the portfolio as the Company announced the sale of its shale assets during the month.

Market overview

The S&P/ASX 300 Accumulation Index finished up 1.3% in July. The Australian market increased on broad based strength across both industrials and resources, with the banks outperforming for the first time in four months.

Domestic economic data released during the month was mixed, with inflation data coming in below expectations for a record seventh consecutive quarter. The Australian Bureau of Statistics reported that the annual consumer price index climbed to 2.1% in the 12 months to June 2018, up from 1.9% in the 12 months to March 2018. On a quarterly basis, consumer prices rose 0.4%, falling just short of expectations for a larger increase of 0.5%, indicating that interest rates may not be rising any time soon.

The Westpac-Melbourne Institute Index of Consumer Sentiment showed that consumers are more optimistic about the economy, with the Index rising 3.9% in July, the best result since November 2013.

As expected, the Reserve Bank of Australia maintained its cash rate at 1.5% for the 21st straight meeting, with the statement from the Reserve Bank of Australia firmly neutral.

Defending the current dividend imputation system

The Federal Opposition has proposed changes to the current dividend imputation system that would impact self-funded retirees, older workers and low income earners. It is vital to encourage your family and friends to **sign** Wilson Asset Management's petition to maintain the momentum. You can view the results of Wilson Asset Management's recent poll in the Australian Financial Review's **coverage**.

Performance

Performance at 31 July 2018	1 mth	6 mths	Since appointment of new investment manager 1 yr	Since appointment of new investment manager % pa (April-17)
CYA Investment Portfolio*	0.9%	5.3%	15.4%	12.3%
S&P/ASX 300 Accumulation Index	1.3%	6.0%	14.7%	10.1%
Outperformance	-0.4%	-0.7%	+0.7%	+2.2%

*Investment performance and Index returns are before expenses, fees and taxes.

Net tangible assets (NTA) figures

NTA before tax	104.3c
Deferred tax asset on carry forward realised losses	5.8c
Deferred tax liability on unrealised income and gains	(2.6)c
NTA after tax	107.5c

In addition to the deferred tax assets of 5.8 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 on a portion of its investment portfolio means that the level of franked dividends paid is primarily dependent 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 for the entire investment portfolio. Tax payments will generate additional franking credits from which franked dividends can be paid.

Diversified portfolio

Investment type	June 2018		July 2018	
	\$m	%	\$m	%
Listed equities	80.5	82.2	83.7	84.9
Fixed interest & cash	17.4	17.8	14.9	15.1
Gross assets	97.9	100.0	98.6	100.0
Total shares on issue	94,268,790		94,268,790	

Top 20 holdings

Code	Company	Code	Company
AGL	AGL Energy Limited	ORG	Origin Energy Limited
AMP	AMP Limited	QBE	QBE Insurance Group Limited
ANZ	Australia and New Zealand Banking Group Limited	RIO	Rio Tinto Limited
BHP	BHP Billiton Limited	SGR	The Star Entertainment Group Limited
BXB	Brambles Limited	TAH	Tabcorp Holdings Limited
CBA	Commonwealth Bank of Australia	WBC	Westpac Banking Corporation
CSL	CSL Limited	WES	Wesfarmers Limited
JHX	James Hardie Industries plc	WHC	Whitehaven Coal Limited
MQG	Macquarie Group Limited	WOW	Woolworths Group Limited
NAB	National Australia Bank Limited	WPL	Woodside Petroleum Limited

The top 20 holdings are presented in alphabetical order.