

# Investment update

As at 31 August 2018

## Snapshot

Pre-tax net tangible assets

**\$1.04**

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Gross assets

**\$98.3m**

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## Century Australia

ASX code	CYA
Listed	April 2004
Gross assets	\$98.3m
Market cap	\$93.8m
Share price	\$0.995
NTA before tax	\$1.04
Shares on issue	94,268,790
FY2018 fully franked full year dividend	4.09c

### 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.

### Key dividend dates

Ex-date	6 September 2018
Record date	7 September 2018
Payment date	28 September 2018

## Investor conference and shareholder presentations

We look forward to speaking with you during Wilson Asset Management's **investor conference call** on Tuesday, 25 September at 10.30am - 11.30am (Sydney time). Next week we will post your invitations to our November Shareholder Presentations.

### Portfolio update

During August, notable contributors to the portfolio included The Star Entertainment Group (ASX: SGR), The a2 Milk Company (ASX: A2M), Seven West Media (ASX: SWM), Telstra Corporation (ASX: TLS) and Brambles Limited (ASX: BXB). QBE Insurance Group (ASX: QBE) was another strong performer for the month, announcing its 2018 half year results, reporting statutory net profit after tax of \$358 million, up 4% from the prior period. As QBE is currently in a consolidation phase, the market was not attributing value to the potential turnaround in the business and the result surprised on the upside. Detractors to the portfolio included Origin Energy (ASX: ORG) and Sims Metal Management (ASX: SGM), following full year results that while positive, disappointed the market.

### Market overview

The S&P/ASX 300 Accumulation Index closed up 1.4% in August. The Australian market experienced a positive month buoyed by a solid company reporting season. While fewer companies surprised against the market's expectations during reporting season compared to last year, technology companies were the standout performers.

Towards the end of the month, markets reacted pessimistically at the apparent increase in the likelihood of Labor forming government following a leadership spill led by Liberal Party insurgents. On the first day of plotting \$20 billion was wiped from the Australian equity market. Following the spill, the Turnbull Government crumbled and Scott Morrison was sworn in as the 30th Prime Minister of Australia.

The Reserve Bank of Australia (RBA) kept interest rates unchanged at 1.5% during the month while three domestic banks increased mortgage rates out of cycle. RBA Governor Philip Lowe noted the continued global economic expansion led by advanced economies growing above-trend with low levels of unemployment. The Australian Bureau of Statistics released figures showing that the domestic unemployment rate fell to 5.3% in August, the lowest level since November 2012.

### Performance

Performance at 31 August 2018	1 mth	Fin YTD	6 mths	1 yr	Since appointment of new investment manager % pa (April-17)
CYA Investment Portfolio*	0.0%	0.9%	4.0%	14.9%	11.6%
S&P/ASX 300 Accumulation Index	1.4%	2.7%	7.2%	15.4%	10.6%
<b>Outperformance</b>	<b>-1.4%</b>	<b>-1.8%</b>	<b>-3.2%</b>	<b>-0.5%</b>	<b>+1.6%</b>

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

## Net tangible assets (NTA) figures

The following NTA figures are **before** the 2.0 cents per share fully franked final dividend due to be paid on 28 September 2018. The shares traded ex-dividend on 6 September 2018.

<b>NTA before tax</b>	<b>104.1c</b>
<b>Deferred tax asset on carry forward realised losses</b>	<b>5.8c</b>
<b>Deferred tax liability on unrealised income and gains</b>	<b>(2.3)c</b>
<b>NTA after tax</b>	<b>107.6c</b>

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	July 2018		August 2018	
	\$m	%	\$m	%
<b>Listed equities</b>	<b>83.7</b>	<b>84.9</b>	<b>85.2</b>	<b>86.7</b>
<b>Fixed interest &amp; cash</b>	<b>14.9</b>	<b>51.1</b>	<b>13.1</b>	<b>13.3</b>
<b>Gross assets</b>	<b>98.6</b>	<b>100.0</b>	<b>98.3</b>	<b>100.0</b>
<b>Total shares on issue</b>	<b>94,268,790</b>		<b>94,268,790</b>	

## Top 20 holdings

Code	Company	Code	Company
AMC	Amcors Limited	NCM	Newcrest Mining Limited
AMP	AMP Limited	ORG	Origin Energy Limited
ANZ	Australia and New Zealand Banking Group Limited	QBE	QBE Insurance Group Limited
BHP	BHP Billiton Limited	RIO	Rio Tinto Limited
BXB	Brambles Limited	TAH	Tabcorp Holdings Limited
CBA	Commonwealth Bank of Australia	TLS	Telstra Corporation Limited
IAG	Insurance Australia Group Limited	SGR	The Star Entertainment Group Limited
JHX	James Hardie Industries Plc	WBC	Westpac Banking Corporation
MQG	Macquarie Group Limited	WPL	Woodside Petroleum Limited
NAB	National Australia Bank Limited	WOW	Woolworths Group Limited

The top 20 holdings are presented in alphabetical order.