

Investment update

As at 30 November 2018

Snapshot

Pre-tax net tangible assets

92.8c

Gross assets

\$87.8m

Century Australia

ASX code	CYA
Listed	April 2004
Gross assets	\$87.8m
Market cap	\$87.2m
Share price	\$0.925
NTA before tax	\$0.93
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 & Chief Investment Officer
Kate Thorley	Chief Executive Officer
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
Sam Koch	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.

Shareholder Presentations

We were pleased to meet many of our shareholders at our recent Shareholder Presentations held in Toowoomba, Brisbane, Sydney, Melbourne, Hobart, Adelaide and Perth. If you were unable to attend you can access a full recording of the Sydney presentation [here](#).

Market overview

The S&P/ASX 300 Accumulation Index closed down 2.2% in November. Volatility experienced in global equity markets during October continued in November, driven by the same key issues: the United States Federal Reserve's stance on interest rates, US-China trade restrictions and the Brexit process. European markets particularly suffered due to pessimism that UK Prime Minister Theresa May's Brexit deal would receive Parliamentary approval. Late in the month US companies rallied after the US Federal Reserve Chairman Jerome Powell confirmed a softening in the interest rate strategy for 2019. One of the major concerns for the US market is that quantitative tightening (QT) has commenced and the impact of the unwinding of the USD3.6 trillion in quantitative easing is unknown as this will be the first major QT period in US history.

November represented the third consecutive month of negative returns for the Australian share market. The Australian dollar emerged as one of the best performing currencies against the US dollar over the month, gaining 3.3% to close at 73 cents. However the S&P/ASX 300 Accumulation Index was one of the worst performing major markets, partly caused by the surging Australian dollar, which impacted large companies with offshore earnings. Technology was the only sector that managed to increase, rising 1.0%, with energy the worst performing sector, down 10.7%.

As expected the Reserve Bank of Australia (RBA) Board kept the cash rate on hold at 1.5% per annum for both November and December. The RBA will next meet in February 2019, with expectations that it will continue to hold the cash rate steady in the near term.

Portfolio update

The Century Australia investment portfolio decreased 3.6% in November following another volatile month in the Australian equity market. Detractors to performance included Woodside Petroleum (ASX: WPL), Lendlease Group (ASX: LLC) and The Star Entertainment Group (ASX: SGR). During the month, Evolution Mining (ASX: EVN) rallied after it announced an expansion to the Cowal gold processing plant in New South Wales, 12 months ahead of schedule, and upgraded its guidance to FY2021. Commonwealth Bank (ASX: CBA) also announced its first quarter 2019 trading update in November, reporting a 3% rise in underlying cash profit to \$2.5 billion and a 1% increase in operating income.

Performance

Performance at	1	Fin	1	Since
30 November 2018	1	YTD	1	appointment of
	mth		yr	new investment
				manager
				% pa (April-17)
CYA Investment Portfolio [†]	-3.6%	-7.9%	-2.0%	3.8%
S&P/ASX 300 Accumulation Index	-2.2%	-6.8%	-1.0%	2.6%
Outperformance	-1.4%	-1.1%	-1.0%	+1.2%

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

Net tangible assets (NTA) figures

NTA before tax	92.8c
Deferred tax asset on carry forward realised losses	5.8c
Deferred tax asset/(liability) on unrealised income and gains	0.7c
NTA after tax	99.3c

In addition to the deferred tax assets on carried forward realised losses 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 capital 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 payment of tax on taxable gains derived from the Company's trading portfolio and 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 taxable gains for the entire investment portfolio. Tax payments generate additional franking credits for shareholders from which franked dividends can be paid.

Diversified portfolio

Investment type	October 2018		November 2018	
	\$m	%	\$m	%
Listed equities	80.0	87.8	78.0	88.8
Fixed interest & cash	11.1	12.2	9.8	11.2
Gross assets	91.1	100.0	87.8	100.0
Total shares on issue	94,268,790		94,268,790	

Top 20 holdings

Code	Company	Code	Company
ALL	Aristocrat Leisure Limited	NCM	Newcrest Mining Limited
ANZ	Australia and New Zealand Banking Group Limited	QBE	QBE Insurance Group Limited
BHP	BHP Billiton Limited	RIO	Rio Tinto Limited
CBA	Commonwealth Bank of Australia	TAH	Tabcorp Holdings Limited
CSL	CSL Limited	SGR	The Star Entertainment
EVN	Evolution Mining Limited	TCL	Transurban Group
GPT	GPT Group	TWE	Treasury Wine Estates Limited
IAG	Insurance Australia Group Limited	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.