



CHAIRMAN'S ADDRESS TO THE 2018 ANNUAL GENERAL MEETING

20 November 2018 – Welcome to the 2018 Annual General Meeting (**AGM**) of Century Australia Investments Limited (**Century** or the **Company**) and thank you for attending.

Financial and Portfolio Performance

I am pleased to report that for the year ended 30 June 2018, the Company delivered an operating profit after tax of \$7.4 million, up from \$3.6 million in the prior year. The increase in profit is attributable to net gains from the trading portfolio which was in operation for a full year, compared to less than a month of trading in the prior year following the appointment of the new Investment Manager in April 2017.

Recent investment returns have been pleasing and our portfolio increased by 14.6% in 2018, outperforming the S&P/ASX 300 Accumulation Index by 1.4%. In the four months to 31 October 2018 our portfolio performed 0.2% above the benchmark in what has been a difficult time for the Australian equity market.

The pre-tax net tangible assets (**NTA**) of the Company increased from 94.1 cents per share in June 2017 to 104.0 cents per share in June 2018, after the payment of 2.09 cents in dividends during the year. Total dividends paid in relation to the 2018 financial year totalled 4.09 cents per share.

The Company's net assets increased from \$94.2 million to \$101.0 million during the financial year.

As at 31 October 2018 the Company's pre-tax NTA was 96.4 cents per share, after the payment of the 2.0 cents per share fully franked final dividend on 28 September 2018. The closing share price yesterday was 93 cents per share.

With the growth in assets after the capital raising completed in June 2017, the Investment Manager has allocated a portion of the investment portfolio on trading account, which derived taxable profits and resulted in a current tax payable amount as at 30 June 2018. The payment of tax will generate additional franking credits for the Company from which franked dividends can be paid.

Proposed Merger with WAM Leaders Limited

Last week we were pleased to announce the proposed merger with WAM Leaders Limited (**WAM Leaders**), an ASX listed investment company (ASX: WLE). It is proposed that WAM Leaders will acquire all of Century's shares via a scheme of arrangement (**Scheme**).

The independent directors, being myself, Stephen Menzies and Ross Finley believe that the Scheme is in the best interests of Century shareholders and that the merger will create key benefits via a single listed investment company by providing shareholders access to a larger



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capital and shareholder base; a reduced management expense ratio; a share price trading at or near the company's pre-tax NTA; and a company with a history of paying fully franked dividends to shareholders.

The merged entity will continue to be managed under the same investment manager and have no substantive changes to existing management arrangements already in place.

The newly merged entity will have net assets of approximately over \$885 million and more than 18,000 shareholders and is expected to provide shareholders with access to greater liquidity in the trading of their shares.

The merged entity is expected to benefit from reduced management expense ratio of at least 0.25% per annum as a result of the removal of duplicated expenses between the two companies and a larger pool of assets to spread the expenses across. The independent directors also believe that the merged entity would trade closer to its net asset backing as opposed to Century which has constantly traded at a larger discount to its underlying value.

The Scheme scrip formula is based on a pre-tax NTA basis of both Century and WAM Leaders. The independent directors believe that the overall key benefits apparent in the Scheme are such that we believe the Scheme is beneficial for all Century shareholders and have agreed to recommend the Scheme on this basis.

Century shareholders will all gain access to WAM Leaders history of outperformance and the payment of full franked dividends to shareholders.

The value of the consideration for Century shareholders under the Scheme is expected to deliver a premium to Century's historic share price.

Since their appointment in April 2017, our Investment Manager began managing part of the portfolio on trading account in order to improve portfolio returns. This has been extremely successful for all Century shareholders and the independent directors are pleased with the Investment Manager's performance and management of the portfolio. As part of this realignment, the utilisation of Century's tax benefits would be realised over a longer time horizon than previously expected if the Scheme did not proceed.

Full details of the Scheme will be set out in the Scheme Booklet currently being prepared which is expected to be sent to Century shareholders in December 2018 and will include an independent expert's opinion by BDO Corporate Finance Pty Ltd on the Scheme. A Scheme meeting will also be arranged for Century shareholders to vote on the Scheme which is expected to be held in late-January 2019.

Dividend

As part of the Scheme Implementation Agreement with WAM Leaders, there is an undertaking to ensure that WAM Leaders will not declare a dividend with a record date that is prior to completion of the Scheme. This will ensure that all Century shareholders who receive WAM Leaders shares under the Scheme are registered as holders in the merged entity and will benefit from any future fully franked dividends declared by WAM Leaders (where applicable).



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Formal Business

We will now commence the formal proceedings of the business at the meeting.

On behalf of the Board, I would like to thank shareholders for their continued support of the Company.

END



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Annual General Meeting

Tuesday, 20 November 2018

3:35 pm

Agenda

- **Ordinary business**
 - Chairman's Address
 - Consideration of Annual Report and financial statements for the year ended 30 June 2018
 - Resolution 1: Re-election of director – Mr Ross Finley
 - Resolution 2: Remuneration Report

Chairman's Address

Financial and Portfolio Performance

- Operating profit after tax, before realised and unrealised gains from investments taken to equity of \$7.4m
- Portfolio vs Benchmark

Period	CYA	Benchmark	Outperformance
1 July 2017 to 30 June 2018 (Full year)	14.6%	13.2%	1.4%
1 July 2018 to 31 October 2018	-4.5%	-4.7%	+0.2%

VOTING PROCEDURE

Matter	Procedure
Speaking at the Meeting	<p>Shareholders, proxies or corporate representatives</p> <p>Yellow card – speak at the meeting or vote</p> <p>Blue card – speak at the meeting only</p> <p>Red card – not eligible to speak at the meeting or vote</p>
Questions Protocol	<p>Raise your Yellow or Blue Card when the Chairman opens the Meeting to questions (general and each time a Resolution is considered)</p> <p>Give your name or the name of the shareholder you represent</p>
Voting	<p>Shareholders, proxies or corporate representatives are entitled to vote</p> <p>Joint shareholdings – only the vote of the shareholder whose name is recorded first in the register will be counted</p> <p>All voting to be determined by a show of hands.</p>

Consideration of Financial Report

“To receive and consider the Financial Report, Directors’ Report and Auditor’s Report for the financial year ended 30 June 2018.”

Resolution 1: Re – election of Ross Finley as a Director

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

“That Ross Finley, who retires in accordance with Rule 6.4(a) of the Company’s Constitution and being eligible for re-election, is re-elected as a Director of the Company.”

Director Re-election: Mr Ross Finley - Proxies

	Holders	Votes
For	124	8,963,773 (86.52%)
Open	40	1,213,055 (11.71%)
Against	7	183,404 (1.77%)
Abstained	5	190,189

Resolution 2: Remuneration Report

To consider, and if thought fit, pass the following as a non-binding ordinary resolution of the Company:

“That the Company’s Remuneration Report for the financial year ended 30 June 2018, as set out in the Directors’ Report, is adopted.”

Adoption of Remuneration Report - Proxies

	Holders	Votes
For	84	7,440,919 (77.29%)
Open	40	1,213,055 (12.60%)
Against	40	973,016 (10.11%)
Abstained	11	452,837

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