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Investment update

As at 30 June 2018

Snapshot

Pre-tax net tangible assets

\$1.04

Gross assets

\$97.9m

ABN: 11 107 772 761

wilsonassetmanagement.com.au

Century Australia

ASX code	CYA
Listed	April 2004
Gross assets	\$97.9m
Market cap	\$90.5m
Share price	\$0.96
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	Portfolio Manager
Catriona Burns	Portfolio Manager
Martin Hickson	Portfolio Manager
Oscar Oberg	Portfolio Manager
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Nick Healy	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.

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. Wilson Asset Management firmly opposes these changes and is calling on the Commonwealth Government and Federal Opposition to maintain the status quo. It is vital to encourage your family and friends to sign our petition to maintain the momentum. Sign the petition [here](#). We are currently consulting with shareholders and industry participants and we will submit the petition and policy paper that will explain the importance of maintaining the current dividend imputation system.

Portfolio update

The Century Australia investment portfolio increased 2.5% in June. We increased our exposure to the banks during the month as market valuations became supportive. With the Bank of Queensland, AMP and Suncorp recently repricing to offset additional costs, we believe this current dynamic has the potential to offset some of the negative headwinds for the sector in the short term. Positive contributors to the portfolio included Mayne Pharma Group (ASX: MYX), up 12.3%, Corporate Travel Management (ASX: CTD), up 10.9%, Caltex (ASX: CTX), up 10.6%, Whitehaven Coal (ASX: WHC), up 9.9% and Woodside Petroleum (ASX: WPL), up 9.4%.

Market overview

The S&P/ASX 300 Accumulation Index finished up 3.2% in June, to finish the financial year up 13.2%. The best performing sectors for the month included energy, up 7.7%, consumer staples, up 5.9%, utilities, up 5.9% and financials, up 4.0% while telecommunications dragged on the index, underperforming by 5.5%.

Globally, the escalating prospect of trade conflicts between the US and China weighed heavily on sentiment. US President Donald Trump imposed steel and aluminium tariffs on Europe, Canada and Mexico before announcing a US\$34 billion list of Chinese goods subject to tariffs, prompting a plan by Chinese authorities to announce equal tariff rates on the same value of goods. The US Federal Reserve lifted interest rates by 0.25 percentage points and signalled that two more increases are likely in 2018 as policymakers gave a bullish assessment of the US economy citing accelerating growth and rapid job creation.

Performance

Performance at 30 June 2018	1 mth	6 mths	1 yr	Since appointment of new investment manager % pa (April-17)
CYA Investment Portfolio*	2.5%	3.9%	14.6%	12.3%
S&P/ASX 300 Accumulation Index	3.2%	4.3%	13.2%	9.6%
Outperformance	-0.7%	-0.4%	+1.4%	+2.7%

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

Net tangible assets (NTA) figures

NTA before tax	103.5c
Deferred tax asset on carry forward realised losses	5.8c
Deferred tax liability on unrealised income and gains	(2.3)c
NTA after tax	107.0c

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	May 2018		June 2018	
	\$m	%	\$m	%
Listed equities	80.1	83.9	80.5	82.2
Fixed interest & cash	15.4	16.1	17.4	17.8
Gross assets	95.5	100.0	97.9	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
CBA	Commonwealth Bank of Australia	TAH	Tabcorp Holdings Limited
CSL	CSL Limited	TLS	Telstra Corporation Limited
JHX	James Hardie Industries plc	WBC	Westpac Banking Corporation
MQG	Macquarie Group Limited	WES	Wesfarmers Limited
MYX	Mayne Pharma Group Limited	WOW	Woolworths Group Limited
NAB	National Australia Bank Limited	WPL	Woodside Petroleum Limited

The top 20 holdings are presented in alphabetical order.