



CHAIRMAN'S ADDRESS

Annual General Meeting of Shareholders

Tuesday 22 November 2016

Capital Management

The 2016 year has seen shareholder proposals by Wilson Asset Management (International) Pty Ltd (WAMI) and PVM. The WAMI offer was withdrawn prior to a shareholder vote and the Board determined the PVM offer was not suitable for shareholders and was therefore not pursued further. The Board recognises the upheaval these ultimately unsuccessful proposals caused shareholders with increased share price volatility during that time. The Board was disappointed that the WAMI proposal was not successfully concluded however it is determined to ensure underlying shareholder value is retained.

After much discussion with WAMI, The Company has advised the ASX this morning that WAMI will bring forward a proposal that is substantially similar to that dated 27th January 2016, under which a WAMI entity will be appointed to the Company as Fund Manager and that all shareholders will have an opportunity under a buyback offer to exit the Company at NTA less costs. Your independent Directors have met and approved this proposal. The Board will convene an extraordinary meeting of shareholders as soon as possible to vote on this matter.

Effective this morning, the shares of CYA are in a trading halt.

The Board wishes to thank the management of WAMI for their continued engagement on this matter.

Financial Performance

In review, the past 12 months have been difficult for investors both locally and internationally. The Australian market's slight positive return for the year belied the significant level of volatility throughout the period, driven by a raft of global and domestic factors. In spite of this the returns provided by Perennial Value Management Limited (PVM) over a 3 year period remain ahead of benchmark, This year has proven to be particularly difficult for true value managers, The Board is disappointed by the result, however we are pleased that PVM has remained true to style.

The Operating profit before tax, and before realised and unrealised gains on investments, was \$2.49 million for the year ended June 2016 compared to \$2.08 million in the previous financial year. This profit consists largely of dividends, distributions and interest income less operating expenses.

The net result after realised gains and unrealised losses on investments was a profit of \$1.37 million, compared to a profit of \$6.25 million in the 2015 year. This included unrealised losses of \$7.8million compared to \$3.1 million in the 2015 year. A write back of deferred tax asset during the 2016 financial year of \$3 million contributed to the current year profit, compared to the \$2.02 million write back in the 2015 financial year.

Portfolio Performance

The fund underperformed compared to the benchmark S&P ASX300 Accumulation Index by 4.12% in the year to June 30. Over a 3 year period it has outperformed the benchmark by 0.56%

This is a disappointing result however the fund performance over the 4 months to 31 October 2016 is positive with the return of 1.70% above benchmark. John Murray is here to walk us through the portfolio's performance during the year at the conclusion of the formal matters of this meeting.

Tax Losses

As at 30 June 2016, the Company had on and off balance sheet total of 10.73 cents per share of deferred tax asset. This equates to \$29.28 million of available carried forward tax losses (\$8.78m tax effected).

This translates to no tax being payable on future gains of 35.77 cents per share (10.73 cents per share tax effected).

Dividends

The Board has declared a final dividend of 1.6 cents per share, bringing total dividends paid for the 2015/16 year to 3.5 cents per share. Due to the existing carried forward tax losses, no tax will be paid on the next \$29.28 million of realized gains and therefore no franking credits will be generated from such gains. This means that the franking of future dividends will be restricted to the pass through of franking credits received on dividend income until the company is once again in a tax paying position.

Dependent on market conditions, the Board would expect to pay a similar dividend in the next financial year.

The Board wishes to thank shareholders for their continued support during a difficult year.

Robert Turner
Chairman

CENTURY
AUSTRALIA
INVESTMENTS LIMITED



Annual General Meeting

Tuesday 22 November 2016

10.00am

Delivering **regular income** and **long-term growth** to investors through
a **focused and disciplined** investment strategy

Agenda

- **Ordinary business**

- Chairman's Address
- Annual report and accounts for the year ended 30 June 2016
- Re-election of director – Mr Robert Turner
- Adoption of the Remuneration Report

- **Presentation by John Murray, Managing Director - Perennial Value Management Limited**

Chairman's Address

Capital Management

- In FY16 proposals from WAMI and Perennial were received but were unsuccessful.
- WAMI will bring forward a new proposal that is substantially similar to that dated 27th January 2016, under which a WAMI entity will be appointed to the Company as Fund Manager and that all shareholders will have an opportunity under a buyback offer to exit the Company at NTA less costs.
- Effective this morning, the shares of CYA are in a trading halt.

Chairman's Address

Financial Performance

- Operating profit before tax, realised and unrealised gains \$2.5m (2015: \$2.1m)
- Net result after realised and unrealised movements net gain \$1.4m (2015: net profit \$6.2)

Chairman's Address

Portfolio Performance

Period	CYA	Benchmark	Excess
Financial year ended 30 June 2016	-3.25%	0.87%	-4.12%
3 years to 30 June 2016	8.26%	7.70%	0.56%
4 months ended 31 October 2016	4.65%	2.95%	1.70%

Chairman's Address

Tax Losses

- 30 June 2016 carried unutilised tax losses of \$29.3m
- This translates to no tax being payable on future gains of 35.77 cents per share, or 10.73 cents per share tax effected.
- Write back of deferred tax asset on realised losses of \$3m in FY16, compared to \$2.02m, in FY15 contributed to the current year profit.

Dividends

- Total 2016 year dividends of 3.5 cents per share
- Due to the existing carried forward tax losses
 - franking of future dividends will be restricted to the pass through of franking credits received on dividend income

Financial Report

Item 1

“To discuss the Financial Report, Directors’ Report and Auditor’s Report for the year ended 30 June 2016.”

Re – election of Director

Resolution

“To re-elect Mr. Robert Turner as a Director of the Company, who retires in accordance with the Company’s constitution and being eligible, offers himself for re-election.”

Director Re-election: Mr Robert Turner- Proxies

	Holdings	Votes
For	86	28,771,020
Against	15	2,550,530
Open	39	1,214,135
Abstained	10	517,302

Adoption of Remuneration Report

Resolution

“In accordance with Section 250R of the Corporations Act, the Company adopts the Remuneration Report for the year ended 30 June 2016 in the form set out in the Directors' Report.”

Remuneration Report - Proxies

	Holders	Votes
For	59	2,423,033
Against	37	3,103,974
Open	40	1,216,835
Abstained	12	444,774



Century Australia Investments Limited

John Murray – Managing Director

Stephen Bruce – Portfolio Manager

November 2016 AGM presentation

Perennial Value's proposition

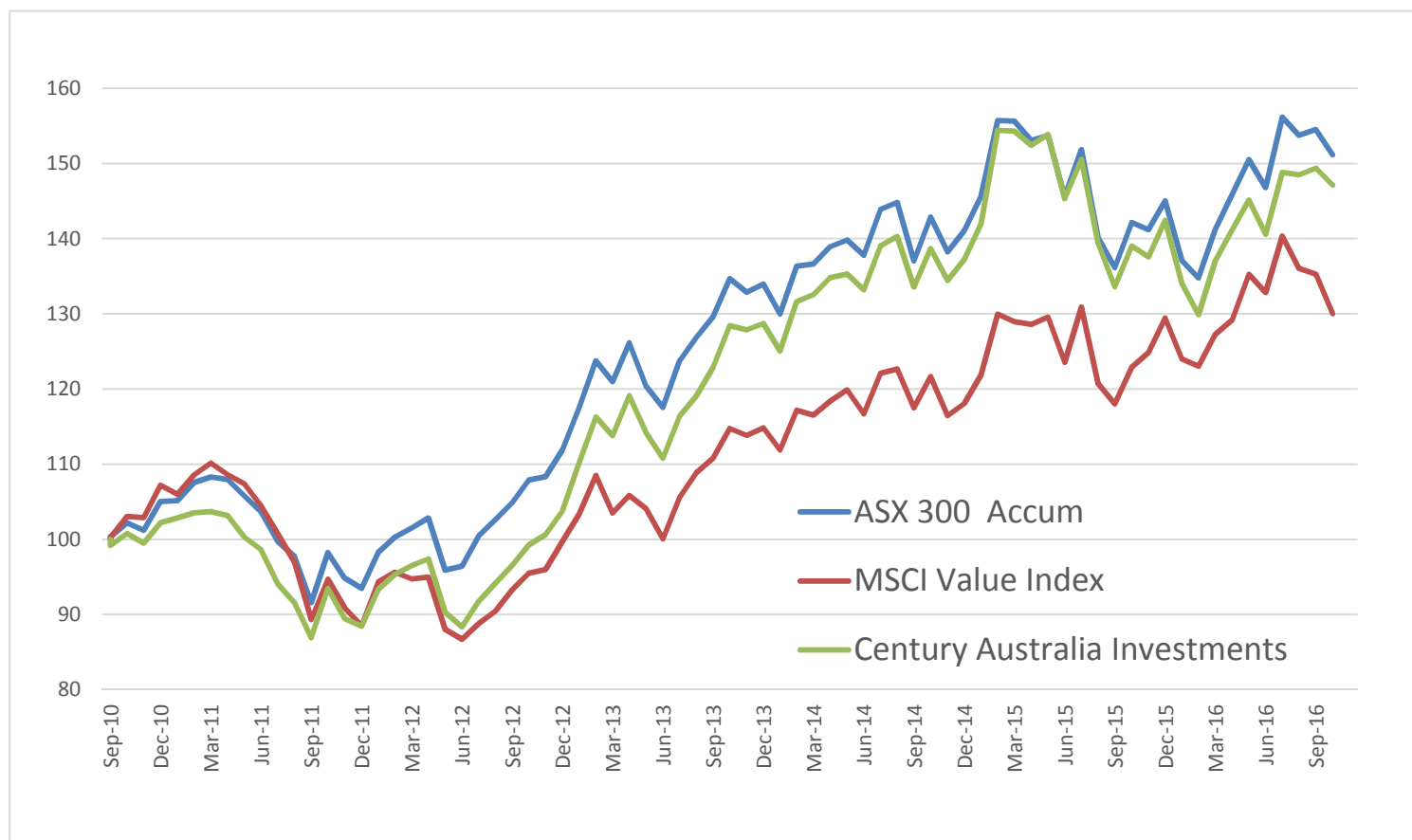
- **“True-to-label” moderate value style**
- **Proven long-term track record:**
 - outperformance in 12 of 16 financial years
 - track record through the investment cycle
- **Ongoing process improvement, better consistency**
- **Large, stable investment team** – 15 investment professionals, >250 yrs experience
 - Last 5 years: 7 new hires, 2 departures
- Majority of staff have **equity ownership**, significant co-investment in funds
- Long-term relationships, partnering to achieve clients' investment goals

Century Australia Investments Results

Period to 31 October 2016	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception* (% p.a.)
Century Australia Investments	5.8	4.6	9.5	6.5
S&P/ASX 300 Accumulation Index	6.3	3.9	9.0	7.0
Value Added/Detracted	-0.5	0.7	0.5	-0.5

Source: Perennial Value Management. *Century Australia Investments inception date was 9 September 2006. Past performance is not reliable indicator of future performance. Gross performance (shown) does not include any applicable management fees.

Last 6 years a tough time for value...



• % p.a.

• 7.0

• 6.5

• 4.4

- Value style has underperformed since PVM appointed manager in 2010
- Century Investments portfolio only slightly behind the market

•Source: PVM, MSCI as at 31 October 2016. Past performance is not a reliable indicator of future performance.

A number of strong performers in FY16:

Significant contributors – FY16:	Total return (%)
Aristocrat Leisure	+83
Newcrest Mining	+77
Metcash	+72
CIMIC Group	+69
Asciano	+35
Navitas	+33
AGL Energy	+28
Event Hospitality	+20
Ansell	-20
Henderson Group	-25
BHP	-27
AWE	-31

•Source: Perennial Value Management, IRESS

3 dominant market drivers in FY16:

1. “Hunt for yield” – “global *bond market refugees*” driven by low rates

- Bond yields at historically low levels, negative interest rates

2. “Flight to safety” – in an uncertain macro environment

- Slowing Chinese growth, Brexit, Trump...

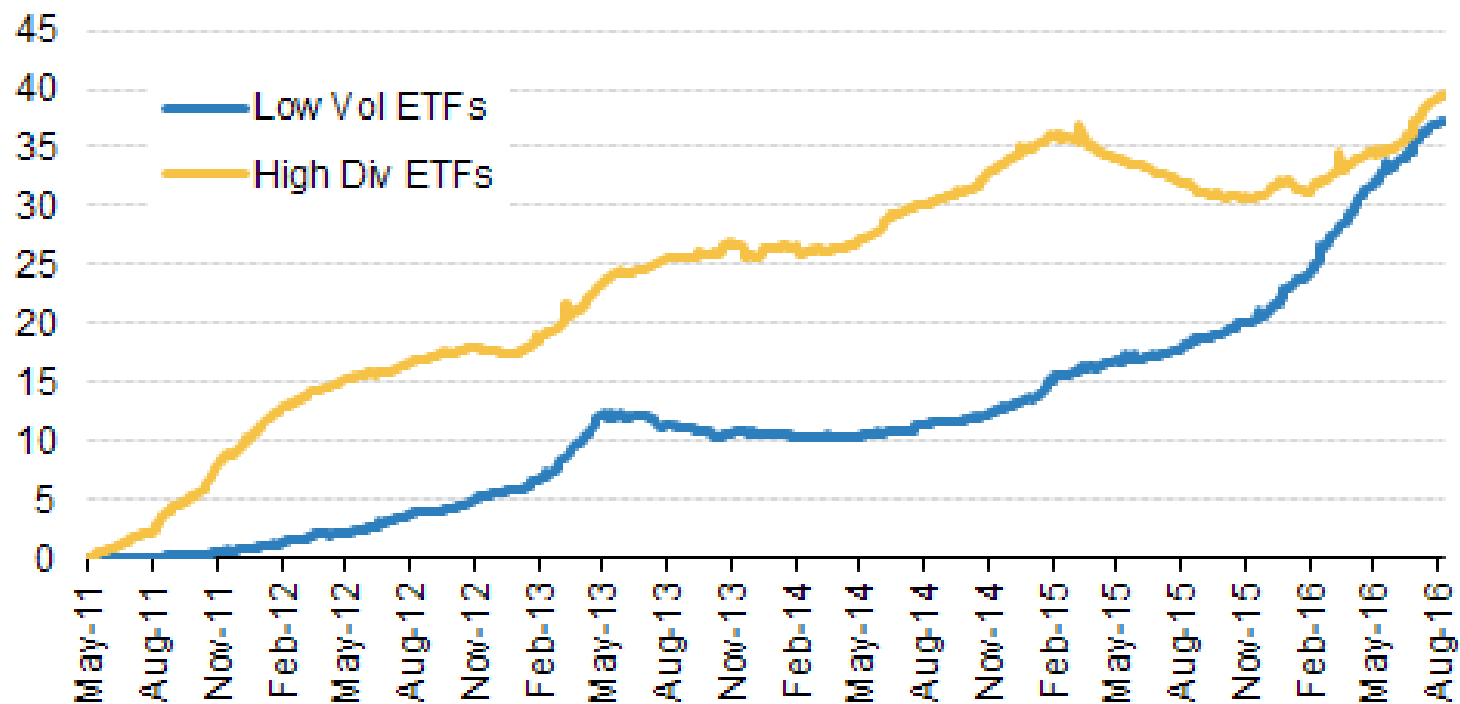
3. “Quest for growth” – in a low growth world

- Growth stock valuations high relative to earnings outlook

This has hurt value investors globally

Money chasing global earnings certainty and yield

Cumulative Inflows into Major Low Vol and High Div ETFs (\$bn)



Source: Morgan Stanley QDS

...overwhelmed by “expensive defensives”

Stocks not held on valuation grounds	FY17 P/E* (x)
CSL	24.7
Transurban	25.7
Sydney Airport	40.2
Treasury Wine Estate	26.2
Medibank Private	21.3
Cochlear	32.6
Dominos Pizza	50.3
GPT	18.4

• **Not holding these stocks detracted -244bp over FY16**

•Source: Perennial Value Management. *Based on PVM estimates as at 30 June 2016

Value style faced strong headwinds in FY16

Style Factors:

Value

Earnings Yield

Dividend Yield

Price/Book

FCF Yield

Intrinsic Value

FY16

FY17TD

Earnings Yield	-15.00%	6.93%
Dividend Yield	-23.30%	-2.26%
Price/Book	-3.08%	14.12%
FCF Yield	-11.52%	10.02%
Intrinsic Value	-10.90%	9.01%

Quality

High Quality

Delta Quality

Risk Alert

Bear Ideas

High Quality	-5.44%	-5.90%
Delta Quality	-14.13%	0.92%
Risk Alert	18.05%	-19.84%
Bear Ideas	23.44%	-13.23%

Momentum

Earnings Revisions

Price Momentum

Composite

Earnings Revisions	13.85%	4.02%
Price Momentum	28.31%	-6.71%
Composite	23.28%	-1.77%

Growth

Forecast EPS Growth

Fundamental Growth

Forecast EPS Growth	13.44%	7.91%
Fundamental Growth	3.09%	-0.47%

Risk

Low Beta

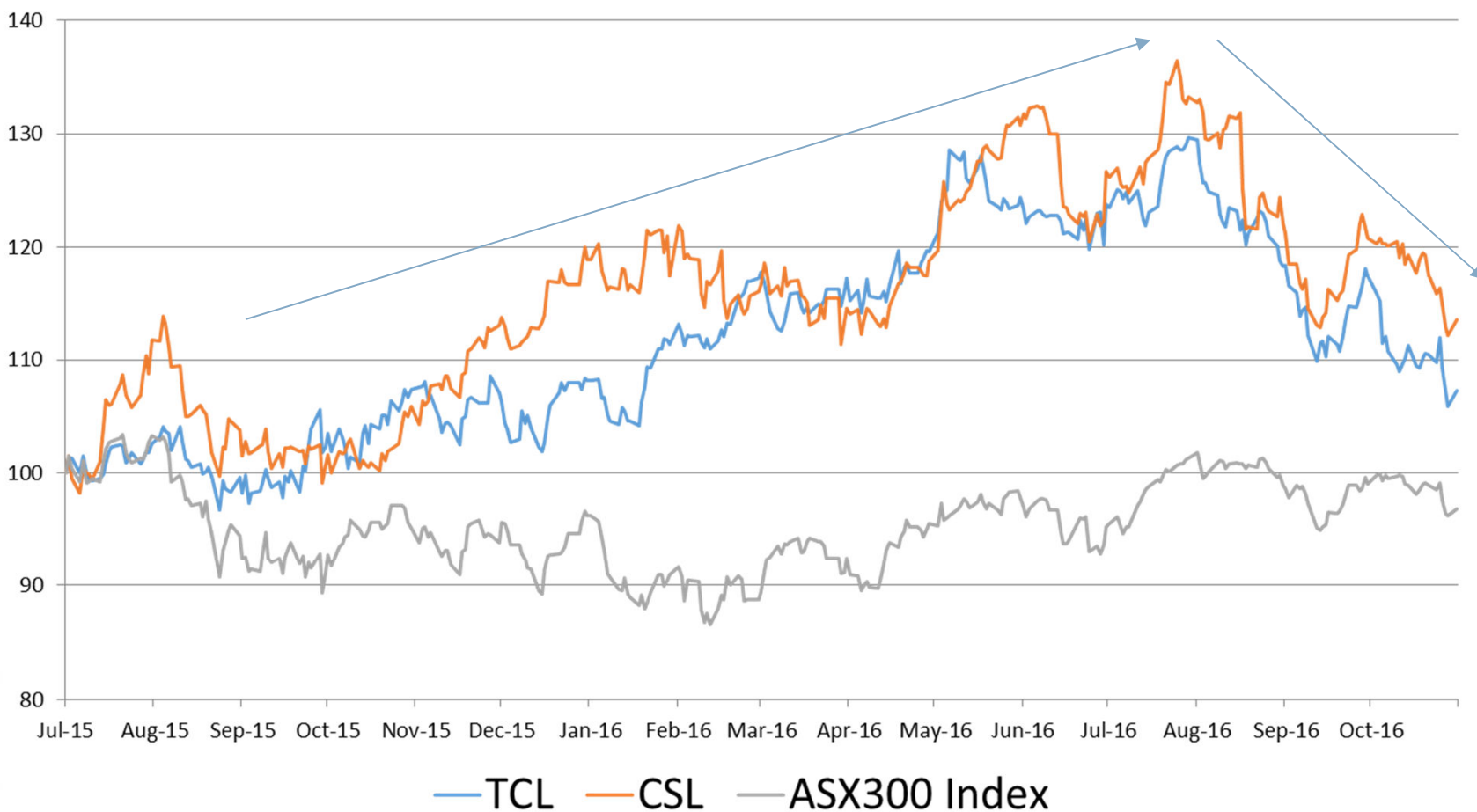
Low Volatility

Large Caps

Low Beta	26.58%	-15.88%
Low Volatility	-5.44%	-12.19%
Large Caps	-13.61%	0.02%

•Source: PVM, UBS as at 31 October 2016

“Crowded trade” share prices are turning



Source: Perennial Value Management, IRESS as at 31 October 2016

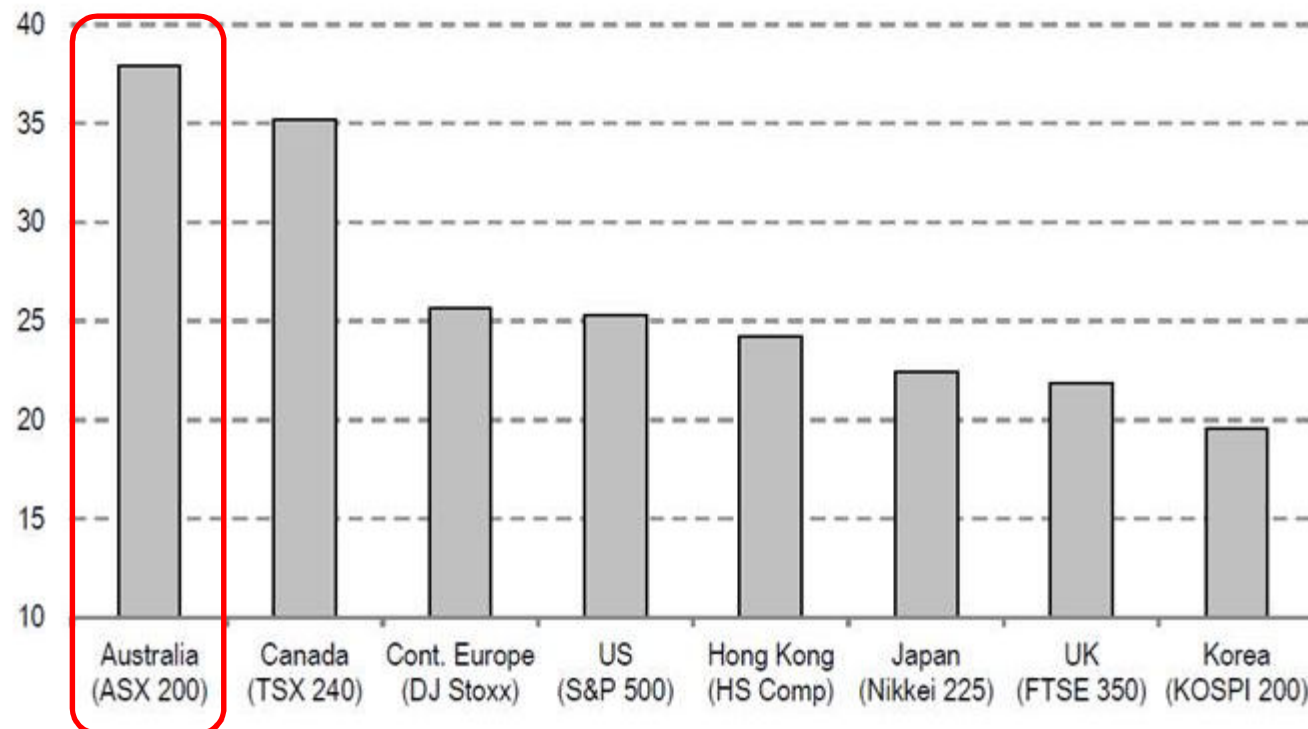
Value starting to outperform

Period to 31 October 2016	FY17TD (%)
Century Australia Investments	4.7
S&P/ASX 300 Accumulation Index	3.0
Value Added/Detracted	+1.7

Source: Perennial Value Management. *Century Australia Investments inception date was 9 September 2006. Past performance is not reliable indicator of future performance. Gross performance (shown) does not include any applicable management fees.

• Australia has the world's most expensive 'darlings'

• Median 12 month forward P/E of "market darlings" around the world*



•* The current batch of Australian 'darlings' includes Acconex, Cochlear, Treasury Wines, NextDC, Transurban, Domino's Pizza, Babcor, Sydney Airport, Technology One and Corp Travel.

Source: Company Data, I/B/E/S, Thomson Reuters Datastream, Credit Suisse, as at November 2016.

Plenty of good value stock picking opportunities:

Key holdings	FY17 metric:*	Comment:
BHP	P/FCF 8.6x	Strong cash flow, commodity price upside
QBE Insurance	P/E 11.8x	Leverage to rising US rates
Vocus	P/E 15.5x	Strong growth outlook
Macquarie Group	P/E 13.8x	Multiple growth drivers
Clydesdale	P/NTA 0.5x	Turnaround opportunity
AMP	Gross yield 7.4%	Life issues to be resolved
Lend Lease	P/E 10.0x	Strong pipeline of projects
Rio Tinto	P/FCF 9.9x	Strong cash flow, commodity price upside

•Source: *Perennial Value. Based on PVM forecasts as at 31 October 16

Portfolio Positioning:

Overweight:

Domestic cyclicals – Brickworks, Stockland

Tourism, leisure – **Crown Resorts**, Event Hospitality

Infrastructure investment – Downer, Lend Lease

Diversified financials – AMP, Henderson, **Macquarie**, Suncorp

Offshore earners – **Clydesdale**, Henderson, NewsCorp, QBE, Resmed, Westfield

Operational improvement – AMP, QBE, Woolworths

Macro uncorrelated stocks – Graincorp, **Resmed**

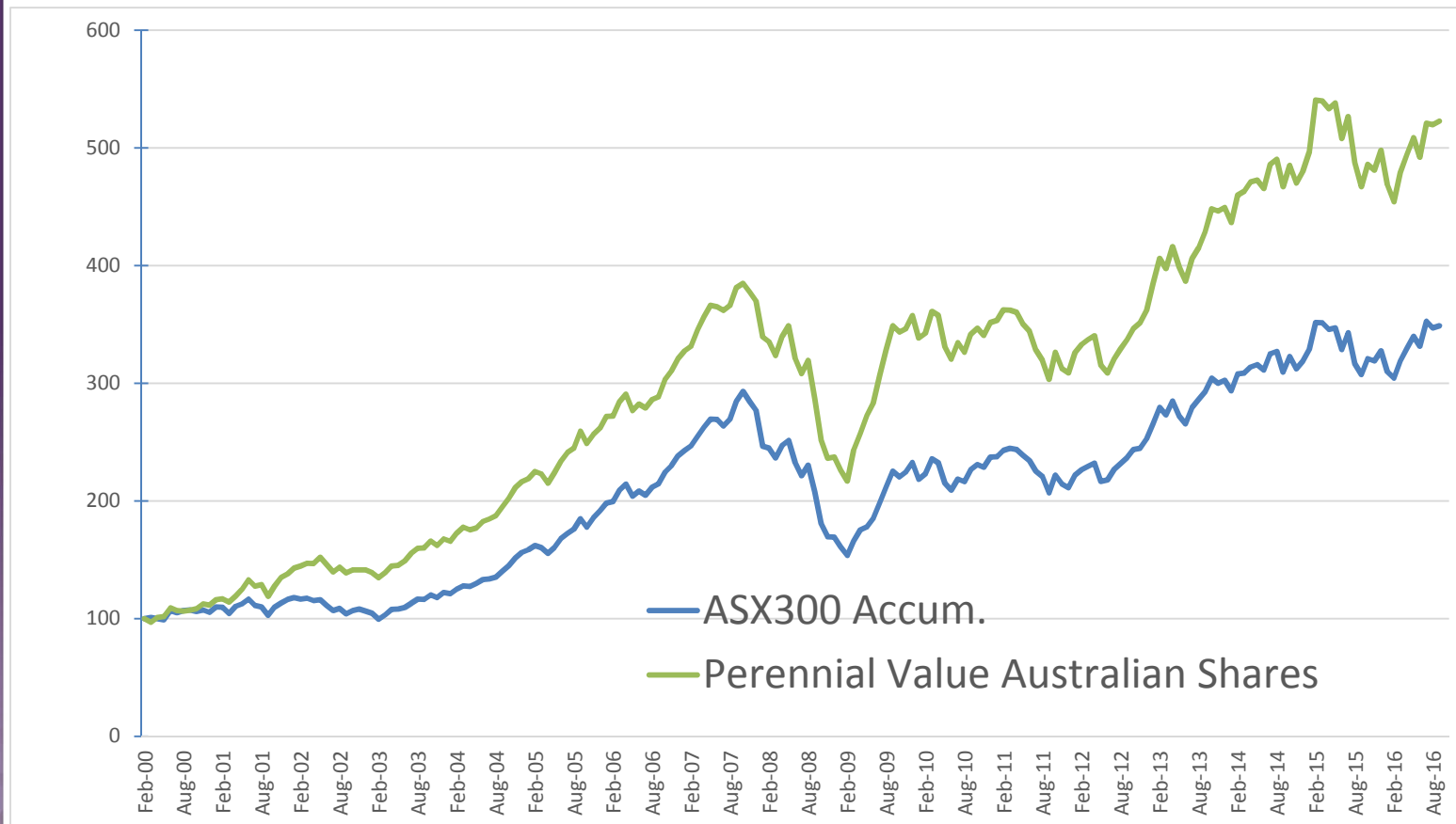
Large-cap, low-cost, strong balance sheet resources – **BHP**, Rio, Woodside

Underweight:

Expensive defensives – Healthcare, REITs, Utilities (sectors overvalued)

Major banks – slowing growth

Value investing works over the long term



•% p.c

•10.6

•7.6

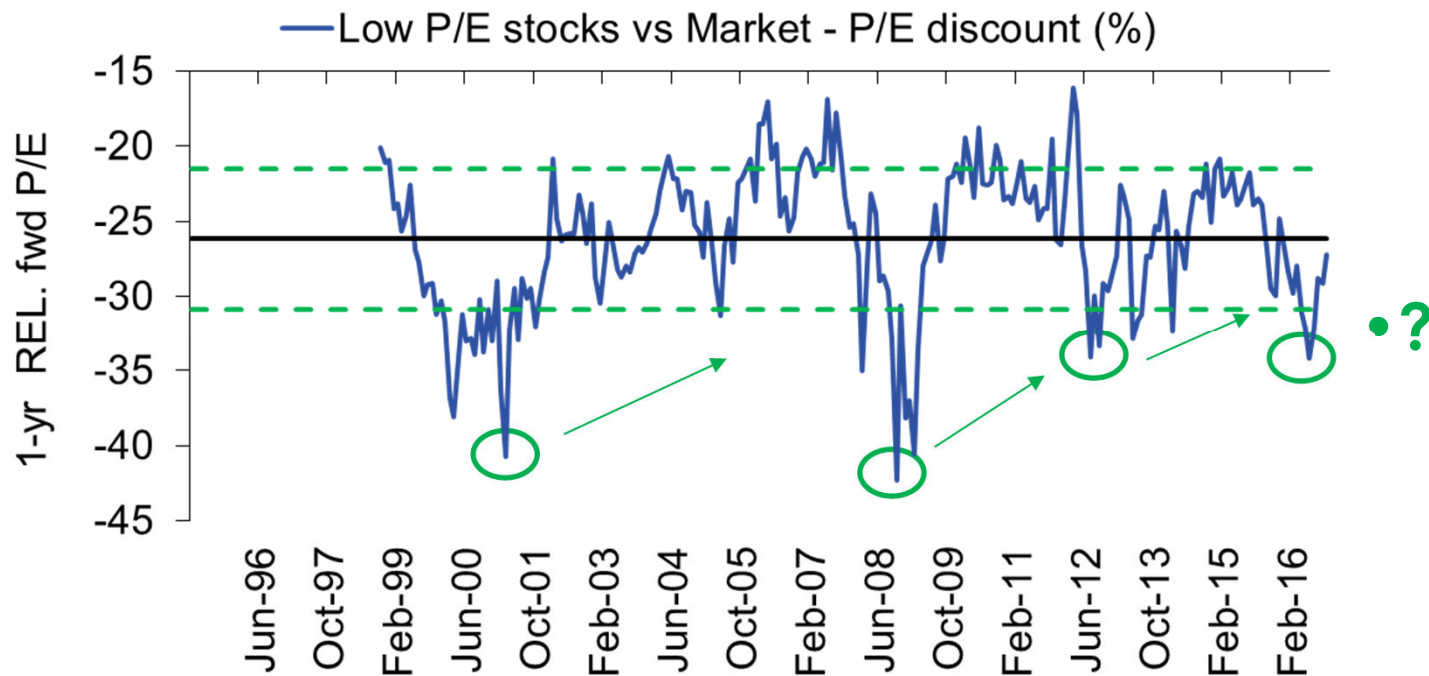
•Perennial Value has outperformed in 12 of the last 16 financial years

•Source: PVM, MSCI as at 31 October 2016. Past performance is not a reliable indicator of future performance.

Triggers are moving in favour of value

- ▶ **Rates move up** – defensives highly correlated to US bond rates
- ▶ **AUD falls** – offshore investors could leave
- ▶ **Growth improves** – market would rotate to value
- ▶ **Fiscal stimulus** – the next leg of government policy, infrastructure?
- ▶ **Expensive/overcrowded** – Investors simply deciding to sell
- ▶ **Reporting season** – defensive sectors underperforming

• Value performance cycle



- Historically Value has outperformed when discount becomes extreme:
- 2000 – tech boom unwind
- 2009 – rally from post-GFC lows
- 2012 – rally post-Eurozone crisis
- **Perennial Value has outperformed strongly in these periods**

• **Source:** Goldman Sachs as at 30 September 2016. Past performance is not a reliable indicator of future performance.

Conclusion

Value investing outperforms over the long-term

Value has significantly underperformed in recent years

Defensive and growth stocks very expensive and crowded

Good news for value investors:

- many quality stocks trading at attractive valuations
- a number of triggers moving in favour of value

Buying good businesses for good value

Disclaimer

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