

13 June 2014

Company Announcements Office
Australian Stock Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000



Dear Sir/Madam

MONTHLY NET TANGIBLE ASSETS PER SHARE

The unaudited Net Tangible Asset Backing ("NTA") for Century Australia Investments Limited ("Century Australia") is as follows:

	31 May 2014	30 April 2014
NTA per share	94.0 cents	93.6 cents
Deferred tax asset on carry forward realised losses	5.0 cents	5.2 cents
Deferred tax liability on unrealised income and gains	(5.0 cents)	(5.2 cents)
NTA per share after all tax balances	94.0 cents	93.6 cents

In addition to the deferred tax asset of 5.0 cents per share recorded in the accounts **there is a further \$7.96m or 9.99 cents per share of tax benefit on realised losses which is not carried on the Company's balance sheet** and is available to be offset against future taxation liabilities.

In total there are approximately \$26m of losses yet to be recouped by realised gains. Until these losses are recouped, Century Australia will not be paying tax.

The fact that Century Australia is currently not liable to pay tax, means that the level of franked dividends paid is restricted by the level of franking credits received by way of fully franked dividend income. Once the total carry forward tax losses are utilised, Century Australia will return to paying tax on any realised gains. Tax payments will generate additional franking credits from which franked dividends can be paid.

Notes:

1. The Net Tangible Asset Backing calculation is based on the Company's interpretation of law relating to ASX Listing Rule 4.12.
2. 'NTA per share after all tax balances' represents investments at market value, less associated selling costs and less all other accrued expenses.
3. 'NTA per share' this is the value per share should the Company be liquidated at the relevant month end.

PORTFOLIO PERFORMANCE

May 2014	Return	Benchmark	Excess
1 Month	0.37%	0.65%	-0.28%
1 Year	18.44%	16.12%	2.32%
Financial Year to date	22.10%	18.98%	3.12%



PERENNIAL VALUE MANAGEMENT COMMENTARY

Market Review:

The Australian equity market reversed the trend of recent years by rising in May, with the benchmark S&P/ASX300 Accumulation Index returning 0.6%.

Globally, all major markets ended the month higher with the S&P500 (up 2.3%) leading the way, while the FTSE (up 0.3%), Nikkei (up 1.2%) and Shanghai Composite (up 0.6%) also rose. US economic data continued to show signs of recovery from weather impacts earlier in the year. In Europe, tentative signs of a recovery continued with Q1 GDP growth steady. Domestically, the Federal budget was handed down, revealing a path to surplus over the coming years broadly at the expense of households. As a result, consumer confidence fell sharply following the Budget announcement. Data on construction work completed showed an uplift in residential construction, but non-residential and engineering were soft. The unemployment rate was unchanged at 5.8% due to a fall in participation. The RBA held interest rates steady with its neutral bias unchanged. The AUD/USD ended the month at 93c, in line with the prior month.

A strong rally in bond markets during the month had a significant macro impact on sector performance in the domestic market as seen by the outperformance of Utilities (up 2.8%) and Consumer Staples (up 1.8%). This had a detrimental impact on the Portfolio's performance given our underweight position in these sectors on valuation grounds. Other sectors which outperformed included Energy (up 2.9%) and Healthcare (up 2.7%). Sectors which lagged included Metals and Mining (down 3.0%) and Consumer Discretionary (down 0.9%).

Portfolio Review:

The Century Australia Investment Portfolio finished the month up 0.3%, underperforming the benchmark by 0.3%.

The best performing holdings for the month included AWE (up 13.4%), Amalgamated Holdings (up 9.0%), Macquarie Group (up 6.8%), Aristocrat Leisure (up 5.6%) and AMP (up 4.8%).

From a company news perspective, the most significant announcement was Macquarie Group's full year profit to March 2014 of \$1,265m. This result was up 49% on the prior year and above management's previous guidance range of 40-45%. Each of Macquarie's businesses continue to perform well. The portfolio has benefitted handsomely over the past year as Macquarie has delivered a total return of 47.6%. Whilst significant profits have been realised at various points in the past year, we continue to see further growth options across the group. The balance sheet also remains in a capital surplus position relative to its regulatory obligations.

Aristocrat reported its March-end 2014 interim profit and this was greeted favourably by the market. Both revenue and profits grew strongly as a strong game product pipeline lead to increased market shares in both Australia (no. 1 supplier in NSW and Qld) and North America (predominantly USA).



During the month ANZ, NAB and Westpac delivered their first half results and CBA gave a Q3 trading update. Overall the results were positive, with modest revenue growth being complemented by declining bad debts charges to deliver average EPS growth of 9% over the previous corresponding period. This EPS growth was matched by average dividend growth of 9%, with the major banks currently offering an average FY15 gross yield of 8.0%.

Stocks which detracted from performance during the month included Bluescope Steel (down 9.7%), Orica (down 8.3%), Boral (down 6.9%), NAB (down 2.3%) and QBE (down 1.7%). Orica delivered an interim result which was slightly below expectations due to subdued demand conditions in many mining markets. Management is responding by re-shaping the business to increase the proportion of value added services they provide as well as reducing operating costs. While current conditions are challenging, this business is well-placed longer term to benefit from the ongoing increases in global mining volumes. QBE also underperformed as strength in the US bond market dampened expectations that the company will benefit in the short term from rising short term interest rates. The persistently high Australian dollar is also hindering any translation benefits from its exposure to offshore earnings. QBE's cost saving program is running ahead of expectations and incidence of catastrophes has, to date, been low, and we retain confidence in the company.

In terms of portfolio activity, we reduced our exposure to a small number of companies, including Fairfax and Lend Lease. Significant profits were realised in both companies. Lend Lease for example, has delivered a total return of 39.3% in the past year compared to the benchmark return of 16.1%. Sale proceeds were mainly left in cash.

Investment Outlook:

Despite the volatility over recent months, the 2014 financial year to date sees the ASX300 Accumulation Index up 19.0%. While a level of macroeconomic uncertainty remains and ongoing volatility is likely, there are positive economic signals in many markets. This highlights the increased importance that will be attached to stock-picking in the generation of future investment returns.

Top Equity Holdings – 31 May 2014:

The top ten equity holdings of the Century Australia Portfolio as at 31 May 2014 were as follows:

Security Name	% of Portfolio
BHP Billiton Limited	9.7%
Westpac Banking Corp	8.2%
ANZ Banking Grp Ltd	7.4%
National Australia Bank	6.8%
Commonwealth Bank	6.6%
Telstra Corporation	5.9%
Macquarie Group Ltd	3.4%
Woodside Petroleum	3.0%
AMP Limited	2.7%
QBE Insurance Group	2.6%

As at month end, stock numbers were 41 and cash stood at 2.6%.



Performance returns

May 2014	Return	Benchmark	Excess
1 Month	0.37%	0.65%	-0.28%
1 Year	18.44%	16.12%	2.32%
2 Years (p.a)	22.39%	20.75%	1.64%
Financial Year to date	22.10%	18.98%	3.12%

