

14 November 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 October 2014	30 September 2014
NTA per share (ex-dividend)	93.7 cents	90.4 cents
Deferred tax asset on carry forward realised losses	4.9 cents	5.3 cents
Deferred tax liability on unrealised income and gains	(4.4 cents)	(3.8 cents)
NTA per share after all tax balances (ex-dividend)	94.2 cents	91.9 cents

In addition to the deferred tax asset (DTA) of 4.9 cents per share recorded in the accounts **there is a further \$7.41m or 9.30 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 \$25.2m of losses after deducting unrealised gains as at 31 October 2014 of \$11.7m from total available carried forward tax losses of \$36.9m. Until all carried forward tax 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

October 2014	Return	Benchmark	Excess
1 Month	3.83%	4.27%	-0.44%
1 Year	7.99%	6.07%	1.92%



PERENNIAL VALUE MANAGEMENT COMMENTARY

Market Review:

The Australian equities market delivered a strong return in October, with the benchmark S&P/ASX300 Accumulation Index (the Index) up 4.27%.

Global equity markets performed strongly in October, with the S&P500 up 2.3% as the US economy reported real GDP growth of 3.5% in 3Q14 and the unemployment rate fell 0.2% to 5.9%. The Shanghai Composite finished up 2.4% as China's 3Q14 GDP and Industrial Production both exceeded expectations rising 7.3% and 8.0% respectively. The Nikkei 225 (up 1.5%) was supported by the Bank of Japan announcing further monetary stimulus. The exception was Europe, with the FTSE (down 1.2%) and the Euro Stoxx 50 (down 3.5%) weaker as Eurozone markets remained dogged by growth concerns.

Domestically, data was mixed. Building approvals for August rose 3.0% month on month and business confidence for September slipped three points. Retail sales and consumer confidence edged slightly higher, increasing 0.1% and 0.9% month on month respectively. The Reserve Bank of Australia (RBA) left the cash rate unchanged at 2.5% and the AUD ended the month up one cent at US88c.

The better performing sectors during the month were financials (up 6.9%), real estate (up 6.5%) and telcos (up 6.2%). Energy (down 3.6%) was the worst performing sector, followed by metals and mining (down 1.2%) and materials (down 0.2%).

Portfolio Review:

The Century Australia Investment Portfolio finished the month up 3.83%, underperforming the benchmark by 0.44%.

The best performing stock in the portfolio for the month was Aristocrat Leisure (up 9.8%) after announcing the completion of its acquisition of VGT, ahead of previous guidance for March 2015. Other strong performers included, Lend Lease (up 9.2%) which held its investor day during the month and highlighted its strong development, infrastructure and residential pre-sales pipeline. Downer (up 7.5%) announced that it has signed an agreement to purchase Tenix for \$300m. Tenix is a leading provider of maintenance services to the electricity, gas and water sectors in Australia and New Zealand. This acquisition helps diversify earnings away from the mining sector and gearing levels post acquisition support the possibility of a future share buyback.

The major banks performed strongly, returning between 6.9% and 8.3%. Readers will recall that we have reduced the overall bank exposure in recent months. The subsequent sell off into early October was such that the overall sector was trading on a healthy forecast FY'15 gross yield of 8.5%. As a result, we bought back into CBA, NAB and Westpac early in the month, bringing the sector exposure back to a mild underweight. Our rationale is that, in looking forward over the next year or so, it is difficult to envisage scenarios where the overall sector either significantly under or outperforms. Major job losses could lead to the former and strong credit growth to the latter, neither of which we see as being likely to occur over this time period.



Stocks which underperformed included Iluka, Origin Energy and Henderson Group which were down in the range of -1.3% to -8.4% for the month. We took advantage of this short-term weakness to top up some holdings, as referred to below.

The Portfolio's underweight stance in the outperforming defensive sectors of real estate (up 6.5%), health care (up 6.0%) and consumer staples (up 5.0%) detracted from performance. Within those sectors were three outperforming Top 20 stocks, CSL, Scentre Group and Wesfarmers. Whilst all are robust, well-managed businesses, the portfolio continues to maintain an underweight or nil stance on these stocks on the basis of quite considerable overvaluation. CSL for example, trades on a demanding forecast FY'15 P/E of 23.4x and a gross yield of only 1.7%.

The portfolio was quite active during the month, with the key theme being the selling down of a number of stocks which have outperformed. Portfolio holdings sold down included Aristocrat, Asciano, Brambles, Harvey Norman, Lend Lease and Macquarie Group.

Proceeds were reinvested into a handful of very good quality existing holdings where share prices have recently been quite weak. Examples include Crown Resorts, Fairfax and Henderson Group. We believe that both Crown and Henderson have been unduly sold down of late and offer good value over the medium term from these lower levels. Henderson for example, trades on a forecast FY'15 P/E of 12.2x and a gross yield of 4.9%. This rotation has enhanced the overall valuation characteristics of the portfolio and has also partially reduced the cyclical exposure in the portfolio.

Investment Outlook:

October's sharp rally highlights the ongoing volatility in markets. This highlights the increased importance that will be attached to stock-picking in the generation of future investment returns. Investors should take comfort from the fact that the recent reporting season showed that company earnings are growing and valuations are reasonable.

Top Equity Holdings – 31 October 2014:

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

Security Name	% of Portfolio
BHP Billiton	9.0%
Westpac	8.4%
National Australia Bank	7.2%
ANZ Banking Group	7.0%
Telstra	6.0%
Commonwealth Bank of Australia	5.9%
Woodside Petroleum	3.5%
Rio Tinto	3.0%
AMP	2.8%
Macquarie Group	2.7%

As at month end, stock numbers were 42 and cash stood at 2.9%.



Performance returns

October 2014	Return	Benchmark	Excess
1 Month	3.83%	4.27%	-0.44%
1 Year	7.99%	6.07%	1.92%
2 Years (p.a)	18.20%	15.07%	3.13%

