

14 September 2015

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 August 2015	31 July 2015
NTA per share (cum-dividend)*	89.9 cents	97.2 cents
Deferred tax asset on carry forward realised losses	4.9 cents	4.9 cents
Deferred tax liability on unrealised income and gains	(1.4 cents)	(3.9 cents)
NTA per share after all tax balances (cum-dividend)*	93.4 cents	98.2 cents

*The above figures do not include a provision for the interim dividend of 1.75 cents per share which went ex on 10 September 2015 and is payable on the 30 September 2015.

In addition to the deferred tax asset (DTA) of 4.9 cents per share recorded in the accounts **there is a further \$5.94m or 7.26 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 \$28.1m of losses after deducting unrealised gains as at 31 August 2015 of \$3.8m from total available carried forward tax losses of \$31.9m 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

August 2015	Return	Benchmark	Excess
1 Month	-7.43%	-7.70%	0.27%
1 Year	-0.65%	-3.23%	2.58%

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PERENNIAL VALUE MANAGEMENT COMMENTARY

Market Review:

The volatility of recent months continued in August, with the ASX300 Accumulation Index ('Index') finishing the month down 7.7%. This followed a rollercoaster ride which saw the Index down as much as 11.7% mid-month.

Globally, August was dominated by the slowing growth in China and the ensuing volatility in financial markets as many investors trimmed their holdings of riskier assets. As a result, China took steps during the month to underpin growth, cutting interest rates and bank reserve requirements, lifting infrastructure spending and announcing a surprise devaluation of its currency. However, by the end of the month, the markets seemed to have calmed, partly as the economic data firmed. In particular, there was a big upwards revision to Q2 Gross Domestic Product ('GDP') growth in the US plus another decent payrolls outcome and the data for Europe remained encouraging. Greece announced fresh elections but markets took this news in their stride. Other emerging market central banks broke foreign exchange pegs with the US as the Federal Reserve ('Fed') neared the start of policy normalization. Fed speakers though, indicated that the Reserve may be backing away from September lift in rates. International markets all finished the month down, with the S&P500 down 6.3%, FTSE100 down 6.7%, Nikkei 225 down 8.2% and Shanghai Composite down 12.5%.

Australian data was mixed, with the release of decent retail sales numbers for June and employment growth for July again surprising on the upside, although there was an unexpected spike in the jobless rate back to 6.3%. The latest quarterly business investment report, however, was gloomy, revealing little evidence of the much-anticipated rotation towards non-mining sources of growth. In fact, economy-wide investment will likely fall again this financial year. Consumer confidence rose strongly early in the month (helped by fading drags like concerns about Greece) and business confidence slumped, highlighting again the disparity between households and corporates. There was further strength in the housing market, with prices continuing to rise, particularly in the east coast cities. The Reserve Bank of Australia ('RBA') left the cash rate steady at 2.0% and the Australian Dollar ('AUD') declined from 73 to 71 US cents.

The other main focus of the month was reporting season. Results were generally in line with expectations, with Industrials delivering modest Earnings per Share ('EPS') growth while resource company earnings fell sharply due to lower commodity prices. Low top-line growth was again a feature of results, with a significant proportion of earnings improvement being driven again by cost-out and internal improvement programs. Currency was also a major driver, with many companies beginning to see benefits from the lower AUD. This particularly favoured companies with significant offshore earnings. Outlook statements were again cautious given the uncertain economic environment and weak demand conditions both domestically and globally.

The better performing sectors were defensives, with utilities (down 0.4%), REITS (down 4.0%) and consumer staples (down 4.1%) while metals and mining (down 3.9%) also fared relatively well following its sharp sell over recent months. The worst performing sector was energy (down 13.8%) on the lower oil price, while financials (down 10.6%) also underperformed.

Portfolio Review:

The Century Australia Investment Portfolio finished the month down 7.4%, outperforming the benchmark by 0.3%.

Of the Portfolio's holdings, 33 companies representing 68% of the portfolio reported. Of these, the majority showed earnings and dividend growth, with 20 companies increasing their EPS and 22 companies increasing their Dividends per Share ('DPS'). This ongoing increase in dividends is particularly pleasing as it reflects the generally strong financial position of corporate Australia and allows shareholders to be rewarded while they wait for stronger earnings growth. Holdings which showed particularly pleasing earnings growth were Boral (EPS up 45%, DPS up 20%), Amalgamated Holding (EPS up 44%, DPS up 26%), Henderson Group (EPS up 31%, DPS up 19%), Orora (EPS up 26%, DPS up 25%) and Harvey Norman (EPS up 25%, EPS up 143% including a special dividend). Strong portfolio performers included steel stocks Sims Metal (up 21.4%) and BlueScope Steel (up 18.7%). Both of these stocks are responding to difficult market conditions by undertaking aggressive internal improvement programs. Importantly, both of these stocks also have very strong balance sheets with low levels of debt and gearing.

Asciano (up 4.4%) outperformed, with Brookfield formalising its takeover offer with an implied value of \$9.15 per share plus 39 cents per share in franking credits. We are currently assessing the bid. Other stocks which outperformed after delivering positive results included Flight Centre (up 3.9%), AGL Energy (up 3.3%), Fairfax (up 2.9%) and Amalgamated Holdings (up 0.9%).

Stocks which underperformed were typically the energy and mining services holdings, with AWE (down 26.2%), Origin Energy (down 25.0%), Downer (down 17.8%) and Orica (down 17.4%). However, our overweight positions in Rio Tinto (down 2.1%) and BHP (down 4.8%) both outperformed the market. Both companies delivered results which showed ongoing cash flow focus and increased dividends. The major banks were also weaker, down an average of 11.8% on concerns over the economic outlook and capital requirements.

In terms of portfolio activity, the Portfolio participated in the Australia and New Zealand Banking Group ('ANZ') and Commonwealth Bank of Australia ('CBA') capital raisings. The Banks have sold off by around 20% from their highs and, at current levels, offer attractive valuations, with a FY16 sector average gross yield of 8.8%. The recent capital raisings strengthen the Banks' balance sheets, which is a positive and Perennial Value expects that, over time, the Banks will be able to reprice sufficiently to maintain returns. The Portfolio has now moved to a modest overweight position in the sector. The weaker market was used to top up some existing holdings where Perennial Value believes the share price falls to be overdone including Flight Centre, Harvey Norman and Macquarie Group. Purchases were funded through trimming some existing holdings which had performed strongly over the month including BlueScope Steel and Sims Group.

Investment Outlook:

While there has been a heightened level of volatility in markets recently, the economic fundamentals of major economies overall seem to be improving slowly and this should drive economic and earnings growth. Further, the current very low interest rates highlight the relative attractiveness of equities.



Top 10 Equity Holdings – 31 August 2015:

The top ten equity holdings of the Century Australia Portfolio as at 31 August 2015 were as follows:

Security Name	% of Portfolio
Commonwealth Bank	8.1%
Westpac Banking Corp	7.9%
National Aust. Bank	7.7%
ANZ Banking Grp Ltd	6.5%
BHP Billiton Limited	6.4%
Telstra Corporation	6.3%
Macquarie Group Ltd	3.5%
Woolworths Limited	2.9%
AMP Limited	2.9%
QBE Insurance Group	2.6%

At month end, stock numbers were 44 and cash was 1.8%.

Performance returns

August 2015	Return	Benchmark	Excess
1 Month	-7.43%	-7.70%	0.27%
1 Year	-0.65%	-3.23%	2.58%
2 Years (p.a)	8.18%	5.10%	3.08%

