

14 October 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:

	30 September 2015	31 August 2015
NTA per share (ex-dividend)	84.2 cents	88.2 cents*
Deferred tax asset on carry forward realised losses	4.9 cents	4.9 cents
Deferred tax liability on unrealised income and gains	(0.0 cents)	(1.4 cents)
NTA per share after all tax balances (ex-dividend)	89.1 cents	91.7 cents*

* The above August 2015 figures include a provision for the final dividend of 1.75 cents per share which went ex on 10 September 2015 and was paid 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 is approximately \$31.709m of losses after deducting unrealised gains as at 30 September 2015 of \$0.005m from total available carried forward tax losses of \$31.714m 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

September 2015	Return	Benchmark	Excess
1 Month	-4.14%	-2.86%	-1.28%
1 Year	0.03%	-0.66%	0.69%

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PERENNIAL VALUE MANAGEMENT COMMENTARY

Market Review:

September proved to be a difficult month for investors generally with the S&P/ASX300 Accumulation Index (the Index) finishing the month down 2.9%. The sell-off, in our view, has been very much led by global macro funds taking a very bearish view on the outlook for China and therefore Australia.

Globally, the month was dominated by extreme gloominess about the prospects for growth in China. Key data disappointed, including the latest monthly production and investment prints, alongside the manufacturing PMI and many investors seem to be losing faith that China can maintain growth of close to the 7.0% target. This is despite even more stimulus being announced and further exchange rate depreciation. The weakness in China is reverberating through the region, with Taiwan, Singapore and now Japan in technical recession. Outside Asia, however, the news was better, with European growth seemingly tracking close to 2.0%, although inflation across the region has dropped back close to zero. Similarly, the US economy is doing well, although employment growth was unexpectedly weak early in the month. The Federal Reserve (the Fed) however, balked at raising interest rates, citing offshore “wobbles” as a key reason for caution. Equity markets had a very tough month, with most indexes losing further ground, as many investors reassessed the prospects of a world without the same momentum in China’s growth engine.

In Australia, the biggest development was not in economics, but in politics, with Malcolm Turnbull successfully challenging incumbent Tony Abbott to become Australia’s fifth Prime Minister in as many years. There has been no significant policy change yet, but consumer and business confidence likely will lift on hopes of a fresh start, particularly around economic reform. The domestic data was a mixed bag. Retail sales growth was weak and consumer and business confidence fell, but the August employment report was much better than expected and the jobless rate fell slightly to 6.2%. The Q2 Gross Domestic Product (GDP) report was also underwhelming, showing that growth was barely positive, albeit after a decent Q1. The Australian Dollar (AUD) weakened further over the month, in line with the Reserve Bank of Australia (RBA) expectations, dropping below 70 US cents, and the RBA leaving the cash rate steady, as was widely expected.

In this risk-off environment with concerns over Chinese growth, the industrials segment of the market (down 2.0%) significantly outperformed the resources sector (down 8.1%), with metals & mining (down 6.4%) and energy (down 12.0%). Within the industrials, the domestic cyclical tended to underperform as investors worried about the broader impacts of the slowing resources sector and a potential peaking in the housing market. This also impacted the major banks which fell an average of 3.6%.

Portfolio Review:

The Century Australia Investment Portfolio finished the month down 4.1%, underperforming the benchmark by 1.2%.

The Portfolio's underperformance was primarily due to the sell-off in housing and resource stocks. This is discussed in more detail below. The resultant downward move in share prices has also been magnified by unusually low stock turnover levels during the month. Investors should note that while the market has fallen 13.9% from its peak in April, it has delivered a largely flat return of - 0.7% for the last 12 months.

Strong Portfolio performers included Newcrest (up 13.4%) which rallied on the stronger AUD gold price and Graincorp (up 11.0%) which responded positively to an improved grain crop outlook and the potential for another takeover approach from ADM following the changes in Canberra. Other strong performers included Amalgamated Holdings (up 3.8%), Fairfax (up 3.5%), Orora (up 2.6%), Henderson Group (up 2.4%), CIMIC Group (up 2.3%) with its leverage to rising infrastructure investment and Aristocrat Leisure (up 2.0%) whose new product portfolio continues to gain market share.

In terms of stocks which detracted from performance, the sell-off in housing-related companies held in the Portfolio has been significant and, we believe, often indiscriminate, including Boral (down 23% off August highs), BlueScope Steel, Harvey Norman and Lend Lease (each down 20%) and Stockland (down 11%). Perennial Value does not subscribe to this sudden and negative change in sentiment, which appears to be driven by an overheated apartment building sector. Each of the building-related companies has diversified earnings streams. Boral's domestic housing exposure represents 21% of total profits, Lend Lease around 10% and Stockland 30% to 35%. Stocks held also generally have a far greater reliance on detached housing and renovations, where the cyclical upturn to date has been more muted. These companies have their largest presence in the eastern seaboard, especially New South Wales (NSW) where the detached housing cycle most likely has at least two years to run. Queensland is only starting to improve while Victoria is likely to slow from a high level.

During the month, Brickworks (up 4.3%) delivered a record FY15 profit result and highlighted strong momentum in building approvals on the east coast, with an "extremely strong order book in most east coast divisions". Further, this group of companies offers significant value at current levels. Harvey Norman, for example, is currently trading on a prospective FY16 gross yield of 8.0%, Lend Lease on a FY16 P/E of 11.2x and Stockland on a FY16 price to NTA of 1.0x. Thus, we continue to retain these stocks in the Portfolio.

With regards to our materials and resources exposure, the Portfolio has held a range of companies providing select, diversified industry exposure. From a portfolio construction perspective, given global macro uncertainties, we have ensured in recent times that the Portfolio was not overly exposed to any one stock. Notwithstanding, this sector took the brunt of the global macro sell-off. Stock holdings which were hardest hit included AWE (down 33.3%), Origin Energy (down 26.2%) and Iluka (down 16.4%). Mid-month, we reduced the Portfolio's exposure to Origin at an average price of \$7.13 and it closed the month at \$6.10. On 30 September, Origin announced \$4.7 billion of capital initiatives, including a \$2.5 billion capital raising, to strengthen

its balance sheet. This comes on top of recently announced \$2.2 billion in capital initiatives, including capex reductions, reduced cost of doing business and asset sales. Sims Metal (down 15.9%) and BlueScope Steel (down 15.8%) fell due to their exposure to steel prices despite Sims recently reiterating its business improvement targets and BlueScope setting out its plans for Port Kembla.

In terms of Portfolio activity, in addition to reducing Origin, we sold down Asciano following the recent takeover announcement from Brookfield and also took profits in AMP and Macquarie Group following outperformance over the past year. Proceeds were reinvested into a limited number of existing holdings, including AWE, News Corp and Sandfire Resources, each of which were significantly sold down during the month. Of note is that we view both AWE and Sandfire as being mid cap stock specific opportunities offering outstanding value at current levels. In the case of Sandfire (down 9.4%), the stock was sold off despite the copper price actually rising in AUD terms, clear evidence emerging of global copper production curtailments and continuing positive drilling results adjacent to Sandfire's existing operations in Western Australia.

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 – 30 September 2015:

The top ten equity holdings of the Century Australia Portfolio as at 30 September 2015 were as follows:

Security Name	% of Portfolio
Commonwealth Bank	8.2%
Westpac Banking Corp	7.9%
National Aust. Bank	7.8%
ANZ Banking Grp Ltd	6.6%
Telstra Corporation	6.4%
BHP Billiton Limited	5.9%
Macquarie Group Ltd	3.5%
Woolworths Limited	3.0%
QBE Insurance Group	2.7%
Woodside Petroleum	2.5%

At month end, stock numbers were 44 and cash was 2.2%.



Performance returns

September 2015	Return	Benchmark	Excess
1 Month	-4.14%	-2.86%	-1.28%
1 Year	0.03%	-0.66%	0.69%
2 Years (p.a)	4.28%	2.48%	1.80%

