

14 November 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 October 2015 | 30 September 2015 |
|---|-------------------|-------------------|
| NTA per share (ex-dividend) | 87.8 cents | 84.2 cents |
| Deferred tax asset on carry forward realised losses | 5.0 cents | 4.9 cents |
| Deferred tax liability on unrealised income and gains | (1.3 cents) | (0.0 cents) |
| NTA per share after all tax balances (ex-dividend) | 91.5 cents | 89.1 cents |

In addition to the deferred tax asset (DTA) of 5.0 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 \$28.6m of losses after deducting unrealised gains as at 31 October 2015 of \$3.6m from total available carried forward tax losses of \$32.2m. 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 2015 | Return | Benchmark | Excess |
|--------------|--------|-----------|--------|
| 1 Month | 4.03% | 4.42% | -0.39% |
| 1 Year | 0.22% | -0.52% | 0.74% |



PERENNIAL VALUE MANAGEMENT COMMENTARY

Market Review:

Markets rebounded in October, with the S&P/ASX300 Accumulation Index (the Index) returning 4.4%.

Markets were strong globally with the S&P500 up 8.3%, FTSE up 4.9%, Nikkei up 9.8% and Shanghai Composite up 10.8%. Commodity prices were generally stable, the Reserve Bank of Australia (RBA) left the cash rate unchanged and the Australian Dollar (AUD) increased 1 cent to 71 US cents.

Sector performance was mixed, with energy (up 8.0%) the best performing sector, followed by utilities (up 6.9%), healthcare (up 6.2%), consumer discretionary (up 6.2%), industrials (up 5.1%) and financials (up 5.0%), while telecommunications (down 2.8%), consumer staples (up 0.5%) and IT (up 0.6%) lagged.

Portfolio Review:

The Century Australia Investment Portfolio (the Portfolio) finished the month up 4.0%, underperforming the benchmark by 0.4%.

The best performing stock in the Portfolio was BlueScope Steel (up 23.9%) after announcing that it had reached agreement with the Government and unions to achieve the necessary cost reductions to continue steel production at Port Kembla as well as moving to full ownership of its strongly performing US operations. Other strong performers included NewsCorp (up 19.0%), CIMIC Group (up 18.0%) after delivering a strong Q3 trading update and confirming full-year guidance, Sandfire Resources (up 17.6%) and Crown Resorts (up 15.8%) after announcing at their Annual General Meeting (AGM) that the year had started strongly for their Australian casinos. Metcash (up 13.3%) rallied on optimism around their turnaround strategy and Macquarie Group (up 11.8%) rose after delivering a strong H116 result which saw Earning per Share (EPS) up 53% and the dividend increase by 23%. Henderson Group (up 11.4%) also performed well after reporting strong quarterly fund inflows.

Stocks which detracted from performance included Brickworks (down 6.4%), Telstra (down 3.7%), Newcrest (down 3.1%) and Woolworths (down 2.9%) which fell after announcing that H116 earnings would be down 28-35% as the company lowers prices and raises service levels as the first stage of its strategy to reinvigorate its supermarket business – a strategy we support. The outperformance of the healthcare and utilities sectors also weighed on our relative performance, as we remain underweight these sectors on account of their very expensive valuations and, in the case of infrastructure, high levels of debt.

With regards to housing-related stocks, we still see value in stocks held within this sector and, as mentioned in our September commentary, believe that investors generally have become too bearish on the domestic housing outlook. During the month, Stockland (up 5.2%) delivered an update which confirmed that it is on track for 6.0%-7.5% EPS growth in FY16 with land sales of 6,000 lots and Harvey Norman released strong first quarter FY16 sales results with like-for-like



sales up 7.1% and pre-tax profit up 27.8%. These results, together with the reported acceleration in Bunnings sales, reinforce our continued positive outlook for the housing market, both in terms of new completions coming through and renovations.

In recent months, the banking sector has also been caught up in this negative sentiment, and during the month ANZ (up 0.5%), NAB (up 0.6%) and Westpac (up 6.2%) delivered their full-year results. While the results showed subdued earnings growth, a clear positive was the very good credit quality in their Australian business, with arrears trends continuing to improve. The recent mortgage rate rises clearly demonstrate the pricing power of the major banks and at current prices, having just completed capital raisings, we think they offer reasonable value, with a sector average FY16 gross dividend yield of 8.8%. The portfolio has participated in the recent capital raisings of each of the major banks and this has had the effect of increasing exposure to both the banking and, by default, housing sector too. To offset this and to ensure that the portfolio is not unduly exposed to the housing sector, holdings were selectively trimmed elsewhere in stocks including Boral and Harvey Norman.

In other stock specific news, Lend Lease held an investor day during the month. We were impressed by the depth of management who presented and the company reiterated the low settlement risk that they have in their residential apartment portfolio. This latter issue has been weighing on the share price recently. CIMIC Group (formerly Leightons) has continued to win new projects including Leighton Contractors, with its alliance partners, being selected as preferred consortium to deliver the Roe 8 Highway Project in Perth. Navitas also held an investor day and highlighted the underlying growth rate for education, a circa US\$6 trillion market, which is forecast to grow at an annual rate of 8%.

In terms of portfolio activity, a feature of the first half of the month was a rebound in the materials and resources sectors. We took the opportunity to selectively reduce exposure to this sector via a number of holdings including Iluka, RIO, South32 and Sims Group. The portfolio remains mildly overweight to resources companies, with balance sheet strength a key criteria of the selected stocks held in this sector. The portfolio sold out of Asciano at an average price of \$8.55 and it closed the month lower at \$8.20.

In addition to taking up entitlements in the Westpac share issue, proceeds were reinvested across existing holdings including Crown Resorts and Metcash. Suncorp Group was introduced to the portfolio. The Suncorp Group consists of a strong multi-brand general insurance business with leading market share in Australia and NZ, a growing regional bank on the Eastern seaboard and a conservatively positioned life company. The personal lines insurance business is particularly strong with good systems and it has a low cost motor car repairer model which will perform even more competitively in a rising auto spare parts cost environment. The share price has largely tracked sideways over the past year and we were particularly attracted to the prospective FY16 gross yield of 9.6% underpinned by a surplus capital position.

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 October 2015:

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

| Security Name | % of Portfolio |
|-------------------------|----------------|
| Westpac Banking Corp | 8.4% |
| Commonwealth Bank | 8.3% |
| National Australia Bank | 7.4% |
| ANZ Banking Grp Ltd | 6.6% |
| Telstra Corporation | 5.9% |
| BHP Billiton Limited | 5.7% |
| Macquarie Group Ltd | 3.7% |
| Wesfarmers Limited | 3.5% |
| Woolworths Limited | 3.2% |
| QBE Insurance Group | 2.5% |

At month end, stock numbers were 47 and cash was 2.5%.

Performance returns

| October 2015 | Return | Benchmark | Excess |
|---------------|--------|-----------|--------|
| 1 Month | 4.03% | 4.42% | -0.39% |
| 1 Year | 0.22% | -0.52% | 0.74% |
| 2 Years (p.a) | 4.04% | 2.72% | 1.32% |

