

14 January 2016

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 December 2015	30 November 2015
NTA per share (ex-dividend)	89.7 cents	86.7 cents
Deferred tax asset on carry forward realised losses	4.8 cents	5.0 cents
Deferred tax liability on unrealised income and gains	(1.4 cents)	(0.7 cents)
NTA per share after all tax balances (ex-dividend)	93.1 cents	91.0 cents

In addition to the deferred tax asset (DTA) of 4.8 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 \$27.7m of losses after deducting unrealised gains as at 31 December 2015 of \$3.9m from total available carried forward tax losses of \$31.6m. 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

December 2015	Return	Benchmark	Excess
1 Month	3.55%	2.73%	0.82%
1 Year	3.80%	2.80%	1.00%



PERENNIAL VALUE MANAGEMENT COMMENTARY

Market Review:

Following a mid-month sell-off, the market rallied into the end of December, with the S&P/ASX300 Accumulation Index (the Index) finishing the month up 2.7%.

Globally, markets were dominated by the US Federal Reserve's decision to finally lift interest rates by 0.25%. Markets were generally softer with the S&P500 down 1.8%, FTSE 100 down 1.8% and Nikkei 225 down 3.6%, while the Shanghai Composite rose by 2.7%. In Australia, strong job growth continued, with 71,000 jobs created in November and the unemployment rate falling to 5.8%. This provides further evidence of the economy successfully transitioning post the resources boom. The Reserve Bank of Australia (RBA) left the cash rate steady at 2% and the Australian Dollar (AUD) drifted slightly higher over the month to close at 72.9 US cents.

Better performing sectors over the month included consumer staples (up 7.1%), consumer discretionary (up 6.3%), telecommunications (up 4.3%), REITs (up 4.0%) and IT (up 3.8%), while energy (down 7.5%), industrials (down 0.5%), healthcare (up 0.6%) and metals and mining (up 0.9%) lagged.

Portfolio Review:

The Century Australia Investment Portfolio delivered a return of 3.5%, outperforming the market by 0.8%.

Stocks which contributed positively to performance included Newcrest (up 18.9%) which rallied as investors warmed to its falling cash costs, rising production and declining capex profile, Lend Lease (up 11.8%) after announcing the sale of a stake in Tower 1 at Barangaroo to a major international investor, Metcash (up 9.1%) continuing its strong performance of late and Crown Resorts (up 7.4%) amid speculation that James Packer may attempt to privatise the company. The major banks also outperformed, up an average of 4.4%.

The Portfolio also benefited from not holding stocks such as Aurizon (down 21.4%) which fell after issuing a surprise profit warning, as well as Primary Healthcare (down 27.1%) and Sonic Healthcare (down 12.1%) which both fell after the government unexpectedly cut the bulk-billing rebate. We have previously highlighted the funding risks associated with this sector and the current Medicare review suggests that this may be an ongoing theme.

Stocks which detracted from performance included oil stocks AWE (down 23.1%) and Woodside Petroleum (down 4.6%) on the back of lower oil prices and Suncorp (down 9.3%) after downgrading earnings expectations due to rising claims costs as a result of higher than usual level of weather events in 2015 as well as the lower AUD. While this is disappointing, on the positive, the premium pricing environment appears to be stabilising and the company remains strongly capitalised, supporting an attractive level of dividends.

In terms of Portfolio activity, we took profits and reduced our holdings in a number of stocks which have delivered strong returns, in particular Aristocrat Leisure and Macquarie Group (up



58.2% and up 48.2% respectively over the past 12 months) and Metcash (up 53.8% over the past quarter). Proceeds were used to add to a number of existing holdings where we see attractive value including Wesfarmers, Myer, Flight Centre and Telstra.

Investment Outlook:

We continue to hold a cautiously optimistic view on the outlook, expecting ongoing moderate growth in the major economies overall and a continuing transition towards the non-mining sectors of the Australian economy. The Portfolio is positioned to capture these themes with exposure to a recovering east coast economy through overweight positions in retail, building and infrastructure/construction-related stocks. We also hold modest overweight positions in the major banks where we see attractive dividend yields and in the large-cap, low-cost, financially-sound resources companies where we see long-term value emerging. On the contrary, we remain underweight the “expensive defensive” sectors of the market such as healthcare, infrastructure and REITs, where valuations have become stretched as a result of historically low interest rates.

As always, our focus will continue to be on investing in quality companies which are offering attractive valuations and have the ability to deliver high levels of franked dividend income to investors.

Top 10 Equity Holdings – 31 December 2015:

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

Security Name	% of Portfolio
Commonwealth Bank	10.0%
Westpac Banking Corp	9.3%
National Australia Bank	7.4%
ANZ Banking Grp Ltd	6.7%
Telstra Corporation	6.1%
BHP Billiton Limited	4.6%
Wesfarmers Limited	4.1%
Woolworths Limited	3.2%
AGL Energy Limited	2.6%
Macquarie Group Limited	2.5%

At month end, stock numbers were 45 and cash was 2.9%.

Performance returns

December 2015	Return	Benchmark	Excess
1 Month	3.55%	2.73%	0.82%
1 Year	3.80%	2.80%	1.00%
2 Years (p.a)	5.19%	4.04%	1.15%

