



# WHITEFIELD QUARTERLY REPORT

FEBRUARY 2012

## PERFORMANCE SUMMARY

At 31 December 2011

	Last Quarter %	One Year %	Three Years % ***	Ten Years %***
<b>Before Tax Returns</b>				
Total Portfolio	2.558%	(7.673%)	6.508%	3.688%
Benchmark*	4.109%	(3.536%)	7.950%	4.514%
<b>After Tax Returns</b>				
Net Asset Backing (pre-tax)** <sup>1</sup>	2.675%	(9.719%)	4.990%	1.823%
Net Asset Backing (post-tax)** <sup>2</sup>	1.464%	(4.010%)	5.743%	3.819%
Share Price	3.100%	(8.113%)	3.663%	1.445%

\* ASX 200 All Industrials (XJIAI) \*\* Including Dividends \*\*\* Annualised

- Investment returns based on net asset backing (pre-tax) represent the investment return prior to any provision for deferred capital gains tax on investments which have not been sold at balance date, but are after the payment of tax at company rates on income and on capital gains on investments which have been sold.
- Investment returns based on net asset backing (post-tax) represent the investment return after making a provision for capital gains tax on investments held but not sold, and are after the payment of tax at company rates on income and on capital gains on investments which have been sold.

## FINANCIAL OUTCOMES

	9 Months to 31 Dec 11	9 Months to 31Dec 10	% Change
Investment Revenue	\$9,027,077	\$6,964,700	29.6%
Profit Before Tax	\$8,292,350	\$6,409,617	29.4%
Income Tax Benefit/(Expense)	\$376,179	\$289,531	29.9%
Profit After Tax	\$7,916,171	\$6,120,087	29.3%
Earnings Per Share	10.6c	9.9c	7.9%

## RESULTS COMMENTARY

Whitefield reports an Operating Profit after tax of \$7,916,171, an increase of 29.3% on the equivalent nine months in the prior year. The large increase in earnings was attributable to a combination of underlying growth in dividends from investments combined with the merging of listed investment company Sylvastate into Whitefield.

After allowing for the changes in Whitefield's issued capital over the year, earnings per ordinary share amounted to 10.6cps, an increase of 7.9% on the prior comparative nine months.

The last nine months have been a difficult, volatile and unusual time for economies, market sectors and many stocks.

In this weak economic environment, cyclical sectors such as financials, consumer and industrial have underperformed defensive market segments such as utilities, property and telecommunications. In turn, these sectoral outcomes have resulted in Whitefield's nine month portfolio return lagging the return of the All Industrials Accumulation Index. This trend has reversed in the first months of 2012 with cyclical sectors and Whitefield's portfolio both outperforming the Index.

Better performing stocks for the quarter within Whitefield's portfolio included Sydney Airport (formerly Map Airports), Commonwealth Property Office, Invocare, Amcor, Crown and NewsCorp.

Strongest dividend growth for the quarter came from Whitefield's holdings in ANZ, NAB, Westpac and Incitec Pivot.

## NET TANGIBLE ASSETS

At 31 December 2011

NTA (post-tax)	\$232.4m
Shares on Issue	75,596,171
NTA per share (pre-tax)	\$2.81
NTA per share (post-tax)	\$3.07
Share Price	\$2.50
(Discount)/Premium to NTA (pre-tax)	(11.03%)
(Discount)/Premium to NTA (post-tax)	(18.57%)

## TOP 20 HOLDINGS

At 31 December 2011

	%	\$'000
Commonwealth Bank of Australia	10.36%	21,976
Westpac Banking Corporation	8.04%	17,065
ANZ Banking Group Limited	7.17%	15,219
National Australia Bank Limited	6.84%	14,516
Telstra Corporation Limited	4.65%	9,868
Wesfarmers Limited	4.15%	8,813
Woolworths Limited	4.11%	8,726
AMP Limited	3.33%	7,066
Macquarie Group Limited	3.09%	6,561
Asciano Group Limited	3.08%	6,531
Seven Group Holdings Limited	2.34%	4,955
QBE Insurance Group	2.33%	4,937
CSL Limited	2.20%	4,666
Crown Limited	1.85%	3,932
Sydney Airport	1.83%	3,876
Amcor Limited	1.71%	3,624
Brambles Limited	1.57%	3,337
Computershare Limited	1.46%	3,089
News Corporation Inc Class A NV	1.39%	2,953
Suncorp Group Limited	1.37%	2,906

## SECTOR BREAKDOWN

At 31 December 2011

Banks	34.15%
Industrials	15.05%
Financials Excluding Banks	14.71%
Consumer Discretionary	9.54%
Consumer Staple	8.71%
Telecommunication Services	4.90%
Health Care	4.13%
Materials	3.81%
Property	2.56%
Information Technology	1.62%
Utilities	0.82%

## DIVIDEND

Whitefield continues to expect to distribute a fully franked final dividend of 8.5 cents per ordinary share during June 2012.

Whitefield's Dividend Reinvestment Plan will operate for the upcoming dividend.

## CHANGES TO INVESTMENT EXPOSURES

More material changes to exposures undertaken by Whitefield during the last quarter involved:

- Increasing exposure to QR National, Mirvac and Stockland

## OUTLOOK

Despite low unemployment and an abnormally high savings rate, consumer spending remains weak, primarily as a consequence of consumer frugality in the face of falling investment markets and fears as to the European credit crisis.

Australian business has also been challenged by a high Australian dollar and declining global demand as European austerity and Chinese policy tightening crimp activity.

In this environment, the outlook for the Australian economy is largely dependent on developments in Europe. While pessimism currently abounds, we contend that Euro governments will be increasingly forced to initiate policies during 2012 that support growth rather than purely following an austerity driven agenda. Such a change is likely to be welcomed by markets.

The progressive emergence of a more positive outlook for Europe has the potential to be supported by the easing of policy in China and a continuation of the recent positive economic momentum in the USA.

Conditions are likely to remain difficult for many Australian companies in the first half of the calendar year. Nevertheless improvements in the economic outlook for Europe, China and the US would see risk, which is currently very high, reduce significantly as the year progresses, an outcome which would see both the Australian market and Australian consumer confidence materially improve.

While the outlook is far from certain at the present time, we are encouraged by the developments in global markets and economic data over recent weeks.

Many stocks in the Australian market are inexpensive when considered in the light of longer term valuation metrics, and accordingly Whitefield will continue to seek to invest where opportunities present themselves over upcoming months.

As noted above, Whitefield expects to maintain its fully franked dividend at the rate of 8.5 cents for the full year ending 31<sup>st</sup> March 2012.

**ANGUS GLUSKIE**  
CHIEF EXECUTIVE OFFICER



# WHITEFIELD QUARTERLY REPORT

## QUARTER ENDED 30 SEPTEMBER

### TOP 5 CONTRIBUTORS TO PERFORMANCE FOR THE QUARTER

At 31 December 2011

	Portfolio weight	Contribution*
Commonwealth Bank of Australia	10.36%	0.687
ANZ Banking Group Limited	7.17%	0.523
National Australia Bank Limited	6.84%	0.481
Telstra Corporation Limited	4.65%	0.298
Sydney Airport	1.83%	0.216

### TOP 5 DETRACTORS TO PERFORMANCE FOR THE QUARTER

At 31 December 2011

	Portfolio weight	Contribution*
Wesfarmers Limited	4.15%	(0.314)
Seven Group Holdings Limited	2.34%	(0.248)
JB Hi-Fi Limited	0.53%	(0.187)
ResMed Inc	0.60%	(0.105)
Harvey Norman Holdings Limited	0.72%	(0.096)

\*Contribution = weighted contribution to investment performance