



WHITEFIELD QUARTERLY REPORT

FEBRUARY 2018

PERFORMANCE SUMMARY

At 31 December 2017

	Last Quarter %	One Year %	Three Years % ***	Five Years %***
Before Tax Returns				
Total Portfolio	5.585%	8.552%	7.970%	12.562%
Benchmark*	5.969%	9.001%	8.193%	12.335%
Net Asset Backing (pre deferred tax)** ¹	5.746%	7.663%	7.192%	12.349%
Net Asset Backing (post deferred tax)** ²	4.506%	7.052%	6.719%	10.167%
Share Price	10.157%	17.729%	8.982%	14.051%

* 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 tax benefits or liabilities, but are after the payment of current tax at company rates on income and on realised capital gains.
- Investment returns based on net asset backing (post-tax) represent investment returns after provisions for deferred tax liabilities and benefits, including a provision for capital gains tax should the company's investments be realised in entirety.

FINANCIAL OUTCOMES

	9 Months to 31 Dec 17	9 Months to 31 Dec 16	% Change
Investment Revenue	\$15,721,383	\$14,091,673	11.6%
Profit Before Tax & Realised Gains	\$12,009,139	\$10,649,582	12.8%
Income Tax Benefit/(Expense)	(\$954,362)	(\$711,724)	34.1%
Profit After Tax before Realised Gains	\$11,054,776	\$9,937,858	11.2%
Earnings before Realised Gains Per Share	12.7cps	12.0cps	5.6%

RESULTS COMMENTARY

Whitefield reports an Operating Profit after tax of \$11,054,776, representing an increase of 11.2% on the equivalent nine months in the prior financial year. After allowing for increases in the company's issued capital over this period, this equated to an increase in earnings per ordinary share of 5.6%.

The growth in income in this period is consistent with the growth evident at our last reported half year. Notable increases in dividends and distributions within the quarter included Aristocrat, Transurban, Macquarie Group, Sydney Airport, ALS and Charter Hall Group.

Whitefield's investment portfolio generated a return for the quarter of 5.6% which compares to the benchmark S&P/ASX200 Industrials Accumulation Index return of 6.0%. The company's rolling 5 year portfolio return amounts to 12.6%pa and compares to the S&P/ASX200 Industrials Accumulation return of 12.3%pa and the broader S&P/ASX200 Accumulation return of 10.3%pa.

Stronger outright returns within the quarter came from the company's holdings in Macquarie Group, IAG, CIMIC, Westfield, Metcash, Resmed, Aristocrat, Treasury Wine, Star Entertainment Group, Crown Resorts and Tabcorp.

NET TANGIBLE ASSETS

At 31 December 2017

NTA (post-tax & preference shares)	\$401.0 million
Ordinary Shares on Issue	87,254,548
8% Cumulative Pref. Shares (Face Value)	\$23,790
Convertible Resetable Prefs. (Face Value)	\$40,000,000
NTA per share (pre-tax)	\$5.03
NTA per share (post-tax)	\$4.60
Share Price	\$4.88
(Discount)/Premium to NTA (pre-tax)	(2.98%)
(Discount)/Premium to NTA (post-tax)	6.09%

TOP 5 CONTRIBUTORS TO PERFORMANCE FOR THE QUARTER*

At 31 December 2017

	Portfolio Weight	Contribution
Cimic Group Limited	1.07%	0.137%
Metcash Limited	0.82%	0.120%
ResMed Inc	0.94%	0.074%
Lendlease Group Limited	0.21%	0.065%
Boral Limited	1.19%	0.051%

TOP 5 DETRACTORS TO PERFORMANCE FOR THE QUARTER*

At 31 December 2017

	Portfolio Weight	Contribution
James Hardie Industries PLC	0.00%	(0.176%)
Westfield Corporation	0.76%	(0.130%)
Tabcorp Holdings Limited	0.44%	(0.124%)
Commonwealth Bank of Australia	10.00%	(0.095%)
Challenger Limited	0.00%	(0.069%)

*Contribution = weighted contribution to investment performance

SECTOR BREAKDOWN

At 31 December 2017

	Excluding Cash	Including Cash
Commercial Banks	31.30%	31.05%
Financials Excluding Banks	10.76%	10.67%
Consumer Staple	10.17%	10.09%
Industrials	9.16%	9.09%
Real Estate	9.12%	9.05%
Health Care	9.06%	8.99%
Materials	5.85%	5.80%
Consumer Discretionary	5.36%	5.32%
Telecommunication Services	3.78%	3.75%
Utilities	3.24%	3.21%
Information Technology	2.20%	2.18%
Cash & Cash Equivalents		0.80%

CHANGES TO INVESTMENT EXPOSURES

Adjustments to portfolio exposures during the quarter included:

- Increasing exposure to Amcor, AMP, CIMIC, Macquarie Group, Qantas, Telstra and the major banks
- Decreasing exposure to Bendigo & Adelaide Bank, Bank of Queensland, Flight Centre, IAG, Transurban and Westfield

DIVIDEND OUTLOOK

At the half year, Whitefield increased its interim dividend on Ordinary shares to 8.75 cents (from 8.5 cents) per share. This dividend was paid to shareholders in December 2017.

Based on the level of underlying earnings growth now achieved, Whitefield advises shareholders that it currently expects to pay a final dividend on Ordinary shares at the increased rate of 9.0 cents per Ordinary share. The dividend is expected to be fully franked and will be paid in June 2018. [Please be aware that this statement reflects the Board's current expectation only and is not an actual declaration of dividend].

Dividends on the company's Convertible Resettable Preference Shares remain at their stated rate, and are expected to be fully franked as normal.

OUTLOOK

Similar to the conditions experienced over recent years, the Australian economy is continuing to generate mildly positive levels of economic growth.

This has been most evident in moderately firm employment growth, high levels of residential construction and infrastructure development, and continued improvements in financial markets, industrial and service activities.

Against this, high levels of household debt, very low wage growth and low retirement incomes are producing an abnormally high, but understandable degree of consumer caution – a trait that has been evident in weak consumer spending.

Global economic growth remains strong at this time. US business activity and employment are firm, the European recovery continues to develop favourably, Japanese business conditions are better than they have been for many years, and the Chinese service sector is expanding strongly.

This environment of synchronised economic growth provides a broadly favourable backdrop for 2018.

These positive conditions however also create the potential for inflation and interest rates to rise from their recent multi-decade lows. While we consider it most likely that inflation and interest rate rises are likely to be slow and limited in scale, there is some potential for these changes to temporarily destabilise markets as we have seen in early February, and at least a slight chance that the extent of increases and their impact on markets and economies could be more significant.

Nevertheless, in the medium and longer term the return of interest rates and inflation to slightly higher and more normalised levels would be an important development with benefits both for retirement incomes and for the efficient functioning of economies and markets.

We are pleased to see that Whitefield's underlying operating income has continued to grow across the company's current financial year. Accordingly, as noted above, the Board now expects to pay a final fully franked dividend in June of 9.0 cents per Ordinary Share (up from 8.5 cents in the prior year).

We will look forward to reporting to shareholders on our full year outcome following the company's year-end in March 2018.

ANGUS GLUSKIE
CHIEF EXECUTIVE OFFICER



WHITEFIELD QUARTERLY REPORT

QUARTER ENDED 31 DECEMBER 2017

TOP 20 HOLDINGS

At 31 December 2017

	%	Value \$'000
Commonwealth Bank Of Australia	10.00%	47,880
Westpac Banking Corporation	8.01%	38,341
ANZ Banking Group Limited	6.35%	30,408
National Australia Bank Limited	5.98%	28,606
CSL Limited	4.15%	19,862
Wesfarmers Limited	3.79%	18,150
Telstra Corporation Limited	3.25%	15,558
Woolworths Limited	3.19%	15,265
Macquarie Group Limited	2.37%	11,362
Amcor Limited	1.80%	8,596
Scentre Group	1.68%	8,039
AGL Energy Limited	1.66%	7,934
AMP Limited	1.62%	7,754
Insurance Australia Group Limited	1.48%	7,089
Transurban Group	1.34%	6,429
Aurizon Holdings Limited	1.22%	5,831
Sonic Healthcare Limited	1.21%	5,808
Brambles Limited	1.20%	5,763
Sydney Airport	1.19%	5,720
Boral Limited	1.19%	5,700
Cash & Cash Equivalents	0.80%	3,814