



# WHITEFIELD QUARTERLY REPORT

AUGUST 2010

## PERFORMANCE SUMMARY

At 30 June 2010

	Last Quarter %	One Year %	Three Years % ***	Ten Years %***
<b>Before Tax Returns</b>				
Total Portfolio	(13.580%)	12.884%	(10.917%)	5.550%
Benchmark*	(11.198%)	14.625%	(10.153%)	4.728%
<b>After Tax Returns</b>				
Net Asset Backing (pre-tax)** <sup>1</sup>	(13.368%)	9.344%	(11.799%)	3.761%
Net Asset Backing (post-tax)** <sup>2</sup>	(9.283%)	9.150%	(7.255%)	5.245%
Share Price	(10.721%)	20.737%	(10.729%)	5.541%

\* 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 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

	3 Months to 30 June 10	3 Months to 30 June 09	% Change
Investment Revenue	\$1,881,084	\$2,049,909	(8.2%)
Profit Before Tax & Realised Gains	\$1,679,880	\$1,888,755	(11.1%)
Income Tax Benefit/(Expense)	\$75,470	\$178,482	(57.7%)
Profit After Tax before Realised Gains	\$1,604,410	\$1,710,273	(6.2%)
Earnings before Realised Gains Per Share	2.4cps	2.6cps	(5.8%)

## RESULTS COMMENTARY

Whitefield reports an operating profit after tax and before realised gains and other movements in equity value of \$1,881,084 for the 3 months to 30 June 2010, representing earnings of 2.4 cents per ordinary share.

Earnings per share were slightly below the prior year outcome, as the result of the continued cuts in dividend payments by a large number of companies throughout the Australian market. Underlying economic activity has been progressively improving for some months, and the benefits of this are translating into profit growth for many companies. In turn we expect to see this reflected in increases in dividends from these companies over upcoming years. Consequently we expect Whitefield's own investment income to rise steadily as we move further into the 2010/11 financial year.

Whitefield's investment portfolio returns over the quarter were (13.58%) slightly below the returns of the All Industrials Accumulation of (11.19%). The general pullback in the market during May and June resulted in many stocks moving lower in price including Whitefield's holdings in Macquarie Bank, Toll Holdings, Seven Group and Fairfax Media.

While this quarterly softness was disappointing, much of the weakness in May and June has been reversed in July with many of the same stocks (particularly Macquarie, Toll, Seven, Fairfax and Intoll) being some of the strongest returning investments in the new month.

During the quarter to June, strongest investment outcomes came from Whitefield's investments in Telstra, Resmed, Cochlear and Harvey Norman.

## NET TANGIBLE ASSETS

At 30 June 2010

NTA (post-tax)	\$209.2 million
Shares on Issue	64,943,581
NTA per share (pre-tax)	\$3.09
NTA per share (post-tax)	\$3.22
Share Price	\$2.91
(Discount)/Premium to NTA (pre-tax)	(5.83%)
(Discount)/Premium to NTA (post-tax)	(9.63%)

## TOP 20 HOLDINGS

At 30 June 2010

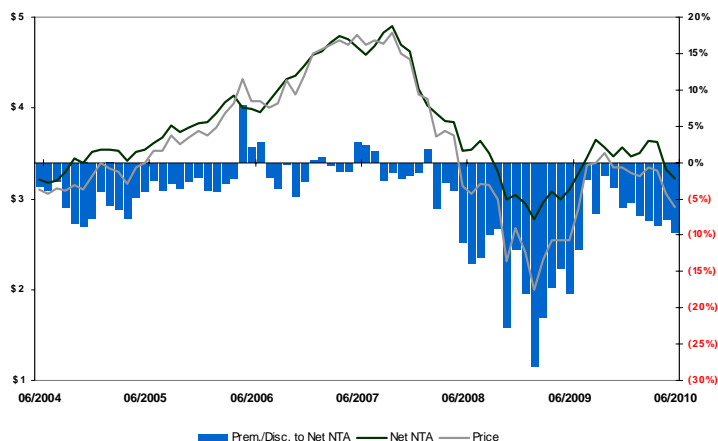
	Fund %	\$'000
Commonwealth Bank Of Australia	10.96%	21,453
Westpac Banking Corporation	8.58%	16,786
ANZ Banking Group Limited	8.37%	16,380
National Australia Bank Limited	7.60%	14,874
Wesfarmers Limited	5.06%	9,910
Telstra Limited	4.17%	8,156
Woolworths Limited	3.88%	7,598
Macquarie Group Limited	3.63%	7,109
QBE Insurance Group Limited	3.59%	7,029
Asciano Group Limited	3.57%	6,983
News Corp. Class A Non Voting	2.46%	4,805
Intoll Group	2.19%	4,294
Seven Group Holdings Limited	2.18%	4,275
Fairfax Media Limited	2.08%	4,080
MAP Group	1.89%	3,708
Toll Holdings Limited	1.86%	3,640
CSL Limited	1.60%	3,131
AMP Limited	1.59%	3,104
Suncorp-Metway Limited	1.53%	2,999
News Corporation Inc.	1.48%	2,896

## SECTOR BREAKDOWN

At 30 June 2010

	Fund %
Banks	35.91%
Industrials	15.65%
Financials Excluding Banks	14.72%
Consumer Discretionary	11.37%
Consumer Staple	9.05%
Health Care	4.54%
Telecommunication Services	4.21%
Materials	2.92%
Information Technology	0.95%
Utilities	0.69%

## WHITEFIELD LTD PREMIUM DISCOUNT TO NET NTA AND SHARE PRICE



## CHANGES TO INVESTMENT EXPOSURES

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

- Increasing exposure to Harvey Norman and J.B. Hi-Fi
- Modest reductions to our large holdings in Woolworths and Fairfax Media

## OUTLOOK

While some threats to economic stability are apparent at the present time, underlying economic conditions in many economies around the world have continued to show improvement over recent months. Firm house prices and strong employment in Australia are likely to feed into improving retail spending in the second half of 2010. Construction, business-to-business services, and industrial production are continuing to grow.

Manufacturing activity in Europe has risen substantially over the last quarter, corporate profits in the US and Europe are continuing to strengthen and in many cases are at their highest levels for 2-3 years. Employment growth in Europe and North America (while slower than we would wish) continues to show an improving trend. Chinese economic growth has recently slowed from the stimulus driven rates of 2009, to more sustainable levels. Importantly Chinese growth remains strongly positive.

The austerity measures being adopted by European governments, coupled with the growing focus of all governments on fiscal restraint, will prove to be a modest headwind to global growth in 2011. Nevertheless, these same actions also have favourable economic ramifications, ultimately reducing investor fear, promoting lower borrowing costs, and in turn encouraging a more sustainable growth outlook.

Overall we expect economic conditions to be better again in six months time than at present, and consequently we expect progressive evidence of improvements in economic fundamentals to steadily outweigh near term market nervousness.

## WHITEFIELD AND SYLVASTATE

As recently announced to market, Whitefield is pleased to report that it intends to pursue a merger by Scheme of Arrangement with its sister company Sylvastate Ltd. It is considered that such a merger is likely to be of lasting benefit to the shareholders of both companies. Whitefield will seek to complete its review of matters associated with a merger and will provide further details to shareholders over upcoming months as to the timelines associated with such an arrangement.

Both Whitefield and Sylvastate hold diversified portfolios of Australian shares, and are managed by the same investment and administration personnel and have the same Chief Executive Officer, Mr Angus Gluskie, and same Chairman David Iliffe.

**ANGUS GLUSKIE**  
CHIEF EXECUTIVE OFFICER



QUARTER ENDED 30 JUNE 2010

### TOP 5 CONTRIBUTORS TO PERFORMANCE FOR THE QUARTER

At 30 June 2010

	Portfolio weight	Contribution*
Telstra Corporation Ltd.	4.17%	0.278%
ResMed Inc.	1.21%	0.021%
Cochlear Ltd.	0.97%	0.010%
Macquarie Atlas Roads Group	0.40%	0.009%
Clover Corporation Ltd.	0.05%	0.004%

\*Contribution = weighted contribution to investment performance

### TOP 5 DETRACTORS TO PERFORMANCE FOR THE QUARTER

At 30 June 2010

	Portfolio weight	Contribution*
Westpac Banking Corporation	8.58%	(1.969%)
Commonwealth Bank of Aust.	10.96%	(1.504%)
ANZ Banking Group	8.37%	(0.981%)
National Australia Bank	7.60%	(0.937%)
Fairfax Media Ltd.	2.08%	(0.896%)