



# WHITEFIELD QUARTERLY REPORT

AUGUST 2013

## PERFORMANCE SUMMARY

At 30 June 2013

	Last Quarter %	One Year %	Three Years % ***	Ten Years %***
<b>Before Tax Returns</b>				
Total Portfolio	(0.266%)	33.164%	13.157%	8.560%
Benchmark*	(0.221%)	32.975%	14.609%	9.125%
<b>After Tax Returns</b>				
Net Asset Backing (pre-tax)** <sup>1</sup>	(0.655%)	34.958%	12.744%	6.943%
Net Asset Backing (post-tax)** <sup>2</sup>	(0.137%)	23.819%	10.472%	7.360%
Share Price	(0.411%)	41.472%	12.714%	5.917%

\* 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

	3 Months to 30 Jun 13	3 Months to 30 Jun 12	% Change
Investment Revenue	\$3,315,998	\$2,475,250	34.0%
Profit Before Tax & Realised Gains	\$2,334,333	\$2,219,957	5.2%
Income Tax Benefit/(Expense)	(\$37,609)	(\$139,255)	(73.0%)
Profit After Tax before Realised Gains	\$2,296,724	\$2,080,701	10.4%
Earnings before Realised Gains Per Share	3.0cps	2.7cps	9.9%

## RESULTS COMMENTARY

Whitefield is pleased to report a Profit after Tax and before realised gains of \$2,296,724 for the first quarter of the 2013/14 financial year. This result equated to growth in Earnings Per Ordinary Share compared to the equivalent quarter in the prior year of 9.9% to 3.0 cents.

Earnings growth was driven by dividend increases from Macquarie Group, ANZ Banking Group, National Australia Bank, Westpac Bank Corporation, Macquarie Atlas Roads Group, ResMed Inc, Dexus Property Group and Goodman Group, coupled with a decrease in the tax expense for the period.

The company's portfolio delivered a return of (0.27%) for the quarter, which compares to the return of the S&P/ASX200 Industrials Accumulation of (0.22%) and the broader market S&P/ASX200 Accumulation return of (2.48%) for the same period.

Strongest performing stocks for the quarter included Macquarie Atlas Roads Group, Twenty-First Century Fox, Macquarie Group, ResMed Inc, JB Hi-Fi Limited, QBE Insurance Group, Brambles Limited, and Amcor Limited.

## NET TANGIBLE ASSETS

At 30 June 2013

NTA (post-tax & preference shares)	\$283.2 million
Ordinary Shares on Issue	76,071,232
8% Cumulative Pref. Shares (Face Value)	\$23,790
Convertible Resetable Prefs. (Face Value)	\$40,000,000
NTA per share (pre-tax)	\$3.77
NTA per share (post-tax)	\$3.72
Share Price 30 Sep	\$3.49
(Discount)/Premium to NTA (pre-tax)	(7.43%)
(Discount)/Premium to NTA (post-tax)	(6.18%)

## TOP 5 CONTRIBUTORS TO PERFORMANCE FOR THE QUARTER\*

At 30 June 2013

	Portfolio Weight	Contribution
Macquarie Group Limited.	4.57%	0.557
Twenty-First Century FOX A NV	1.62%	0.278
ANZ Banking Group	7.74%	0.235
Telstra Corporation Limited	4.37%	0.226
Commonwealth Bank of Aust.	10.90%	0.205

## TOP 5 DETRACTORS TO PERFORMANCE FOR THE QUARTER\*

At 30 June 2013

	Portfolio Weight	Contribution
Seven Group Holdings Limited	1.62%	-0.657
AMP Limited	2.48%	-0.568
Westpac Banking Corporation	8.84%	-0.228
Lend Lease Group	0.79%	-0.171
Asciano Limited	1.54%	-0.168

\*Contribution = weighted contribution to investment performance

## SECTOR BREAKDOWN

At 30 June 2013

	Excluding Cash	Including Cash
Banks	35.41%	34.34%
Financials Excluding Banks	14.21%	13.78%
Industrials	10.89%	10.56%
Consumer Discretionary	9.13%	8.85%
Consumer Staple	8.59%	8.33%
Materials	4.62%	4.48%
Telecommunication Services	4.51%	4.37%
Health Care	4.09%	3.96%
Property	3.93%	3.81%
Information Technology	3.57%	3.46%
Utilities	1.05%	1.02%
Cash		3.04%

## CHANGES TO INVESTMENT EXPOSURES

The more material changes to investment holdings undertaken by Whitefield during the quarter involved:

- Acquisitions of Computershare, the major banks, Wesfarmers, Woolworths, AMP and Sonic Healthcare
- Decreases in exposure to CSL

## CONVERTIBLE PREFERENCE SHARES

During the quarter the company issued 100,000 \$100 face value Convertible Resettable Preference Shares [WHFPB] at an issue price of \$110 via a share placement to sophisticated investors. The company will use the proceeds to expand its investment holdings in line with its stated investment strategy.

## OUTLOOK

The global economic outlook has strengthened over recent months. Employment and manufacturing activity in the USA has continued to improve. European economic indicators, while generally low, have shown sequential improvement for the first time in some years. Most measures of Chinese production have increased over a period when the Chinese Government has espoused more supportive policy initiatives.

These positive international developments are likely to provide a favourable climate for Australian companies with overseas operations or otherwise engaged in international trade.

Conditions in Australia remain difficult. Activity in the mining and related sectors continues to fall from the high levels of prior years, and uncertainty regarding political change prevails.

Nevertheless, contributing drivers of more positive economic activity are slowly emerging. Stabilisation of the Chinese outlook will assist in providing a floor for mining activity. Interest rates remain extremely supportive. A lower Australian dollar will be of increasing assistance to export industries. With the exception of Victoria, housing prices and housing activity have improved. Financial activity and financial markets activity, which remain at cyclically and historically low levels have also shown progressive improvements.

Overall in this environment, we continue to see financial stocks and stocks benefitting from a lower Australian dollar as offering a combination of improving earnings and, in specific circumstances, limited exposure to risk. The Whitefield portfolio is currently oriented to provide emphasis to such investments.

While companies are likely to be cautious as to their dividends and outlook during the current reporting season, we would expect to see the slowly improving economic outlook translate into stronger earnings and outlook statements from many companies as the 2013 year progresses.

**ANGUS GLUSKIE**  
CHIEF EXECUTIVE OFFICER



# WHITEFIELD QUARTERLY REPORT

QUARTER ENDED 30 JUNE 2013

## TOP 20 HOLDINGS

At 30 June 2013

	%	Value \$'000
Commonwealth Bank Of Australia	10.90%	35,275
Westpac Banking Corporation	8.84%	28,607
ANZ Banking Group Limited	7.74%	25,037
National Australia Bank Limited	6.86%	22,210
Macquarie Group Limited	4.57%	14,801
Telstra Corporation Limited	4.37%	14,135
Woolworths Limited	4.05%	13,112
Wesfarmers Limited	3.95%	12,780
Computershare Limited	2.98%	9,652
AMP Limited	2.48%	8,017
Crown Limited	2.21%	7,164
CSL Limited	2.19%	7,087
QBE Insurance Group Limited	2.14%	6,933
Brambles Limited	1.96%	6,336
InvoCare Limited	1.80%	5,812
Amcor Limited	1.76%	5,688
Twenty-First Century FOX Class A NV	1.62%	5,244
Seven Group Holdings Limited	1.62%	5,236
Asciano Limited	1.54%	4,968
Incitec Pivot Limited	1.28%	4,137
Cash & Cash Equivalents	3.04%	9,833