



# WHITEFIELD QUARTERLY REPORT

AUGUST 2015

## PERFORMANCE SUMMARY

At 30 June 2015

	Last Quarter %	One Year %	Two Years % ***	Three Years %***
<b>Before Tax Returns</b>				
Total Portfolio	(6.883%)	11.468%	15.386%	21.031%
Benchmark*	(6.874%)	11.204%	14.236%	20.169%
<b>After Tax Returns</b>				
Net Asset Backing (pre deferred tax)** <sup>1</sup>	(8.130%)	11.300%	15.553%	21.690%
Net Asset Backing (post deferred tax)** <sup>2</sup>	(5.528%)	9.985%	12.657%	16.261%
Share Price	(4.736%)	11.922%	17.897%	25.283%

\* 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 15	3 Months to 30 Jun 14	% Change
Investment Revenue	\$4,142,249	\$3,656,784	13.3%
Profit Before Tax & Realised Gains	\$3,009,521	\$2,575,606	16.8%
Income Tax Benefit/(Expense)	(\$287,816)	(\$62,243)	362.4%
Profit After Tax before Realised Gains	\$2,721,705	\$2,513,362	8.3%
Earnings before Realised Gains Per Share	3.5cps	3.3cps	5.9%

Note: Revenue, profit and earnings shown here represent underlying earnings and accordingly exclude demerger dividends.

## RESULTS COMMENTARY

Whitefield recorded a Profit after Tax and before realised gains of \$2,721,705 for the three months to 30<sup>th</sup> June 2015. This result equated to growth of 5.9% in Earnings per Ordinary Share compared to the equivalent quarter in the prior year.

Profit Before Tax grew at the strong rate of 16.8% year on year. The company's tax expense was notably higher than the prior year, with a greater percentage of foreign income generated during the current quarter.

While we are pleased to see an increase in earnings compared to the prior year, we recognise that having made changes to the portfolio across the last twelve months, investors should be careful in interpreting the results from a single quarter. A clearer trend of earnings growth may be evident at or beyond the company's half-year end at 30 September.

The company's portfolio delivered a return of (6.88%) for the quarter and 11.47% for the last 12 months, which compares to the return of the S&P/ASX200 Industrials Accumulation of (6.87%) for the quarter and 11.20% for the year, as well as the broader market S&P/ASX200 Accumulation return of (6.55%) and 5.68% for the same periods.

Strongest performing stocks for the last quarter included Macquarie Group, Steadfast, Aurizon, Asciano, QBE, JB Hi-Fi and Harvey Norman.

## NET TANGIBLE ASSETS

At 30 June 2015

NTA (post-tax & preference shares)	\$346.8 million
Ordinary Shares on Issue	79,798,570
8% Cumulative Pref. Shares (Face Value)	\$23,790
Convertible Resetable Prefs. (Face Value)	\$40,000,000
NTA per share (pre-tax)	\$4.66
NTA per share (post-tax)	\$4.35
Share Price	\$4.48
(Discount)/Premium to NTA (pre-tax)	(3.86%)
(Discount)/Premium to NTA (post-tax)	2.99%

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

At 30 June 2015

	Portfolio Weight	Contribution
Macquarie Group Limited	3.51%	0.317%
QBE Insurance Group Limited	1.53%	0.113%
Sonic Healthcare Limited	1.26%	0.065%
Aurizon Holdings Limited	0.13%	0.027%
Harvey Norman Holdings Limited	0.87%	0.027%

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

At 30 June 2015

	Portfolio Weight	Contribution
Westpac Banking Corporation	7.92%	(1.418%)
Commonwealth Bank of Australia	10.42%	(0.949%)
ANZ Banking Group	6.45%	(0.676%)
National Australia Bank	6.58%	(0.674%)
ResMed Inc	1.40%	(0.349%)

\*Contribution = weighted contribution to investment performance

## SECTOR BREAKDOWN

At 30 June 2015

	Excluding Cash	Including Cash
Banks	32.06%	31.90%
Financials Excluding Banks	14.52%	14.46%
Health Care	8.99%	8.95%
Consumer Discretionary	8.51%	8.47%
Property	8.03%	7.99%
Industrials	7.92%	7.89%
Telecommunication Services	7.73%	7.69%
Consumer Staple	5.84%	5.81%
Materials	4.77%	4.75%
Utilities	0.87%	0.87%
Information Technology	0.77%	0.77%
Cash		0.45%

## CHANGES TO INVESTMENT EXPOSURES

During the quarter Whitefield continued the process of broadening the company's portfolio. Amongst the adjustments made during the period, Whitefield:

- Increased exposure to Aristocrat, ASX, Challenger, Ramsay Healthcare, Sonic Healthcare
- Decreased exposure to Crown Resorts and Seven Group

## OUTLOOK

Consumer conditions continue to move in a mildly positive manner at this time. Interest rates remain low, employment is increasing, and consumer wealth remains robust with house prices strong and financial assets having experienced several years of gains. The influence of these factors has been reflected in moderately firm recent retail sales data.

On the business front residential construction activity is being supported both by strong house prices and low interest rates. Financial markets activity is continuing at a moderate rate while the competitiveness of Australian manufacturing is improving as the result of the low and falling Australian dollar.

Nevertheless as we have previously noted, there are two notable areas of weakness influencing the Australian economy at the present time.

The abnormally low outright level of interest rates is currently having the perverse impact of reducing retirement incomes and boosting borrowing levels rather than the desired outcome of increasing investment and disposable income.

Secondarily, the continued decline in resource prices, and its flow on impact into falling capital expenditure and associated mining-related services are likely to remain a drag on overall economic activity for some time.

Global conditions are also continuing to develop in a slightly favourable manner as we progress into the second half of the 2015 calendar year. The US economy continues to grow. The European recovery is progressing, and recent concerns surrounding Greece have subsided. The Japanese economy has also displayed a small level of positive momentum.

Less favourably, the trajectory of the Chinese economy is far less buoyant than most had expected and its stock market has fallen heavily. This period of weakness has prompted the Chinese Government to introduce a succession of supportive policy initiatives, and looking forward we would expect to see economic activity respond to these actions.

Whitefield's portfolio remains broadly diversified across the non-mining sectors of the Australian economy. At this time, our stronger exposures relative to our benchmark, include stocks benefitting from financial markets activity, healthcare and offshore earnings.

We were pleased to achieve a level of growth in our operating income during the quarter, and will watch to see how this trend develops as we move towards our half year result at 30 September.

**ANGUS GLUSKIE**  
CHIEF EXECUTIVE OFFICER



# WHITEFIELD QUARTERLY REPORT

## QUARTER ENDED 30 JUNE 2015

### TOP 20 HOLDINGS

At 30 June 2015

	%	Value \$'000
Commonwealth Bank Of Australia	10.42%	42,548
Westpac Banking Corporation	7.92%	32,351
Telstra Corporation Limited	6.60%	26,950
National Australia Bank Limited	6.58%	26,887
ANZ Banking Group Limited	6.45%	26,324
Macquarie Group Limited	3.51%	14,313
CSL Limited	3.22%	13,151
Wesfarmers Limited	2.87%	11,702
Woolworths Limited	2.72%	11,098
Brambles Limited	1.90%	7,753
AMP Limited	1.87%	7,655
Amcor Limited	1.86%	7,594
Scentre Group	1.57%	6,408
QBE Insurance Group Limited	1.53%	6,264
Ramsay Health Care Limited.	1.52%	6,208
Westfield Corporation	1.49%	6,067
Transurban Group	1.40%	5,701
ResMed Inc	1.40%	5,698
Goodman Group	1.34%	5,466
Sonic Healthcare Limited	1.26%	5,150
Cash & Cash Equivalents	0.45%	1,835