



WHITEFIELD QUARTERLY REPORT

NOVEMBER 2015

PERFORMANCE SUMMARY

At 30 September 2015

	Last Quarter %	One Year %	Three Years % ***	Ten Years %***
Before Tax Returns				
Total Portfolio	(4.779%)	6.014%	15.601%	6.262%
Benchmark*	(4.755%)	6.079%	14.607%	6.750%
After Tax Returns				
Net Asset Backing (pre deferred tax)** ¹	(5.579%)	5.332%	15.806%	4.962%
Net Asset Backing (post deferred tax)** ²	(3.908%)	5.687%	12.397%	5.665%
Share Price	(7.366%)	2.203%	17.898%	6.237%

* 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

	6 Months to 30 Sep 15	6 Months to 30 Sep 14	% Change
Investment Revenue	\$9,289,778	\$8,614,600	7.8%
Profit Before Tax	\$7,044,177	\$6,475,255	8.8%
Income Tax Benefit/(Expense)	(\$463,816)	(\$250,902)	84.9%
Profit After Tax	\$6,580,361	\$6,224,353	5.7%
Earnings Per Share	8.3cps	8.2cps	2.3%

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

RESULTS COMMENTARY

Whitefield recorded a Profit after Tax of \$6,580,361 for the half year to 30th September 2015. This result equated to an increase of 2.3% in Earnings per Ordinary Share compared to the equivalent six months in the prior financial year.

We were pleased to see the portfolio deliver a level of earnings growth across the period. Notable increases in dividends came from Aurizon, Echo Entertainment, Harvey Norman, CSL, Tatts Group, QBE, Perpetual, Macquarie Group, Tabcorp, ResMed, Amcor and Boral.

Notwithstanding the growth in underlying income, the Australian stock market experienced a period of negative returns across the half year. The market weakness was primarily driven by increasing concerns about the resilience of growth in the Chinese economy and the potential for this to destabilise the economies of China's principal trading partners including Australia.

In this environment the company's portfolio delivered a return commensurate with the S&P/ASX200 Industrials and ahead of the broader ASX200 Index. The portfolio generated a return of (11.3%) for the half year and 6.0% for the last 12 months, which compares to the return of the S&P/ASX200 Industrials Accumulation of (11.3%) for the half year and 6.1% for the year, as well as the broader market S&P/ASX200 Accumulation return of (12.7%) and (0.7%) for the same periods.

Strongest performing stocks for the half year included Blackmores, Asciano, Qantas, TPG, Sydney Airports, James Hardie, Echo Entertainment, AGL, Scentre Group, Medibank, Transurban, Westfield, Aurizon and BT Investment Management.

NET TANGIBLE ASSETS

At 30 September 2015

NTA (post-tax & preference shares)	\$333.4 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)	\$4.40
NTA per share (post-tax)	\$4.18
Share Price	\$4.15
(Discount)/Premium to NTA (pre-tax)	(5.72%)
(Discount)/Premium to NTA (post-tax)	(0.66%)

TOP 5 CONTRIBUTORS TO PERFORMANCE FOR THE QUARTER*

At 30 September 2015

	Portfolio Weight	Contribution
Westfield Corporation	1.69%	0.161%
Sydney Airport	1.39%	0.160%
TPG Telecom Limited	0.77%	0.129%
Qantas Airways Limited	0.98%	0.109%
CSL Limited.	3.69%	0.101%

TOP 5 DETRACTORS TO PERFORMANCE FOR THE QUARTER*

At 30 September 2015

	Portfolio Weight	Contribution
Commonwealth Bank of Australia	10.52%	(1.181%)
ANZ Banking Group	6.08%	(1.024%)
National Australia Bank Limited	6.54%	(0.669%)
Westpac Banking Corporation	7.38%	(0.583%)
Telstra Corporation Limited	5.93%	(0.374%)

*Contribution = weighted contribution to investment performance

SECTOR BREAKDOWN

At 30 September 2015

	Excluding Cash	Including Cash
Commercial Banks	31.37%	31.01%
Financials Excluding Banks	12.24%	12.11%
Health Care	9.52%	9.41%
Industrials	9.02%	8.93%
Property	7.82%	7.74%
Telecommunication Services	7.44%	7.36%
Consumer Discretionary	7.13%	7.05%
Consumer Staple	7.07%	6.99%
Materials	4.02%	3.98%
Utilities	3.03%	3.00%
Information Technology	1.34%	1.33%
Cash		1.09%

CHANGES TO INVESTMENT EXPOSURES

Notable changes to investment holdings undertaken by Whitefield during the last quarter involved:

- A continued broadening of the portfolio across mid-cap stocks
- Reductions in exposure to Orica, Crown, Woolworths, Dulux, Goodman Group and Fox
- Increases in GPT, AGL, Asciano and Stockland

DIVIDENDS

Whitefield has declared the following half year dividends:

- 8.5 cents per Ordinary Share
- 350 cents per Convertible Resettable Preference Share [CRPS]
- 4.0 cents per 8% Preference Share

All dividends shall be fully franked, and are payable on 11th December 2015 with a record date of 24th November 2015.

NET ASSET BACKING

Net Tangible Asset Backing per Ordinary Share at the 30 September Quarter-End stood at \$4.40 (before deferred tax) and \$4.18 (after deferred tax).

This asset backing had risen to \$4.62 (before deferred tax) and \$4.33 (after deferred tax) at the last reported month-end of 31 October 2015.

OUTLOOK

The recent global environment has been characterised by a widespread slowing of both economic and earnings growth. Nevertheless these headline numbers mask some important distinctions between economic segments and geographic sectors which many commentators are failing to recognise.

Headline growth in the US is slowing as the result of a rising US dollar and a decline in oil prices. Beneath the surface however, employment continues to strengthen and earnings in the important housing and technology sectors have been extremely favourable. Headline Chinese growth has slowed (from a rapid pace) but both the Chinese economy and Chinese consumption continue to grow at rates much higher than the rest of the world.

This duality is also evident in Australia. In Australia, headline growth continues to slow due to our falling dollar and the falling price of commodities. Beneath the surface, our commodity export volumes are extremely high, housing activity is robust and the falling Australian dollar is benefitting a multitude of industries.

In this environment we continue to see both consumer and business conditions in Australia as being mildly favourable for the majority of industry sectors represented on the Australian stock market. Housing activity is robust, low oil prices are benefitting the transport sector, the falling Australian dollar is improving the competitiveness of export and manufacturing industries and consumer activity remains supported by a moderate level of employment growth coupled with low interest rates and an uplift in wealth from recent house price appreciation.

Profitability in the mining, mining services and related engineering and construction industries, to which Whitefield has a low exposure, however is likely to remain subdued.

We are encouraged by the RBA's recent stance on monetary policy, in which the Bank appears to show some recognition of the perverse impact of ultra low interest rates feeding into lower incomes and inflated asset prices rather than having the desired effect of boosting consumption.

As we move into the latter months of 2015 and the early 2016 reporting period we will be looking with growing interest at the outlook statements from the companies in which we invest. In particular we will be seeking evidence that the lower Australian dollar and strong NSW and Victorian economies are sufficient to translate into an enhancement to their earnings growth outlook, as we view this as a necessary ingredient for stronger stock market performance across the 2016 calendar year.

ANGUS GLUSKIE
CHIEF EXECUTIVE OFFICER



WHITEFIELD QUARTERLY REPORT

QUARTER ENDED 30 SEP 2015

TOP 20 HOLDINGS

At 30 September 2015

	%	Value \$'000
Commonwealth Bank Of Australia	10.52%	40,907
Westpac Banking Corporation	7.38%	28,697
National Australia Bank Limited	6.54%	25,428
ANZ Banking Group Limited	6.08%	23,658
Telstra Corporation Limited	5.93%	23,065
CSL Limited	3.69%	14,369
Wesfarmers Limited	3.17%	12,347
Macquarie Group Limited	2.40%	9,340
Woolworths Limited	2.16%	8,412
Transurban Group	1.74%	6,749
Scentre Group	1.70%	6,618
Westfield Corporation	1.69%	6,582
Amcor Limited	1.56%	6,065
Brambles Limited	1.53%	5,936
AMP Limited	1.50%	5,847
QBE Insurance Group Limited	1.47%	5,713
Sydney Airport	1.39%	5,408
Suncorp Group Limited	1.30%	5,048
Ramsay Health Care Limited	1.23%	4,795
ResMed Inc	1.13%	4,382
Cash & Cash Equivalents	1.09%	4,235