

# WHITEFIELD

## QUARTERLY REPORT

QUARTER ENDED 31 DECEMBER 2009

### Performance Summary

At 31 December 2009

	Last Quarter %	One Year %	Five Years*** %	Ten Years*** %
Total Portfolio	0.63%	35.12%	(4.71%)	7.52%
Benchmark*	0.95%	33.76%	(4.31%)	6.95%
Net Asset Backing (pre-tax)** <sup>1</sup>	(1.45%)	32.07%	(6.71%)	N/A
Net Asset Backing (post-tax)** <sup>2</sup>	0.20%	23.73%	(2.97%)	N/A
Share Price	1.33%	32.44%	(3.66%)	6.84%

\* 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

	At 31 Dec 09	At 31 Dec 08	% Change
Investment Revenue	\$6,388,187	\$10,922,239	(41.5%)
Profit Before Tax & Realised Gains	\$5,828,762	\$10,247,277	(43.1%)
Income Tax Benefit/(Expense)	\$760,928	\$755,298	0.7%
Profit After Tax before Realised Gains	\$5,067,834	\$9,491,979	(46.6%)
Earnings before Realised Gains Per Share	7.6cps	13.8cps	(44.5%)

### Results Commentary

Whitefield reports an operating profit after tax and before realised gains and other movements in equity value of \$5,067,834 for the nine months to 31<sup>st</sup> December 2009, representing earnings of 7.6 cents per ordinary share, below the equivalent nine months in the prior year.

In line with our commentary over the last year the fall in earnings reflects the cuts in dividend payments by a large number of companies throughout the Australian market. With underlying economic activity now progressively improving, and the benefits of this likely to translate into profit growth, Whitefield's dividend earnings are expected to increase again as we move into 2010.

Whitefield's investment portfolio returns over the quarter were 0.63%. Returns over the last 12 months amount to 35.12%, modestly higher than the return of the All Industrials Accumulation Index of 33.76% over the same period.

Strongest outcomes during the quarter were delivered from the Company's investments in Challenger, Virgin Blue, Wesfarmers, Resmed, Seven Network, News Corporation, Macquarie Airports, QBE and Asciano.

### Changes to Investment Exposures

Material transactions undertaken by Whitefield during the last quarter involved:

- Increasing exposure to Transurban, Commonwealth Bank, Westpac Bank, QBE Insurance, Boral, Wesfarmers, Telstra, Amcor, Leighton Holdings, and Sonic Healthcare
- Reducing our exposure to Brambles and CSL
- Modest reductions to large overweight positions in Woolworths and Macquarie Group

### Net Tangible Assets

At 31 December 2009

NTA (post-tax)	\$235.7m
Shares on Issue	65,932,823
NTA per share (pre-tax)	\$3.58
NTA per share (post-tax)	\$3.57
Share Price	\$3.35
(Discount)/Premium to NTA (pre-tax)	(6.42%)
(Discount)/Premium to NTA (post-tax)	(6.16%)

### Top 20 Holdings

At 31 December 2009

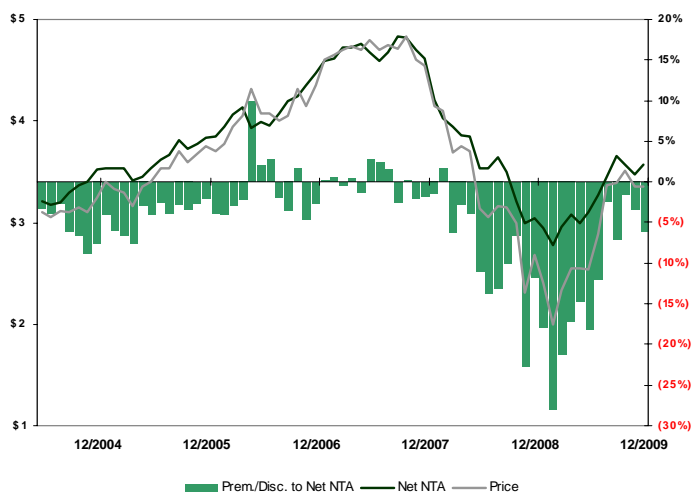
	Fund %	\$'000
Commonwealth Bank Of Australia	10.37%	24,192
Westpac Banking Corporation	8.58%	20,004
National Australia Bank Limited	7.51%	17,506
ANZ Banking Group Limited	7.44%	17,342
Wesfarmers Limited	4.85%	11,311
Woolworths Limited	4.61%	10,755
Macquarie Group Limited	3.98%	9,269
Asciano Group Limited	3.87%	9,025
Fairfax Media Limited	3.83%	8,929
Telstra Limited	3.69%	8,608
QBE Insurance Group Limited	3.55%	8,285
Toll Holdings Limited	2.81%	6,550
News Corp. Class A Non Voting Stock	2.38%	5,543
Macquarie Infrastructure Group	2.36%	5,512
Seven Network Limited	2.21%	5,146
Macquarie Airports	1.79%	4,176
AMP Limited	1.73%	4,034
News Corporation Limited	1.60%	3,733
Suncorp-Metway Limited	1.39%	3,241
CSL Limited	1.34%	3,122

### Sector Breakdown

At 31 December 2009

	Fund %
Banks	34.26%
Industrials	14.99%
Financials Excluding Banks	14.67%
Consumer Discretionary	13.54%
Consumer Staple	10.81%
Health Care	3.81%
Telecommunication Services	3.73%
Materials	2.60%
Information Technology	0.87%
Utilities	0.72%

## Whitefield Ltd Premium Discount to Net NTA and Share Price



## Outlook

At this time economic fundamentals are continuing to improve. Fiscal and monetary policy remains supportive for the Australian economy. While some areas of direct government support will be lower in 2010 than 2009, fiscal spending on capital investment and infrastructure continues to encourage growth in employment. While official interest rates are rising, the outright level of monetary policy remains accommodative.

The outlook for the Australian consumer is also positive. Housing and financial asset prices are higher than last year. Wage levels and overall employment are likely to grow as we move through 2010. These drivers will support a modest level of retail sales growth across the calendar year.

The majority of business sectors in the Australian economy are likely to show growth in both profit and activity over the next 12 months.

Collectively, government, consumer and business activity are likely to provide the Australian economy with moderately strong, positive momentum into 2010, an outlook which is broadly favourable for investment markets.

Investors however, should remain alert to the existence of risks and threats to market stability. Such risks include the potential for an unduly slow pick-up in employment, especially in Europe and the US, destabilising currency movements, Asian imbalances (including the impact of high levels of lending in China and the very high debt levels in Japan), sovereign credit risks of the weaker European nations, and ultimately the risk of inflation.

While some of these risks are large, should global employment and corporate profits continue to show improvement, even if this improvement is slow, it is likely that many of these risks will dissipate or be managed successfully as the year progresses.

Nevertheless, with investment markets currently characterised by very large, mobile capital movements, the Australian share market may experience continuing bouts of volatility in 2010, driven by the ebb and flow of visible risks and opportunities.

In this environment we have continued to position Whitefield's investment portfolio with a view to constraining areas of potential risk, while building or maintaining exposure towards stocks or sectors offering favourable growth in earnings and return over the medium and longer terms.

Whitefield expects to pay a final dividend in line with its final dividend for the prior year.

**Angus Gluskie**  
Chief Executive Officer



## Top 5 Contributors to Performance for the Quarter

At 31 December 2009

	Portfolio weight %	Contribution* %
Wesfarmers Limited	4.90%	0.677%
Commonwealth Bank	10.49%	0.550%
Challenger Financial Services	0.80%	0.349%
Asciano Group	3.91%	0.342%
QBE Insurance Group Ltd.	3.59%	0.339%

\*Contribution = weighted contribution to investment performance

## Top 5 Detractors to Performance for the Quarter

At 31 December 2009

	Portfolio weight %	Contribution* %
Macquarie Group Limited	4.02%	(1.155%)
National Australia Bank	7.59%	(0.776%)
Brambles Limited	1.31%	(0.656%)
ANZ Banking Group	7.52%	(0.311%)
Macquarie Infrastructure Group	2.39%	(0.227%)

\*Contribution = weighted contribution to investment performance

