



# WHITEFIELD QUARTERLY REPORT

FEBRUARY 2013

## PERFORMANCE SUMMARY

At 31 December 2012

	Last Quarter %	One Year %	Three Years % ***	Ten Years %***
<b>Before Tax Returns</b>				
Total Portfolio	8.180%	27.174%	4.378%	7.590%
Benchmark*	7.530%	28.010%	6.381%	8.355%
<b>After Tax Returns</b>				
Net Asset Backing (pre-tax)** <sup>1</sup>	8.658%	27.809%	3.837%	5.836%
Net Asset Backing (post-tax)** <sup>2</sup>	6.183%	19.052%	4.382%	6.647%
Share Price	10.001%	31.367%	3.382%	5.044%

\* 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

	9 Months to 31 Dec 12	9 Months to 31 Dec 11	% Change
Investment Revenue	\$9,604,303	\$9,027,077	6.4%
Profit Before Tax & Realised Gains	\$8,027,693	\$8,292,350	(3.2%)
Income Tax Benefit/(Expense)	(\$321,562)	(\$376,179)	(14.5%)
Profit After Tax before Realised Gains	\$7,706,131	\$7,916,171	(2.7%)
Earnings before Realised Gains Per Share	10.2cps	10.6cps	(4.3%)

## RESULTS COMMENTARY

The first nine months of Whitefield's financial year have been characterised by (a) strongly rising asset values and asset backing, reflecting the widespread expectation of an upturn in economic growth and corporate profits and a decline in risk, (b) declines in dividend earnings in the first half of the financial year and (c) increases in dividend earnings in the most recent months.

These outcomes can be seen in the growth in Whitefield's asset backing which rose by 27.8% over the last year and earnings per share which fell by 4.3% year on year.

In line with the improvement in expectations, the significant majority of Whitefield's investments declaring dividends in the last quarter did so at higher dividend rates than the prior year. Dividend increases in the last quarter included Incitec, Macquarie, Goodman Group, Dexis and the major banks.

Over the most recent quarter Whitefield's investment portfolio returns amounted to 8.2% compared to the returns of the ASX200 Industrials Accumulation of 7.5% and ASX200 Accumulation of 6.9%. Whitefield's portfolio return over the last 12 months of 27.2% was slightly below the ASX200 Industrials Accumulation at 28.0% although significantly outperforming the ASX200 Accumulation of 20.3%.

Best performing investment holdings for the quarter included Whitefield's positions in Altium, Perpetual, Macquarie Group, Seven Group, Myer, Fairfax, Qantas, Crown, Cochlear and CSL.

## NET TANGIBLE ASSETS

At 31 December 2012

NTA (post-tax & preference shares)	\$263.7 million
Ordinary Shares on Issue	75,938,622
8% Cumulative Pref. Shares (Face Value)	\$23,790
Convertible Resetable Prefs. (Face Value)	\$30,000,000
NTA per share (pre-tax)	\$3.40
NTA per share (post-tax)	\$3.47
Share Price 30 Sep	\$3.09
(Discount)/Premium to NTA (pre-tax)	(9.12%)
(Discount)/Premium to NTA (post-tax)	(10.95%)

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

At 31 December 2012

	Portfolio Weight	Contribution
Commonwealth Bank of Aust.	9.71%	1.062
Macquarie Group Limited	4.38%	1.019
Westpac Banking Corporation	8.53%	0.683
CSL Limited	3.96%	0.616
Telstra Corporation Limited	4.52%	0.503

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

At 31 December 2012

	Portfolio Weight	Contribution
QBE Insurance Group Ltd	1.75%	-0.356
Echo Entertainment Group Ltd	0.31%	-0.037
Treasury Wine Estates Limited	0.30%	-0.021
David Jones Limited	0.29%	-0.010
Sonic Healthcare Limited	0.46%	-0.008

\*Contribution = weighted contribution to investment performance

## SECTOR BREAKDOWN

At 31 December 2012

	Excluding Cash	Including Cash
Banks	33.64%	31.59%
Financials Excluding Banks	14.58%	13.71%
Industrials	11.89%	11.18%
Consumer Discretionary	8.41%	7.91%
Consumer Staple	8.18%	7.69%
Health Care	6.06%	5.70%
Telecommunication Services	4.80%	4.52%
Materials	4.65%	4.37%
Property	4.28%	4.03%
Information Technology	2.25%	2.12%
Utilities	1.26%	1.19%
Cash		5.99%

## CHANGES TO INVESTMENT EXPOSURES

The more material changes to investment holdings undertaken by Whitefield since Sep 12 have involved:

- Acquisitions of InvoCare, Computershare, Brambles, ANZ Banking Group, Westpac Bank and National Aust Bank
- Decreases in exposure to ASX

## DIVIDENDS

Whitefield expects to declare the following fully franked dividends subsequent to its financial year end in March 2013:

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

## OUTLOOK

As Whitefield anticipated in the quarterly reports issued to investors during 2012 global investment market risk has continued to diminish, and coupled with the flight of money away from extremely expensive bond markets, a weight of investment money has flowed into equity markets in Australia and overseas. With the sell-off in bond markets having only started, the potential exists for this trend to continue for an extended period.

Consumer conditions in Australia are increasingly becoming more favourable. Not only are interest rates as low as the depths of the financial crisis, but one of the primary drivers of consumer spending – consumer wealth – is now improving with house and financial asset prices both moving upwards for the first time in several years.

While employment has softened over recent months, this lagging indicator may strengthen again as we move into later 2013 as business conditions become more supportive.

Positive drivers of business conditions at this time include the favourable outlook for consumer spending, strengthening financial markets activity (an important driver of eastern states employment), upwards trending building approvals and improving foreign demand.

Chinese economic growth has solidified as the result of supportive fiscal policies. The US continues to see employment improve on the back of a positive consumer wealth effect and a low US dollar which is beneficial for US export industries. Even the most recent economic releases from Europe point to slow but somewhat favourable trends emerging in both activity levels and budget positions.

The primary risks at the present time relate to areas of political uncertainty in the Eurozone and the upcoming debate to resolve the level and timing of US government spending cuts. There is some potential for each of these issues to destabilise investment markets over upcoming months.

In aggregate we consider it likely that 2013/14 will see favourable consumer and business conditions building on each other and that this will lead to a period of stronger profits for many industries.

In due course we would expect this to translate into stronger dividend earnings from Whitefield's investment portfolio. We look forward to providing investors with an update on outcomes over upcoming quarters.

**ANGUS GLUSKIE**  
CHIEF EXECUTIVE OFFICER



# WHITEFIELD QUARTERLY REPORT

QUARTER ENDED 31 DECEMBER 2012

## TOP 20 HOLDINGS

At 31 December 2012

	%	Value \$'000
Commonwealth Bank Of Australia	9.71%	27,831
Westpac Banking Corporation	8.53%	24,463
ANZ Banking Group Limited	7.24%	20,770
National Australia Bank Limited	6.12%	17,560
Telstra Corporation Limited	4.52%	12,950
Macquarie Group Limited	4.38%	12,546
CSL Limited	3.96%	11,347
Wesfarmers Limited	3.84%	11,008
Woolworths Limited	3.56%	10,196
AMP Limited	2.83%	8,116
Seven Group Holdings Limited	2.24%	6,412
Crown Limited	2.20%	6,312
QBE Insurance Group Limited	1.75%	5,007
Incitec Pivot Limited	1.63%	4,672
Asciano Limited	1.61%	4,612
InvoCare Limited	1.56%	4,484
Computershare Limited	1.53%	4,398
News Corporation Inc Class A NV	1.41%	4,030
Westfield Group	1.30%	3,740
Brambles Limited	1.30%	3,727
Cash & Cash Equivalents	5.99%	17,171