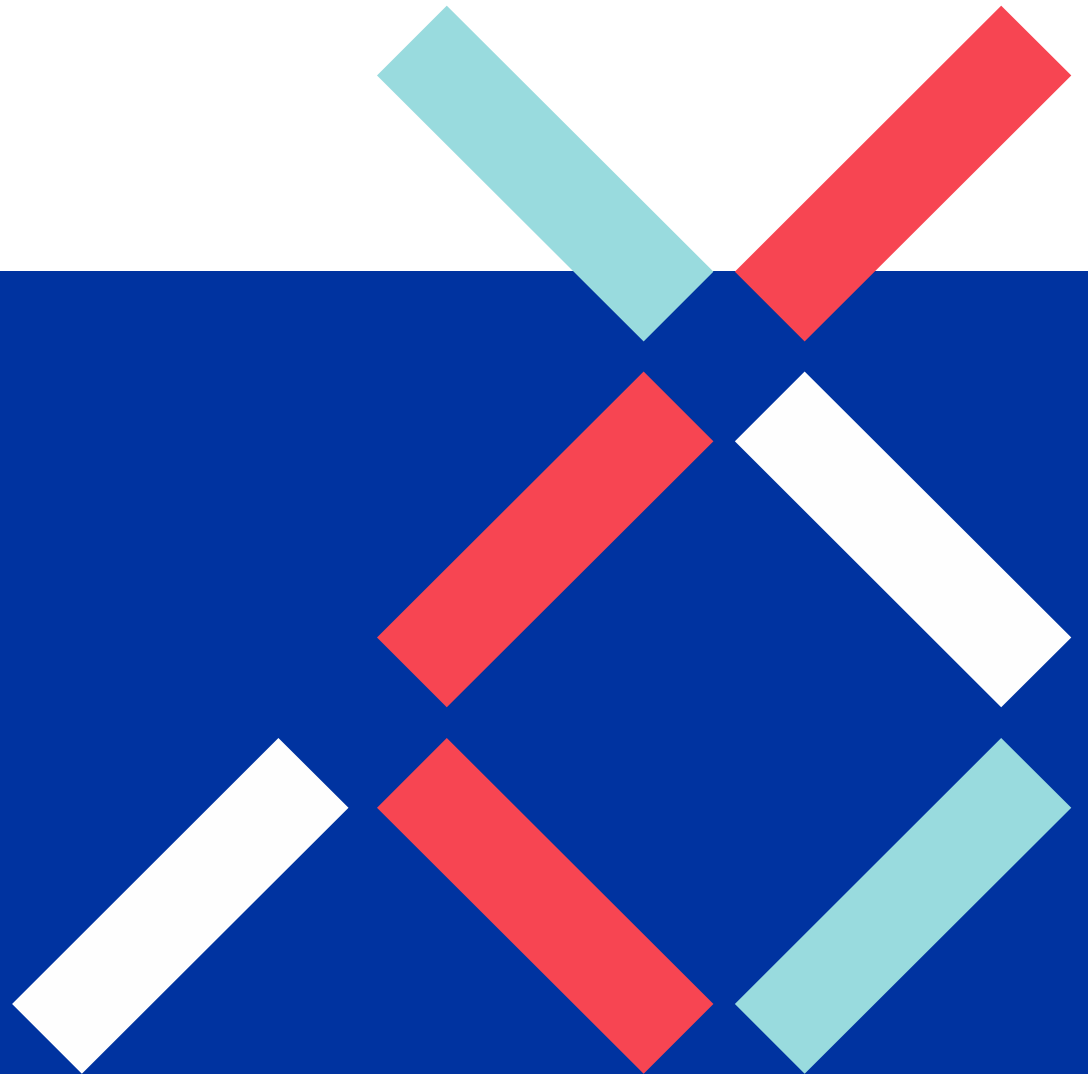


_WHITEFIELD

UPDATE
June 2020

_A.GLUSKIE AND W.SEDDON

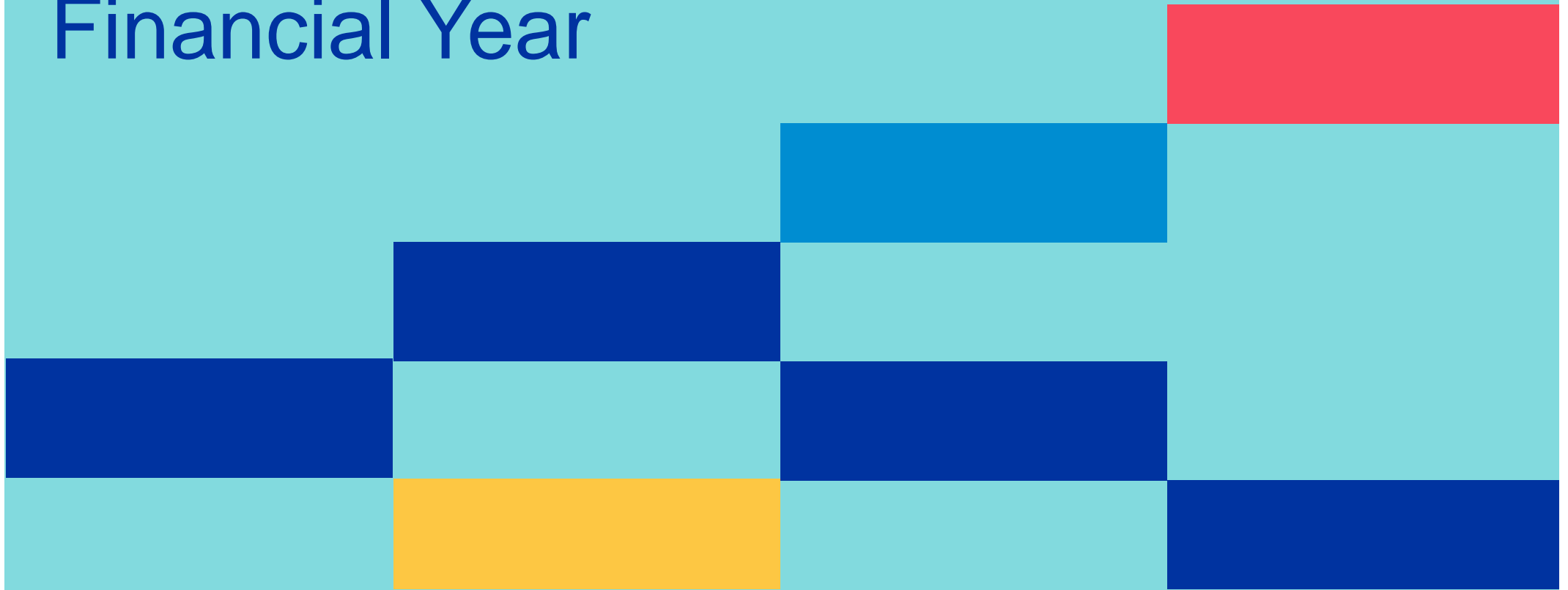
_18/06/2020



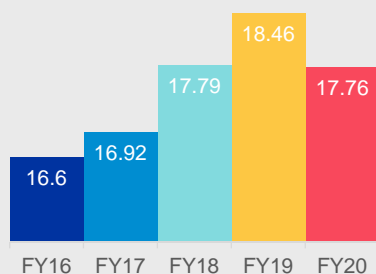
_There are no miracles in investment.

FY21 is likely to be one of the more difficult years.

_2020 Financial Year



_2020 Results



_EPS (3.7%)¹

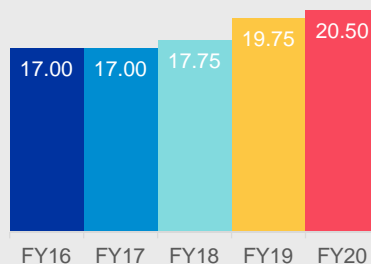
Distribution growth across the majority of investments

However we saw cuts to AMP, Westpac and NAB distributions within the year as they absorbed higher compliance and remediation costs

Non-repeat of Wesfarmers special dividend

Only minor COVID impact within the FY Mar20

¹ Excluding the gain on reset of preference shares in prior year



_Dividends

WHF Ordinary

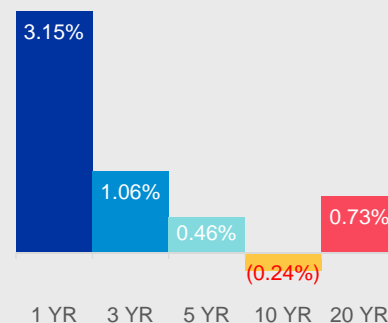
- 10.25 cents Dec 19 and Jun 20

WHFPB

- 201.25 cents Dec 19 and Jun 20

Franking

- All fully franked at 30%
- 10% attributable to LIC Disc Gains

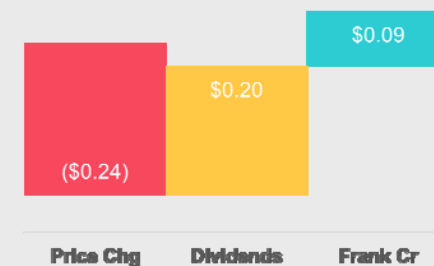


_Investment Performance versus Index¹

Portfolio outperformed its benchmark index by 3.15%

Portfolio has outperformed over 1,3,5 and 20 year periods

¹ Performance for periods greater than 1 year shown as annualised equivalent



_Investor Return Components

Share price appreciation for 12 months (5.4%)

Dividends as percentage of share price¹ 4.6%

Franking credits as percentage of share price¹ 2.0%

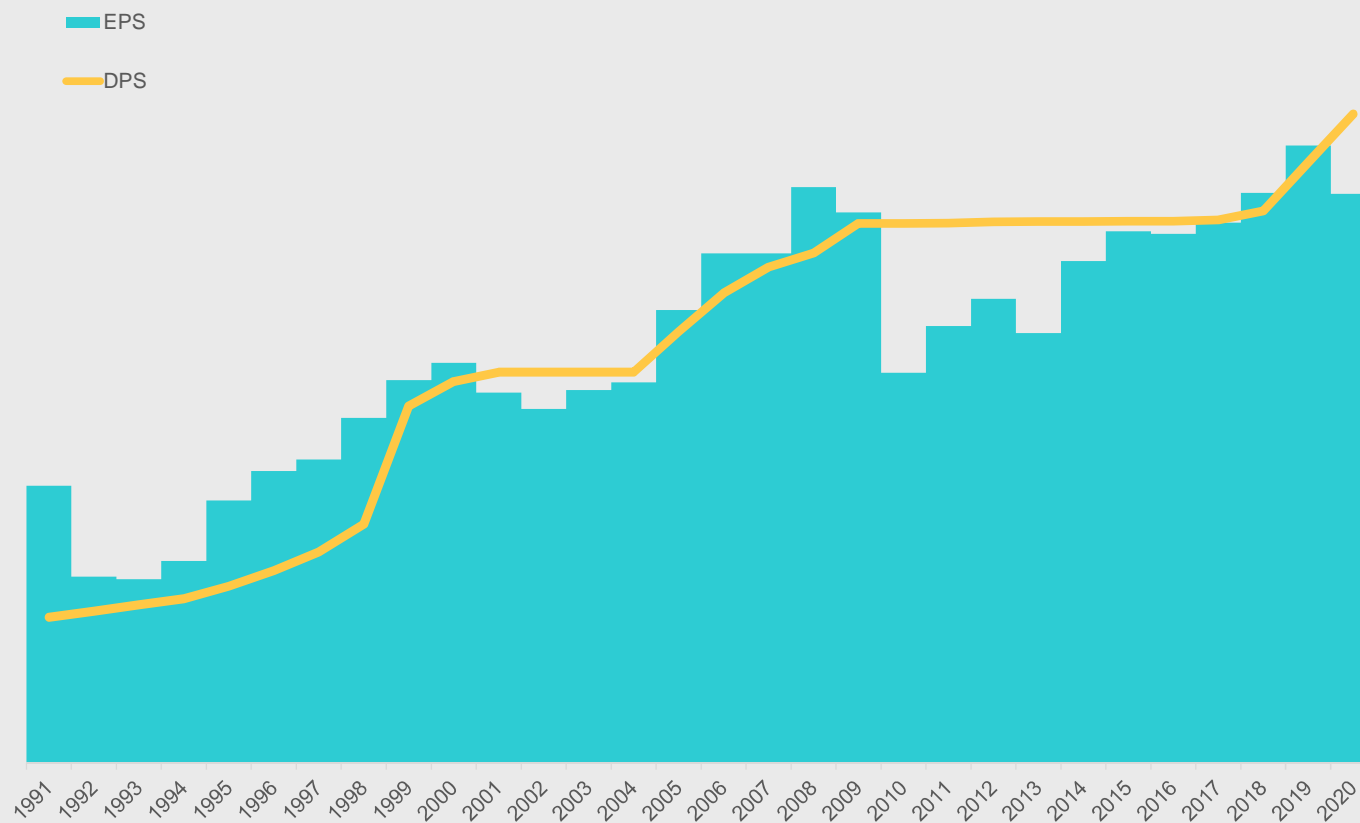
¹ Start of financial year share price

_Long Term EPS & DPS

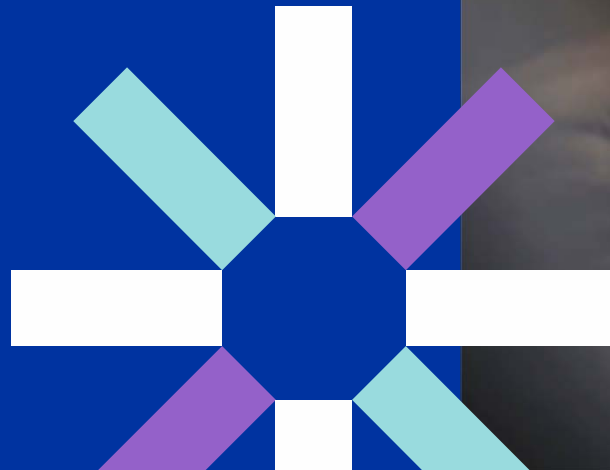
_31st Consecutive Year in which dividends have been maintained or increased

Regular dividends have been maintained or increased in every year since the introduction of the franking system in the 1980s

WHF has been able to maintain its own dividend across the three prior market earnings downturns in 1992, 2001, 2009.



_2021 Outlook



_2021 A complex environment

Health risk remains high

With only a small percentage of world (<5%) has had virus exposure, the potential for large viral outbreaks remains high.

Vaccine success and timing should not be considered a certainty. It only takes a minor problem to render a vaccine non-viable.

Humanitarian crises remain a threat where breakouts can't be properly controlled.

Economic risk is lagged

Ongoing containment comes at the significant cost of lost income, higher unemployment, lower discretionary spending and a substantial loss of profits and cash flow in many industries.

Lower cash flows are only digestible up to a point. Beyond that point they may become calamitous.

Government assistance today comes at the cost of a cash flow subtraction from all taxpayers in future.

The risk of an associated credit crisis remains elevated, with the financial position of governments under pressure and banks exposed to rising bad debts.

Underlying structural change has been accelerated

The acceleration in workplace flexibility may encourage the decentralization of communities, promoting regional housing and infrastructure. Office rents and values may adjust lower.

Both bricks & mortar and online retail remain viable, but operators will need to offer a well-functioning and cost-efficient experience on both counts to survive. Retail rents and value may remain under pressure.

Increased appreciation of self-sufficiency may see a renewed focus on the re-development of domestic manufacturing in critical areas.

If health protection measures become embedded in the production of goods and services, requiring lower density transport / workplaces / places of leisure, or additional health testing, the cost of goods and services would rise to cover these added costs.

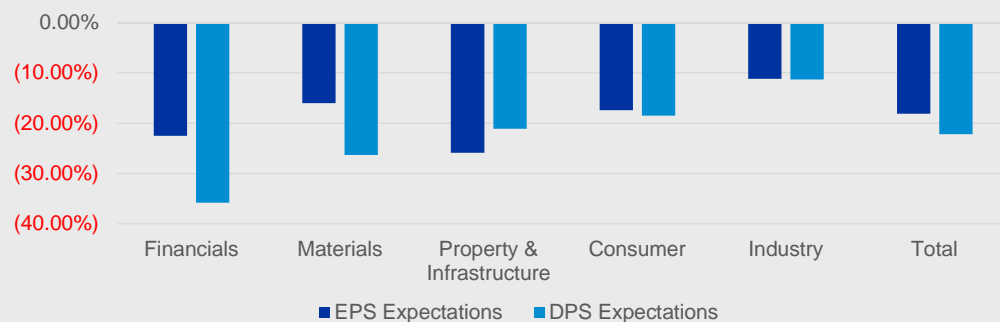
This is not a market to chase. We consider that being alert, flexible and reactive may be valuable in this environment.

The market overall is not cheap. COVID defensives and recovery candidates are expensive.

Much is unpredictable.

_2021 Outlook

CHANGE IN CONSENSUS EXPECTATIONS FOR ASX200
INDUSTRIALS SINCE FEB 20



_Earnings

With dividend cuts and deferrals widespread amongst many listed entities, Whitefield's earnings for FY21 will be materially lower than the prior year.

The consensus forecast for underlying earnings in the ASX200 industrials has declined by 18% since Feb 2020

The consensus forecast for dividends and distributions across the ASX200 industrials has fallen by 22% since Feb 2020

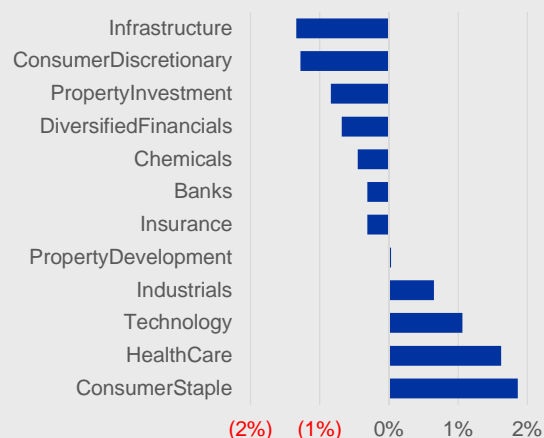
_WHF's Dividend Outlook

Nevertheless, WHF has a large depth of reserves and we would expect to maintain our ORD dividend at current levels across the next year, with a view to providing our shareholders with consistency of income flow.

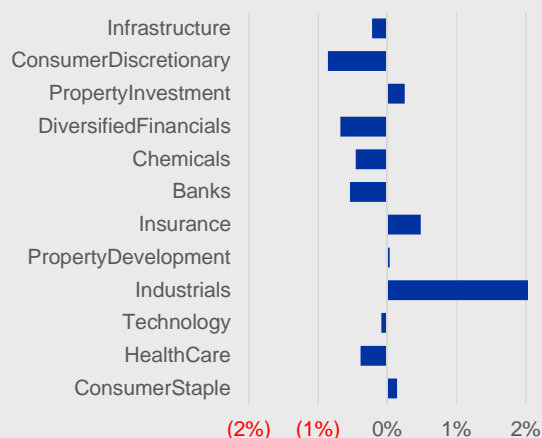
We are prepared to reconsider this position should market conditions deteriorate materially.

_2021 Outlook

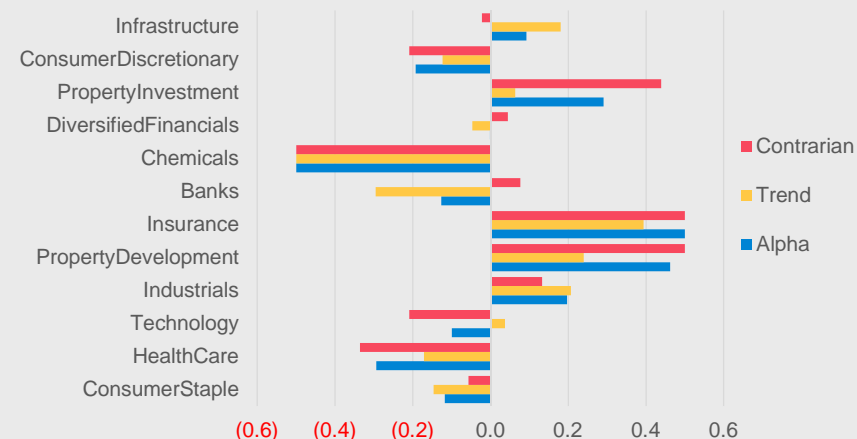
Sectoral Exposures Mar 20



Sectoral Exposures May 20



Sectoral Score Assessments May 20



Portfolio Exposures March

At close of March, the portfolio had benefitted from a COVID-insulated sectoral positioning.

Portfolio Exposures and Sectoral Score Assessments May 20

As we moved into April however COVID-insulated stocks had become expensive, COVID exposed stocks were cheap and balance sheets were being repaired, while sectoral earnings expectations were still being adjusted to accommodate for the uncertain future.

The portfolio still retains a lower exposure to COVID exposed businesses and has more recently been oriented towards sectors where the balance of earnings resilience and value appears relatively favourable.

_Share Purchase Plan 2020

Pricing:

Lower of:

- \$4.51 [being a 2.5% discount to the pre-announcement share price];
- OR 2.5% discount to 5 day weighted average market price immediately prior to, and including the closing date

Key Dates

- Record Date 9 June 2020
- Opening Date 19 June 2020
- Closing Date 3 July 2020

Future Dividends

Shares issued under the SPP 2020 will rate equally with existing WHF ordinary shares.

Accordingly such shares will have entitlement to dividends declared after their issue date in July, including any dividend for the Sep 20 half year, which at this time is expected to be paid in Dec 2020.

Use of Capital Raised

At the present time WHF holds cash at higher levels than normal. Proceeds from this raising will initially be added to these cash holdings.

WHF will subsequently seek to invest the funds in accordance with its normal investment strategy in listed Australian shares over the upcoming year as opportunities present.

_Whitefield's approach to investing

Industrials

Industrial businesses have historically provided higher return with lower volatility than the mining sector.

This is explained by the propensity for heavily cyclical industries, such as mining, to experience periods of value destruction more frequently than less cyclical businesses.

A lower mining exposure provides the incidental benefit of a lower exposure to the major fossil fuel producers and emitters.

Quantitative

We utilize large volumes of data to measure and assess the financial health and performance of a wide range of ASX listed businesses.

Our measures are accurate, consistent and timely – they are not subjective, inconsistent and are not dependent on the opinions of any one analyst.

Our process is applied across hundreds of listed entities, allowing detailed comparisons of financial metrics and providing us with insight into where the best value lies at any point of time.

Unbiased

Our strategy is to invest in a wide range of businesses whose likely earnings are underappreciated by the market and to limit exposure to businesses whose future earnings would provide an inadequate rate of return.

Doing this successfully requires us:

- to understand and measure where investor bias creates the opportunities and risks of persistent mispricing; and
- to minimise bias in our own processes through the use of a quantitative, data driven framework in place of the subjective guesses of individual analysts.

Index Plus

We utilize an enhanced index portfolio structure which provides investors with:

- (a) The potential to generate above-market returns through our diverse suite of positions held overweight or underweight relative to the benchmark index;
- (b) Many of the benefits of an index fund including:
 - a high degree of diversity to minimize the influence of random outcomes;
 - the constraint of transaction costs including brokerage and tax;
 - A low or limited risk of underperforming the benchmark index

_Important Information

General, Limited Commentary: This document contains information about Whitefield and the markets in which it operates. The document is limited in scope and accordingly may not contain all the information necessary for an investor to make an investment decision. It is not a personal investment recommendation, it is not investment advice, and accordingly does not take account the specific situation, financial situation or particular needs of any individual investor. Before making an investment decision an individual should consider all other relevant information, including (but not limited to) information as to their specific circumstances and needs, the risks of investing, other investment alternatives and consider whether they should seek professional advice in forming their decision.

Information regarding past performance reflects the specific circumstances and decisions that transpired across the time frames shown. Past performance may not be indicative of the future, and should not be relied upon as a guide or guarantee of future outcomes.

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_Contact Details

Suite 16.01
Level 16, 68 Pitt Street
Sydney NSW 2000
Phone +61 2 8215 7900
Fax +61 2 8215 7901
whitefield.com.au
Whitefield Limited ABN 50 000 012 895