

## CHAIRMAN'S ADDRESS

### 97th Annual General Meeting of Shareholders

Thursday, 6 August 2020

Welcome to Whitefield's 2020 Annual General Meeting.

We are pleased to report that in the company's 97<sup>th</sup> year of operation Whitefield's investment portfolio generated a margin of outperformance of 3.15% compared to the company's benchmark index. Whitefield's portfolio has outperformed its benchmark over 1, 3, 5 and 20 year periods.

The company's diversified portfolio of investment holdings generated an Operating Profit after Tax of \$17,660,984. After allowing for preference share dividends and changes in capital, this equated to earnings per ordinary share of 17.8 cents.

These outcomes are the product not only of the company's prudent corporate management, but also of Whitefield's well-defined investment process which carefully assesses and compares the earnings and outlook for ASX listed businesses using the significant volume of data available in modern financial markets.

Based on this outcome, the company declared total fully franked dividends across the year of 20.5 cents on Ordinary Shares and \$4.025 on WHFPB Preference Shares.

While there are many positives in these outcomes, the 2020 financial year also brought with it challenges for both investors and investment markets.

During the early months of the year we experienced some cuts to dividends from a small number of bank and financial stocks, as those businesses digested higher compliance costs in the aftermath of the Hayne Royal Commission. More materially, the COVID19 pandemic emerged as a visible threat in early 2020 with the result that the market value of listed shares and Whitefield's net asset backing fell during March 2020. [Whitefield's portfolio generated a 12 month return of (8.88%) compared to the ASX200 Industrials Accumulation return of (12.03%)].

While investment markets have rallied moderately since our financial year end, the pandemic threat both to the market and economic stability remains. As highlighted in our 2020 Annual Report, this pandemic creates significant uncertainty with regard to the outlook for many businesses and economies.

The virus is highly contagious, can be transmitted by carriers with few symptoms, may mutate into more or less aggressive strains and has spread to all countries across the globe. A timeline for the successful development and global implementation of a vaccine or treatment is neither certain nor guaranteed. While

containment measures can be successful, they come with a material economic cost which will increase over time. Most importantly, and possibly most difficultly, a return to normal economic activity can only be achieved if the problem is solved globally. Success of a single country is not sufficient.

In this problematic environment Whitefield has considered it prudent to hold a higher cash balance than normal. This provides the company with both liquidity and flexibility to respond to changes in the market outlook. The company will look to invest our cash holdings as suitable opportunities present.

As we progress through the 2021 financial year, it is most likely that investment markets will remain volatile. Risk is high and conditions may change rapidly. Dividends and distributions have been lowered, cancelled or deferred for many listed companies on ASX. As a consequence Whitefield's own earnings (being the dividends and distributions we receive from businesses in which we invest) should be expected to fall materially across the year as well.

With reserves of both franking credits and retained profits accumulated over many years however, Whitefield is well-positioned to weather this period of economic and market volatility. For this reason we expect to be able to maintain our own dividend to shareholders across the next year at current levels.

With many other companies forced to cut dividends, and with income in short supply, we would hope that our dividend consistency is valued by our shareholders. Nevertheless, investors should recognise that Whitefield would naturally reconsider its expected dividend should conditions deteriorate more materially.

On behalf of the Board and management at Whitefield, I wish shareholders all the best for the upcoming year and we look forward to reporting to you on the company's progress at each quarter-end.

**Angus Gluskie**

**Chairman**