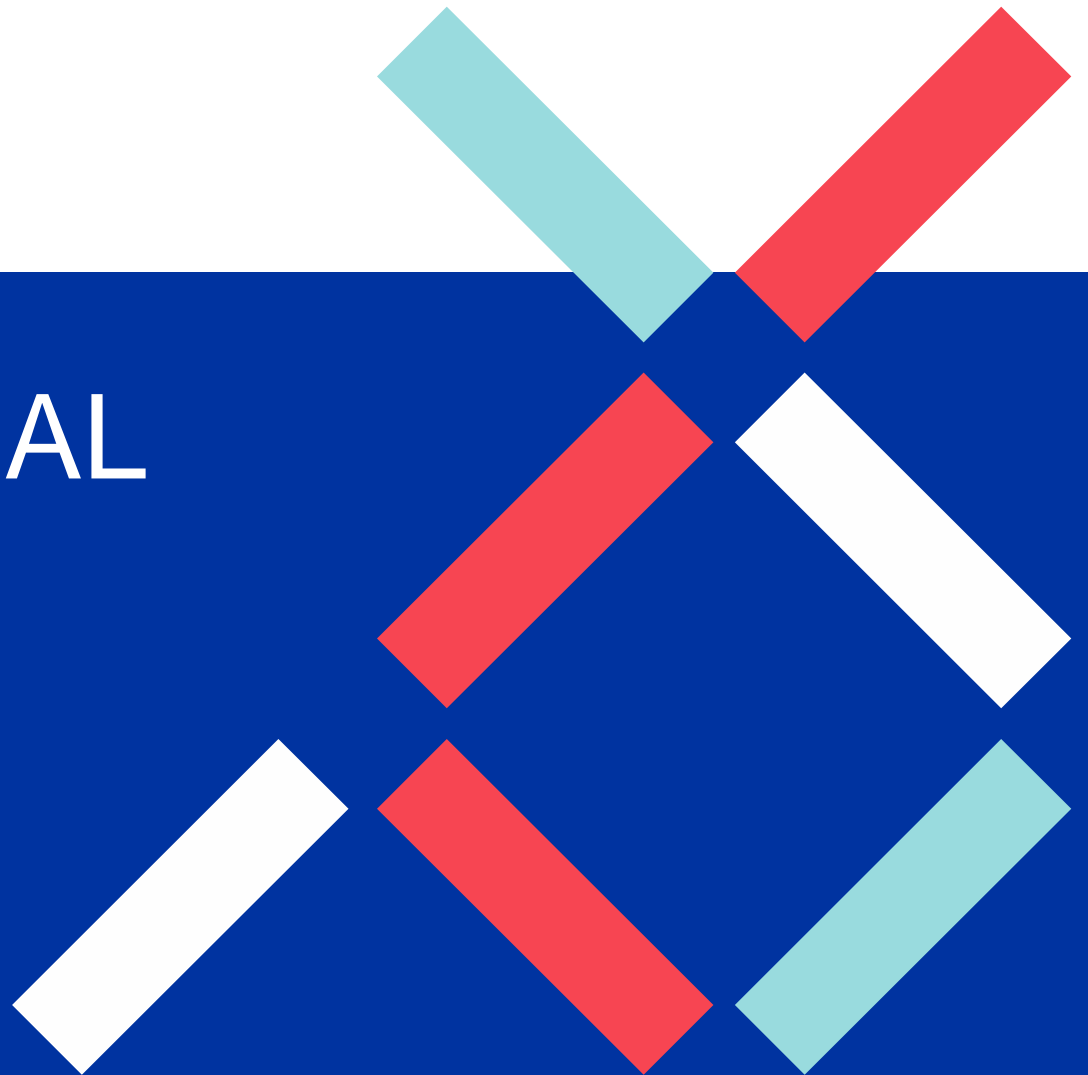


WHITEFIELD

ANNUAL GENERAL  
MEETING  
August 2021



# Introduction



**Angus Gluskie**  
Chairman



**Lance Jenkins**  
Director



**Mark Beardow**  
Director



**Jenelle Webster**  
Director



**Will Seddon**  
Director



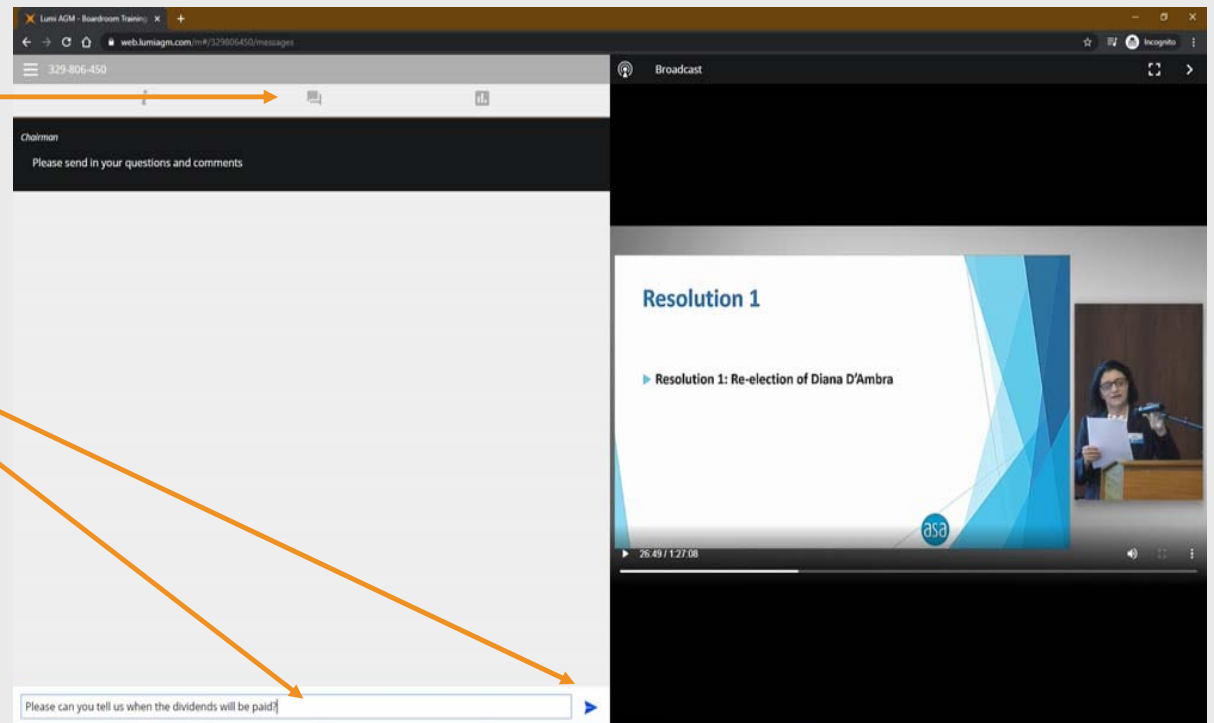
**Stuart Madeley**  
Co. Secretary

# Instructions for online attendees: Questions

When the Question function is available, the Q&A icon will appear at the top of the app.

To send in a question, simply:

- click in the 'Ask a question' box and type your question;
- then press the send arrow.



# Instructions for online attendees: Voting (if not already submitted by proxy)

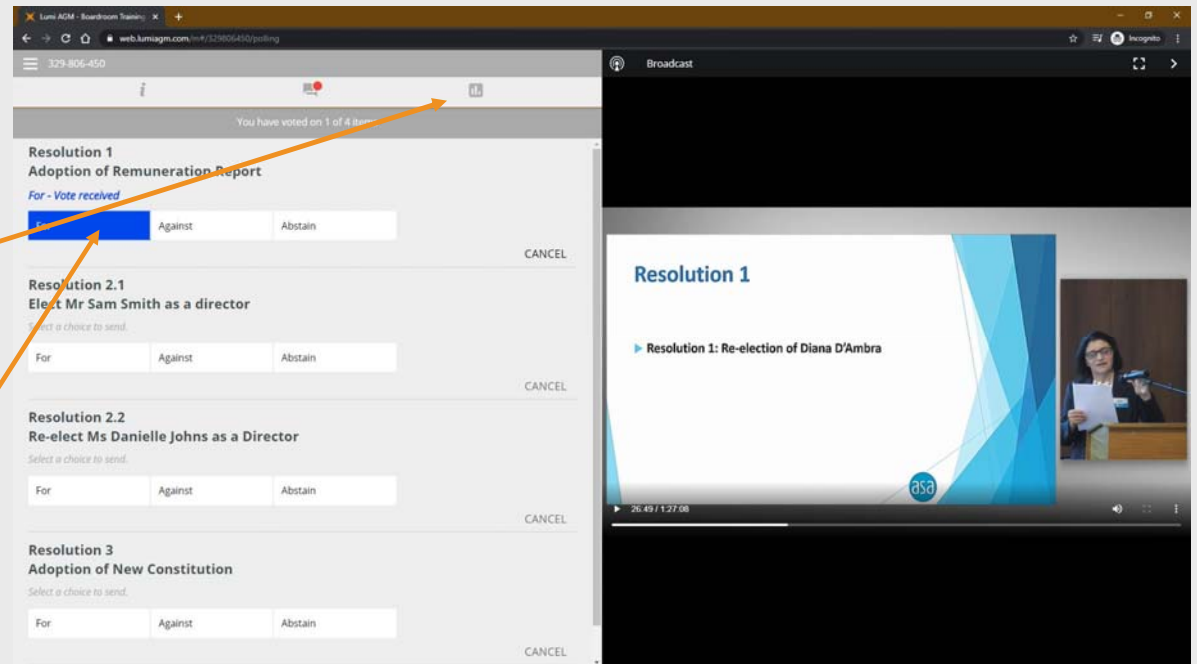
***NB If you have already voted by proxy you will not need to submit a vote online, as your proxy vote has already been submitted.***

**However, for those still needing to vote:**

When the poll is open, the vote will be accessible by selecting the voting icon at the top of the screen



To vote simply select the direction in which you would like to cast your vote, the selected option will change colour. There is no submit or send button, your selection is automatically recorded.





# — 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 additional 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:

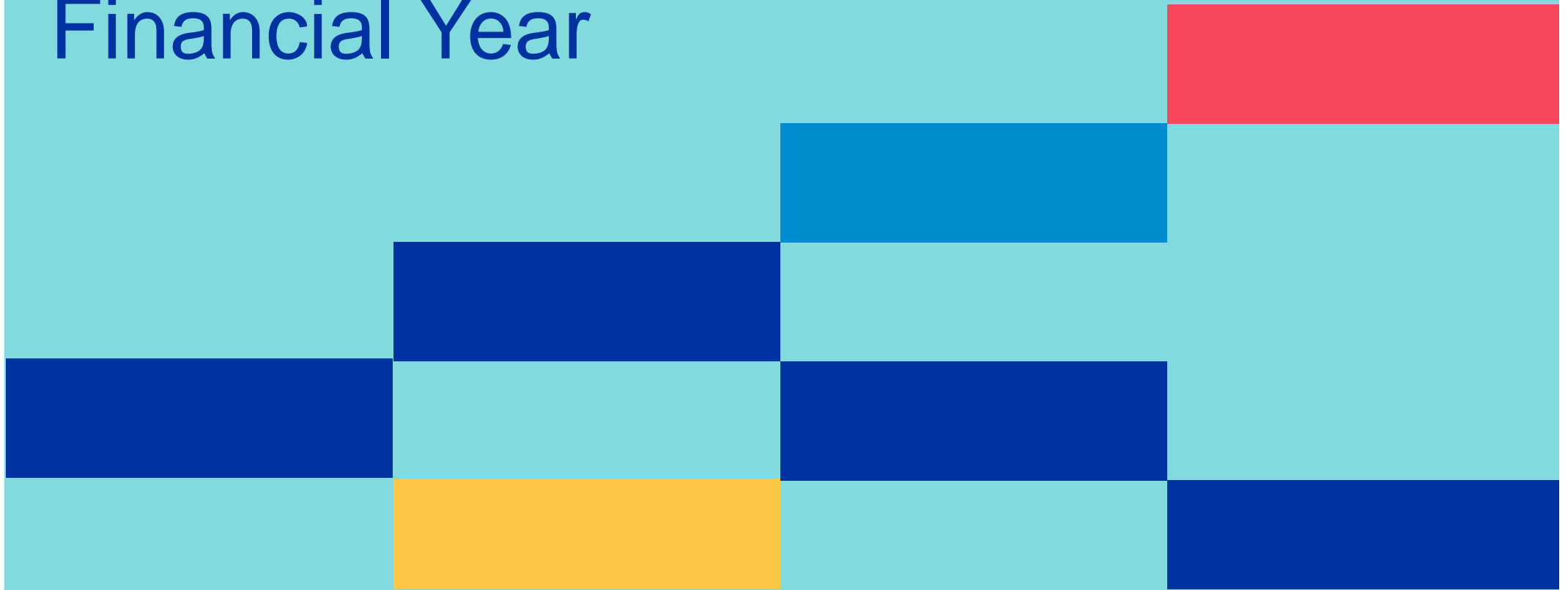
- (a) The potential to generate above-market returns through our diverse suite of positions held overweight or underweight relative to the benchmark index;
- (b) Many of the benefits of a portfolio structured around a market capitalization weighted index including:
  - a high degree of diversity to minimize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

\_The resilience of the Australian economy over the last year was remarkable.

\_The challenge for the future is to sustain this resilience through the latter stages of the pandemic and through a transition to normalised interest rates.



# \_2021 Financial Year

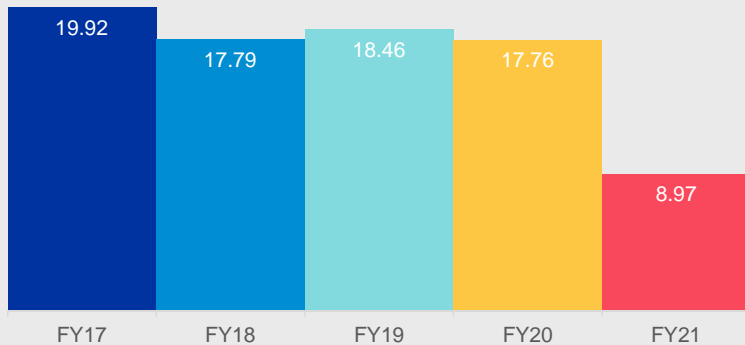




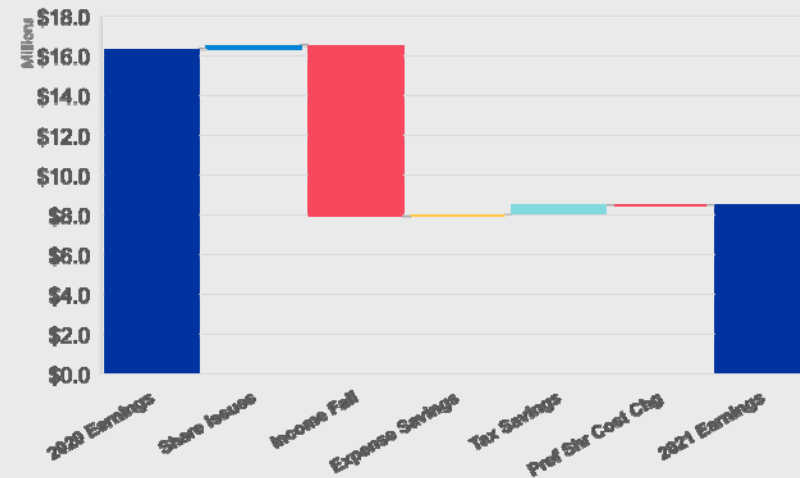
Angus Gluskie  
Chairman

# \_2021 Results: Earnings

Earnings Per Share [cents]



Changes in Net Earnings after Pref Share Costs



## \_EPS (49%)

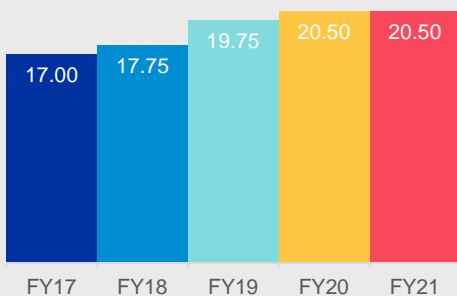
- Our investment holdings cut their distributions by 40% on average, slightly better than the benchmark index distribution fall of 46%
- Within those holdings 2/3rds cut distributions and 1/3<sup>rd</sup> maintained or increased their distribution
- The primary cuts to distributions occurred in the first quarter (Apr - Jun 20) of the financial year, with distributions progressively being reinstated or increased in the second half of the year (Oct 20 - Mar 21)



Angus Gluskie  
Chairman

# \_2021 Results: Dividends

## Dividends Per ORD Share



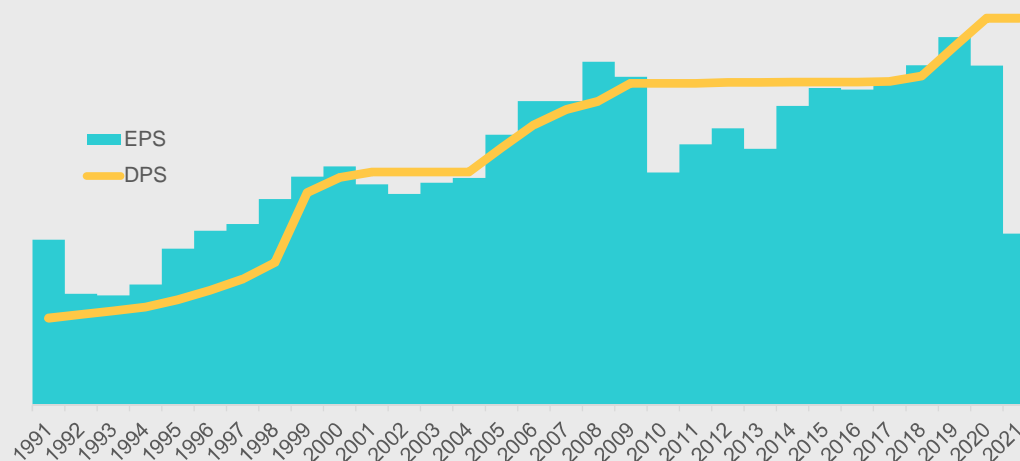
## \_Dividends

WHF Ordinary : 10.25 cents Dec 20 and Jun 21

WHFPB: 201.25 cents Dec 20 and Jun 21

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

## Long Term Earnings & Dividends Per Share



## \_31<sup>st</sup> Consecutive Year in which dividends have been maintained or increased

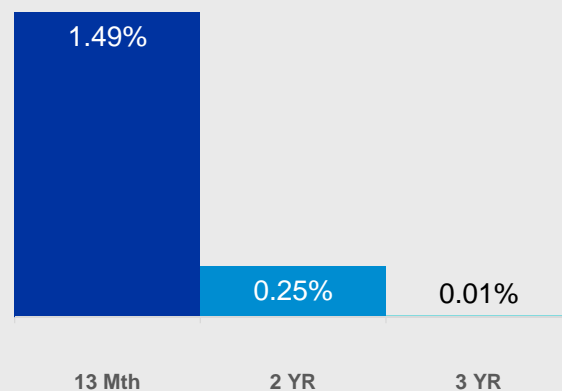
Regular dividends have been maintained or increased in every year since the introduction of the franking system in the 1980s

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

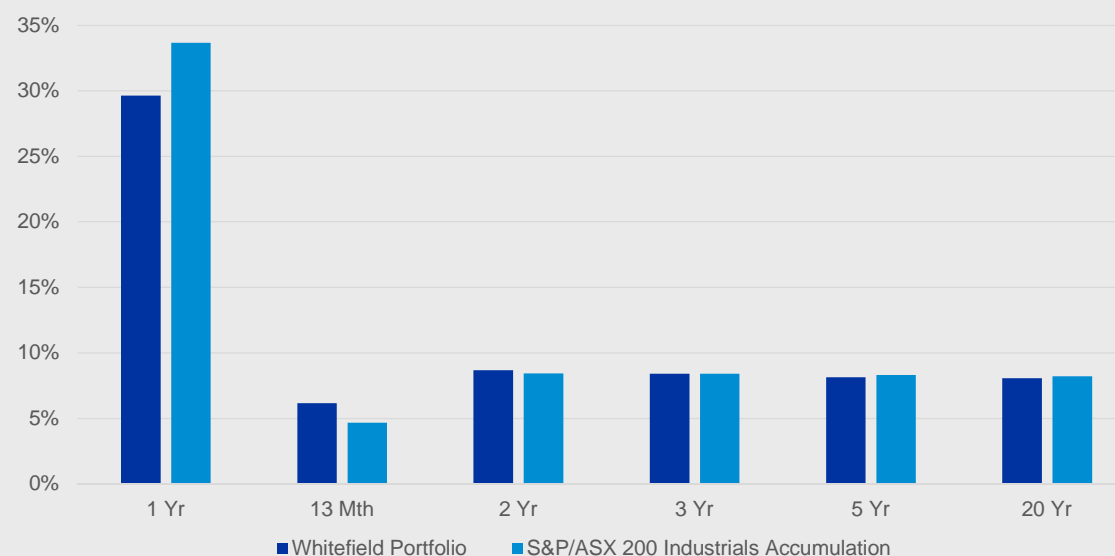


# \_2021 Results: Investment Performance

**Investment Portfolio  
Outperformance PA**



**Investment Portfolio Returns PA**



## \_Investment Portfolio Performance<sup>1</sup>

The investment portfolio generated a strong outright return of 29.6% reflecting the broad bounce in the market from the March 20 COVID lows.

The ASX fell heavily during March 20 (outside the 1 year measurement period), before bouncing sharply in April 20 (inside the 1 year measurement period).

A more accurate reading of performance and comparative performance can be seen by using a measure which includes both months.

<sup>1</sup> Performance for periods greater than 1 year shown as annualised equivalent. Portfolio performance is before leverage, expenses and company tax.



**Angus Gluskie**  
Chairman

# \_2021 Results: Investment Performance

Returns to 31 Mar 2021	1 Yr	13 Mth pa	2 Yr pa	3 Yr pa	5 Yr pa	20 Yr pa
<b>Before Tax Returns</b>						
<b>Whitefield Portfolio</b>	<b>29.64%</b>	<b>6.17%</b>	<b>8.69%</b>	<b>8.42%</b>	<b>8.15%</b>	<b>8.06%</b>
S&P/ASX 200 Industrials Accumulation	33.66%	4.68%	8.44%	8.41%	8.31%	8.22%
<b>Outperformance</b>	<b>(4.02%)</b>	<b>1.49%</b>	<b>0.25%</b>	<b>0.01%</b>	<b>(0.17%)</b>	<b>(0.16%)</b>
<b>After Company Tax Returns</b>						
WHF Pre-Deferred Tax NTA (inc dividends)	29.15%	4.61%	7.58%	7.17%	7.03%	6.77%
WHF Post-Deferred Tax NTA (inc dividends)	22.15%	4.07%	6.70%	6.73%	6.59%	6.89%
WHF Share Price (inc dividends)	32.28%	9.01%	14.17%	9.48%	8.78%	8.05%

## \_Note re 1 Yr Return

The ASX fell heavily during March 20 (outside the 1 year measurement period), before bouncing sharply in April 20 (inside the 1 year measurement period). A more accurate reading of performance can be seen by using a measure which includes both months.

## \_General Notes

Portfolio returns are before leverage, expenses and company tax.

Share price and asset backing returns are after leverage, expenses and company tax paid (and after tax provided in the case of Post-Deferred Tax NTA), but before taking account of franking credits.



Angus Gluskie  
Chairman

# \_2021 Share Purchase Plan and Placement

Whitefield has recently completed an institutional placement and launched its 2021 SPP

## Potential benefits to shareholders

There has been significant demand for Whitefield shares over recent years. While the running of the SPP at this time may cause a temporary weakening in the price on market during the course of the SPP and shortly after, the SPP (and the institutional placement completed in July) create potential ongoing benefits for shareholders:

- A. Prevent premiums in the stock price becoming excessive:** While on paper a rising premium to asset backing can appear attractive, an excessive premium can discourage new and existing shareholders from investing.
- B. Building scale over time reduces fixed costs per share:** Progressive growth in company size assists all shareholders by reducing the level of fixed costs per share. This represents an important offset to the inflation in fixed costs over time and if done sufficiently over time can lead to a lower operating expense ratio.
- C. Scale enhancements frequently support long term price relativity to asset backing:** This may occur as a by-product of (a) increased visibility/awareness (b) broader spread of investors and (c) cost efficiencies.

## The company has been careful to preserve shareholder value

Both issues have been conducted at estimated net asset backing.

This means that the underlying net asset backing per share on which we generate investment returns does not materially change as a result of the issue.

An investor has exposure to the same underlying net asset value after the issues as they had before the issues<sup>1</sup>.

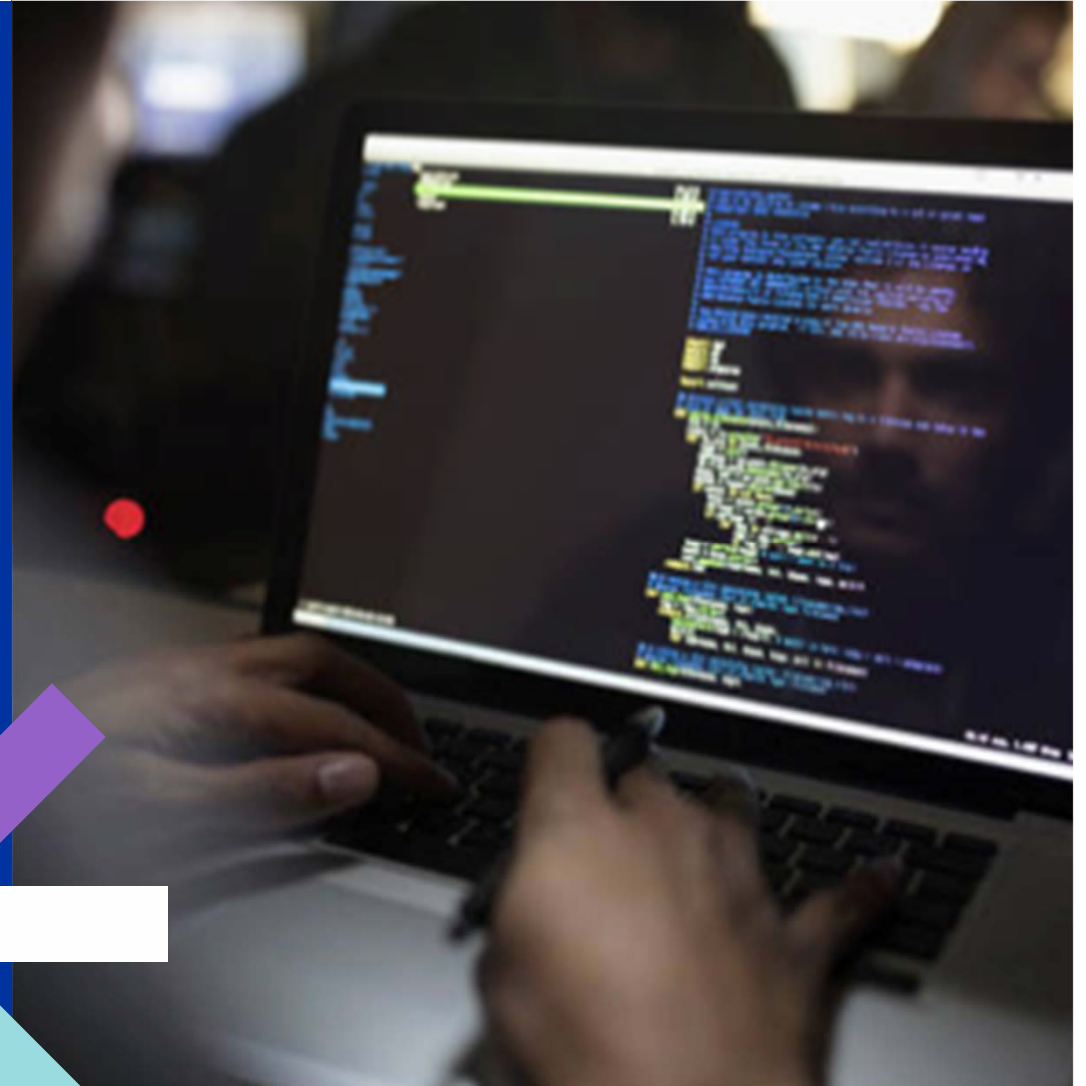
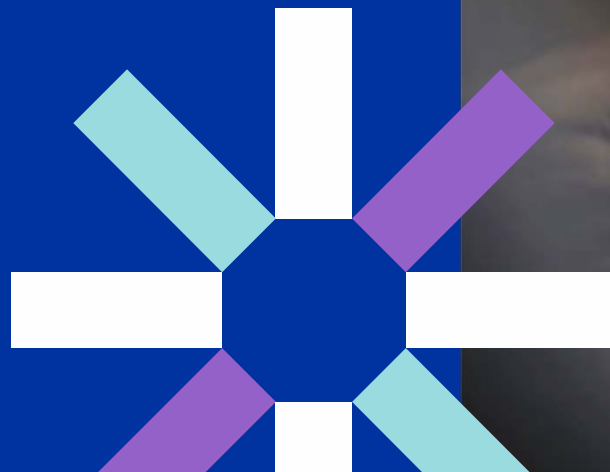
<sup>1</sup> Excluding the separate effect of fluctuations in the underlying portfolio value over the period of an issue.

## Share Purchase Plan

Issue Price:	\$5.56 <sup>a</sup>
Closing Date:	13 August

<sup>a</sup> SPP price is the lower of \$5.56 or a 2.5% discount to the VWAP over the 5 trading days prior to and including the closing date.

# \_2022 Outlook





Angus Gluskie  
Chairman

# \_2022 Outlook

## Late stage pandemic dilemmas

Late 2021 is likely to see countries pushing to rapidly vaccinate their populations, while attempting to balance a growing urgency to reopen their economies against the protective measures that may be needed to contain the recent acceleration of the more aggressive Delta virus strain.

The development of operating protocols in an increasingly vaccinated world will become a major theme of 2022.

The potential for the virus to mutate into more or less aggressive strains remains a material uncertainty.

## Interest rates will become very important

A common willingness to provide financial accommodation coupled with ongoing access to debt and negligible interest rates has prevented much financial distress to date.

A rise in inflation and interest rates into a recovery is inevitable and will be required to rebalance the relationship between asset prices, debt levels, investment income and wages. The challenge for governments and central banks will be to achieve these objectives without destabilising economies and investment markets.

**A continued recovery in business earnings as economies reopen more fully across latter 21 and into 22 would be a welcome development for all equity investors.**



# \_FY22 Earnings & Dividends

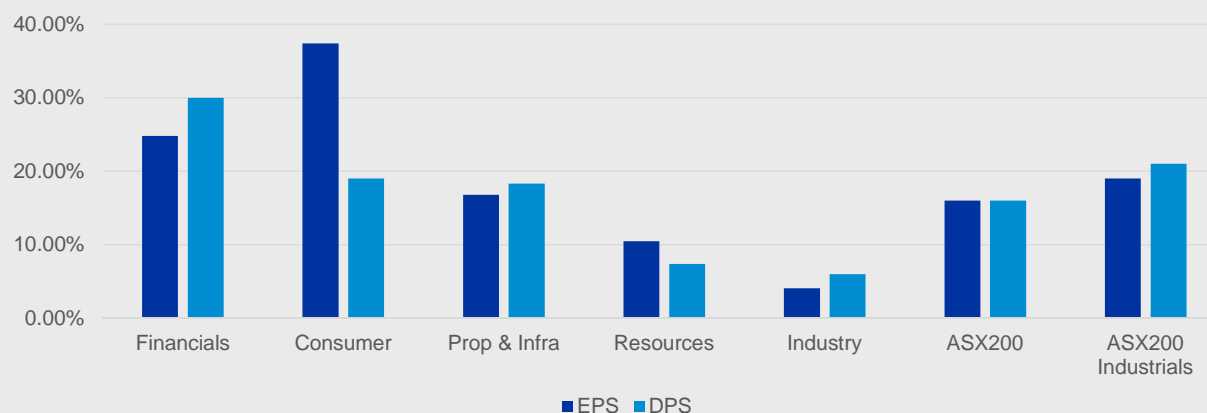
## \_Earnings

Most industries are expected to deliver material growth in dividends to shareholders compared with last year as they now cycle the more extreme effects of local and global lockdowns.

This is particularly the case for the ASX200 Industrials in which Whitefield invests, with dividends forecast to grow by 21% year-on-year in FY22.

Accordingly, Whitefield's earnings for FY22 are likely to make a material contribution to recouping the fall in the prior year.

Consensus Forecast 1Yr Growth Rates From 31<sup>st</sup> March 2021



## \_Dividend

While the level of earnings for FY22 is expected to remain below the peak of FY20 levels, 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.

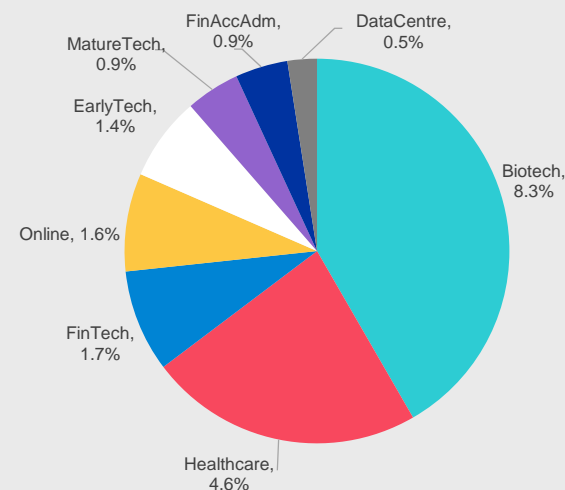
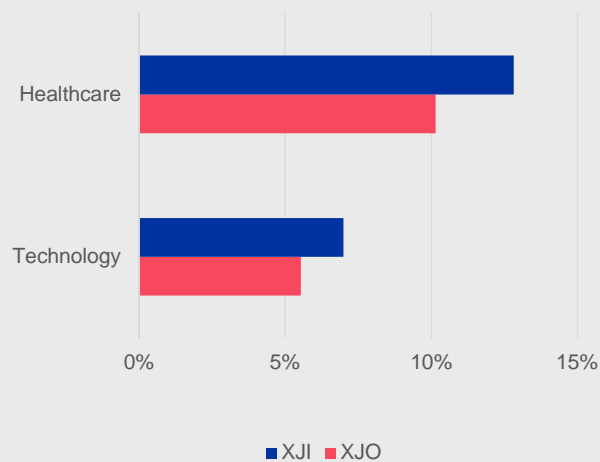


# Industrial shares are more exposed to key structural growth trends

**Excluding Resources stocks increases exposure to sectors such as Healthcare and Technology, presenting attractive long term opportunities**

- Building on a strong foundation of leadership in healthcare, Australia has an increasingly vibrant technology space.
- Whether its caring for the rapidly growing aged cohort globally, safely storing and managing huge and growing volumes of data, or enabling remote work and e-commerce, these stocks are involved in solving some of the key challenges facing the world in upcoming years.
- The financial benefits from delivering solutions to these problems are likely to be significant and enduring.

**ASX200 Industrials index is overweight the Healthcare and Technology sectors**



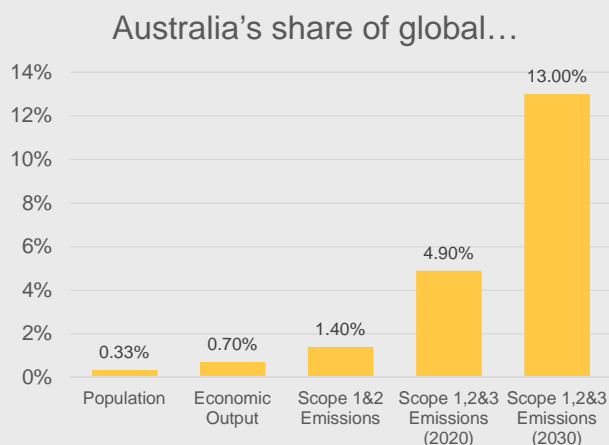


Will Seddon  
Director

# Industrial shares are less exposed to global actions to mitigate climate change

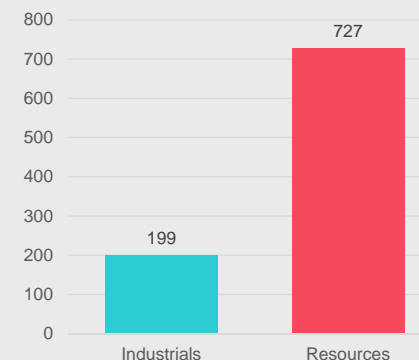
## Australia's carbon-intensive growth strategy is unsustainable

- Australia is currently responsible for 4.9% of global carbon emissions from the burning of fossil fuels.
- If all countries' respective growth plans are met Australia would be responsible for an untenable 13% of global emissions from the burning fossil of fuels by 2030.
- Extraction and processing of raw materials (hard commodities) generally is also one of the most carbon-intensive economic activities.
- Businesses, consumers, governments, investors and lenders around the world are voting with their feet on these issues.



\* Sources: Global Carbon Project; Refinitiv; Whitefield Ltd.

## Scope 1&2 Emissions per Revenue



Industrials have little direct exposure to the assets that are likely to become stranded (unable to be used) or which are likely to generate steadily declining returns on capital in a low emissions environment.

Thank you for your attendance.



## \_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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