

CHAIRMAN'S ADDRESS

100th Annual General Meeting of Shareholders

Monday, 14 August 2023

Welcome to Whitefield's 2023 Annual General Meeting.

I am extremely proud to be standing here today representing a Company that has delivered a combination of regular income and capital growth to thousands of investors for 100 continuous years.

And I am also pleased to see the faces of many shareholders, board members and service providers who have supported Whitefield throughout the journey.

Thank you to all those who have been able to join us today.

2023 Results

Whitefield generated an Operating Profit after Tax of \$18,011,032 representing growth in underlying earnings per share of 8.1%. Encouragingly within this result, revenue growth accelerated across the 12 month period and was notably stronger in the second half of the financial year.

Notable increases in investment income came from Origin Energy, APA Group, Wisetech, Transurban, QBE, Computershare, the major banks, Incitec, Graincorp, Nufarm and HUB24. Operating cost growth was limited to 2.1% and finance costs were 36% lower than the 2022 year.

In a year characterised by a widespread uplift in global interest rates and inflation, equity market returns were softer than the prior year. Whitefield's investment portfolio generated a negative total return of (2.9%) over the year to March 2023 similar to the S&P/ASX200 Industrials Accumulation Index negative return of (2.8%).

Whitefield's portfolio return over 10 years amounts to 7.8%pa and this compares to the S&P/ASX200 Industrials Accumulation of 7.7%pa.

The 2023 financial year contained periods of significant sectoral volatility, particularly in the early months of calendar 2023. These gyrations can be attributed to market uncertainty as to the persistency of inflation, the potential for rising interest rates to curtail consumer spending and the collapse of a small number of overseas banks.

Whitefield declared and paid fully franked dividends of 10.25 cents per ordinary share for both the half year and full year. In line with the company's objective of providing consistency of income flow to shareholders, Whitefield has maintained or increased its ordinary share dividend in every year since the start of the dividend imputation system in the late 1980s.

Whitefield's 100 Years

Whitefield today is the oldest listed investment company in Australia, and also one of the longest lasting public investment funds of any type in Australia – which is remarkable.

Whitefield was established as a public investment company 100 years ago in March 1923. The launch of the company occurred in the midst of a booming period of Australian growth with Sydney's population doubling between 1920 and 1930.

The objective in launching the Company was to create an efficient structure facilitating public investment in a portfolio of investments. The benefits this could provide to shareholders were:

- Instant diversity of investments
- Management and administration of otherwise complex activities
- Exposure to assets the investor could not otherwise access
- Prudential control of the process
- Cost efficiency from aggregation (it was cheaper to manage 1 portfolio for 1,000 people than manage 1,000 separate portfolios).

In today's environment where regulators are struggling to find robust, cost-efficient investment solutions for the public, these attributes are as important now as they were in 1923.

Whitefield's initial 1923 capital raising amounted to £5,000 of Preference and Ordinary Shares. Given the strong demand for this type of investment at that time, it was followed by a succession of issues, with the company's capital expanding to over £300,000 within 5 years, a sum that equates to \$600m today.

The company's shares were exchanged amongst stockbrokers on an over the counter basis until official listing with the Sydney Stock Exchange was approved in June 1928.

Successful investment is a long distance race, not a sprint.

Despite the frequent public focus in chasing short term outperformance - investor wealth creation is not assisted by shooting the lights out for 3 years then blowing it all up in year 4.

Instead I would contend that exceptional outcomes for investors come from the compounding of consistently solid returns over long periods of time and through the avoidance (not the generation) of relative return volatility.

It is here in particular, that I believe Whitefield has served its investors well.

Over the last 40 years, being the period over which regular data and current indexes are available the company's investments have produced a return of 12% per annum vs their benchmark index of 11%. The return rises to 14% per annum including franking.

\$10,000 invested in Whitefield in 1970 would now be worth approximately \$3m after costs and tax if you include the reinvestment of dividends.

One of the further benefits that Whitefield has provided investors – is the benefit of longevity itself – a very material benefit that is often overlooked.

If an investor can hold an investment for 100 years they will have received the benefit of compounding returns over a very extended period and have had to make a single correct investment selection decision.

In contrast, if that investor had to change their investment every 5 years they would have incurred buy and sell transaction and taxation costs on 20 separate occasions over 100 years and have had to research and make 20 consecutive investment fund selection decisions, with the only certainty being that a percentage of those selections would yield adverse results.

It wouldn't be hard to envisage the total of those costs and risks multiplied 20 times over eroding very large percentages of an investor's ultimate value. Or put another way – the savings to an investor from return consistency and investment longevity are material.

Before closing I would like to make mention of some people and organisations who have been instrumental in Whitefield's achievements over 100 years.

The founder and manager of Whitefield for the first 50 years, A.S.White, deserves recognition as an energetic, careful but innovative contributor. "A.S." also ran the finances of his family's business (Gartrell White, another stock exchange listed company which ultimately became Tip-Top Bakeries). He also launched a practice of chartered accountants, managed another stock exchange listed finance company Australian Cash Orders and he created and developed one of Australia's first workers compensation insurers Employers Mutual. He had done all of this by his mid 30s.

In addition to A.S.White - Whitefield's operations have been overseen and managed both at a Board and executive level by a sequence of individuals who have all upheld the company's philosophies of integrity, considered thought, structured process and continual enhancement.

These qualities have allowed the company to deliver outcomes across 100 years of unprecedented technological change and positioned it to provide the combined benefits of long experience with the sophisticated quantitative and qualitative investment framework that it utilises today.

Lastly and importantly – are Whitefield's investors who are an essential component of a Listed Investment Company's structure. Whitefield has 8,000 shareholders, some new and some old. We still have investor families today from the very first issues of shares in the 1920s. Equally encouragingly we have many new shareholders who have developed their interest in the company over recent years and who would hope to hold their Whitefield investment for many decades into the future.

So having completed a successful 100 years, we now look forward to reporting to investors on the company's progress as it moves through our 101st year in 2024.

Angus Gluskie

Chairman