WHITEFIELD INDUSTRIALS

Quarterly Update

Issued November 2023

Earnings growth remained strong with 1st half Earnings Per Share 12% higher than the prior year

Earnings

Whitefield is pleased to report an increase in Profit after Tax of $9,967,557 for the half year to 30 September 2023, an increase of 16.7% on the outcome in the equivalent half of the prior year.

After allowing for increases in share capital on issue across the year, this result equated to Earnings per Ordinary Share of 8.3 cents 12.2% higher than the first half earnings of 7.4 cents one year ago.

Dividend growth for the period was widely spread across a majority of the company's investments. Holdings delivering notable growth in their dividend income compared to the prior year included AGL, IAG, Suncorp, QBE, Promedicus, Computershare, Carsales, Wisetech and Macquarie Group.

Financial Summary

	6 Months to 30 Sep 23	6 Months to 30 Sep 22	% Change
Revenue[1]	12,151,502	10,490,125	15.8%
Profit[1] before Tax	10,660,744	9,031,244	18.0%
Income Tax Expense	(693,187)	(436,807)	58.7%
Profit[1] after Tax	9,967,557	8,544,437	16.7%
Earnings[1,2] Per Share	8.3 cps	7.4cps	12.2%

[1] Revenue, Profit and Earnings include investment distributions and dividends but do not include movements in the value of investments or capital gains.
[2] Earnings Per Share reflects Net Profit After Tax and After Preference Share Dividends per Ordinary Share.

Dividends and Dividend Outlook[a]

Whitefield has declared a dividend for the half year of 10.25 cents per Ordinary Share and 131.25 cents per Convertible Resettable Preference Share. The dividends are payable on 13th December 2023 and are fully franked.

The continuing growth in Earnings Per Share generated by the Company's investment holdings will increasingly position the company to consider increases in its own dividends to ordinary shareholders in future years.

[a] Investors should recognise that while this dividend outlook represents the company's expectation at the present time, no dividend is certain until declared and paid. Whitefield shall consider its income, market conditions and other relevant factors prior to finalising and declaring the next dividend.

Net Asset Backing

NET ASSET BACKING	
At 30 Sep 2023 [b]	
Net Asset Backing [NAB] (Post Deferred Tax)	$546.6m
Ordinary Shares on Issue	116,604,963
Convertible Resettable Pref Shares (Face Value)	$25.0m
Net Asset Backing per Share (Pre-Deferred Tax)	$5.05
Net Asset Backing per Share (Post-Deferred Tax)	$4.69
Share Price	$5.10
(Discount)/Premium to NAB (Pre-Tax)	0.9%
(Discount)/Premium to NAB (Post-Tax)	8.8%

[b] Asset Backing Releases after this date are made available on the company's website or ASX Announcements

WHITEFIELD

A structured and disciplined investment strategy consistently applied over time.

Portfolio Return

The investment portfolio recorded a negative quarter of return amounting to (1.0%) as a consequence of the generalised weakness in the Australian share market in the month of September as global bond yields continued to rise.

Portfolio returns over the Company's half year amounted to 0.91% and returns were higher again at 10.6% over a rolling 12 months.

Strongest returns for the half year were visible in the company's holdings in Promedicus, AGL, James Hardie Industries, Carsales, Xero, IAG, Computershare, NextDC, Life360, Telix Pharmaceuticals and Seven Group.

INVESTMENT RETURNS

At 30 September 2023	One Quarter	One Year	Ten Year pa
Before Tax Returns			
Investment Portfolio	(1.0%)	10.6%	6.9%
Benchmark [ASX200 Ind XJIAI]	(1.0%)	11.3%	7.0%
After Tax & Cost Returns			
Net Asset Backing (Pre-Def Tax)	(1.3%)	9.9%	6.0%
Net Asset Backing (Post-Def Tax)	(0.7%)	9.1%	6.0%
Share Price	(1.0%)	1.9%	6.9%

CONTRIBUTION TO RETURN

Quarter Ended 30 September 2023	Portfolio Weight	Weighted Contribution to Performance
Top 5 Contributors		
National Australia Bank Limited	5.6%	0.5%
ANZ Group Holdings Limited	4.9%	0.4%
Wesfarmers Limited	3.7%	0.3%
Commonwealth Bank of Australia	10.4%	0.2%
Goodman Group	2.3%	0.2%
Top 5 Detractors		
CSL Limited	7.7%	(0.8%)
Transurban Group	2.3%	(0.3%)
Telstra Group Limited	2.9%	(0.3%)
Coles Group Limited	1.4%	(0.2%)
Macquarie Group Limited	3.7%	(0.2%)

Investment Exposures

At quarter-end the company held overweight exposures to selected holdings within the real estate investment, consumer discretionary, consumer staples and heavy industrial sectors.

During the quarter adjustments to investment exposures included:

- Increasing exposure to selected stocks in the consumer discretionary, heavy industrial, finance and real estate investment sectors, in part due to the opportunities to acquire holdings at attractive levels relative to their likely future earnings
- Decreasing exposure to selected stocks in the technology, real estate development, infrastructure and diversified financial sectors, most notably where risks to future earnings were considered to be rising

TOP TWENTY HOLDINGS

As at 30 September 2023	
COMMONWEALTH BANK OF AUSTRALIA	10.4%
CSL LIMITED	7.7%
NATIONAL AUSTRALIA BANK LIMITED	5.6%
ANZ BANKING GROUP LIMITED	4.9%
WESTPAC BANKING CORPORATION	4.7%
WESFARMERS LIMITED	3.7%
MACQUARIE GROUP LIMITED	3.7%
WOOLWORTHS GROUP LIMITED	2.9%
TELSTRA GROUP LIMITED	2.9%
GOODMAN GROUP	2.3%
TRANSURBAN GROUP	2.3%
ARISTOCRAT LEISURE LIMITED	1.8%
QBE INSURANCE GROUP LIMITED	1.6%
BRAMBLES LIMITED	1.4%
COLES GROUP LIMITED	1.4%
JAMES HARDIE INDUSTRIES PLC	1.1%
SUNCORP GROUP LIMITED	1.1%
COCHLEAR LIMITED	1.1%
COMPUTERSHARE LIMITED	1.0%
ORIGIN ENERGY LIMITED	1.0%

SECTOR BREAKDOWN

As at 30 September 2023	
Financials	37.8%
Health Care	12.1%
Consumer Discretionary	9.7%
Industrials	9.4%
Real Estate	8.6%
Consumer Staples	6.8%
Communication Services	5.3%
Information Technology	3.4%
Materials	3.3%
Utilities	2.0%
Cash & Cash Equivalents	1.5%

Market Outlook

Economic conditions in Australia, the US, Europe and Japan have remained relatively strong across 2023 much to the surprise of many economists and economic forecasters.

In Australia core sectors including healthcare, education, consumer staples, business services and new dwelling construction are continuing to benefit from steady growth in the Australian population – a trend that is likely to persist for many decades.

The low Australian dollar and strong demand for Australian exports including agricultural produce have also been positive contributors to recent economic activity.

These conditions are reflected in strong levels of employment and a very low unemployment rate.

Notwithstanding these positives, consumers and leveraged businesses are exposed to both the burden of higher interest costs as well as generally higher costs of goods and services. Most recently, the impact of these higher costs has been evident in business profits and a slowing in consumer discretionary spending.

In this environment it is highly likely that consumers will seek steadily higher wages so that they can accommodate the higher cost of living and in turn that businesses will raise their own prices to cover their rising input costs. This pattern of steadily adjusting wages and prices has already become visible in wage agreements, wage inflation measures and consumer price measures released over recent months.

Accordingly, we would expect economic conditions over upcoming years to be characterised by this ebb and flow of wage and price rises, generally higher inflation and commensurately higher interest rates (than those seen over the last decade).

While they do not always occur in smooth increments, the processes of wage, price and interest rate adjustment are important elements necessary to rebalance consumer incomes to the currently high level of housing prices.

The emergence and escalation of international territorial and economic dispute has become an area of significant global concern over recent years. Military conflict, trade sanctions, resource access limitations and strategic alliances are disrupting the free flow of trade and resulting in large geographic shifts in production.

Combined with the profound shift in energy generation from fossil fuels to sustainable alternatives, the Australian and global economies are currently experiencing higher levels of structural change than they have for many decades.

Environments of change have historically brought with them a degree of risk and uncertainty but have also produced significant opportunities. We remain believers in the value of diversity in controlling the impact of uncertainty and risk, but also as a broad net capable of capturing value from emerging opportunities.

We will look forward to reporting to investors as we progress across the second half of our 2024 financial year.

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