

WHITEFIELD
INDUSTRIALS

UPDATE

Half Year Sep 2023

Released Nov 2023



Experience

Efficiency

Innovation

Reliability

Integrity

For 100 years Whitefield has provided Australian investors with an avenue for efficient wealth creation.

Founded in 1923, Whitefield Industrials Ltd is Australia's longest operating ASX listed investment company

Our longevity is testament to our successful formula, a process that has benefitted our shareholders year after year.



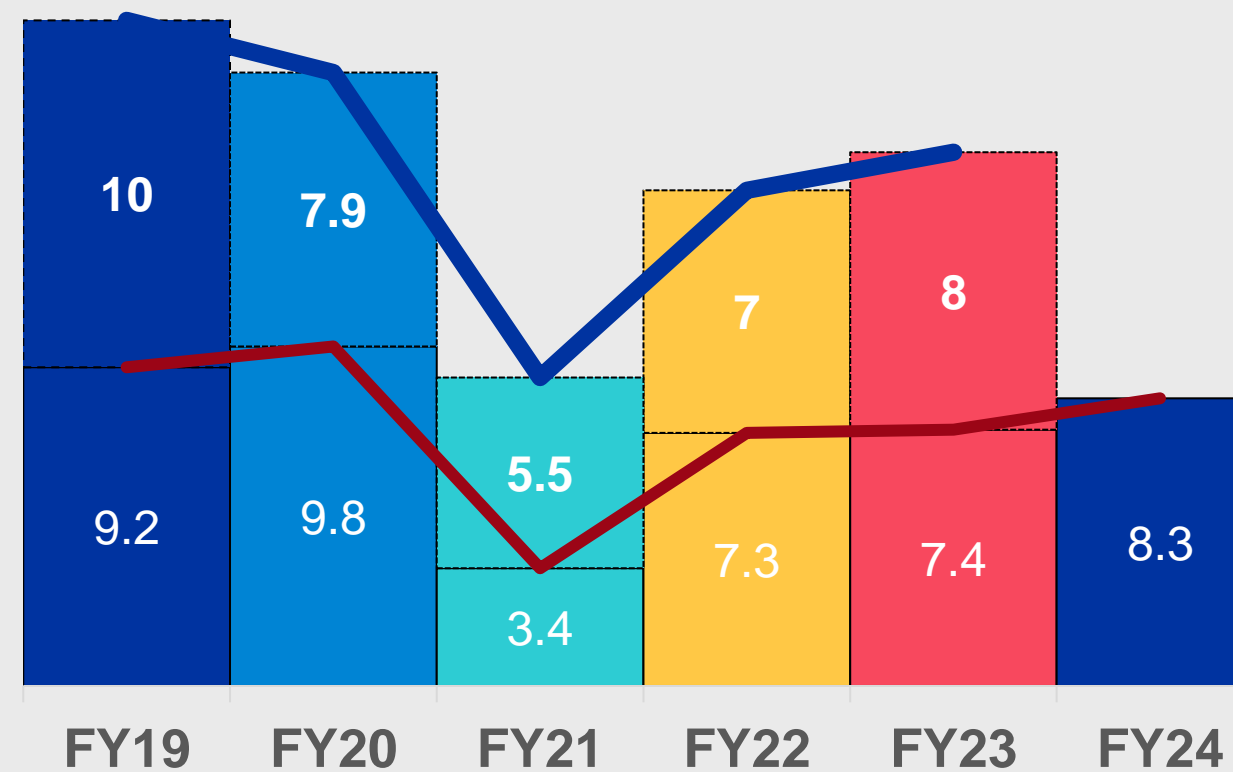


_HY Sep 2023: Earnings

_Strong EPS growth

- 12.2% increase in underlying EPS to 8.3 cents per share
- Dividend increases across a large majority of the portfolio
- Notable increases included:
 - IAG, Suncorp, QBE
 - Computershare, Macquarie Group
 - AGL, ProMedicus, Carsales, Wisetech

Earnings Per Share [cents]



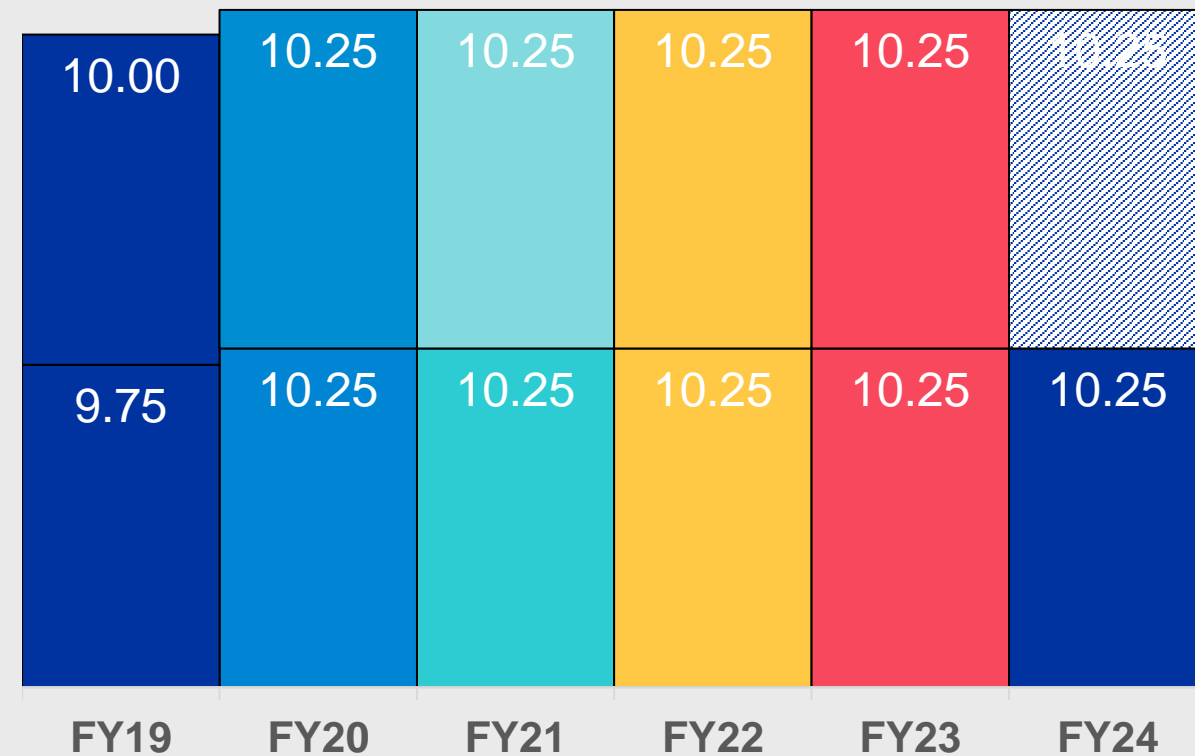


_HY Sep 2023: Dividends

_Half Year Dividend

- WHF Ordinary : 10.25 cents
- WHFPB: 131.25 cents
- All fully franked at 30%
- Payable Dec 2023

Dividends Per ORD Share

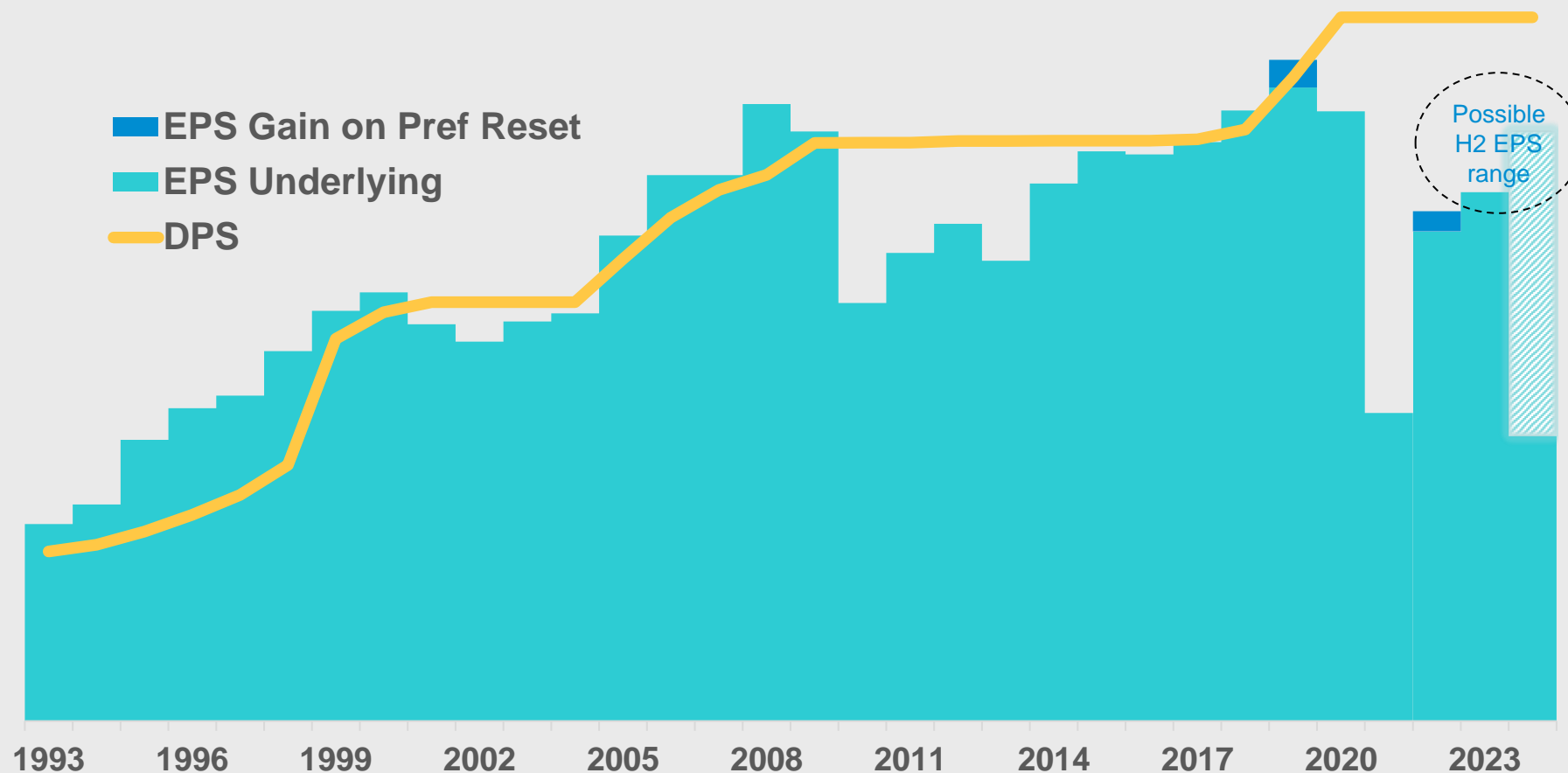


*Includes expected FY24 H2 dividend shown at the same rate as current half year



_HY Sep 2023: Dividend consistency

Earnings [Excluding Realised Gains] & Dividends Per Share



_Whitefield expects to maintain its WHF ordinary dividend at the 10.25 cent per half year level across FY2024*

- Underlying earnings continue to recover towards pre-COVID levels
- Current dividend includes the approximate long term average of realised gains
- Regular dividends have been maintained or increased in every year since the introduction of the franking system in the 1980s

* Dividends are not guaranteed and the company may reconsider its future dividend plans should circumstances materially change

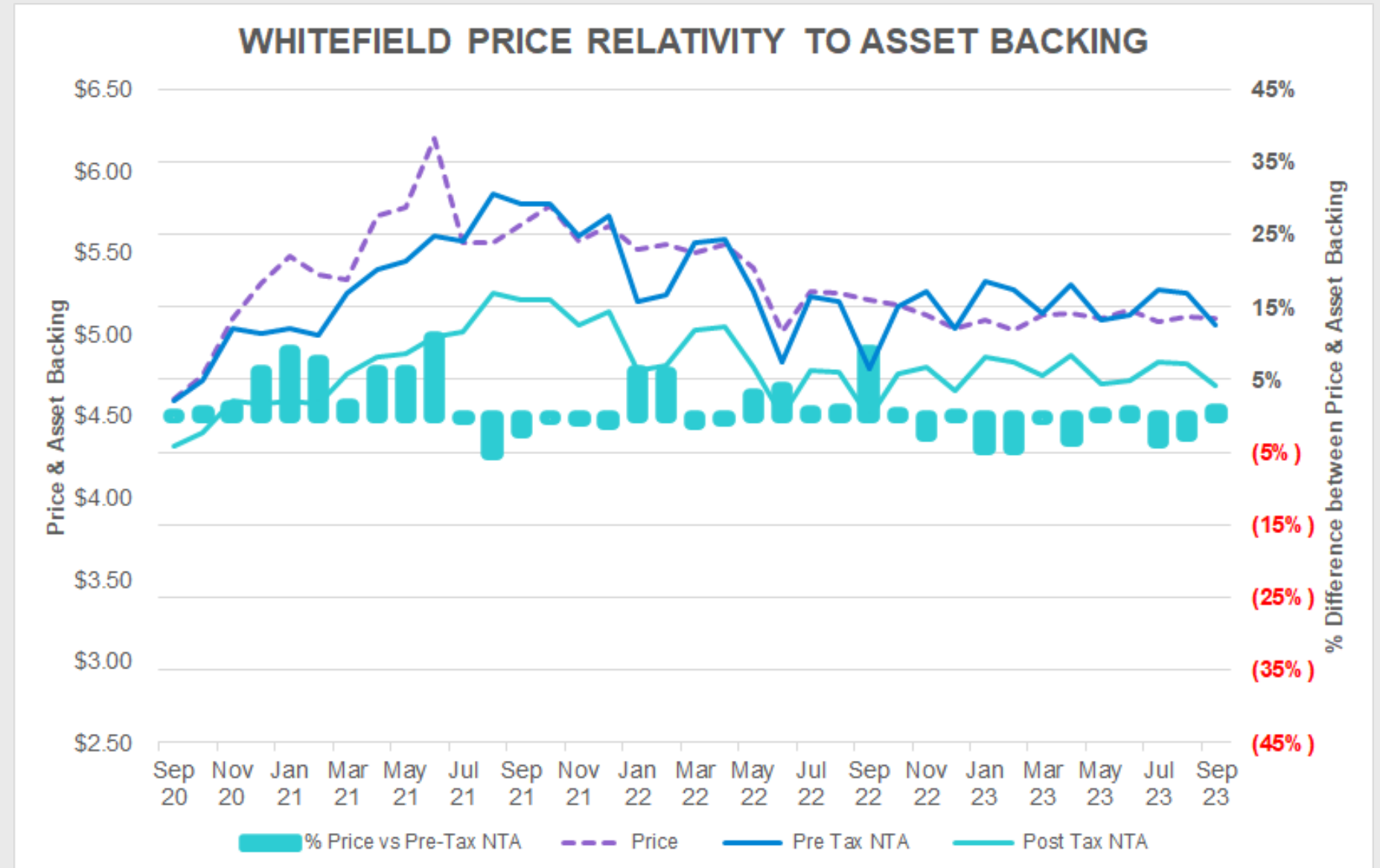


Angus Gluskie
Chairman

_HY Sep 2023: Asset Backing

_Continues to trade tightly to asset backing

- Variances over the last 2 years largely represent short term volatility in the underlying portfolio market value relative to a stable WHF share price





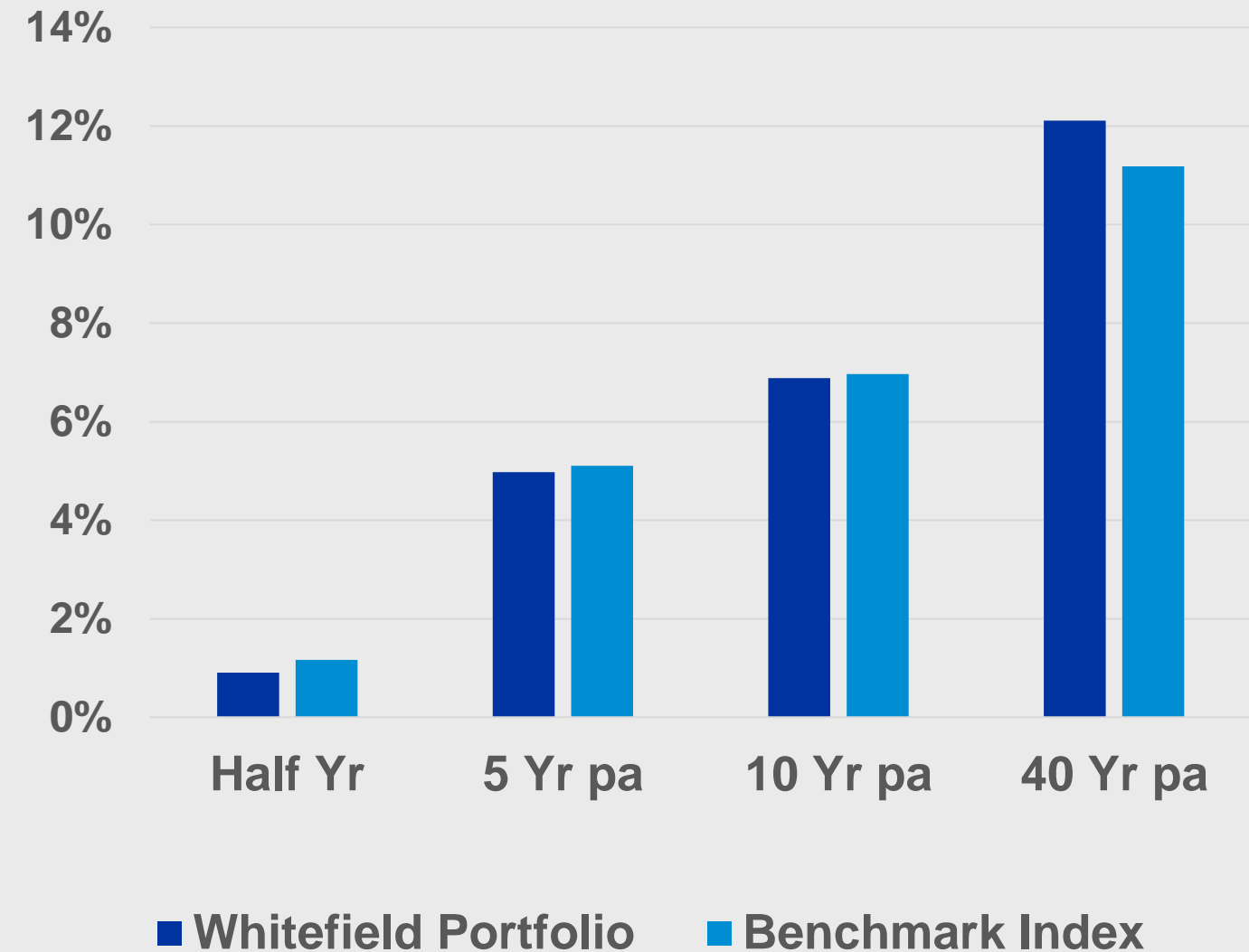
_HY Sep 2023: Investment Performance

_Equity markets static in 1st Half 23

- Global equity markets have been relatively flat over the half year, influenced both by geopolitical dispute and higher interest rates.
- Ultra large stocks outperformed other stock size strata over the last 18 months, a technical characteristic that assists benchmark index returns.
- This size bias has been reverting post HY-end, in turn benefitting the WHF portfolio relative to the index.

_Notes

Past performance reflects economic conditions and management over the years shown and should not be considered a forecast of future outcomes.
Performance for periods greater than 1 year shown as annualised equivalent.
Portfolio performance is before leverage, expenses and company tax.
Share price and asset backing returns do not take account of franking credits.



*Benchmark is S&P/ASX200 Industrials Accumulation from 2003 and S&P/ASX200 Prior

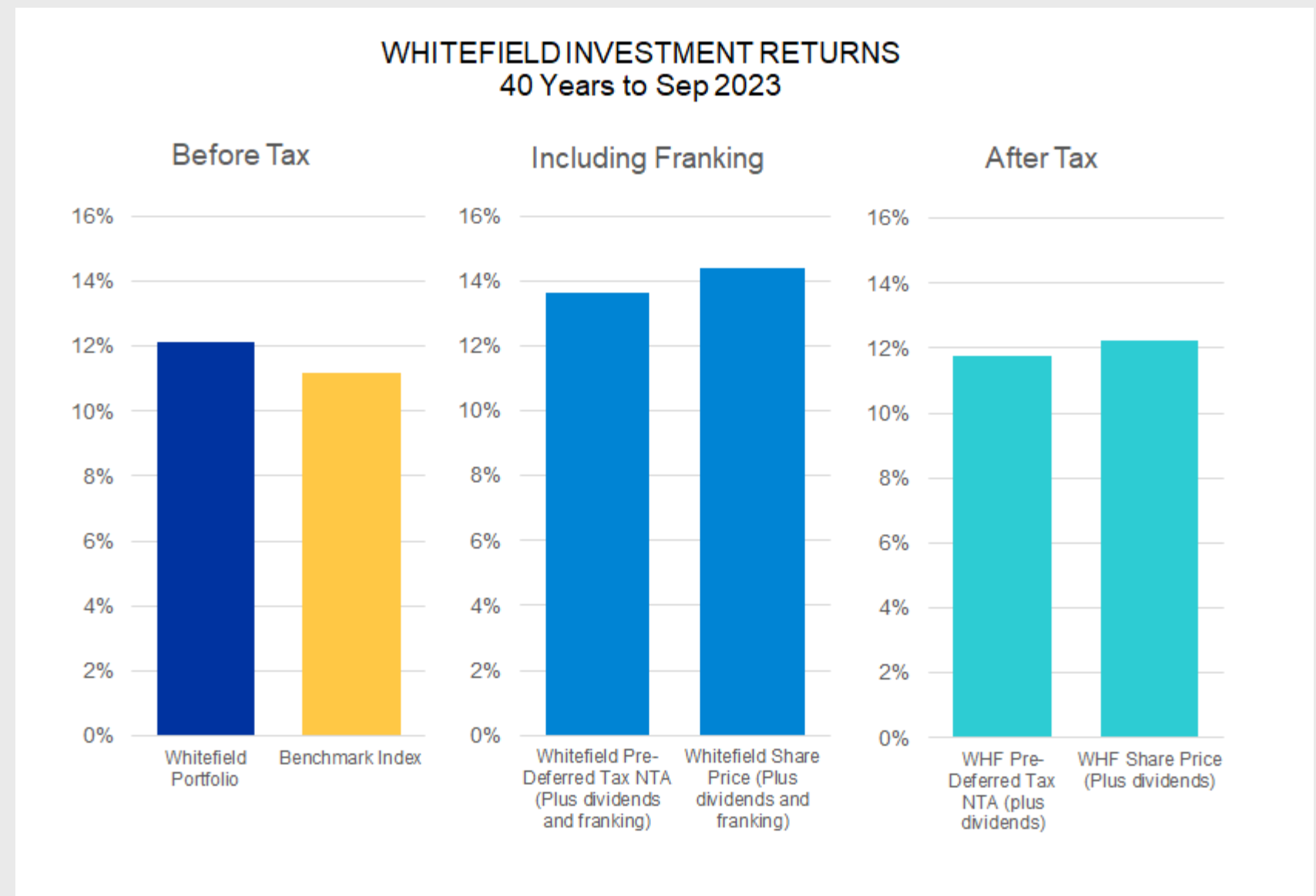


_HY Sep 2023: Investment Performance

Australian Equity returns have been robust over many past decades

- Australian equity returns have been strong over the past 40 years in a variety of economic conditions.
- Long term equity returns are in large part a product of the earnings generated by the underlying businesses. Business earnings over the long term have tended to capture the benefit of inflating prices for goods and services.
- Franking credits for tax paid by both Whitefield and the underlying companies in which we invest are also an important contributor to total return for investors.

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*Benchmark is S&P/ASX200 Industrials Accumulation from 2003 and S&P/ASX200 Prior



Will Seddon
Director

_HY Sep 2023: Investment Performance

Returns to 30 Sep 2023	Half Yr	5 Yr pa	10 Yr pa	40 Yr pa
Gross Return (Before Tax, Costs, Leverage and Other Company Level Actions)				
Whitefield Portfolio	0.91%	4.98%	6.89%	12.11%
Benchmark Index	1.16%	5.11%	6.97%	11.18%
<i>* Benchmark is S&P/ASX200 Industrials Accumulation from 2003 and ASX200 Accumulation prior</i>				
Company Level Return Before Tax (Inclusive of Franking Credits)				
Whitefield Pre-Deferred Tax NTA (Plus dividends and franking)	1.34%	5.74%	7.85%	13.63%
Whitefield Share Price (Plus dividends and franking)	2.46%	7.61%	8.75%	14.39%
Company Level Return After Tax (Excluding Franking Credits)				
WHF Pre-Deferred Tax NTA (Plus dividends)	0.50%	4.00%	6.94%	11.77%
WHF Post-Deferred Tax NTA (Plus dividends)	0.96%	4.04%	6.62%	11.52%
WHF Share Price (Plus dividends)	1.61%	5.82%	7.84%	12.24%

Notes

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Performance for periods greater than 1 year shown as an annualised equivalent. Portfolio performance is before leverage, expenses and company tax. Share price and asset backing returns do not take account of franking credits. Benchmark Index returns do not account for the accumulation of cash prior to distribution as dividends, nor any portfolio implementation costs.



_HY Sep 2023: Exposures & Transactions

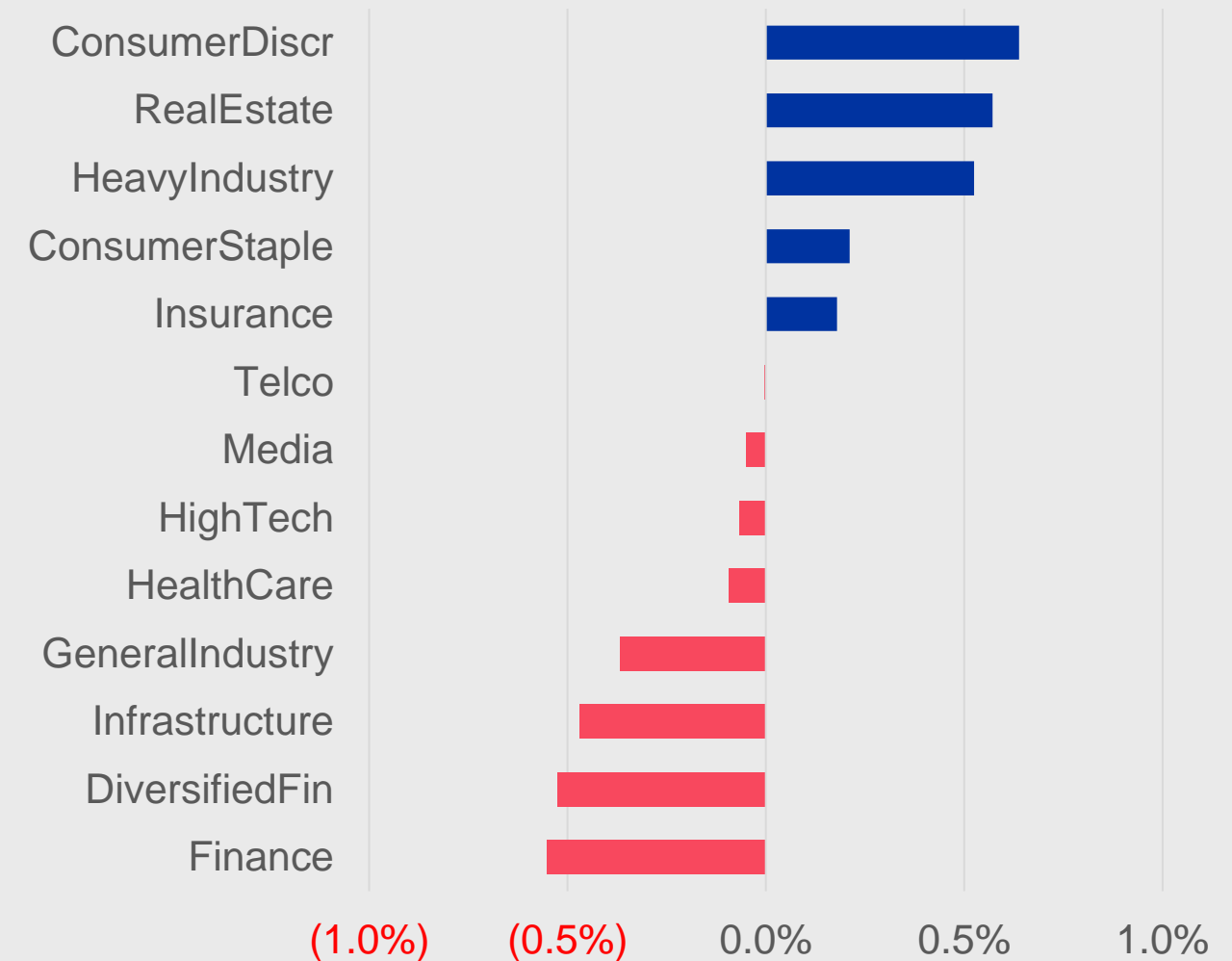
_Exposures at half-year end

- Overweights: Consumer Discretionary; Real Estate; Heavy Industry; Consumer Staples; Insurers.
- Underweights: Finance; Diversified Financials; Infrastructure; General Industry.

_Recent changes

- Increased exposure to Consumer Discretionary, Insurers, Heavy Industry.
- Decreased exposure to Financials, High-Tech, General Industry.
- Broadly increased exposure to high quality companies suffering overly bearish earnings expectations, while decreasing exposure to growth companies where risks to earnings look to be under-estimated.

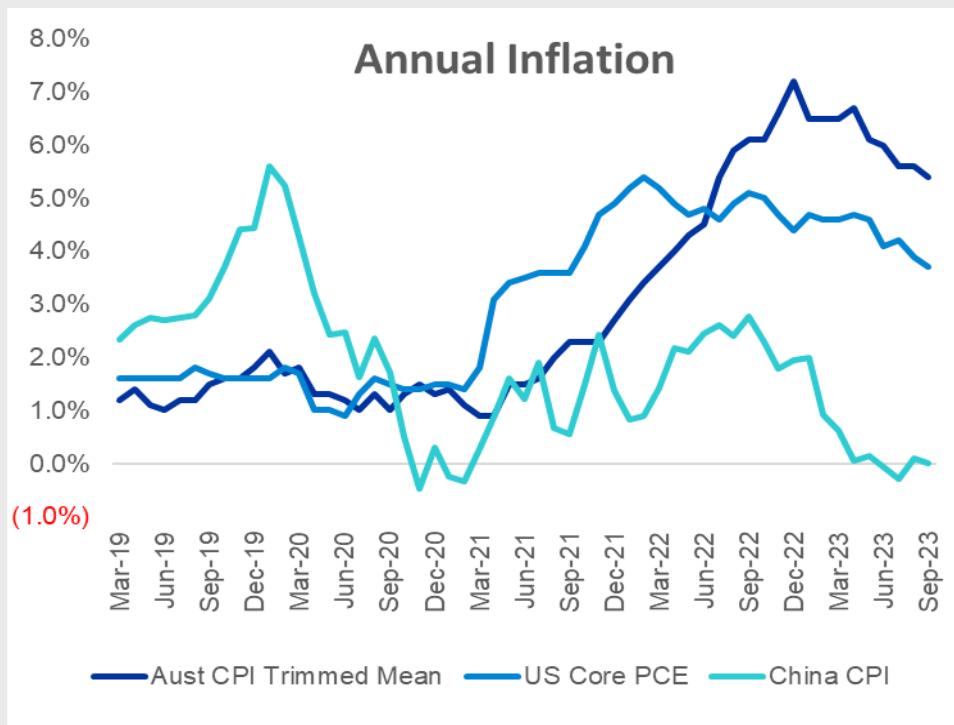
■ WHF Exposure v Benchmark



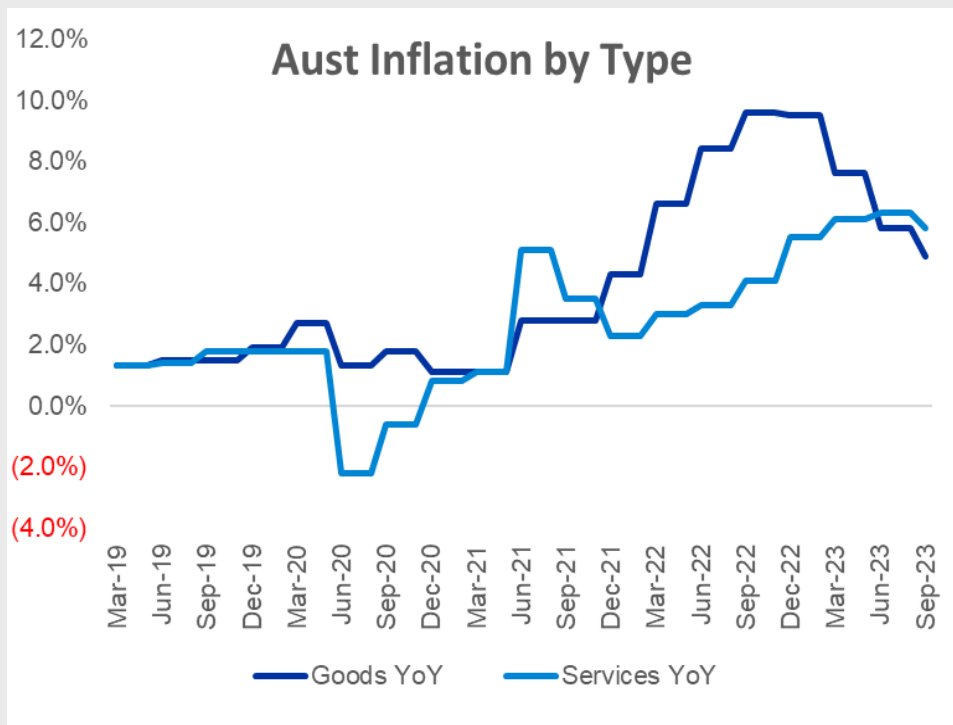


_Market Themes: Acute sources of inflation have eased, albeit slower than many economists and investors hoped

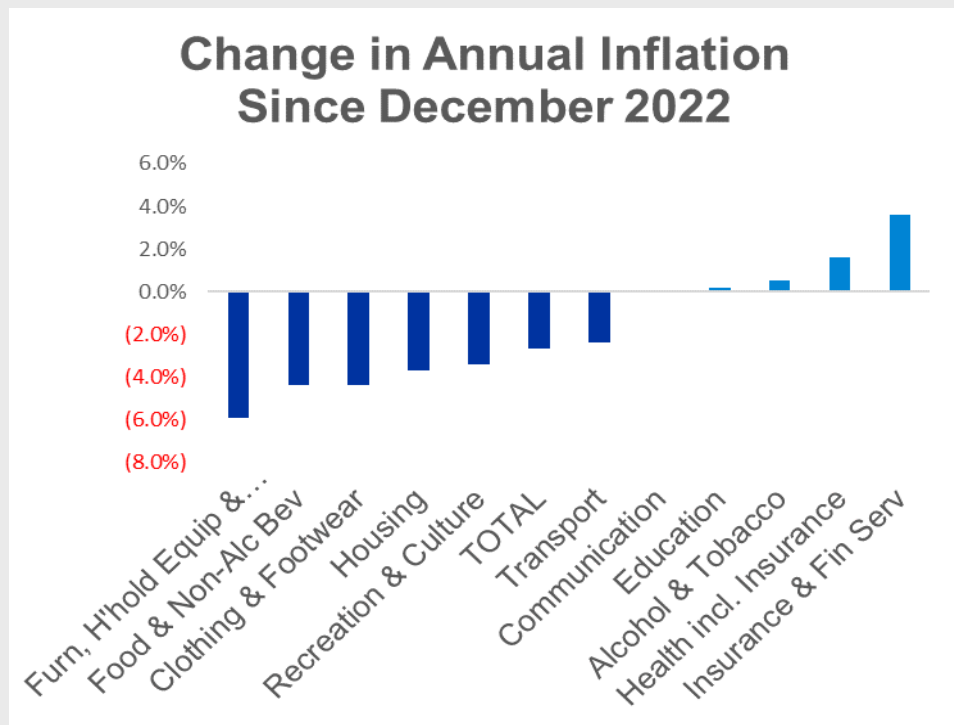
Extreme rates of inflation have eased around the world...



...with notable slowing in goods inflation...



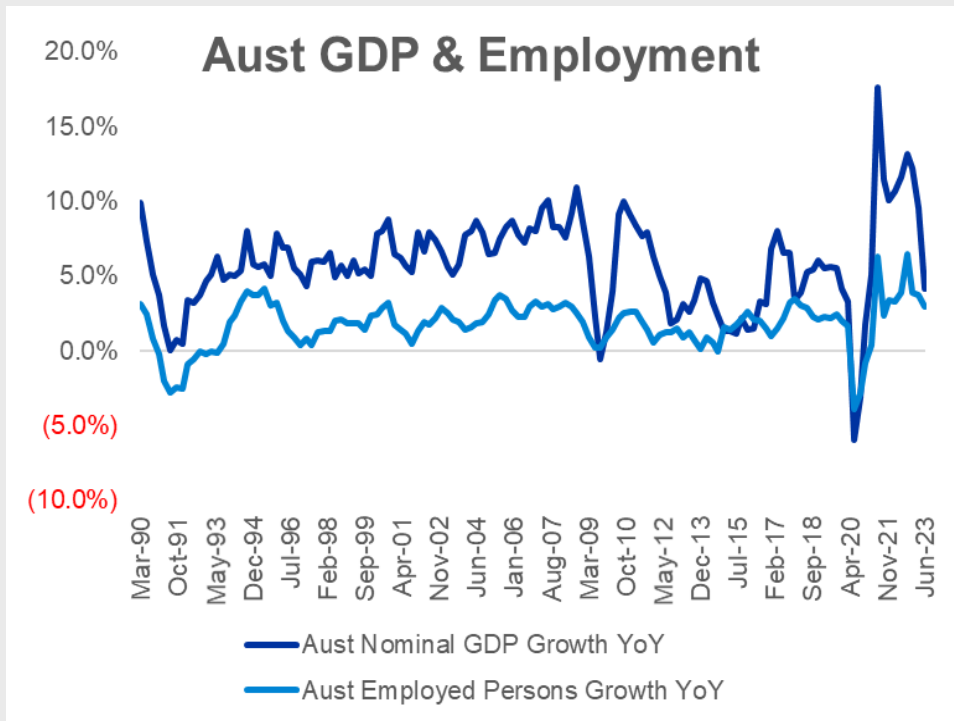
...and broad-based improvements excluding insurance.



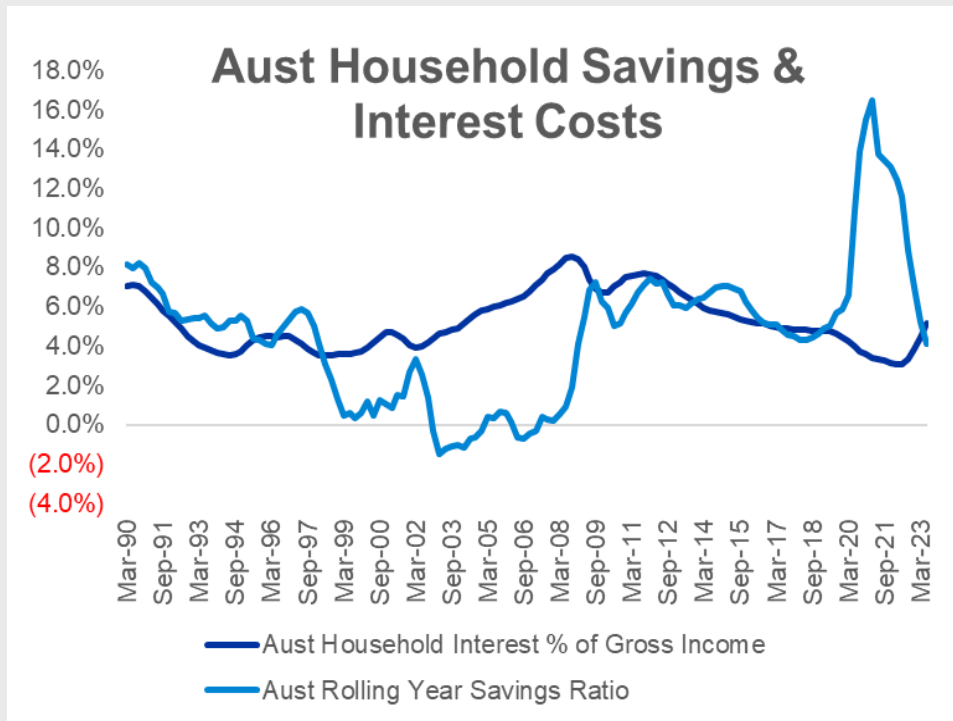


_Market Themes: The effects of the policy response are increasingly visible in economic data, and there is more to come

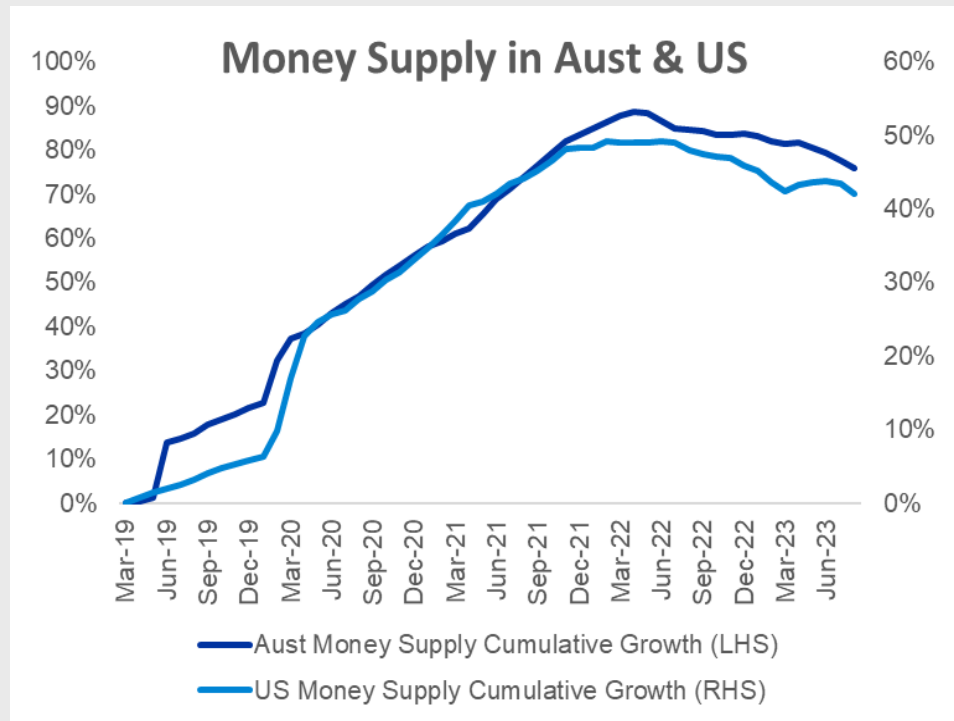
Economic growth is no longer running above capacity...



...households are starting to exhaust savings buffers...



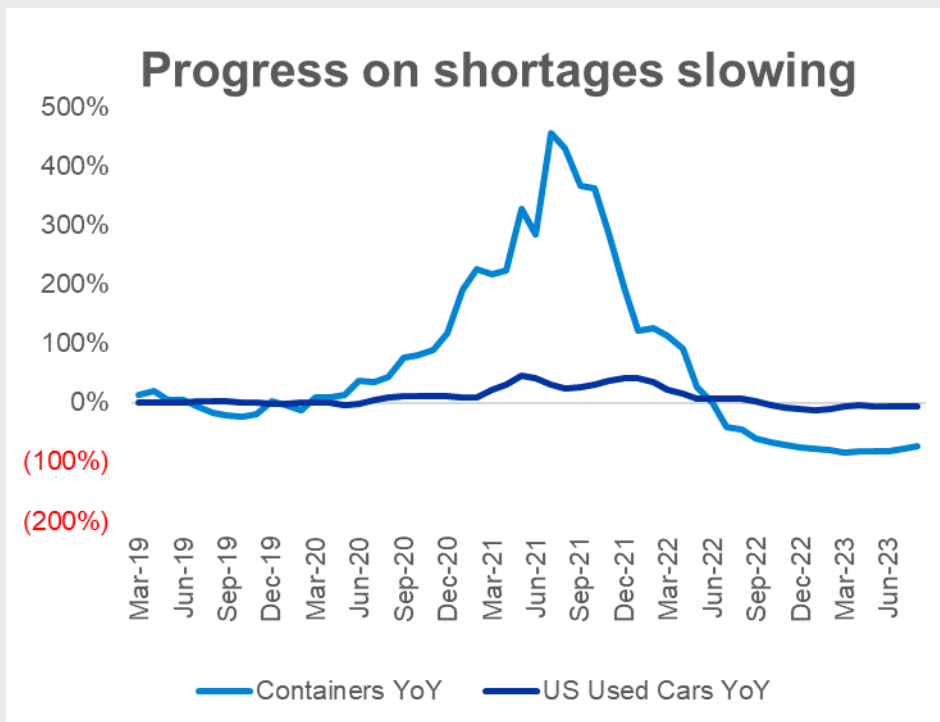
...and the full effects of Quantitative Tightening lie ahead.



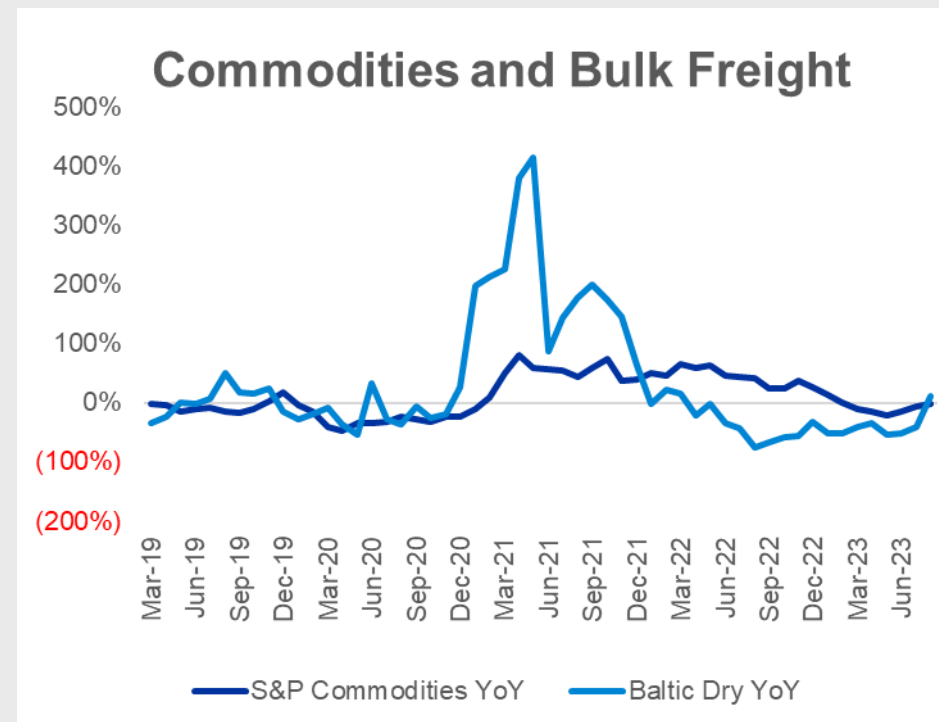


_Market Themes: Under the surface there are still inflationary pressures which threaten economies and investment markets

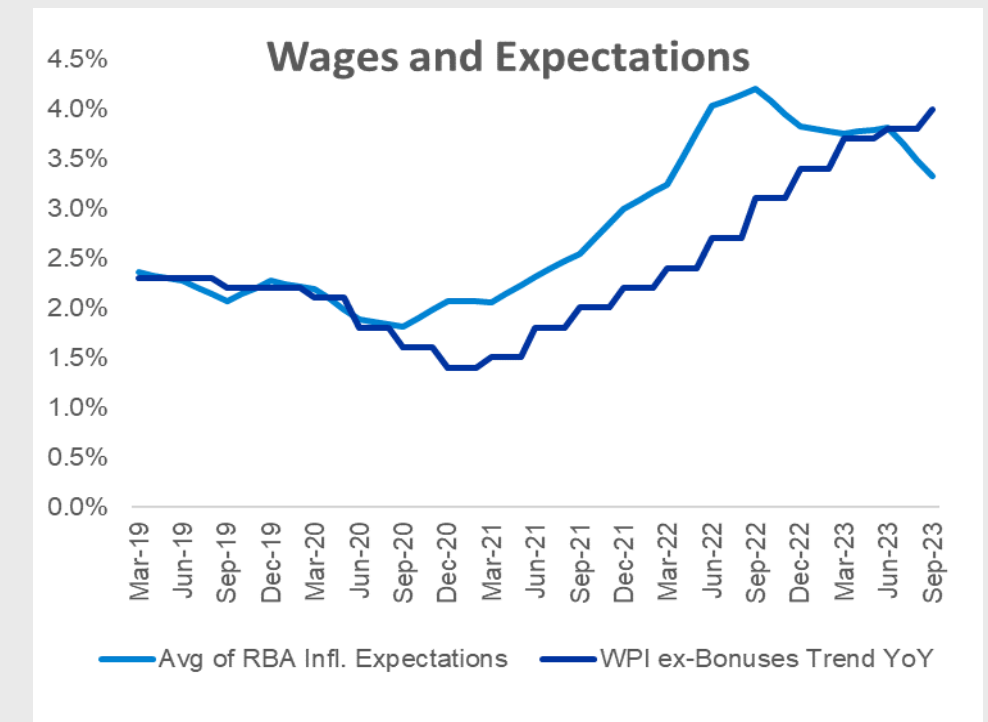
Persistent geopolitical tensions are adding to supply constraints...



...with effects already visible in many commodities...



...and risk of a wage-price spiral cannot be ruled out.





_ Market Themes: The ebb-and-flow of inflation is likely to continue to drive equity returns, and we expect it will favour fundamental factors

Expect falling inflation to support equity returns, tempered by periodic disappointments.

- The significance of, and uncertainty around, the inflation outlook suggests ongoing market sensitivity to each data-point.
- Hope or disappointment around inflation data may be short-lived or may extend for months.

Tight conditions are supportive of WHF's fundamental factors: Quality and Value.

- We expect high inflation and interest rates to continue squeezing less profitable companies.
- As markets realign with higher bond yields, we expect some ongoing growth-to-value rotation.

Portfolio emphasizing under-appreciated high-quality businesses.

- **Asset Plays:** VCX; SCG; WPR; SGP; GPT.
- **Consumer:** SUL; APE; PMV; MTS; JBH.
- **Financial:** MMS; HLI; BEN; QBE; MPL.
- **Industry:** GNC; BXB; VNT; SOL; NWH.
- **Tech; Media; Telco:** JIN; PME; HSN; SPK; TLS.



_HY 2023: Listed Investment Companies

A durable and efficient vehicle for long term investors

Structural cost efficiencies that stem from a stable capital:

- The stable capital of a closed-end LIC creates cost efficiencies for investors
- A LIC avoids the costs and risks of continuous investor inflows and outflows faced by open-end funds and ETFs. These include:
 - a) the transaction costs of repeated buying and selling of investments, cash flow hedging costs and the subtraction of value from buyers/sellers by official market-makers
 - b) the risks of return dilution (from inflows), loss and tax liability amplification (from outflows)

A closed-end LIC structure provides the security of a long term management mindset and the corporate governance oversight of a committed Board of directors.

Similar to investing in any other ASX share, investors in LICs typically use simple strategies to harness the benefits and control risk

- Buy, hold and sell reasonably, patiently and sensibly.
- Invest for the long term to maximise the benefits of buying advantageously and to maximise the choice of times at which to transact.
- The periodic opportunity to acquire shares at attractive prices can create an enduring added return for long term investors.

Example of the enduring benefit of buying a share below asset backing:

- **Example – An investor buys a LIC share for \$1.00, when the asset backing is \$1.05 (5% higher)**
- **The investor receives the benefit of income and capital growth generated from a larger investment portfolio than the price they paid – over all future years**
- **For every 10.0% of return generated by the LIC, the investor receives a benefit of 10.5% (ie 5% or 1.05 times more)**

Any questions?



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 of the 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.

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_Contact Details

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