



WHITEFIELD QUARTERLY REPORT

FEBRUARY 2017

PERFORMANCE SUMMARY

At 31 December 2016

	Last Quarter %	One Year %	Three Years % ***	Five Years %***
Before Tax Returns				
Total Portfolio	3.541%	7.016%	8.862%	16.184%
Benchmark*	4.539%	7.485%	8.969%	16.005%
After Tax Returns				
Net Asset Backing (pre deferred tax)** ¹	3.468%	4.964%	8.356%	16.270%
Net Asset Backing (post deferred tax)** ²	2.763%	5.737%	7.450%	12.533%
Share Price	2.005%	3.110%	6.578%	16.579%

* ASX 200 All Industrials (XJIAI) ** Including Dividends *** Annualised

- Investment returns based on net asset backing (pre-tax) represent the investment return prior to any provision for deferred tax benefits or liabilities, but are after the payment of current tax at company rates on income and on realised capital gains.
- Investment returns based on net asset backing (post-tax) represent investment returns after provisions for deferred tax liabilities and benefits, including a provision for capital gains tax should the company's investments be realised in entirety.

FINANCIAL OUTCOMES

	9 Months to 31 Dec 16	9 Months to 31 Dec 15	% Change
Investment Revenue	\$14,091,673	\$13,348,130	5.6%
Profit Before Tax & Realised Gains	\$10,649,582	\$10,006,845	6.4%
Income Tax Benefit/(Expense)	(\$711,724)	(\$746,495)	(4.7%)
Profit After Tax before Realised Gains	\$9,937,858	\$9,260,350	7.3%
Earnings before Realised Gains Per Share	11.9cps	11.6cps	2.7%

Note: Revenue, profit and earnings shown here represent underlying earnings and accordingly exclude demerger dividends.

RESULTS COMMENTARY

Whitefield is pleased to report an Operating Profit after tax of \$10,649,582 for nine months to December 2016. This outcome represents an increase of 6.4% over the equivalent period in the prior year, and is broadly consistent with our half year result. After allowing for increases in share capital over the year, earnings per ordinary share were 11.9 cents an increase of 2.7%.

We have continued to see moderately healthy increases in income growth from the majority of stocks distributing income in the last quarter. Notable increases were seen from CSR, Macquarie Group, James Hardie, Harvey Norman, Aristocrat, and Sydney Airport. A small number of distribution cuts were also evident including Incitec, Orica and ANZ.

Outright returns were strong for the quarter at 3.54%, bringing return for the rolling twelve months to 7.02%. Returns for the quarter were slightly below benchmark as the result of fluctuations in the market prices of healthcare, gaming and banking stocks during this period (banks rallying, and some gaming and healthcare stocks easing). Whitefield's returns remain ahead of benchmark over the last 5 years at 16.18% per annum compared to the ASX200 Industrials at 16.00%.

Strongest performing holdings within the quarter included CSR, Incitec Pivot, Tatts Group, CIMIC Group, Computershare, AGL and the major banks.

NET TANGIBLE ASSETS

At 31 December 2016

NTA (post-tax & preference shares)	\$373.7 million
Ordinary Shares on Issue	83,808,193
8% Cumulative Pref. Shares (Face Value)	\$23,790
Convertible Resetable Prefs. (Face Value)	\$40,000,000
NTA per share (pre-tax)	\$4.84
NTA per share (post-tax)	\$4.46
Share Price	\$4.30
(Discount)/Premium to NTA (pre-tax)	(11.16%)
(Discount)/Premium to NTA (post-tax)	(3.59%)

TOP 5 CONTRIBUTORS TO PERFORMANCE FOR THE QUARTER*

At 31 December 2016

	Portfolio Weight	Contribution
Commonwealth Bank of Australia	10.40%	1.359%
Westpac Banking Corporation	8.00%	1.071%
ANZ Banking Corporation Limited	6.55%	0.825%
National Australia Bank Limited	5.98%	0.798%
QBE Insurance Group Limited	1.25%	0.273%

TOP 5 DETRACTORS TO PERFORMANCE FOR THE QUARTER*

At 31 December 2016

	Portfolio Weight	Contribution
CSL Limited	3.57%	(0.253%)
Ramsay Health Care Limited	1.23%	(0.235%)
Wesfarmers Limited	3.51%	(0.179%)
Sydney Airport	1.00%	(0.154%)
Cochlear Limited	0.93%	(0.154%)

*Contribution = weighted contribution to investment performance

SECTOR BREAKDOWN

At 31 December 2016

	Excluding Cash	Including Cash
Commercial Banks	32.67%	28.65%
Financials Excluding Banks	10.06%	9.84%
Health Care	9.27%	9.07%
Consumer Staple	8.01%	7.83%
Industrials	7.89%	7.72%
Consumer Discretionary	7.74%	7.57%
Materials	7.20%	7.04%
Real Estate	6.48%	6.34%
Telecommunication Services	5.72%	5.59%
Utilities	3.40%	3.32%
Information Technology	1.56%	1.53%
Cash & Cash Equivalents		2.18%

CHANGES TO INVESTMENT EXPOSURES

Adjustments to portfolio exposures during the quarter included:

- Increasing exposure to QBE, Woolworths and Aurizon, all stocks previously held underweight
- Decreasing exposures to Brambles, Ramsay Healthcare, Aristocrat, Harvey Norman, JB Hi-Fi, Charter Hall Group and Tatts Group, previously held overweight
- Reductions to exposures to infrastructure providers Duet and AusNet Services.

DIVIDENDS

Whitefield's next dividends are due to be paid in June 2017. All dividends are expected to be fully franked.

At this time, Whitefield expects to pay dividends at the following rates:

- At least 8.5 cents per Ordinary Share
- 350 cents per Convertible Resettable Preference Share [CRPS]
- 4.0 cents per 8% Preference Share

Note: This is not a declaration of dividends.

OUTLOOK

As highlighted in our prior report to shareholders at the half-year, the Australian economy is positioned to deliver a moderate level of growth across the next 12 months and we expect this to be reflected in a modest level of earnings and distribution expansion for the majority of companies in which we invest. Our view as we move into the first months of 2017 remains unchanged.

The Australian economy is currently being supported by the low Australian dollar, accommodative monetary policy, moderate levels of employment growth and consumer spending and high levels of residential construction activity. Improving commodity prices and strong demand for bulk commodities has also reduced risk in the previously weak mining and mining services sectors.

The international outlook also remains moderately favourable. European activity continues to improve, Japanese economic data has strengthened, Chinese manufacturing activity appears to have stabilised and retail activity in that economy continues to grow strongly. Employment and economic activity in the US remains firm.

The notable global shift away from ultra-low interest rate monetary policies towards more pro-active government spending has also been warmly welcomed by markets with investors viewing the new policies as potential solutions to the low interest rate-low retirement income-low inflation spiral of recent years.

Nevertheless, 2017 brings with it a range of new challenges.

The impact of the planned Brexit is unlikely to be overwhelming for the rest of the world, but may represent one of several planks in a more widespread path towards increased economic protectionism. The exact policies of the cavalier Trump Administration in the US, and their potential impact, are proving to be both polarising and uncertain, and may offer both risks and benefits to ASX listed companies. The impact of high levels of global competition on existing Australian-based businesses will create some threat to the sustainability of profit margins and market share in exposed sectors (notably retail in 2017). Above and beyond all these issues, is the prospect of interest rates rising from their recent multi-decade lows, a factor which has the potential to materially influence the relative valuation of investment assets.

While the list of challenges may seem daunting, history shows that while a percentage of risks may translate unfavourably, some of these risks have the potential to be solved, some risks may dissipate and in other cases outcomes may be more favourable than expected. As investors would be aware, the reduction of perceived risk is often an important driver of positive investment outcomes.

We look forward to reporting to shareholders on our full year results subsequent to the Company's financial year end at 31 March.

ANGUS GLUSKIE
CHIEF EXECUTIVE OFFICER



WHITEFIELD QUARTERLY REPORT

QUARTER ENDED 31 DECEMBER 2016

TOP 20 HOLDINGS

At 31 December 2016

	%	Value \$'000
Commonwealth Bank Of Australia	10.40%	46,347
Westpac Banking Corporation	8.00%	35,647
ANZ Banking Group Limited	6.55%	29,179
National Australia Bank Limited	5.98%	26,635
Telstra Corporation Limited	4.56%	20,294
CSL Limited	3.57%	15,883
Wesfarmers Limited	3.51%	15,615
Woolworths Limited	2.29%	10,205
Amcor Limited	1.64%	7,327
AGL Energy Limited	1.63%	7,247
Transurban Group	1.56%	6,930
Macquarie Group Limited	1.55%	6,914
Brambles Limited	1.46%	6,493
QBE Insurance Group Limited	1.25%	5,561
Ramsay Health Care Limited	1.23%	5,471
AMP Limited	1.10%	4,902
Insurance Australia Group Limited	1.07%	4,762
Sydney Airport	1.00%	4,444
Fletcher Building Limited	0.98%	4,376
Scentre Group	0.97%	4,312
Cash & Cash Equivalents	2.18%	9,718