

UPDATE

MAY 2016

Listed Investment Company

WHITEFIELD LIMITED

May 2016

DISCLAIMER

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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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WHITEFIELD

PROVIDING BROAD EXPOSURE TO AUST INDUSTRIAL GROWTH

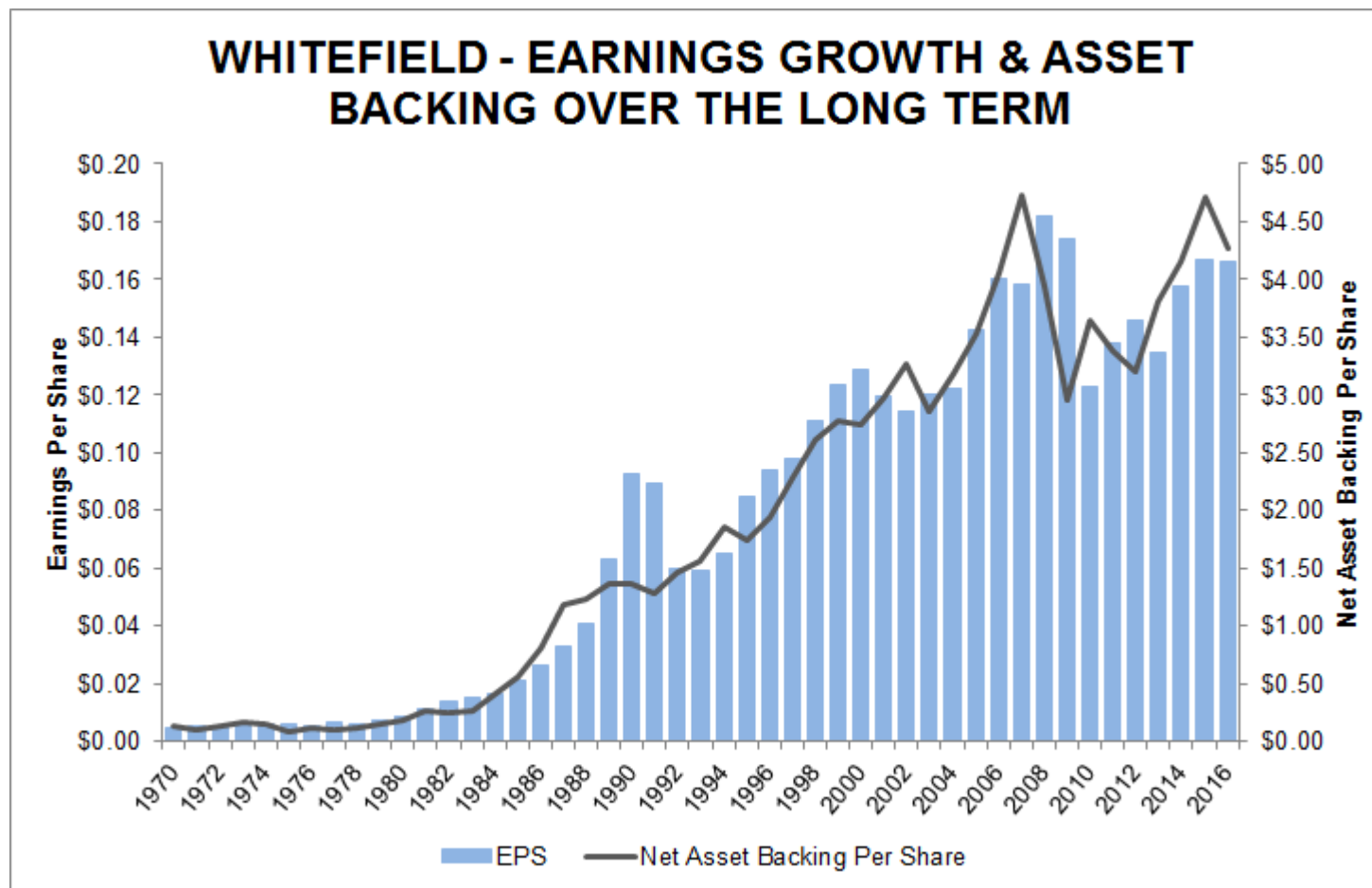
Whitefield provides investors with a broad exposure to Australian industrial economic growth, through an efficient structure and an experienced team.

- **Long Track Record:** Established in 1923, Whitefield has a long track record over many decades.
- **Diversified Portfolio:** Whitefield's portfolio is diversified over approximately 140 stocks, across many segments of the Australian economy, however we do not invest in the resource sector.
- **Exposure to the Australian Economy:** This provides our investors with a diversified investment portfolio exposed to industries with the potential to benefit from Australia's emerging position as a high growth, high affluence economy without the risks associated with the volatile mining sector. An incidental benefit for many is Whitefield's low exposure to the producers of fossil fuels.
- **Experienced Team:** Whitefield's investments are managed by an experienced investment team using our proprietary data base and customised analytics framework.
- **An Efficient Structure:** Our operating structure and utilisation of technology assist us in providing a professionally managed portfolio at relatively low cost. Whitefield's Management Expense Ratio (MER) has amounted to between 0.35%-0.40% over the last two decades.

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WHITEFIELD

AN EARNINGS STREAM WHICH HAS GROWN OVER TIME
AND WHICH SUPPORTS LONG TERM CAPITAL VALUE



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THE CHANGING NATURE OF AUSTRALIA

A HIGHER GROWTH, AFFLUENT ECONOMY

Australia is steadily emerging as an affluent, high growth economy, better positioned than many other larger, yet mature countries

- **Australia has become and is likely to remain a preferred country in which to live**
 - Size and relatively low population
 - Geographically, climatically attractive
 - Stable political environment and relatively safe
- **Australia is likely to have high population growth relative to many other countries over future years**
 - Ageing or declining populations will be problematic for other more mature or otherwise ageing economies
 - The increasingly affluent middle / upper classes of Asia are relocating / will continue to relocate to Australia
 - The mobility of the workforce is increasingly likely to see global businesses segmented, with head offices, key personnel and senior executives located in attractive living destinations such as Australia, with production and sales facilities in other geographies.

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THE CHANGING NATURE OF AUSTRALIA

A HIGHER GROWTH, AFFLUENT ECONOMY

High population growth, relative affluence and high end corporate activity will see growth in housing, construction, tourism, education, aged care, retail, consumer services, business services, technology and financial services.

- **Many Australian industry sectors are likely to benefit**
 - Housing and construction have already seen an immediate benefit. This is likely to continue and will ultimately also translate into growing aged care opportunities.
 - Consumer services, education, retail and tourism are likely to flourish, driven both by population numbers and affluence.
 - Business services, financial services and technology are also likely beneficiaries of the underlying trends.

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THE CHANGING NATURE OF AUSTRALIA

A HIGHER GROWTH, AFFLUENT ECONOMY

These trends may continue for many decades, and are currently under-recognised within investment markets.

- **The position of Australia as a preferred living destination is likely to continue for many decades.**
 - Australia will be a large, attractive geography with a small but growing population for some decades. This dynamic would appear to have substantial longevity.
- **These favourable dynamics are currently under-recognised in Investment Markets, but are increasingly being acted upon in the real economy**
 - The old view of Australia as a purely resource economy is diminishing, and Australia's potential as a service and consumer economy is slowly coming to the fore, but is currently under-recognised in investment markets.
 - Business has been thriving in the industries in the underlying economy which are closest to the first level impact of these trends, most notably housing and retailing.
 - Australia's longer term growth profile has drawn the attention of large multinationals who have been building their Australian exposure. This has been most visible in the retail arena.

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THE CHANGING NATURE OF AUSTRALIA

A HIGHER GROWTH, AFFLUENT ECONOMY

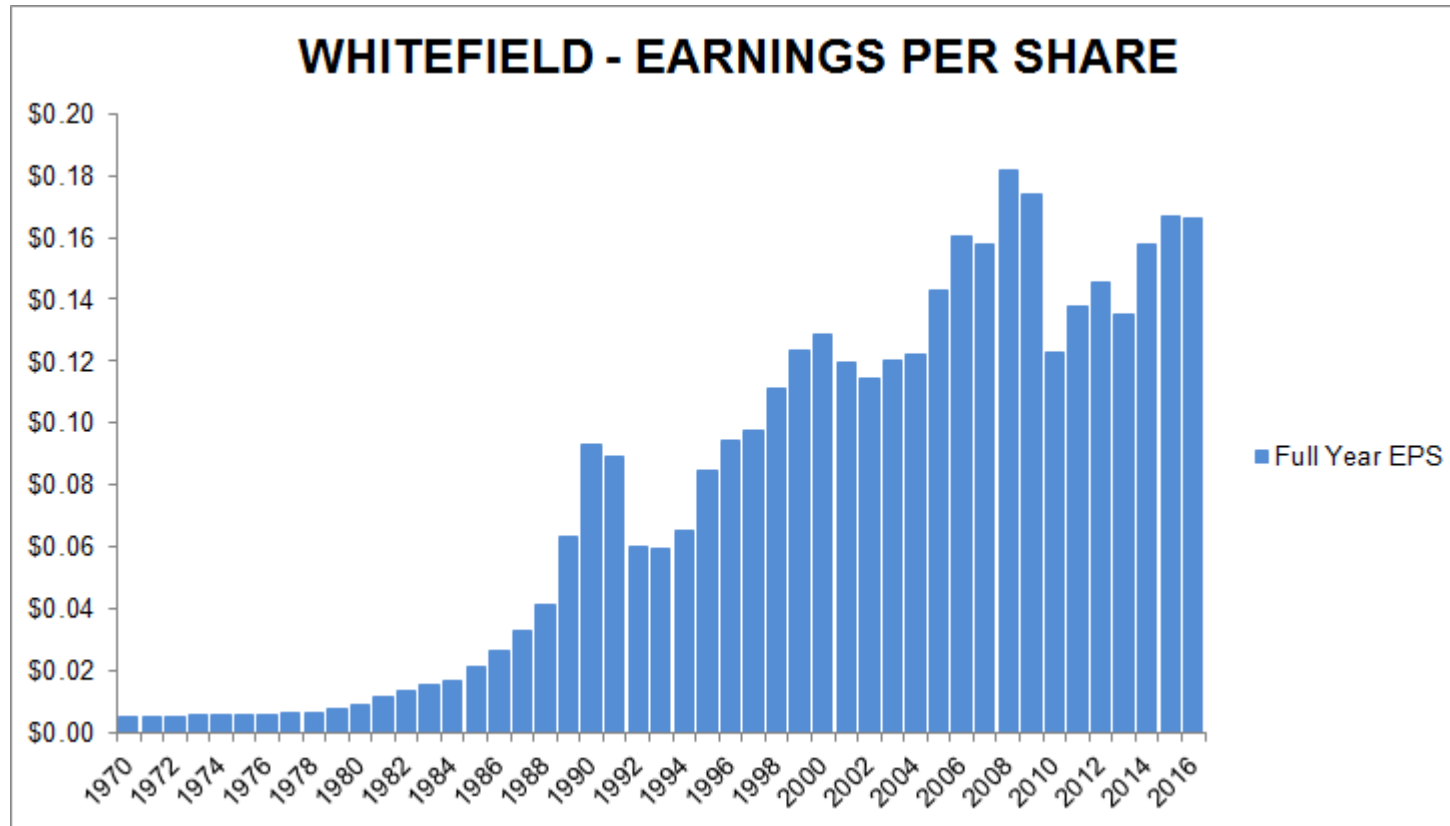
Whitefield's investment strategy and non-resource portfolio are designed to harness these long term trends for the benefit of our shareholders

- **Whitefield's portfolio is not invested in the resource or energy sectors**
 - This provides us with very little direct exposure to the primary producers of fossil fuels
- **Whitefield's portfolio is invested in the Australian industrial economy, being all other non-resource sectors**
 - We are believers that high relative population growth and relative affluence are likely to be supportive for Australian non-resource sectors for many decades
- **Whitefield's investment strategy seeks to provide emphasis to stocks increasingly benefitting from these dynamics and to avoid or de-emphasise those entities which may struggle in this environment**
 - Our investment strategy and process consistently measures, assesses and distinguishes between entities succeeding and failing as these trends develop, and our exposure is adjusted accordingly.

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RECENT OUTCOMES

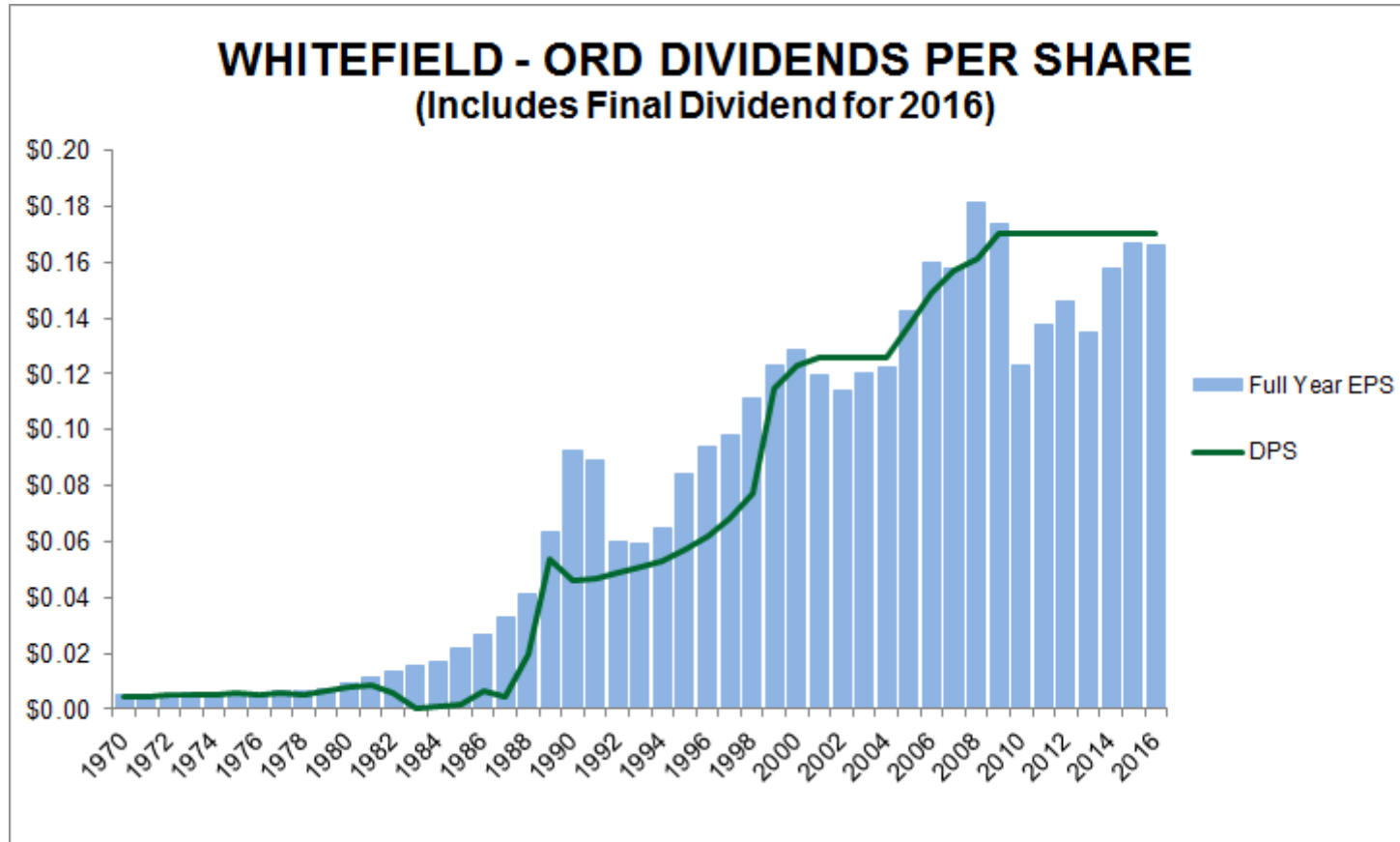
EARNINGS – 16.6 CPS



Underlying dividend momentum (which in turn drives our earnings) was strong during the year, but was masked by special dividends earned in the prior year and adjustments made to the portfolio mix.

RECENT OUTCOMES

DIVIDENDS



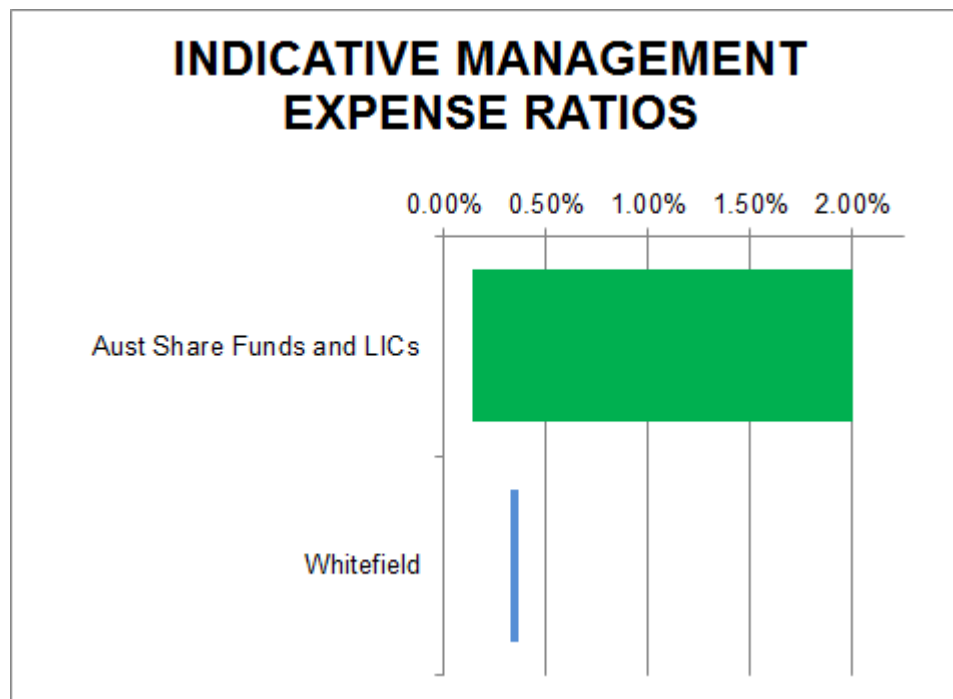
EPS and DPS are now similar

RECENT OUTCOMES

COSTS

Whitefield's Management Expense ratio (MER) was approximately 0.35% across the last year.

Whitefield continues to provide retail investors with one of the lower cost avenues to invest in a managed portfolio of Australian Shares.



MANAGEMENT EXPENSES

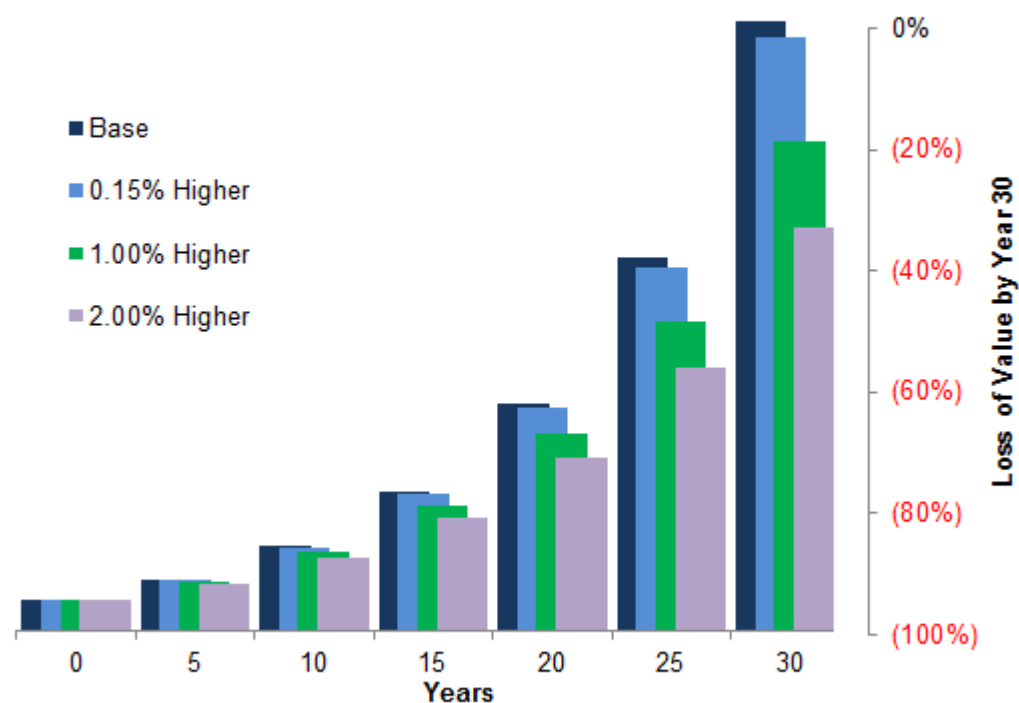
COST / RETURN / SERVICE BALANCE

Large differences in management cost have a material impact over the long term.

Small differences have limited impact on value, and where well utilised may assist in the delivery of returns and service.

IMPACT OF MANAGEMENT EXPENSES OVER THE LONG TERM	10 Years	20 Years	30 Years
MER 0.15% pa higher	(0.9%)	(1.9%)	(2.8%)
MER 1.00% pa higher	(7.1%)	(13.6%)	(19.7%)
MER 2.00% pa higher	(12.8%)	(24.0%)	(33.8%)

IMPACT OF MANAGEMENT EXPENSES ON LONG TERM VALUE



Indicative values assume an investment return of 10.5%pa before allowing for management expenses and associated tax benefits, and assume all net income is reinvested.

INVESTMENT RETURNS

SHORT AND LONG TERM DATA

WHITEFIELD RETURNS 1, 2, 3, 30 YEAR				
To 31 Mar 2016	1 Year	2 Year pa	3 Year pa	30 Year pa
Portfolio Return Before Tax				
WHF Portfolio	(6.75%)	6.30%	9.97%	10.642%
S&P/ASX 200 Industrials	(6.77%)	6.22%	9.24%	10.338%
S&P/ASX200	(9.59%)	1.58%	5.40%	9.613%
Share Price & Dividend Returns				
WHF Share Price & Divs	(7.14%)	4.76%	10.50%	11.418%
WHF Share Price & Divs Gross of Franking	(5.57%)	6.58%	12.41%	n/a
FTSE ASFA Aust 200 Index Gross of Franking	(8.39%)	3.08%	6.81%	n/a

Outright Returns:

A softer year, after 3 very strong years

Returns v Index:

Returns ahead of industrials benchmark over short and long terms

Industrials Tilt:

Returns ahead of broad ASX200 over short and long terms

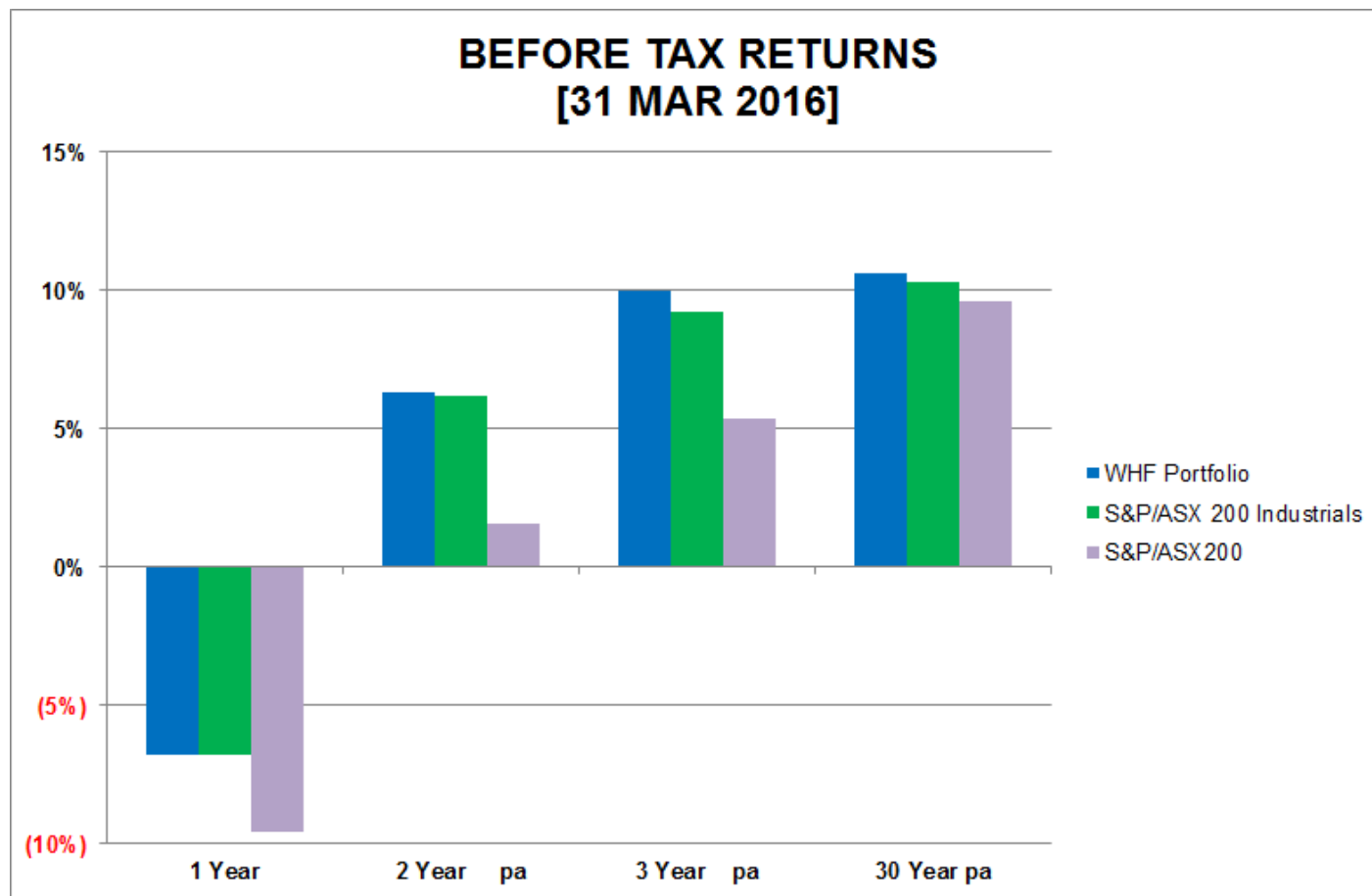
Gross of Franking:

Returns higher again once franking included, and ahead of broad market

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INVESTMENT RETURNS

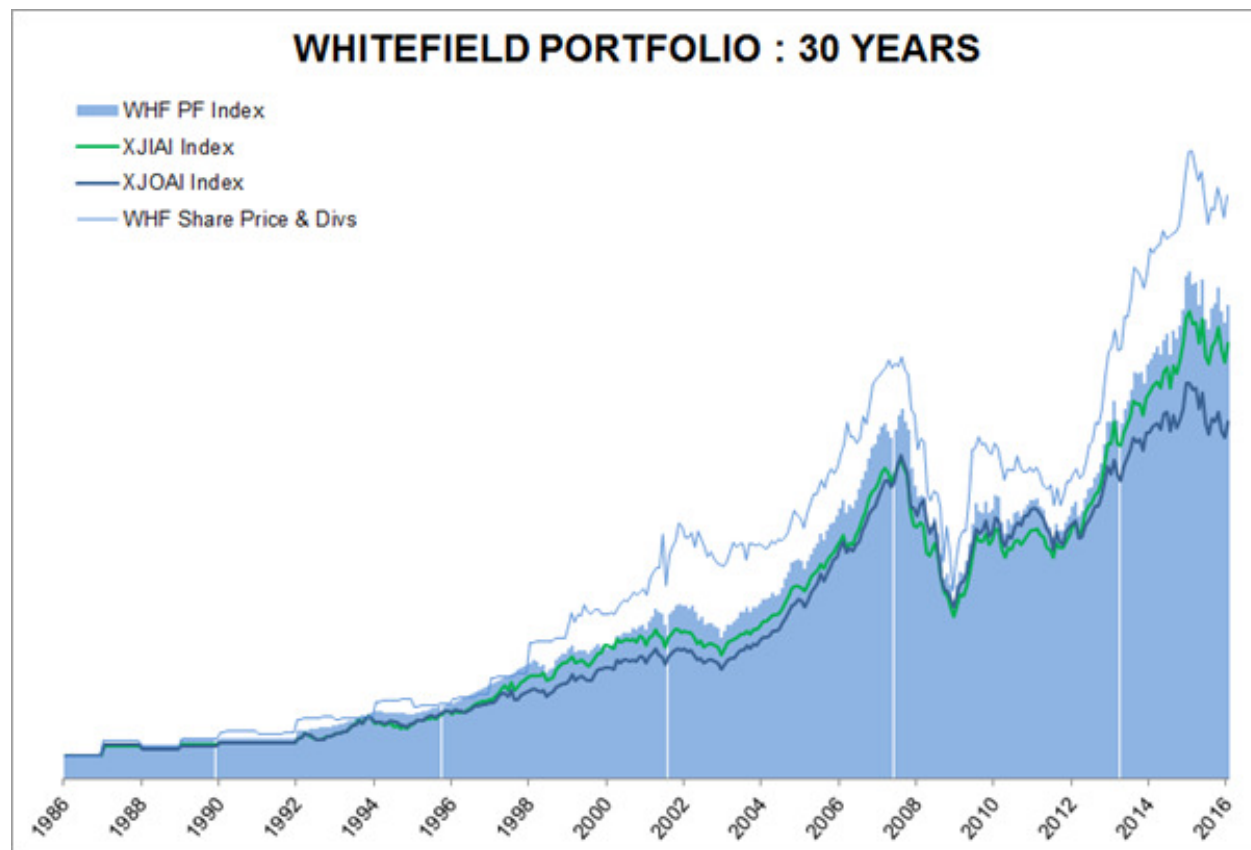
SHORT AND LONG TERM DATA



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INVESTMENT RETURNS

LONG TERM DATA



WHF's accumulated portfolio return over the last 30 years would result in a portfolio value 32% higher than that of the ASX200 (XJOAI), assuming all income was reinvested.

WHF's accumulated share price and dividend returns are higher again (providing an ultimate value 63% higher than the ASX200).

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INVESTMENT STRATEGY

A STRUCTURED PROCESS TO EFFICIENTLY DELIVER RETURN

OBJECTIVE	Whitefield seeks to own a portfolio giving emphasis to attractively priced, high-quality businesses with a proven or strengthening ability to deliver shareholder value.
STRATEGY	We utilise a disciplined quantitative and qualitative process to identify and assess Quality, Intrinsic Value and Mispricing, and seek to invest where these important elements are likely to be favourable for our investors.
CORE VALUES BEHIND OUR PROCESS	<p>Consistency of Outcome through Repeatability of Process</p> <p>Investment markets are littered with investment strategies which rely on individuals subjectively attempting to predict the future - an approach which is predisposed to inconsistency and risk.</p> <p>We consider that successful long term investment outcomes are best delivered through scientifically based, defined, structured and quantified investment processes that allow investment judgements to be made in a consistent and repeatable manner time after time, year after year.</p> <p>A Scientific Approach that Benefits from Probabilities and Diversification</p> <p>The future is not always predictable, which is why many investment strategies only work for brief periods of time.</p> <p>Instead we seek to understand and invest where probabilities are favourably aligned as well as strategically diversifying investment risks. By so doing, we consider that investment outcomes can be delivered with higher certainty, greater reliability and lower risk.</p>

INVESTMENT PORTFOLIO

AS AT 30 APRIL 2016

The portfolio provides investors with exposure to both large and mid capitalisation stocks operating across many sectors of the Australian industrial economy, including both established businesses as well as up-and-coming enterprises benefitting from more recently developed areas of economic growth.

WHITEFIELD LTD PORTFOLIO SUMMARY AS AT 30TH APRIL 2016

Value (\$m):	\$411
No. Holdings:	162
Stocks Overweight (v Index):	32
Stocks Underweight (v Index):	35
Benchmark Index:	S&P ASX200 Industrials

Sector	No. Holdings	Weight
Consumer Discretionary	40	8.2%
Consumer Staples	13	7.8%
Trading Banks	6	29.4%
Financials	22	8.7%
Health Care	18	9.0%
Industrials	22	9.5%
Information Technology	7	1.2%
Materials	11	5.7%
Real Estate Investment Trusts (REITs)	14	8.6%
Telecommunication Services	4	6.9%
Utilities	5	3.4%
Cash		1.6%

INVESTMENT PORTFOLIO

AS AT 30 APRIL 2016

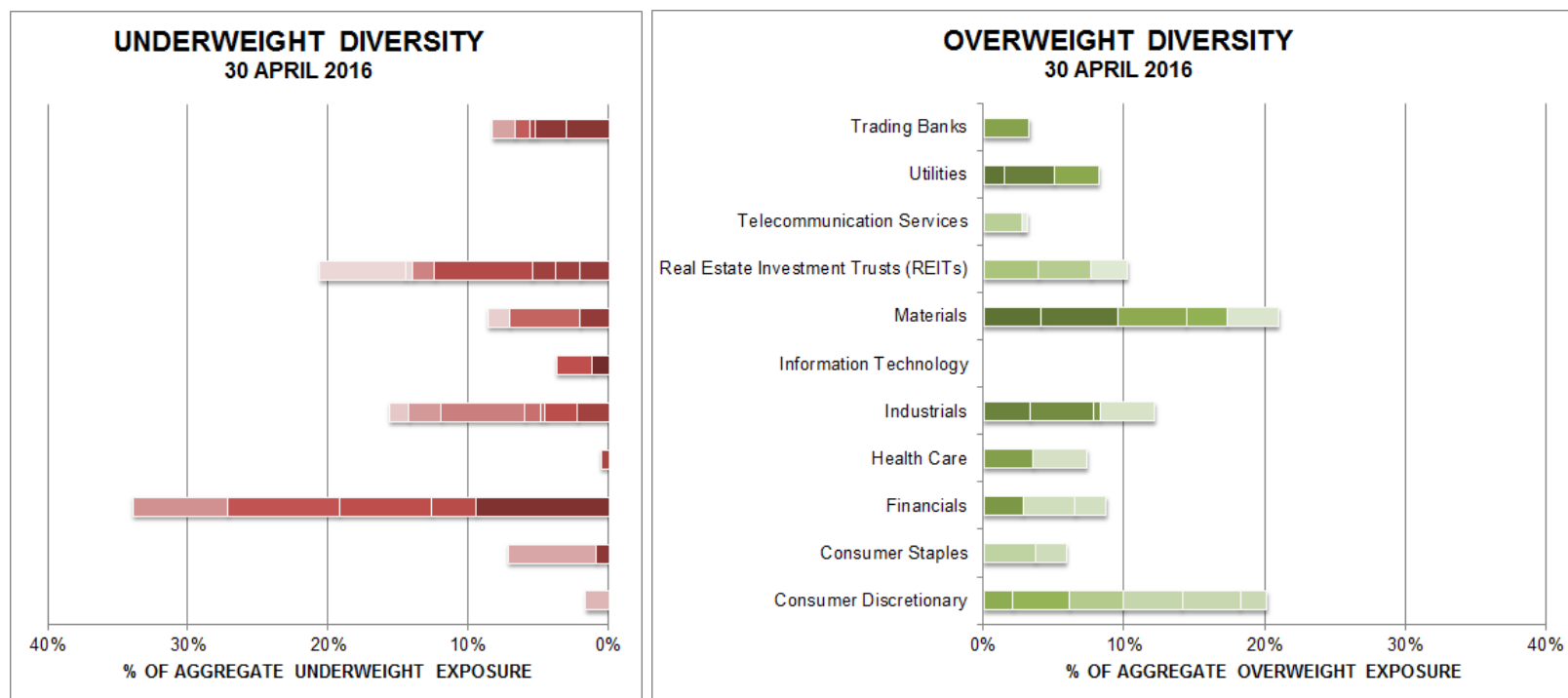
The relative weightings of stocks in the portfolio are in part structured to provide a broad representation of the relative significance of companies and sectors making up the Australian industrial economy.

TOP 20 INVESTMENTS AS AT 30 APRIL 2016			HOLDING \$'000	%
1	CBA	Commonwealth Bank Of Australia	41,753	10.15%
2	WBC	Westpac Banking Corporation	32,800	7.98%
3	NAB	National Australia Bank Limited	22,769	5.54%
4	TLS	Telstra Corporation Limited	21,885	5.32%
5	ANZ	ANZ Banking Group Limited	21,715	5.28%
6	WES	Wesfarmers Limited	16,559	4.03%
7	CSL	CSL Limited	15,321	3.73%
8	SCG	Scentre Group Limited	9,147	2.22%
9	BXB	Brambles Limited	7,639	1.86%
10	TCL	Transurban Group	7,487	1.82%
11	AMC	Amcor Limited	7,287	1.77%
12	WOW	Woolworths Limited	6,824	1.66%
13	WFD	Westfield Corporation	6,668	1.62%
14	SYD	Sydney Airport	5,989	1.46%
15	RHC	Ramsay Health Care Limited	5,302	1.29%
16	QBE	QBE Insurance Group Limited	4,942	1.20%
17	SGP	Stockland	4,427	1.08%
18	AGL	AGL Limited	4,403	1.07%
19	VCX	Vicinity Centres	4,229	1.03%
20	APA	APA Group	4,134	1.01%
CASH AND CASH EQUIVALENTS			6,412	1.56%

INVESTMENT PORTFOLIO

AS AT 30 APRIL 2016

The portfolio carries over 65 overweight and underweight exposures relative to our underlying benchmark providing a high degree of breadth for the delivery of excess returns.



OTHER CORPORATE ITEMS

SHARE PURCHASE PLAN

SHARE PURCHASE PLAN :	
GENERAL	Whitefield has announced a Share Purchase Plan which will be available to existing ordinary shareholders.
PRICING	<p>Ordinary shareholders on the register at 6 May, 2016 will be able to apply for up to \$15,000 of shares.</p> <p>Shares issued under the Plan will be priced at the lower of \$4.08 and a 2.5% discount to the weighted average market price of WHF ordinary shares traded on ASX over the five days up to and including the closing date of 10 June 2016.</p> <p>Shares issued under the Plan will rank pari passu with existing ordinary shares and will be entitled to the expected Dec 2016 dividend.</p>
TIMING	Opens 23 May and Closes at 5.00pm Sydney time on 10 June 2016.

CONCLUSION & OUTLOOK

MAY 2016

EARNINGS:	<p>The outlook for 2016/17 earnings is unclear at this early stage.</p> <p>We are certainly encouraged by the medium and longer term dynamics for the Australian economy, and have been pleased to see strong earnings momentum in many industrial sectors over recent months.</p> <p>However in the very near term, the dividend outlook for the major banks and staple retailers is less robust, and this may constrain our overall earnings growth across the next year.</p>
DIVIDENDS:	<p>The Ordinary Dividend for the upcoming year is expected to be at least 8.5 cents per half year or higher should the underlying earnings per share rise sustainably above this level.</p> <p>Convertible Resettable Preference Share dividends will be \$3.50 per half year.</p> <p>Dividends are expected to be fully franked.</p>