Switzer | Dividend Growth Fund

Powered by BLACKMORE CAPITAL EQUITY INVESTORS

ASX:SWTZ

Fund Update: 31 December 2022

Key Fund Details

SWTZ Distribution Yield (net)[1]
5.89%

Benchmark Dividend Yield (net)[2]
4.65%

SWTZ Distribution Yield (gross)[1]
7.84%

Net Asset Value
A$2.5400

Fund Name	Switzer Dividend Growth Fund (Quoted Managed Fund)
Investment Manager[3]	Blackmore Capital Pty Ltd
Responsible Entity	AGP Investment Management Limited
Fund Inception Date	23 February 2017
Stock Universe	ASX 300
Number of Stocks	30 - 50
Benchmark	ASX 200 Accumulation Index
Target/Max Cash Position	1% / 20%
Distribution Frequency	Monthly
Management Fee[4]	0.89% p.a.
Performance Fee	n/a

Notes: 1. SWTZ Distribution Yield is based on distributions attributable to the 12 months to the date of this report, relative to the closing unit price at the beginning of the period. 'Net' takes no account of the benefits of franking credits received on the Fund's dividend income. 'Gross' takes into account the benefits of franking credits received on the Fund's dividend income. 2. Source: Bloomberg. 3. Appointed on 21 April 2021. 4. Fees are inclusive of GST and less Reduced Input Tax Credits.

Why Invest

The Switzer Dividend Growth Fund (**SWTZ** or the **Fund**) is an income-focused exchange traded managed fund with a mix of yield and quality companies. The objective of the Fund is to generate an above-market yield while maximising franking where possible and deliver capital growth over the long term.

Performance[1]

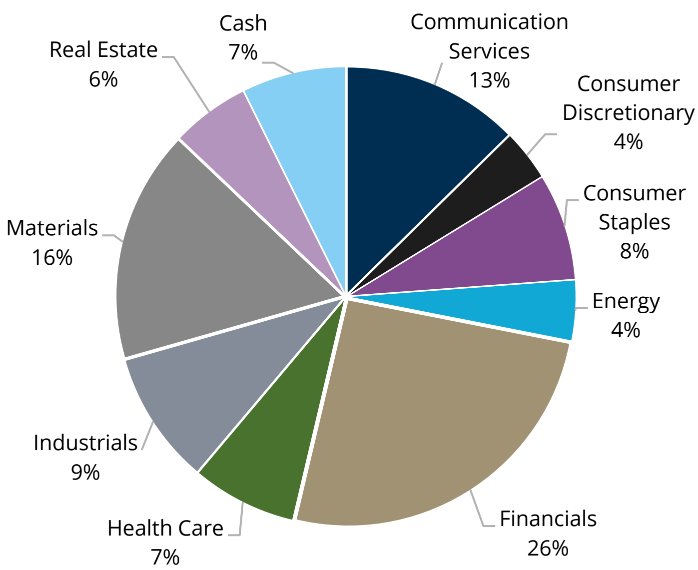
	1 Month	3 Months	6 Months	1 Year	Strategy Inception[2]	5 Years	Fund Inception[3]
Portfolio	-1.97%	7.24%	6.31%	-0.46%	5.26%	4.68%	5.19%
Benchmark[4]	-3.21%	9.40%	9.82%	-1.08%	4.61%	7.11%	7.55%
Value Added[5]	1.24%	-2.16%	-3.51%	0.62%	0.65%	-	-

Notes: 1. Portfolio performance is calculated based on net asset value per unit, which is after management fees and expenses and assumes that all distributions are reinvested in the Fund. Periods greater than 1 year are annualised. 2. Blackmore Capital Pty Ltd was appointed Investment Manager of the Fund on 21 April 2021. 3. Inception date is 23 February 2017. 4. Benchmark is the S&P/ASX 200 Accumulation Index. 5. Value added since Blackmore Capital Pty Ltd was appointed.

Top 10 Portfolio Holdings

Company	Weight %
BHP Group	9.32
Spark New Zealand	6.51
Telstra Corporation	6.12
Westpac Banking Corporation	5.22
Commonwealth Bank of Australia	4.85
Medibank Private	4.84
Amcor	4.52
National Australia Bank	4.49
Macquarie Group	4.21
Woolworths Group	4.07
Total	**54.15**

Sector Allocation



For More Information

Please visit our website at: www.associateglobal.com/funds/swtz/

If you have any questions, please contact our distribution team on 1300 052 054 or invest@associateglobal.com.

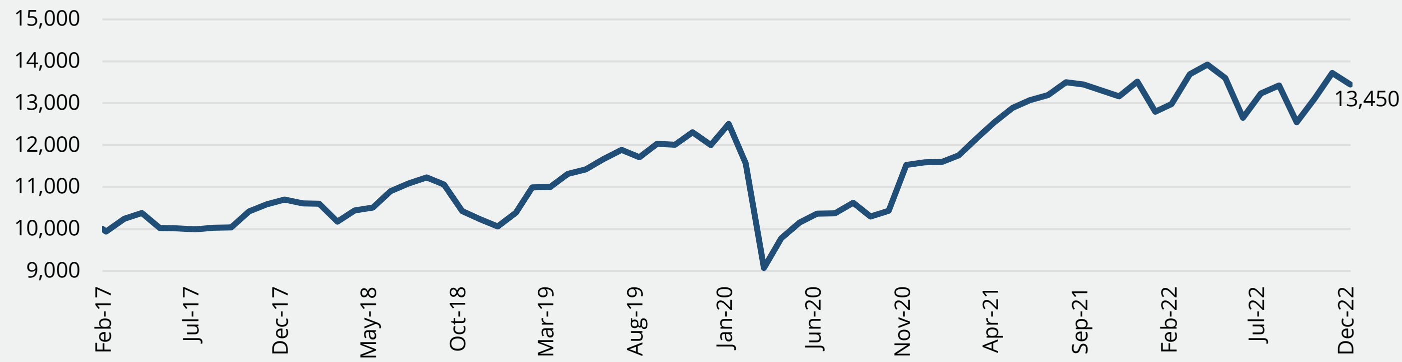
Switzer | Dividend Growth Fund

Powered by BLACKMORE CAPITAL EQUITY INVESTORS

ASX:SWTZ

Fund Update: 31 December 2022

Value of A$10K Invested



Source: AGP Investment Management Limited. Calculations are based on the Net Asset Value prices with distributions reinvested, after ongoing fees and expenses but excluding tax and entry fees (if applicable).

Portfolio Update

The portfolio delivered a return of -1.97% in December 2022 compared with the S&P/ASX 200 Accumulation Index benchmark return of -3.21%. The benchmark index fell in December as central banks remained determined to further tighten financial conditions by pushing official interest rates higher. The path of higher interest rates has had a harmful impact on equity valuations in 2022.

A common theme for global equity markets in 2022 was a significant de-rating in valuations. The combined impact of persistently high inflation and the rise in bond yields provided a major headwind for price-to-earnings (**PE**) ratios in 2022. The decline was most prominently felt in the cyclical and technology stocks that are sensitive to rising rates.

This was exemplified with the US NASDAQ index enduring a decline of -32% over the course of the calendar year as the PE ratio contracted from 32 times to 23 times. From a global perspective, the Australian share market fared comparatively well, with the S&P/ASX 200 Accumulation Index delivering a total return of -1.1% in 2022, supported by larger exposures to the Banking, Commodities and Energy sectors. Notwithstanding this, the S&P/ASX 200 PE ratio contracted from ~18 times to ~14 times during 2022 and is now back in the vicinity of its long-term average (i.e., being neither materially cheap nor expensive on a historical basis).

At a portfolio level, Spark NZ, Northern Star, and Integral Diagnostics were the best performing stocks. Whereas Macquarie Group, Commonwealth Bank of Australia and Atlas Arteria weighed negatively on attribution.

With the prospect that interest rates will continue to push higher in 2023 and at a time when earnings growth is set to moderate, we have reduced the portfolio's exposure to higher PE stocks that offer only modest dividend yields. In December, we divested our position in Coles which trades on a 12-month forward PE of >20 times and a dividend yield below the market average. We used the proceeds of the Coles divestment to initiate a position in Metcash, a leading wholesale distribution company with operations across food, liquor and hardware. Metcash's most recent 1HFY23 was encouraging, with sales growth of 8% and EBIT growth of 10%. Metcash's growth relative to the market combined with its PE ratio of ~13.5x and a dividend yield of ~5.3% provided an attractive entry point.

We are cognisant that tighter financial conditions (a higher cost of capital) for Australian corporates will place a burden on earnings momentum and margins in 2023. With this in mind, valuations and balance sheet strength will remain our focus. The portfolio is balanced across defensive industrial value sectors and companies providing dividend yields above the market average.

DISCLAIMER: AGP Investment Management Limited (AGP IM) (ABN 26 123 611 978, AFSL 312247) is a wholly owned subsidiary of Associate Global Partners Limited (AGP) (ABN 56 080 277 998), a financial institution listed on the ASX (APL). AGP IM is the Responsible Entity and Blackmore Capital Pty Limited is the investment manager of Switzer Dividend Growth Fund (Quoted Managed Fund) (ARSN 614 066 849) (the Fund). This material has been prepared for general information only. It does not contain investment recommendations nor provide investment advice. It does not take into account the objectives, financial situation or needs of any particular individual. Investors must, before acting on this material, consider the appropriateness of the material. Any references to 'We', 'Our', 'Us', or the 'Team' used in the context of the portfolio commentary, is in reference to Blackmore Capital Pty Limited, as investment manager for the Fund. Neither AGP IM, AGP, their related bodies corporate, entities, directors or officers guarantees the performance of, or the timing or amount of repayment of capital or income invested in the Fund or that the Fund will achieve its investment objectives. Past performance is not indicative of future performance. Any economic or market forecasts are not guaranteed. Any references to particular securities or sectors are for illustrative purposes only and are as at the date of publication of this material. This is not a recommendation in relation to any named securities or sectors and no warranty or guarantee is provided that the positions will remain within the portfolio of the Fund. Investors should seek professional investment, financial or other advice to assist the investor determine the individual tolerance to risk and needs to attain a particular return on investment. In no way should the investor rely on information contained in this material. Investors should read the Fund's Product Disclosure Statement (PDS) and consider any relevant offer document in full before making a decision to invest in the Fund. The Fund's Target Market Determination and other relevant information can be obtained by visiting www.associateglobal.com.