Switzer | Dividend Growth Fund

Powered by BLACKMORE CAPITAL EQUITY INVESTORS

ASX:SWTZ

Fund Update: 31 March 2023

Key Fund Details

SWTZ Distribution Yield (net)[1]	Benchmark Dividend Yield (net)[2]
5.53%	**4.52%**
SWTZ Distribution Yield (gross)[1]	Net Asset Value
7.34%	**A$2.5638**

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	20 - 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]

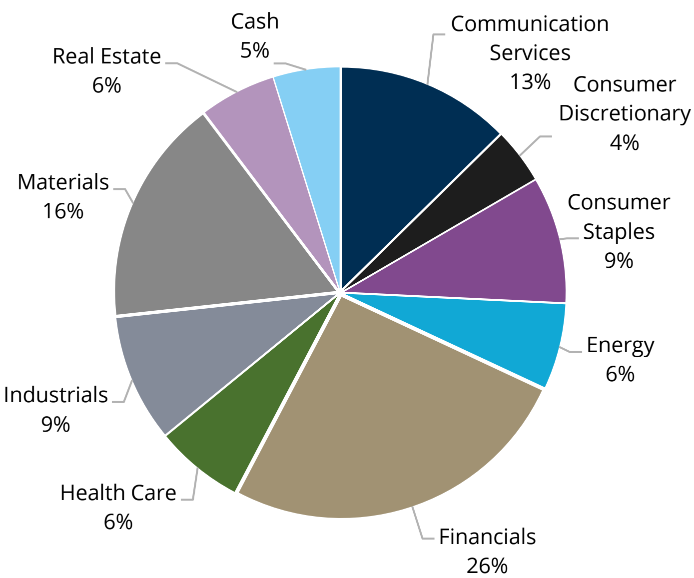
	1 Month	3 Months	6 Months	1 Year	Strategy Inception[2]	5 Years	Fund Inception[3]
Portfolio	0.12%	1.88%	9.25%	0.10%	5.59%	6.13%	5.30%
Benchmark[4]	-0.16%	3.46%	13.19%	0.10%	5.85%	8.69%	7.84%
Value Added[5]	0.28%	-1.58%	-3.94%	0.00%	-0.26%	-	-

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	9.08
Telstra Corporation	6.51
Spark New Zealand	6.12
Medibank Private	5.56
Westpac Banking Corporation	4.88
Commonwealth Bank of Australia	4.67
Woolworths Group	4.62
Macquarie Group	4.46
Amcor	4.30
Woodside Energy Group Ltd	4.19
Total	**54.39**

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

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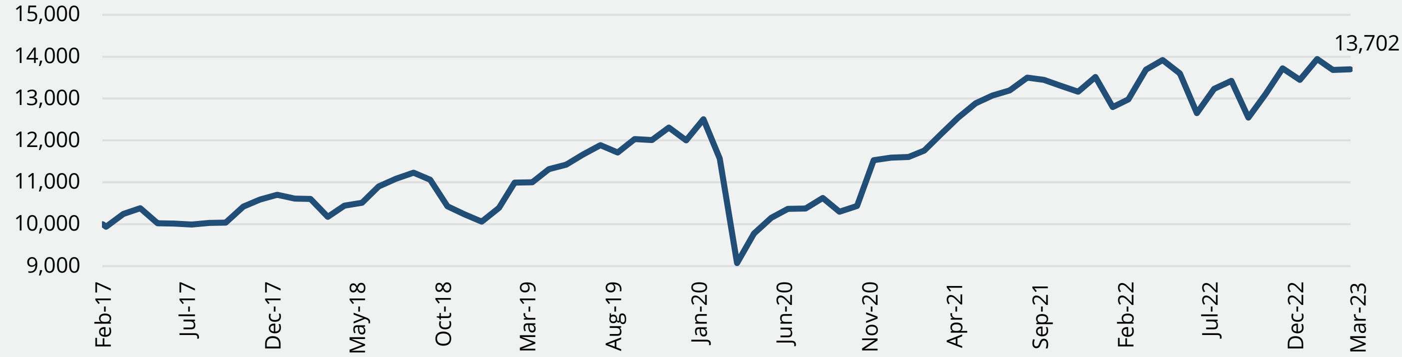
Value of A$10K Invested



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 0.12% in March 2023 compared with the S&P/ASX 200 Accumulation Index benchmark return of -0.16%. The ASX 200 fell modestly (-0.20%) in March despite the elevated uncertainty caused by banking stress in the US and Europe. The swift action by regulators to stem contagion risk by protecting uninsured deposits in the US provided investor relief. Nevertheless, markets remained on alert to the prospect of tighter credit conditions, which was felt most acutely in the ASX Real Estate sector, down 6.4% for the month. At a portfolio level, the Resources sector led by BHP Group, Northern Star resources and the telecommunication company Spark NZ, were notable strongly performing stocks. Conversely, Cleanaway Waste Management, Macquarie Group and National Australia Bank weighed negatively on performance. The collapse of Silicon Valley Bank and the subsequent tightening in financial conditions have led to sharp underperformance in the banks. In March we travelled to the Europe to attend the investor strategy briefings by CSL, Ramsay Health Care and Sonic Healthcare. We also met with several Australian companies (outside of Health Care) that have significant operations in the region, including Brambles, Computershare, Macquarie Group, QBE Insurance group, Rio Tinto, Worley and Xero. The key insights from these discussions were:

- CSL – Plasma collection volumes have recovered to >10% vs pre-COVID-19 levels. Manufacturing focus is on improving immunoglobulin yields from existing volumes.
- Ramsay – Post COVID-19 revenue recovery is gaining month-over-month, with end 3Q23 run-rate the best in over 3 years.
- Brambles – Manufacturers are de-stocking and right sizing inventory levels. Normalisation of supply chains has allowed Brambles to look for new business opportunities.
- UK/European banks are cautious in their outlook, but the sector remains well capitalised and the level of impairments is low.
- Commercial property is expected to deteriorate further due to the higher cost of capital, availability of credit and slowing rental growth weighing on sector valuations.
- Inflation is easing with lumber and transport costs moderating.
- The global economy is at the early stage in the energy transition. The transition will continue despite the slowing global economy, with supportive policy regimes in the US and Europe set to fund an explosion of energy transition projects. Key challenges for energy transition are regulatory/permitting delays, labour shortages, supply of raw materials and capacity constraints of grid infrastructure.
- The Inflation Reduction Act provides further support for traditional renewable technologies (offshore wind and solar). This is likely to accelerate the industrialisation of hydrogen, clean fuels and carbon capture.

Undoubtedly, concerns over banking stress in the US & Europe have contributed to investor uncertainty over the outlook for interest rates and economic growth. The prospect of tighter financial conditions drives our preference for investments in companies that operate in resilient industries (i.e. Consumer Staples and Health Care), have strong balance sheets (i.e. Energy and Materials) and offer attractive dividend yields.