Switzer | Dividend Growth Fund

Powered by BLACKMORE CAPITAL EQUITY INVESTORS

ASX:SWTZ

Fund Update: 30 April 2023

Key Fund Details

SWTZ Distribution Yield (net)[1] **5.57%**	Benchmark Dividend Yield (net)[2] **4.41%**
SWTZ Distribution Yield (gross)[1] **7.39%**	Net Asset Value **A$2.6048**

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]

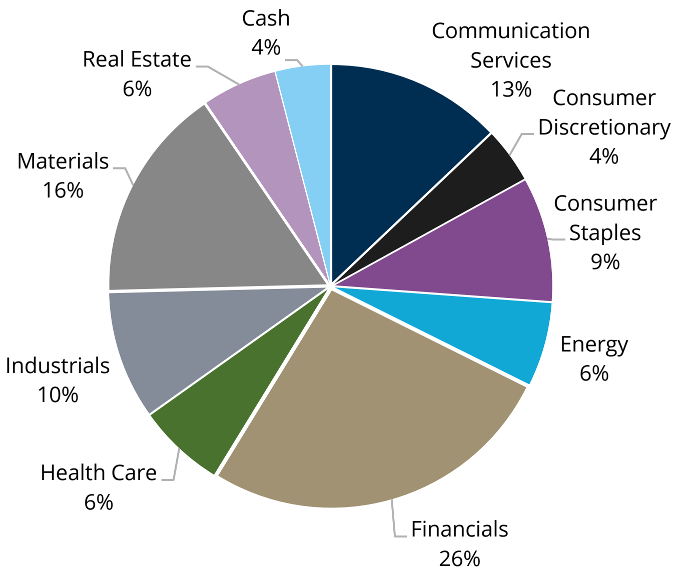
	1 Month	3 Months	6 Months	1 Year	Strategy Inception[2]	5 Years	Fund Inception[3]
Portfolio	1.91%	0.15%	6.51%	0.31%	6.35%	5.98%	5.55%
Benchmark[4]	1.85%	-0.80%	8.71%	2.83%	6.57%	8.26%	8.05%
Value Added[5]	0.06%	0.95%	-2.20%	-2.52%	-0.22%	-	-

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	8.43
Telstra Corporation	6.66
Spark New Zealand	6.25
Medibank Private	5.82
Westpac Banking Corporation	5.00
Woolworths Group	4.68
Commonwealth Bank of Australia	4.67
Macquarie Group	4.58
National Australia Bank	4.28
Woodside Energy Group Ltd	4.18
Total	**54.55**

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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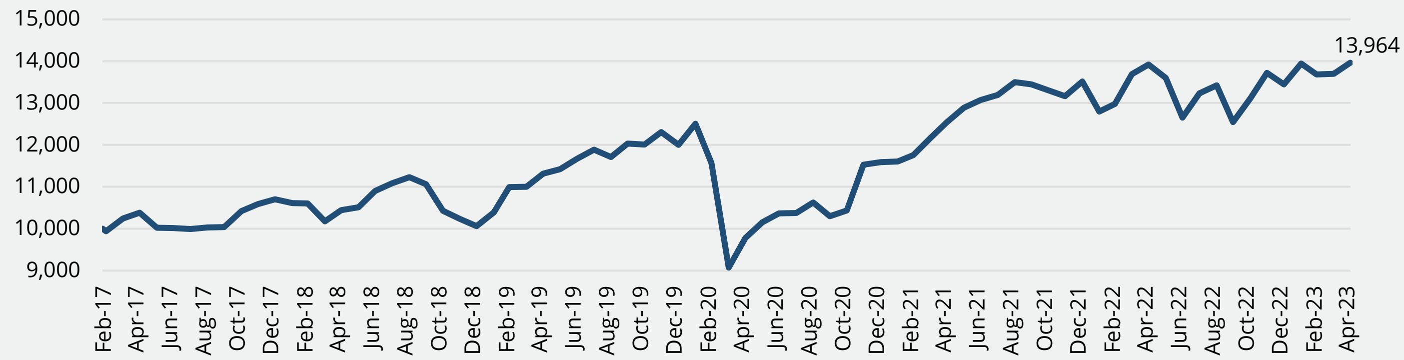
Value of A$10K Invested



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 1.91% in April 2023 compared with the S&P/ASX 200 Accumulation Index benchmark return of 1.85%. All sectors of the ASX 200 added value in April except Materials. In this calendar year, equity markets have weathered multiple interest rate rises, stickier inflation and a US regional banking crisis.

One of the key reasons why equity markets have been so resilient despite many risks, is because corporate earnings and margins have held up better than expected, supported by low unemployment and a resurgence of migration levels. Moreover, volatility in equity markets remains low, seemingly pricing in slowing economic growth but no recession. The most recent earnings reporting periods in Australia, the US, and Europe have generally exceeded expectations, underpinning the view that earnings are holding up better than feared.

At a portfolio level in April, Medibank Private (**MPL**), Northern Star Resources and Spark NZ were notable strongly performing stocks. Whereas Amcor, Ramsay Health Care and Cleanaway Waste Management weighed on performance. During the month, we reduced our position in MPL, using the proceeds to initiate a new position in Rio Tinto (**RIO**). In December 2022, we increased our holding in MPL following a sharp retracement in its share price due to a cybercrime incident. Since then, the stock has rallied strongly, with a total return of 25.7% year-to-date in 2023. Given the strong share price performance, MPL's valuation now looks relatively full on a forward 12-month Enterprise to EBITDA (earnings before interest, tax, depreciation, and amortisation) multiple of 12.3x.

We have added RIO to the portfolio after a ~9% decline in the stock price over the second half of April, eliminated its year-to-date gain and its outperformance of the ASX200, which now lags by ~5%. The correction came amid a decline in the iron ore benchmark price, accompanied by slower than expected industrial production growth in China, as its economic recovery has so far been led by consumer spending in retail and services rather than a rebound in property, infrastructure and manufacturing. In addition, RIO's exposure to copper is expected to rise from 9% of earnings (EBITDA) in 2022 to 25% in 2024. Critically, cooper is one of the key commodities in the energy transition for its role in electricity grids, renewable power generation and electric vehicles.

In a world with a higher cost of capital, we continue to prefer quality defensive businesses (consumer staples and health care) together with energy and resources which remain well placed to benefit from the green transition, whereby infrastructure spending should be a tailwind for these sectors in the coming years.