

ASX:SWTZ

Fund Update: 31 May 2023

## Key Fund Details

SWTZ Distribution Yield (net) <sup>1</sup>	Benchmark Dividend Yield (net) <sup>2</sup>	Fund Name	Switzer Dividend Growth Fund (Quoted Managed Fund)
<b>5.76%</b>	<b>4.60%</b>	Investment Manager <sup>3</sup>	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
SWTZ Distribution Yield (gross) <sup>1</sup>	Net Asset Value	Target/Max Cash Position	1% / 20%
<b>7.66%</b>	<b>A\$ 2.5261</b>	Distribution Frequency	Monthly
		Management Fee <sup>4</sup>	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<sup>1</sup>

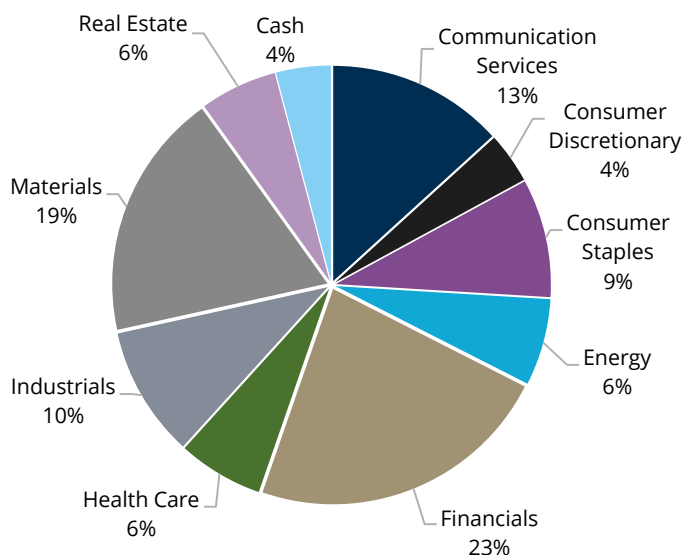
	1 Month	3 Months	6 Months	1 Year	Strategy Inception <sup>2</sup>	5 Years	Fund Inception <sup>3</sup>
Portfolio	-2.71%	-0.74%	-0.99%	-0.10%	4.71%	5.27%	5.01%
Benchmark <sup>4</sup>	-2.53%	-0.89%	-0.58%	2.90%	5.01%	7.47%	7.49%
Value Added <sup>5</sup>	-0.18%	0.15%	-0.41%	-3.00%	-0.30%	-	-

**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	8.16
Telstra Corporation	6.86
Spark New Zealand	6.39
Westpac Banking Corporation	4.75
Commonwealth Bank of Australia	4.70
Woolworths Group	4.66
Macquarie Group	4.41
Woodside Energy Group Ltd	4.37
National Australia Bank	3.98
Cleanaway Waste Management	3.93
<b>Total</b>	<b>52.21</b>

## Sector Allocation



### For More Information

Please visit our website at: [www.associateglobal.com/funds/swtz/](http://www.associateglobal.com/funds/swtz/)

If you have any questions, please contact our distribution team on 1300 052 054 or [invest@associateglobal.com](mailto: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 -2.71% in May 2023 compared with the S&P/ASX 200 Accumulation Index benchmark return of -2.53%. The market declined in May as Banks and Resources, the bell-weather sectors of the Australian equity market, weighed heavily on market returns. The 1H23 bank earnings results highlighted the near-term outlook remains challenging. The initial benefits of higher interest rates on bank net interest margins have been diluted by elevated competition for deposit and mortgage customers. A more cautious outlook for earnings and returns for the banks has further contributed to its relative underperformance.

The sell-off in resource stocks reflects rising recessionary concerns in the West and a weaker-than-expected economic recovery in China. The initial enthusiasm for a recovery in commodity prices from China's re-opening out of the pandemic has been dampened in the short-term by disappointing domestic manufacturing and employment data suggesting a more sluggish economy. The Energy sector has also not been immune to recessionary concerns over a weaker outlook for global industrial production. In sharp contrast, optimism towards the Technology sector's improving growth outlook and futuristic benefits of Artificial Intelligence underpinned the outperformance of growth stocks relative to value stocks over the month.

At a portfolio level, Industrial and Health Care sectors led by Cleanaway Waste Management, CSL and Integral Diagnostics were notable strong performing stocks. Conversely, BHP Group, Ramsay Health Care and Amcor weighed negatively on performance. Undoubtedly, there has been a material divergence in performance within the Health Care sector. CSL's share price outperformance over the last year (~+15% relative to the ASX 200 ~+1%) has been underpinned by a robust recovery in its plasma therapies division. CSL's plasma collection volumes are up ~30% year-on-year, providing an uplift in operating margins. With initiatives to improve further productivity and operating leverage, CSL remains well placed to deliver double-digit earnings growth over the forecast period. Ramsay's 3Q23 update highlighted a more challenging operating environment. While there has been a solid recovery in elective surgical admissions in Australia and the UK, ongoing cost headwinds relating to labour availability and wage inflation have impacted operating margins. Over the medium-term, we believe Ramsay should be a beneficiary of a continued recovery in surgical volumes and momentum returning in its non-surgical categories driven by ageing demographics and chronic disease.

The recent US and Australian reporting periods have highlighted that corporate earnings remain relatively resilient despite the impact of rising interest rates. Earnings growth is expected to slow over the remainder of calendar 2023, but still record low single-digit earnings per share growth. The ASX 200 is trading on a 12-month-forward price earnings ratio of ~14.5 times and a dividend yield of ~4.3% (around their 30-year averages). While the ASX 200 is neither 'cheap' nor 'expensive' on historical metrics, we continue to be mindful that the backdrop for the global economy suggests a further slowing in activity. Our portfolio remains positioned in the key sectors of defensive Industrials, Health Care and Materials, all of which we believe continue to offer favourable long-term prospects.

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