Switzer | Dividend Growth Fund

Powered by BLACKMORE CAPITAL EQUITY INVESTORS

ASX: SWTZ

Fund Update: 31 October 2021

Key Fund Details

SWTZ Distribution Yield (net)[1]
3.29%

Net Asset Value
A$2.6744

SWTZ Distribution Yield (gross)[1]
4.63%

Fund Name	Switzer Dividend Growth Fund (Quoted Managed Fund)
Investment Manager[2]	Blackmore Capital
Responsible Entity	Switzer Asset Management Limited
Inception Date	27 February 2017
Stock Universe	ASX 300
Number of Stocks	30 - 50
Benchmark	ASX 200 Accumulation Index
Target/Max Cash Position	1% / 20%
Distribution Frequency	Quarterly
Management Fee[3]	0.89% p.a.
Performance Fee	n/a

Notes: 1. Yield calculation based on distributions attributable to the 12 months to the date of this report relative to SWTZ's closing unit price of at the beginning of the period. 2. Appointed on 21 April 2021. 3. Fees are inclusive of GST and less RITC.

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.

- Investment expertise
- Tax effective income
- Quarterly distributions
- ASX trading

Performance[1]

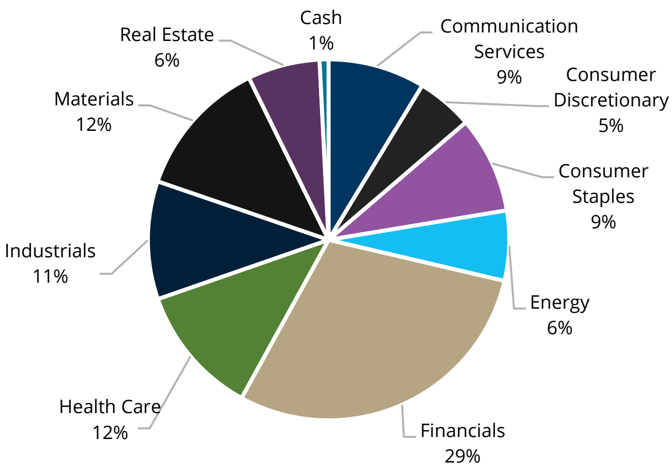
	1 Month	3 Months	6 Months	1 Year	3 Years	Inception[2]
Portfolio	-1.09%	0.81%	6.06%	27.52%	8.47%	6.28%
Benchmark[3]	-0.10%	0.51%	6.34%	27.96%	11.92%	9.26%

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. Inception date is 27 February 2017. 3. Benchmark is the ASX 200 Accumulation Index.

Top 10 Portfolio Holdings

Company	Weight %
Commonwealth Bank of Australia	8.90
Westpac Banking Corporation	8.87
BHP Group	5.82
Woolworths Group	5.17
Spark New Zealand	5.06
Wesfarmers	5.04
Macquarie Group	4.53
Cleanaway Waste Management	4.43
Qube Holdings	4.23
Amcor	4.13
Total	**56.18**

Sector Allocation



For More Information
Please visit our website at: www.contango.com.au/funds/swtz

If you have any questions, please contact our distribution team on 1300 001 750 or invest@contango.com.au.

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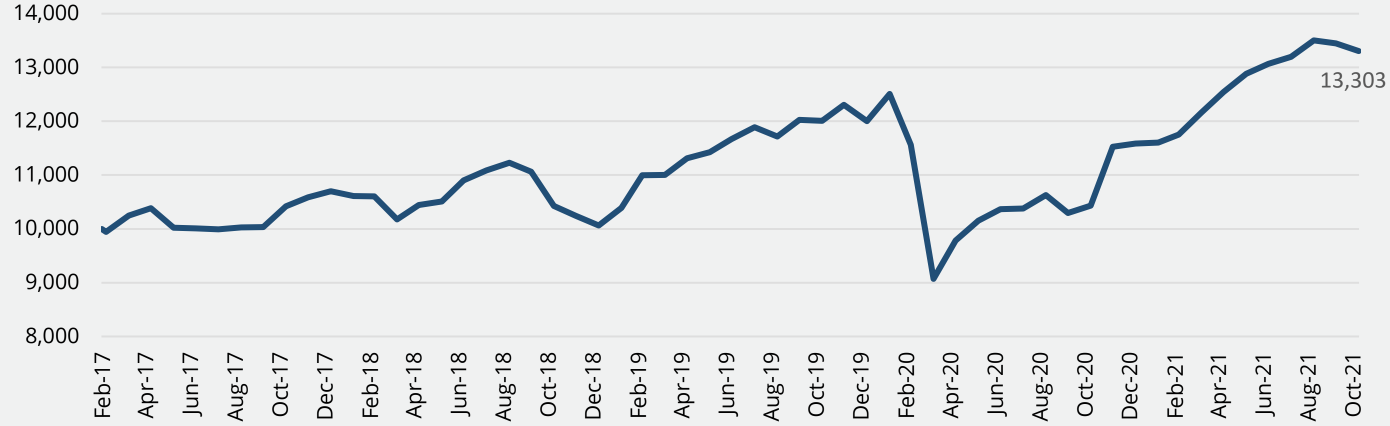
Value of A$10K Invested



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

Portfolio Update

With the Australian equity market returning more than 70% since the pandemic lows of March 2020, the recovery in stock prices moderated in October, with the ASX 200 finishing marginally lower by 0.1%.

A growing myriad of challenges are weighing on equity markets, including supply chain bottlenecks, energy prices grinding higher, financial deleveraging in China, the persistence of the COVID-19 Delta variant and rising bond yields as central banks begin tightening liquidity conditions. Collectively, each of these factors has heighten investor uncertainty.

Yet encouragingly, it is pleasing to observe that the latest AGM and quarterly updates have delivered more positive than negative surprises in terms of current trading conditions and earnings guidance. Despite many companies highlighting supply chain and cost challenges, there have been more upgrades than downgrades to earnings estimates.

At a portfolio level, the 1Q21 earnings results can be classified as:

- Upgrade to earnings – Healius (beneficiary of elevated COVID-19 testing); Goodman Group (lifted FY22 earnings per share guidance to +15%); Macquarie Group (elevated trading, investment income and asset sales); News Corp (stronger than expected digital real estate).
- Confirmed guidance – Amcor and Brambles (successfully navigated elevated inflation using pass through cost mechanisms and pricing power); CSL (ongoing recovery in plasma collections).
- Downgrade to earnings – Westpac (disappointing execution on margins and expenses).

The reopening of economies has led to a significant increase in the demand for energy. Global oil demand has rebounded at a time when there is a lack of new supply. The combination of rising demand and shortages in energy supply has ignited prices for both oil and gas. For now, the portfolio retains an investment in Ampol and Santos as both companies benefit from current favourable industry conditions. Yet the sunset for the fossil industry has begun and it is imperative for energy companies not only to lower their carbon emissions, but transition to a greener energy footprint.

In summary, there is growing confidence that we are now facing a clearer path to normalisation over the summer months with the end of State lockdowns and the reopening of international borders, providing further support of a rebound in economic activity. While monetary policy measures may begin to tighten modestly, we expect fiscal stimulus may re-emerge as we head toward a federal election in 1H calendar 2022. Overall, with the earnings expansion expected to continue for the remainder of FY22, the portfolio retains its focus on companies that can deliver long-term profit and dividend growth.