

ASX: SWTZ

Fund Update: 31 December 2021

Key Fund Details

SWTZ Distribution Yield (net) ¹ 3.00%	Net Asset Value A\$2.7165	Fund Name Switzer Dividend Growth Fund (Quoted Managed Fund)	Blackmore Capital
		Investment Manager ² 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
SWTZ Distribution Yield (gross) ¹ 4.23%		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**

Performance¹

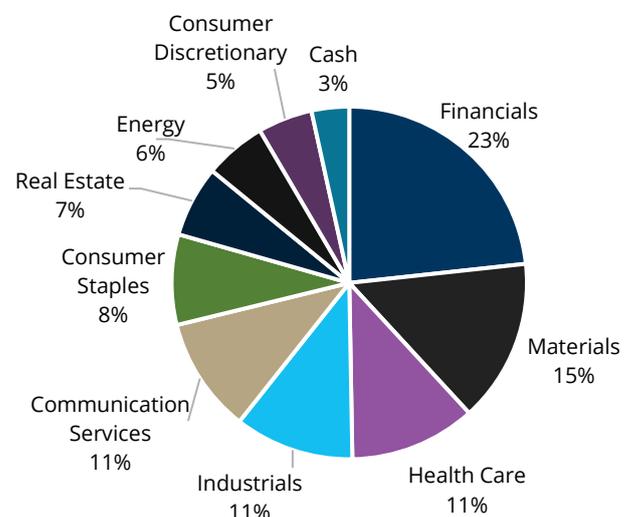
	1 Month	3 Months	6 Months	1 Year	3 Years	Inception ²
Portfolio	2.63%	0.46%	3.39%	16.61%	10.32%	6.40%
Benchmark ³	2.75%	2.09%	3.84%	17.23%	13.62%	9.42%

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 %
BPH Group	8.41
Commonwealth Bank of Australia	7.27
Telstra Corp	5.69
Wesfarmers	4.97
Cleanaway Waste Management	4.93
Woolworths Group	4.91
Westpac Banking Corporation	4.90
Spark New Zealand	4.86
Macquarie Group	4.43
Amcor	4.07
Total	54.44

Sector Allocation



For More Information

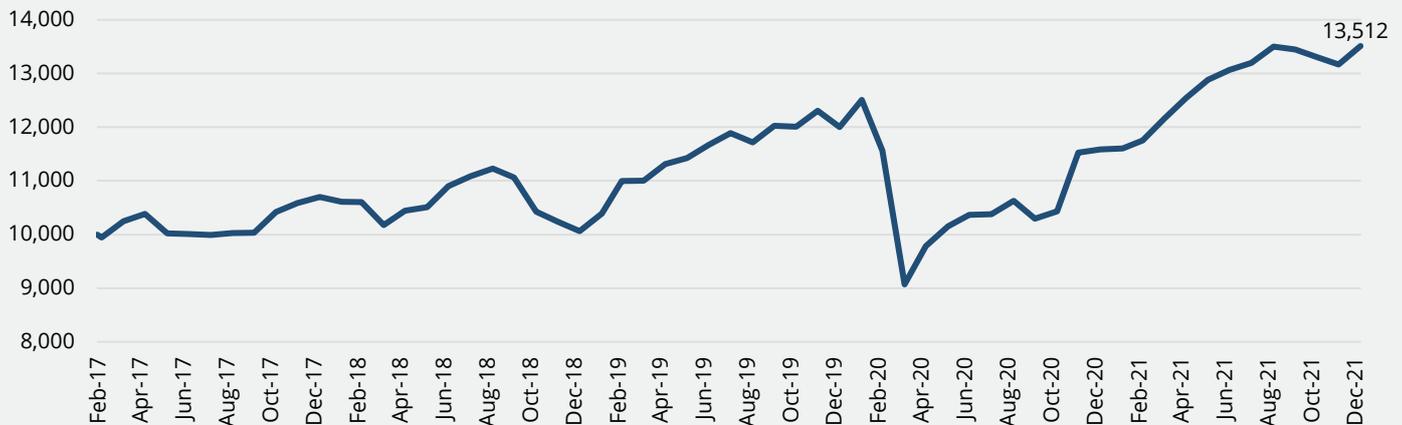
Please visit our website at: www.contango.com.au/funds/swtz

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

The portfolio delivered a return of 2.63% compared with the Benchmark return of 2.75%. The major elements that have supported equity prices in 2021 are expected to fade in 2022. The combination of unrivalled fiscal and monetary stimulus and the benefits of economies re-opening have driven up the price of 'just about everything'. As we start the new year, it appears that central banks are looking to curtail the liquidity stimulus as inflation accelerates, while policy makers consider an earlier timetable for reducing bond purchases (AKA 'tapering') and potentially raising interest rates. While monetary policy (a key support mechanism for asset prices) is set to tighten (albeit modestly), we still expect earnings for the ASX 200 to grow in 2022, though at a slower pace than 2021.

M&A activity in the Healthcare sector was elevated in December with the core portfolio stocks of CSL, Healius and Ramsay Health Care announcing acquisitions. Each of the acquisitions underlines opportunities for the healthcare sector beyond the disruptions of COVID-19 and provides a constructive backdrop for the long-term treatment of chronic health conditions.

- CSL announced plans to acquire Vifor Pharma for an equity value of US\$11.7bn. The transaction provides exposure to the renal disease market where the prevalence of chronic kidney disease is expected to grow at ~8% per annum. Vifor's product portfolio is complementary to CSL's existing R&D pipeline in cardiovascular disease. The transaction is also expected to be EPS accretive in the first full year of CSL ownership, including US\$75m of synergies to be achieved over three years.
- Healius announced the acquisition of Agilix Biolabs for \$301m. Agilix Biolabs is an Australian bioanalytical laboratory company that provides exposure to the growing demand for clinical trials, which are increasingly outsourced by pharma companies. The acquisition diversifies Healius' revenue streams and provides exposure to the global clinical trial sector. The company expects the acquisition to deliver low-single digit EPS accretion in the first full year of ownership.
- Ramsay Health Care announced that it intends to acquire Elysium Healthcare, a UK operator of hospitals and care homes for individuals with mental health conditions, for A\$1.4bn. The acquisition provides Ramsay with exposure to the UK Mental Health market, estimated to be worth £15.2bn with the UK government committed to increasing funding for mental health diagnosis. The company expects the acquisition to be mid-single digit EPS accretive in FY23.

Amid the persistence of the COVID-19 virus and at a time when central banks are actively looking to unwind ultra-accommodative policy settings, we expect earnings growth and market valuations to moderate. Nonetheless, in an environment of slower but still positive growth in profits, a focus on dividend yield should become a more prominent consideration for investors. Against this backdrop, the Fund's emphasis on earnings quality, dividend sustainability and conservatively positioned balance sheets remains imperative.

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