

ASX:SWTZ

Fund Update: 31 January 2022

Key Fund Details

SWTZ Distribution Yield (net) ¹ 3.11%	Net Asset Value A\$2.5513	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 4.39%		Target/Max Cash Position	1% / 20%
		Distribution Frequency	Monthly
		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

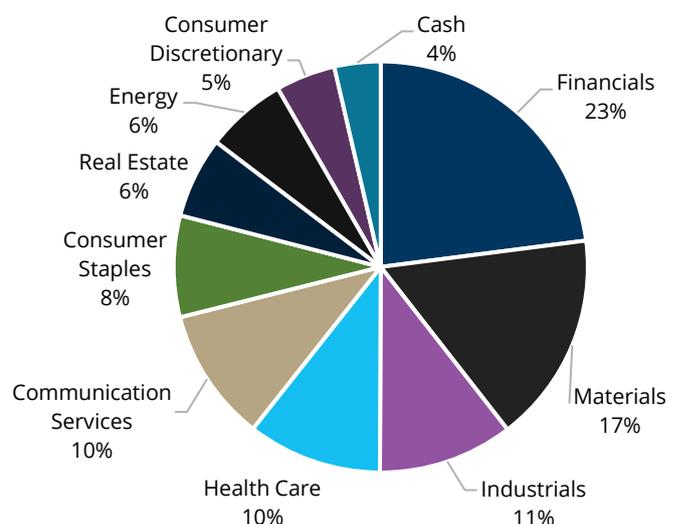
	1 Month	3 Months	6 Months	1 Year	3 Years	Inception ²
Portfolio	-5.30%	-3.81%	-3.03%	10.25%	7.19%	5.12%
Benchmark ³	-6.35%	-4.30%	-3.81%	9.44%	9.77%	7.81%

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	9.91
Commonwealth Bank of Australia	7.13
Telstra Corp	5.63
Westpac Banking Corporation	4.91
Spark New Zealand	4.85
Cleanaway Waste Management	4.79
Woolworths Group	4.69
Wesfarmers	4.66
Ancor	4.37
Macquarie Group	4.18
Total	55.12

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

From January 2022, distributions to investors from SWTZ will be paid monthly instead of quarterly. This change to monthly payments will make the Fund more contemporary for investors seeking regular income and provides a basis for increased investor communication.

The portfolio delivered a return of -5.30%, outperforming the Benchmark return of -6.35%. The ASX 200 decline of more than 6% in January was its worst start to the year since 2008. Since the nadir of equity prices in March 2020, risk assets have been driven higher by an abundance of liquidity and stimulus. Global economies have flourished and corporate earnings have rebounded, supporting record equity prices. Yet the 'whatever it takes' policy response, combined with the pandemic-induced dislocation of global supply chains, has ushered in an era of structural imbalances prompting inflation to rise to its highest level in decades. The fear that inflation may not be under control has led to a sharp pivot by central banks acknowledging they are now 'behind the curve'. The prospect that interest rates and bond yields will rise and there will be less of a stimulus impulse saw global equity markets decline sharply in January. The sell-off in equity markets highlighted the vulnerability of highly valued companies (i.e. growth stocks) and also sectors, such as Healthcare, where the provision of services has been disrupted by the COVID-19 Omicron variant.

At a portfolio level, value was a clear outperformer in January. The outperformance was driven by gains in Energy and Material stocks, with BHP and Santos being the standout contributors. Declines were most evident in Consumer Staples and Healthcare, with CSL/Healius and Wesfarmers weighing on performance. We contend that higher bond yields and the wide valuation dispersion that still exists between growth and value will continue to weigh on the most expensive stocks. However, we remain optimistic that the Healthcare sector should show signs of recovery as the impact of the Omicron variant fades and the backlog of treating patients resumes. Moreover, the recent de-rating in the Consumer Staples stocks impacted by supply chain disruptions is now appearing to ease. Higher food inflation should also support both earnings and the price-to-earnings ratios of supermarkets.

For 2022, equity markets face the dual headwind of tightening financial conditions and slowing earnings momentum. The sell-off in global equity markets in January reflected these concerns. Nonetheless, global economies continue to enjoy strong growth. Our portfolios are focused on quality companies with strong balance sheets that remain well placed to deliver dependable dividends to our investors.

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