

ASX:SWTZ

Fund Update: 31 July 2022

Key Fund Details

SWTZ Distribution Yield (net) ¹ 5.58%	Benchmark Dividend Yield (net) ² 4.76%	Fund Name Switzer Dividend Growth Fund (Quoted Managed Fund)
		Investment Manager ³ Blackmore Capital Pty Ltd
		Responsible Entity Associate Global Partners Limited
		Inception Date 23 February 2017
		Stock Universe ASX 300
		Number of Stocks 30 - 50
		Benchmark ASX 200 Accumulation Index
SWTZ Distribution Yield (gross) ¹ 7.39%	Net Asset Value A\$2.5395	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.

Performance¹

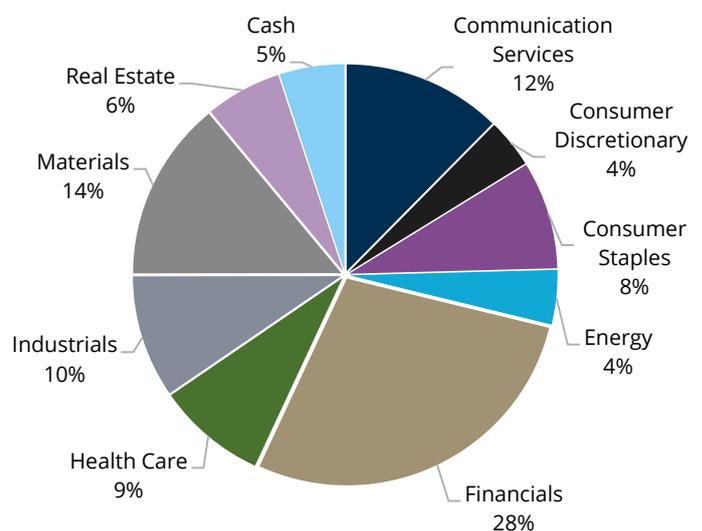
	1 Month	3 Months	6 Months	1 Year	Strategy Inception ²	5 Years	Fund Inception ³
Portfolio	4.62%	-4.93%	3.43%	0.30%	5.71%	5.78%	5.29%
Benchmark ⁴	5.75%	-6.04%	1.71%	-2.17%	3.07%	8.03%	7.41%
Value Added ⁵	-1.13%	1.11%	1.72%	2.47%	2.64%	-	-

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 ASX 200 Accumulation Index. 5. Value added since Blackmore Capital Pty Ltd was appointed.

Top 10 Portfolio Holdings

Company	Weight %
BHP Group	7.12
Telstra Corporation	6.22
Spark New Zealand	6.14
Westpac Banking Corporation	5.03
Commonwealth Bank of Australia	4.97
Amcor	4.94
Macquarie Group	4.77
National Australia Bank	4.77
Woolworths Group	4.74
Medibank Private	4.73
Total	53.43

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: Associate Global Partners 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 4.62% in July 2022. A bold recovery in July saw the ASX 200 rise 5.8%, with Banks, Technology and Real Estate sectors benefiting from lower-bond yields. On the other hand, concerns over China's economy weighed on commodity prices with Materials being the only detractor for the month.

Equity markets proved remarkably resilient in the face of deteriorating economic data with rising inflation and the United States GDP declining for a second consecutive quarter, suggesting that the economy is showing signs of 'stagflation'. Offsetting this pessimism was a better-than-expected second quarter results season for the S&P 500, where earnings are on track to deliver ~9% year-on-year growth, and the expectation that US rate rises are closer to peaking. However, we believe it is still too early to remove the guardrails as imbalances impacting the global economy remain prevalent. With this mind, the portfolio was further tilted towards defensive companies. The speed and magnitude by central banks, including the Reserve Bank of Australia (RBA), to tighten monetary policy has had a negative effect on the housing market. National house prices fell 1.4% in July, registering the third consecutive month of declines. Over the past decade, there has been a strong correlation between bank share prices and the direction of Australian housing values. The weighting of the portfolio to the banks has been reduced in expectation of housing credit growth moderating as house prices decline and auction clearance rates fall.

The telecommunications sector is regarded as more favourable as rising interest rates slow the economy and inflation. An improved industry structure in Australia has seen Telstra and Optus announce matching price rises of ~5% during July, with Telstra indexing prices to inflation amid continuing strong demand for mobile data services. Moreover, the monetisation of both Telstra's and Spark NZ's mobile tower assets will provide the optionality for capital management initiatives, and the portfolio is invested in both of these companies.

As we commence the FY22 reporting season, we will be monitoring several key data points, namely:

- Is there evidence of demand slowing and are underlying earnings moderating?
- How are companies managing with higher cost inflation? Are they still able to pass through higher costs to the end consumer, with a key indicator being margin performance compared to 1H22?
- Are there companies exposed to changes in working capital ratios, inventory levels, and cash conversion?
- Are banks benefiting from an improvement in net interest margins from higher rates vs the slowdown in mortgage lending?
- Are commodity stocks being challenged on production and costs? What are the commodity producers view on capital expenditure and capital management?
- Do companies have visibility of earnings and confidence to provide guidance?

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