

ASX:SWTZ

Fund Update: 30 September 2022

Key Fund Details

SWTZ Distribution Yield (net) ¹ 6.05%	Benchmark Dividend Yield (net) ² 5.09%	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 8.06%	Net Asset Value A\$2.3909	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

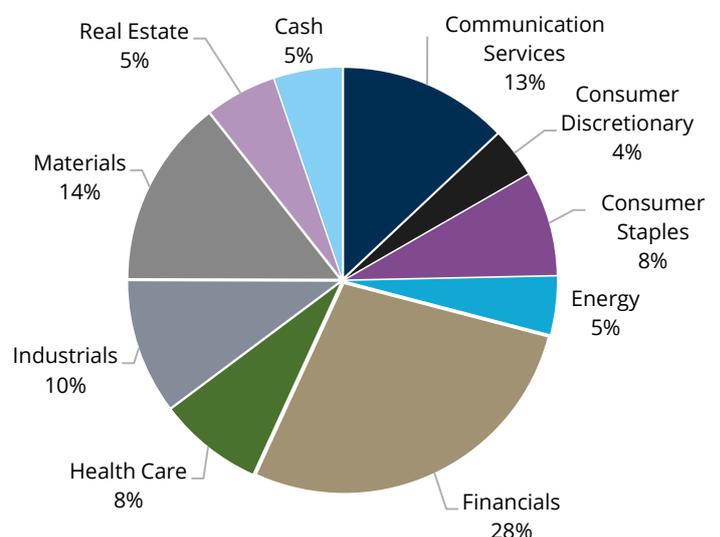
	1 Month	3 Months	6 Months	1 Year	Strategy Inception ²	5 Years	Fund Inception ³
Portfolio	-6.55%	-0.87%	-8.38%	-6.75%	1.19%	4.56%	4.13%
Benchmark ⁴	-6.17%	0.39%	-11.56%	-7.69%	-0.93%	6.76%	6.19%
Value Added ⁵	-0.38%	-1.26%	3.18%	0.94%	2.12%	-	-

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	7.54
Telstra Corporation	6.54
Spark New Zealand	6.38
Westpac Banking Corporation	5.14
Medibank Private	5.12
National Australia Bank	4.78
Commonwealth Bank of Australia	4.76
Amcor	4.73
Woolworths Group	4.56
Cleanaway Waste Management	4.44
Total	53.99

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 -6.55% in September 2022 compared with the S&P/ASX 200 Accumulation Index benchmark return of -6.17%.

The substantial fall in the ASX 200 was in the shadow of a dramatic rise in government bond yields. An aversion by investors to higher yields had a significant impact on Real Estate (-13.6%) and Technology (-10.6%), whereas Materials (-2.3%) and Energy (-3.8%) recorded the smallest falls in September. Within stocks, BHP Group, Northern Star and OZ Minerals positively contributed, while Ramsay Health Care, Goodman Group and Macquarie Bank were the key detractors.

It is evident that the strong recovery in optimism for stocks (which manifested itself as earnings) from the depths of the pandemic, has now been deflated. Equity markets are facing five main macro headwinds: notably rising interest rates; slowing growth; elevated geo-political risks; stubbornly high inflation; and a strong US dollar. This has created a vicious cycle for equity valuations with the ASX 200 12 month-forward PE compressing from over 18 times to ~13 times this calendar year.

At a company level, the KKR-led Consortium bid for Ramsay Health Care collapsed in September following the announcement that it was not able to improve the terms of an alternative proposal (\$88 cash per share for the first 5000 shares, then \$78.20 cash + 0.22 Ramsay Sante shares). Notwithstanding this, the ~20% fall in Ramsay's share price now offers medium-term valuation support. Critically, the latest Medicare data and industry feedback suggests that the delayed recovery in healthcare procedures is now showing tangible signs of recovery. Faced with an unprecedented backlog in elective surgery, healthcare providers are well placed for a sequential recovery in earnings.

In the immediate future, we believe that the financial pressure of tighter financial conditions will continue to weigh on equity market valuations. Despite a myriad of economic headwinds, it is noteworthy that the recent earnings reporting period highlighted that underlying demand remains strong, supported by a robust labour market and well capitalised corporate balance sheets. We expect the upcoming AGM season should provide insight into whether there are signs that recent rate hikes are beginning to moderate economic activity.

From a portfolio perspective, we continue to favour companies that offer stable growth in the Consumer and Industrial sectors, in Healthcare as earnings recover from pandemic disruption and in the Energy and Resources sector where structural shortages in supply should support higher prices as the global economy decarbonises.

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