

ASX:SWTZ

Fund Update: 31 October 2022

Key Fund Details

SWTZ Distribution Yield (net) ¹ 5.40%	Benchmark Dividend Yield (net) ² 4.82%	Fund Name Switzer Dividend Growth Fund (Quoted Managed Fund)
		Investment Manager ³ Blackmore Capital Pty Ltd
		Responsible Entity AGP Investment Management Limited
		Fund Inception Date 23 February 2017
		Stock Universe ASX 300
		Number of Stocks 30 - 50
		Benchmark ASX 200 Accumulation Index
SWTZ Distribution Yield (gross) ¹ 7.14%	Net Asset Value A\$2.4914	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

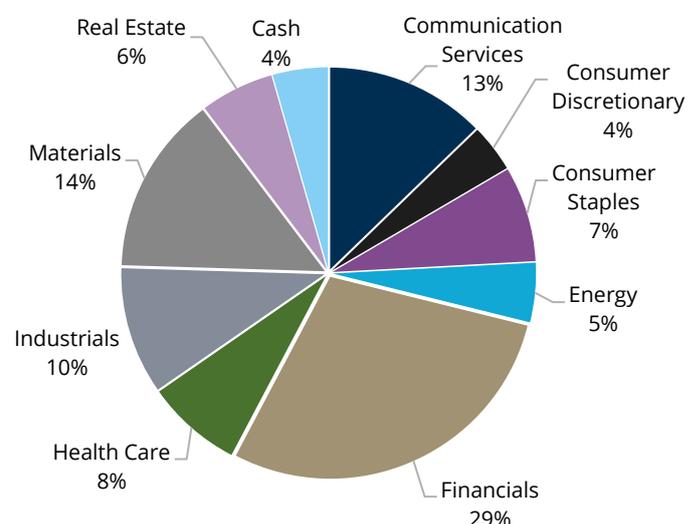
	1 Month	3 Months	6 Months	1 Year	Strategy Inception ²	5 Years	Fund Inception ³
Portfolio	4.54%	-0.94%	-5.82%	-1.45%	4.10%	4.70%	4.88%
Benchmark ⁴	6.04%	0.67%	-5.41%	-2.01%	3.00%	7.18%	7.19%
Value Added ⁵	-1.50%	-1.61%	-0.41%	0.56%	1.10%	-	-

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	7.04
Spark New Zealand	6.44
Telstra Corporation	6.26
Westpac Banking Corporation	5.78
Commonwealth Bank of Australia	5.29
National Australia Bank	5.18
Amcor	4.95
Macquarie Group	4.57
Woolworths Group	4.28
Cleanaway Waste Management	4.26
Total	54.05

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 4.54% in October 2022 compared with the S&P/ASX 200 Accumulation Index benchmark return of 6.04%. Global equity markets staged a dramatic recovery in October, reversing much of the declines from the September low point. The ASX 200 rallied 6.0% in October led by the retail banks benefiting from the rapid rise in cash rates. Overall, the strongest performing sectors were Banks (+14.5%), Energy (+9.5%) and Real Estate (+9.3%), whereas Consumer Staples (-0.2%) was the worst performing sector in October. For the portfolio, Northern Star, Spark NZ, and Waypoint REIT positively contributed while Medibank Private (MPL), Integral Diagnostics and Cleanaway Waste Management were the key detractors. A notable observation from first quarter 2023 (1Q23) reports and Annual General Meeting (AGM) commentary is that companies have made a solid start to the year, but the outlook points to slower demand. There are tangible signs that global supply chain pressures have started to ease due to weakening activity. The 1Q23 updates from Amcor and Brambles highlighted that operational momentum has started to slow as consumer companies begin to de-stock from the elevated levels built up over the COVID-19 pandemic.

A regrettable development over the last month has been the exposure of significant cyber-attacks on corporate Australia that resulted in disclosure of customers' personal data, which had an adverse flow on impact on the portfolio. The most prominent cyber-attacks included:

- Optus – which notified customers of a material breach of customer data on 22 September 2022;
- MPL – which reported a cyber-attack resulting in a data breach on 13 October 2022; and
- Australian Clinical Labs – which notified the ASX of a cyber security incident that involved the personal information of its patients and staff on 27 October 2022.

The cyber-attack on MPL has forcefully illustrated the difficulty of dealing with these incidents. An initial assessment of the breach indicated that no sensitive customer data had been accessed and only its AHM/international student systems had been impacted. However, subsequent investigations revealed that the data breach had extended to the MPL brand as well as to all policy holders. While the fallout on MPL's share price was immediate (~-18%) following its reinstatement on the ASX, the longer-term damage to its brand name is yet to be determined. In its most recent update, MPL announced:

- a \$25-35m support package for customers;
- the deferral of the CY22 premium increase until January 2023;
- the withdrawal of the previous FY23 policy holder growth outlook of ~2.7%; and
- that its business operations were continuing because to date its IT systems had not been encrypted by ransomware.

In the near term we expect MPL's share price to be impacted by negative investor sentiment until the full extent of the cyber breach has been understood. Nevertheless, the impact on consensus earnings remains modest, with MPL trading on ~16 times earnings and a dividend yield of ~5% on FY23 estimates, providing valuation support. The outlook provided by companies has raised concerns that tightening financial conditions have increased the risk of earnings downgrades heading into the new year. In an environment where slowing growth poses a key risk to earnings, we believe that it makes sense to maintain the portfolio's overweight positions in Industrial defensives, Energy, Health Care and Telecom stocks.

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