Switzer | Dividend Growth Fund

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ASX:SWTZ

Fund Update: 30 June 2023

Key Fund Details

SWTZ Distribution Yield (net)[1]
6.32%

Benchmark Dividend Yield (net)[2]
4.54%

SWTZ Distribution Yield (gross)[1]
8.40%

Net Asset Value
A$2.5455

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	20 - 50
Benchmark	ASX 200 Accumulation Index
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.

Performance[1]

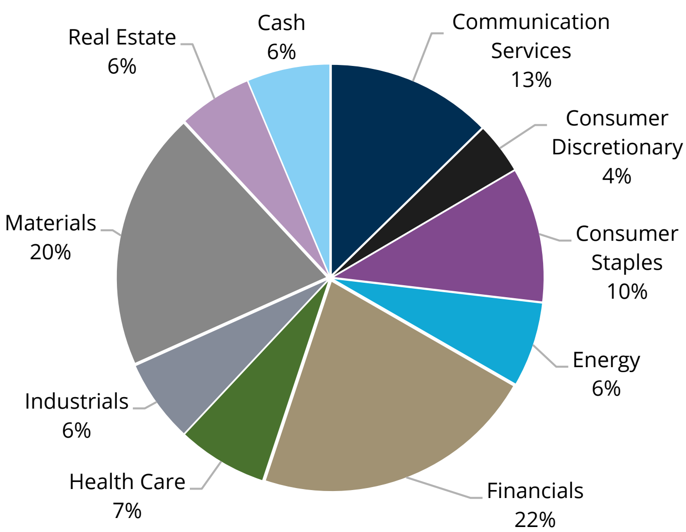
	1 Month	3 Months	6 Months	1 Year	Strategy Inception[2]	5 Years	Fund Inception[3]
Portfolio	1.08%	0.22%	2.10%	8.55%	5.04%	4.72%	5.12%
Benchmark[4]	1.76%	1.01%	4.51%	14.78%	5.66%	7.16%	7.69%
Value Added[5]	-0.68%	-0.79%	-2.41%	-6.23%	-0.62%	-	-

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 S&P/ASX 200 Accumulation Index. 5. Value added since Blackmore Capital Pty Ltd was appointed.

Top 10 Portfolio Holdings

Company	Weight %
BHP Group	8.54
Telstra Corporation	6.59
Spark New Zealand	6.08
National Australia Bank	5.14
Woolworths Group	4.81
Westpac Banking Corporation	4.80
Commonwealth Bank of Australia	4.76
Macquarie Group	4.49
Rio Tinto	4.48
Woodside Energy Group Ltd	4.28
Total	**53.97**

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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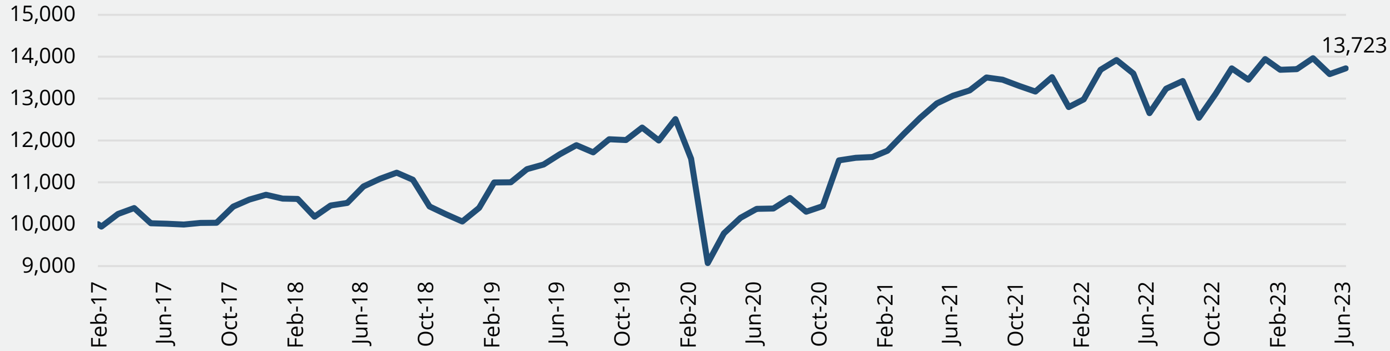
Value of A$10K Invested



Source: AGP Investment Management Limited. Calculations are based on the Net Asset Value 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 1.08% in June 2023 compared with the S&P/ASX 200 Accumulation Index benchmark return of 1.76%. During the month, Materials (+4.6%) was the best performing sector, while Health Care (-6.4%) underperformed following the release of CSL's FY24 earnings guidance, which was below market expectations. Overall, earnings expectations for the market continue to be revised lower ahead of the upcoming full year 2023 reporting period in August. We expect that company earnings will progressively be impacted by higher interest rates and ongoing cost pressures from wage and energy inflation.

In June, there have been several key updates from companies in the portfolio, with Cleanaway Waste Management, CSL and Ramsay Health Care providing earnings and/or operational announcements.

- **Cleanaway Waste Management (CWY)** – Reaffirmed FY23 earnings guidance of $300m EBIT (earnings before interest and taxes) and EBIT margin of 10.3% at its June Investor Day. CWY will provide 3-year EBIT CAGR (compound annual growth rate) targets with its FY23 result announcement in August.
- **CSL** – Reaffirmed FY23 earnings to be towards the top end of guidance. However, FY24 guidance was below market expectations due to a more gradual recovery in gross margins and headwinds from foreign exchange and net interest costs.
- **Ramsay Health Care (RHC)** – Announced it was exploring the possibility of a sale of its 50% holding in Ramsay Sime Darby (RSD) after "receipt of significant inbound interest". RHC also secured a new funding facility of A$1.5bn. The potential sale of RSD and refinancing would help to address concerns about RHC's balance sheet.

At a portfolio level, BHP Group, Macquarie Group, and Woolworths Group were notable strong performing stocks. Whereas CSL, Northern Star Resources and Spark NZ weighed negatively on performance.

Equity markets in 2023 have been remarkedly resilient, despite having to navigate the impact of higher interest rates (rising cost of capital), continued US/China/Russia geopolitical tensions and consumer cost of living pressures, without a sustained fall in asset prices. The ASX 200 valuation metrics have been relatively stable based on a forward P/E of 14.5 times and a dividend yield of ~4.3%, both of which are trading around their 30-year averages. The upcoming FY23 reporting period should provide an important indication of the health of company earnings and the prospects for the remainder of the year. The portfolio is well positioned and continues to hold industry leaders across the Health Care, Industrial and Resource sectors.