

ASX:SWTZ

Fund Update: 31 August 2023

Key Fund Details

SWTZ Distribution Yield (net) ¹ 3.74%	Benchmark Dividend Yield (net) ² 4.46%	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
SWTZ Distribution Yield (gross) ¹ 5.04%	Net Asset Value A\$2.5592	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.

Performance¹

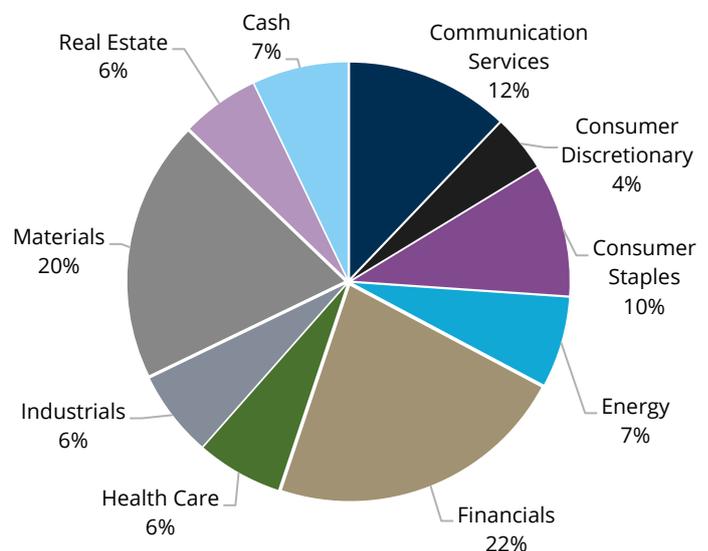
	1 Month	3 Months	6 Months	1 Year	Strategy Inception ²	5 Years	Fund Inception ³
Portfolio	-0.46%	2.23%	1.48%	3.49%	5.17%	4.34%	5.17%
Benchmark ⁴	-0.73%	3.92%	3.00%	9.56%	6.18%	7.01%	7.83%
Value Added ⁵	0.27%	-1.69%	-1.52%	-6.07%	-1.01%	-	-

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	8.40
Telstra Corporation	6.08
Spark New Zealand	5.99
National Australia Bank	5.52
Westpac Banking Corporation	4.87
Commonwealth Bank of Australia	4.78
Woolworths Group	4.57
Woodside Energy Group	4.55
Macquarie Group	4.43
Rio Tinto	4.31
Total	53.50

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 -0.46% in August 2023 compared with the S&P/ASX 200 Accumulation Index benchmark return of -0.73%. The fall in the ASX 200 in August coincided with the FY23 reporting season delivering a higher incidence of earnings downgrades. For corporate Australia, revenues held up well as demand trends were modestly better than expected, however this was offset by an increase in finance and wages costs that had a detrimental impact on earnings per share. It also appears to be putting more pressure on free-cash-flow as rising operating costs and capex provide the most notable headwind for resource companies.

The FY23 earnings season was particularly harsh for companies that had leveraged balance sheets at or above ~3x Net Debt/EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation), where negative price reactions were most pronounced as the full weight of higher interest costs dragged profits lower. Indeed, we expect that higher finance costs will continue to impact on earnings into FY24 as fixed rate debt rolls off into higher rates.

In an environment where the economy is showing the first tangible signs of slowing and higher operating costs persist, it is unsurprising that ASX 200 companies have provided cautious guidance for FY24. The market has clearly entered an earnings downgrade cycle, albeit mildly at this point, with earnings estimates being downgraded by >2% for FY24.

While negative earnings revisions have outweighed positive earnings revisions for this earnings period, it was encouraging to see a handful of companies in the Fund's portfolio deliver results ahead of expectations, namely: Brambles, Goodman Group and Spark NZ.

More broadly, at a sector level, Discretionary Retail, Real Estate and Energy were the strongest performers in August, whilst Utilities, Staples and Technology underperformed. At a portfolio level, this translated into cyclical companies typically outperforming defensive earning companies. Specifically, Goodman Group and Wesfarmers were notable strongly performing stocks. Whereas Ramsay Health Care, Cleanaway Waste Management and Telstra Corporation weighed on performance.

In our view, the key insights from this reporting season illustrate that companies with strong market shares and conservative balance sheets are enviably better placed to strengthen their value proposition relative to companies with higher debt levels. An aversion to high debt levels has prompted us to divest several names across the portfolio that face the continued headwinds of higher finance costs.

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