

ASX:SWTZ

Fund Update: 30 September 2023

Key Fund Details

SWTZ Distribution Yield (net) ¹ 4.00%	Benchmark Dividend Yield (net) ² 4.28%	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 5.43%	Net Asset Value A\$2.4892	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

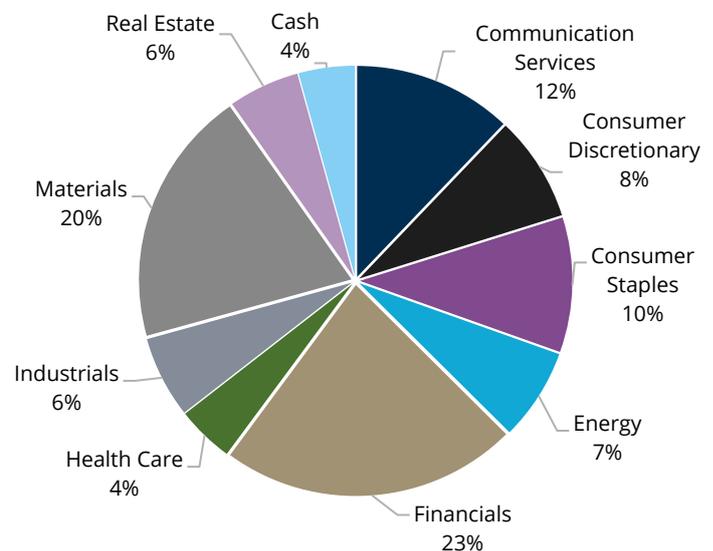
	1 Month	3 Months	6 Months	1 Year	Strategy Inception ²	5 Years	Fund Inception ³
Portfolio	-2.42%	-1.31%	-1.10%	8.06%	3.95%	4.15%	4.71%
Benchmark ⁴	-2.84%	-0.77%	0.24%	13.46%	4.73%	6.67%	7.26%
Value Added ⁵	0.42%	-0.54%	-1.34%	-5.40%	-0.78%	-	-

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	8.67
Telstra Corporation	6.10
Spark New Zealand	6.00
National Australia Bank	5.79
Westpac Banking Corporation	4.90
Commonwealth Bank of Australia	4.89
Woodside Energy Group	4.68
Woolworths Group	4.67
Rio Tinto	4.53
Macquarie Group	4.38
Total	54.61

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 -2.42% during the month compared with the S&P/ASX 200 Accumulation Index benchmark return of -2.84%. The ASX 200 fell in September as rising bond yields weighed heavily on global stock market valuations. At both an Index and company level, equity markets have now started to respond negatively to the pressure of higher interest rates. A renewed 'hawkish' stance by the US Federal Reserve has unsettled investors, concerned that interest rates could remain 'higher for longer' due to renewed inflation fears.

The goldilocks economic scenario has dimmed with the possibility of another Federal Reserve rate hike this year and less rate cuts planned for 2024. Undoubtedly, higher bonds yields and evidence of slower economic growth present a challenging backdrop for investors. Whilst the ASX 200 12-month forward Price Earnings Ratio (PER) is trading at ~15.5 times, a modest premium to its long-term average of ~14.3 times, a quickening pace of negative earnings revisions by analysts has further potential to dampen market sentiment. Combined with the ASX 200 dividend yield now being below the 10-year government bond yield for the first time since 2011, equity investors are rightfully wary.

At the sector level, Energy, Insurance and Materials were the strongest performers in September, whilst Health Care, Real Estate and Technology underperformed. At a portfolio level, this translated into the Energy and Materials sectors exhibiting greater resilience. Specifically, BHP Group, Santos, and Treasury Wine Estates were notable strong performing stocks. Whereas CSL, Goodman Group and Northern Star Resources weighed on performance.

Understandably, it is a challenging period for investors, as equity markets undergo a meaningful downward valuation adjustment. A longer period of higher interest rates will continue to be a headwind for those parts of the market leveraged to bond yields and a higher cost of debt. This includes growth companies without the benefit of solid cash flows, REITs, infrastructure stocks and highly leveraged industrial companies. We believe that it is prudent to be positioned in companies that exhibit 'earnings resilience' and suitably conservative balance sheets. As such we have further adjusted the Fund's portfolio to reflect these attributes.

Furthermore, an area of concern has been the underperformance of Health Care in the portfolio. Whilst we readily acknowledge the recovery out of the pandemic has been slower than anticipated, our investment thesis remains that the structural industry dynamics, namely: population growth, chronic disease and demographics provide pivotal support. Moreover, Health Care remains one of the few sectors positioned in the ASX 200 to deliver double digit earnings growth over the next 12 months.

In summary, whilst we expect that higher bond yields and slower earnings growth will continue to be a headwind for equity markets, we believe the Fund's portfolio is well positioned for these conditions.

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