Switzer | Dividend Growth Fund

Powered by BLACKMORE CAPITAL EQUITY INVESTORS

ASX:SWTZ

Fund Update: 31 October 2023

Key Fund Details

SWTZ Distribution Yield (net)[1] **3.83%**	Benchmark Dividend Yield (net)[2] **4.40%**	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] **5.22%**	Net Asset Value **A$2.4158**	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]

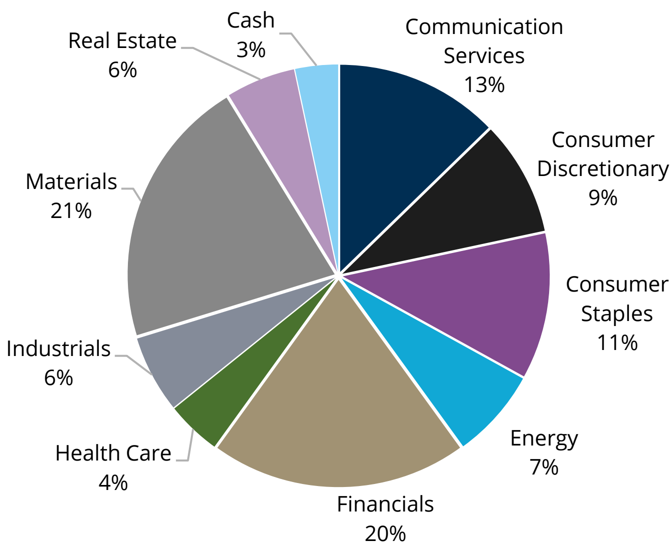
	1 Month	3 Months	6 Months	1 Year	Strategy Inception[2]	5 Years	Fund Inception[3]
Portfolio	-2.63%	-5.42%	-5.50%	0.65%	2.72%	4.83%	4.23%
Benchmark[4]	-3.78%	-7.19%	-5.30%	2.95%	2.98%	7.18%	6.55%
Value Added[5]	1.15%	1.77%	-0.20%	-2.30%	-0.26%	-	-

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	9.14
National Australia Bank	7.84
Spark New Zealand	6.40
Telstra Corporation	6.33
Metcash	4.99
Commonwealth Bank of Australia	4.95
Rio Tinto	4.92
Woolworths Group	4.62
Woodside Energy Group	4.61
Macquarie Group	4.41
Total	**58.21**

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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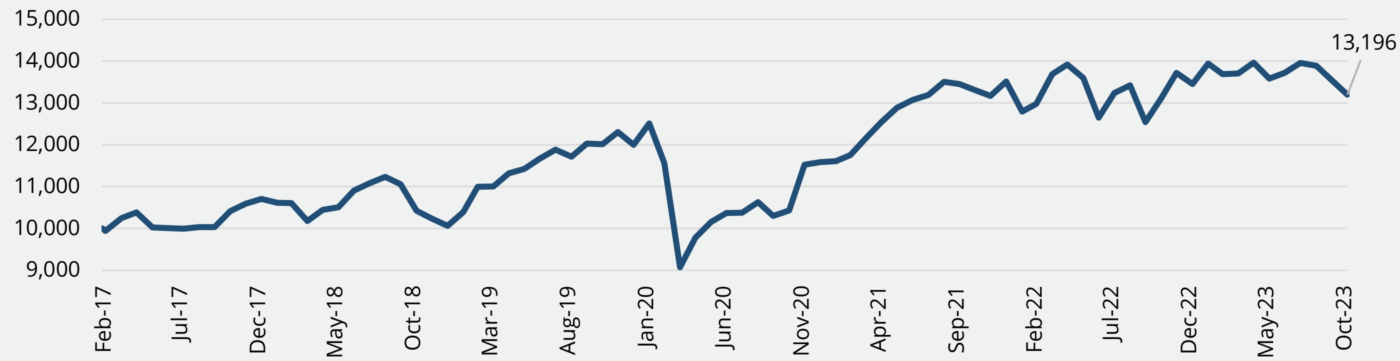
Value of A$10K Invested



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 -2.63% during the month, outperforming the S&P/ASX 200 Accumulation Index benchmark return of -3.78%. The ASX 200 fell in October as rising bond yields weighed heavily on equity valuations. The tension between rising interest rates and equities caused equity markets to trade near one-year lows in October. The increase in bond yields has been driven by stronger-than-expected economic growth supported by demand for employment and surging migration levels. At this stage, the higher interest rate environment has yet to materially dampen either inflation or retail spending in Australia. A relatively buoyant economic backdrop should be supportive of a more resilient and stable outlook for corporate earnings.

In October higher bond yields had a negative impact on the Technology, Health Care and Real Estate sectors, while heightened geo-political tensions in the Middle East supported the Energy and Resource sectors. At a portfolio level, the Resource and Telecommunication sectors exhibited the greatest resilience. Specially, Northern Star Resources, Spark New Zealand, and Rio Tinto were notable strong performers. Whereas CSL, Cleanaway Waste Management and Woolworths Group weighed on performance.

During the month we travelled to the United Kingdom to attend investor meetings in the areas of industrial logistics, commodities & energy transition and health care. Key summary points were:

- Energy transition investment – There are significant government programs to support 2050 net zero targets, with total green infrastructure spending expected to be in the vicinity of ~$60 trillion. The challenges to execute are in permitting/regulatory delays, cost inflation due to lack of skilled labour, raw material constraints, supply chain bottlenecks and higher cost of capital.
- Decarbonisation at scale – This requires technological breakthroughs for carbon emitting industries, commercial transportation, heavy energy intensive industries, shipping and aviation. The decarbonisation of commercial buildings is a further challenge.
- Structural tailwinds for commodities – The resource sector will be a beneficiary of a longer period of fossil fuel demand and the metal intensification required for green infrastructure transition.
- Private hospitals – The industry fundamentals remain attractive in the UK. The public health system has been unable to effectively address the record elective surgery waiting lists ($7.8m waitlist vs $4.5m pre-pandemic). We expect double digit growth in private health insurance and self-pay. UK's Ramsay Heath Care volumes have recovered above pre-pandemic levels and cost pressures have moderated.

We have clearly passed the period of ultra-low interest rates and global economies are adjusting to a new era of higher borrowing costs. The impact of this is most noticeable in companies with higher debt levels. We expect that while we may be close to the peak of the interest rate cycle, borrowing costs could well remain stubbornly high in the foreseeable future.