Switzer | Dividend Growth Fund

Powered by BLACKMORE CAPITAL EQUITY INVESTORS

ASX:SWTZ

Fund Update: 31 January 2024

Key Fund Details

SWTZ Distribution Yield (net)[1]
3.62%

Benchmark Dividend Yield (net)[2]
3.92%

SWTZ Distribution Yield (gross)[1]
5.02%

Net Asset Value
A$2.6338

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]

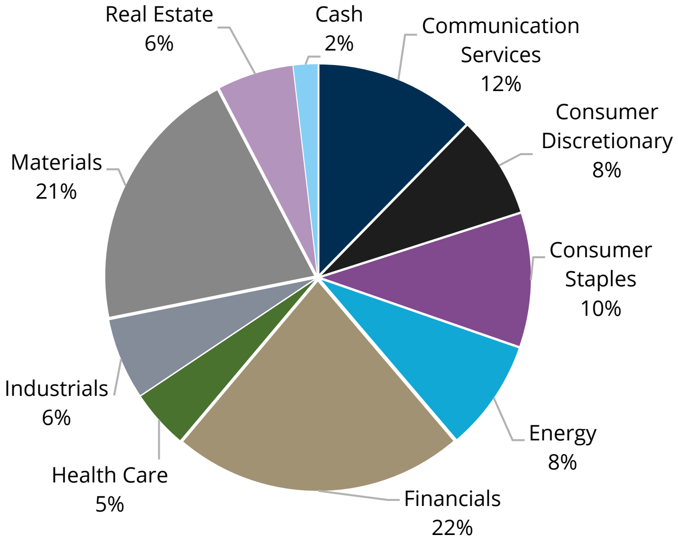
	1 Month	3 Months	6 Months	1 Year	Strategy Inception[2]	5 Years	Fund Inception[3]
Portfolio	1.33%	10.04%	4.08%	4.14%	6.06%	6.92%	5.52%
Benchmark[4]	1.19%	13.99%	5.79%	7.09%	7.66%	9.71%	8.33%
Value Added[5]	0.14%	-3.95%	-1.71%	-2.95%	-1.60%	-	-

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	8.77
National Australia Bank	8.38
Spark New Zealand	6.27
Telstra Corporation	6.06
Commonwealth Bank of Australia	5.44
Woodside Energy Group	4.95
Macquarie Group	4.70
Metcash	4.54
Wesfarmers	4.46
Woolworths Group	4.27
Total	**57.84**

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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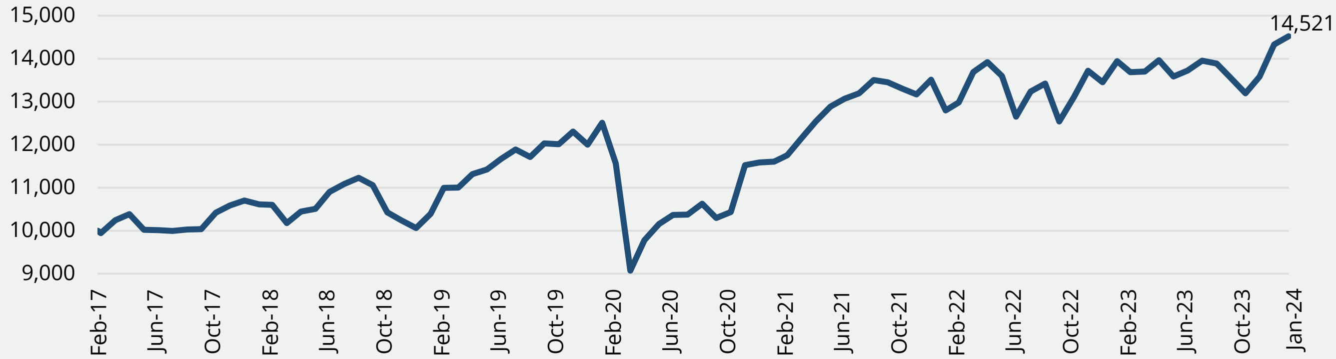
Value of A$10K Invested



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 1.33% during the month, outperforming the S&P/ASX 200 Accumulation Index (ASX 200) return of 1.19%. The ASX 200 increase was driven by the Energy (+5.2%) and Financials (+4.9%) sectors, partially offset by the decline in the Materials sector (-5.7%). By the end of January, the Australian equity market had gained 14% on the October lows, reaching an all-time high at 7,681points.

The US Federal Reserve held interest rates steady this month, signalling a rate cut would be unlikely in March. Post the decision, the 10-year US Treasury yield dropped 10 points to 3.96%, finishing the month at 3.99%. There is evidence in Australia that inflation is declining with CPI falling from a peak of 8.4% per annum in December 2022 to 4.3% per annum in November 2023 and to 3.4% per annum in December 2023.

At a portfolio level, Medibank Private (MPL), BHP Group (BHP) (owned with less weight than benchmark) and National Australia Bank (NAB) were notable contributors. The Materials sector underperformed, taking a 5% fall in iron ore price to US$133/tonne, with BHP absorbing more than half of the losses. Reflecting the recent optimism around softer inflation, interest rate cuts and a benign credit cycle, banks have seen a broad rise in share prices. NAB was the strongest amongst the big four banks, rising 6.2% for January, reflecting the better-than-expected credit cycle and favourable business mix.

Negative contributors to portfolio performance include Pilbara Minerals (PLS) and CSL (owned with less weight than benchmark). The share price of PLS, as a pure lithium producer, felt the fluctuations faced by Australian lithium producers, with disappointing lithium prices and uncertainty in the near-term outlook for lithium demand from global EV sales. The Heath Care sector was a notable positive contributor to the ASX 200 uplift in January, driven by the recovery from an overly negative sentiment surrounding stubborn staffing shortages and elevated costs.

In the immediate term, our focus is on the upcoming February earnings season for ASX listed companies. Consensus earnings per share expectations for the ASX 200 are negative, despite the ASX 200 trading at a slight premium, reflecting hopes of an imminent interest rate easing cycle. This is occurring before any material earnings outlook changes but may be justified if earnings recovery catches up. We remain cautious, observing limited room for further valuation expansion. In particular, we expect more moderate top-line growth with the orderly decline in inflation and margins to remain under pressure from elevated interest expenses and labour costs.