Switzer | Dividend Growth Fund

ASX:SWTZ

Fund Update: 31 March 2024

Key Fund Details

SWTZ Distribution Yield (net)[1]
3.71%

Benchmark Dividend Yield (net)[2]
3.70%

SWTZ Distribution Yield (gross)[1]
5.19%

Net Asset Value
A$2.7053

Fund Name	Switzer Dividend Growth Fund (Quoted Managed Fund)
Responsible Entity	AGP Investment Management Limited
Fund Inception Date	23 February 2017
Stock Universe	ASX 300
Number of Stocks	20 - 50
Benchmark	ASX 100 Accumulation Index
Target/Max Cash Position	1% / 20%
Distribution Frequency	Monthly
Management Fee[3]	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. 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]

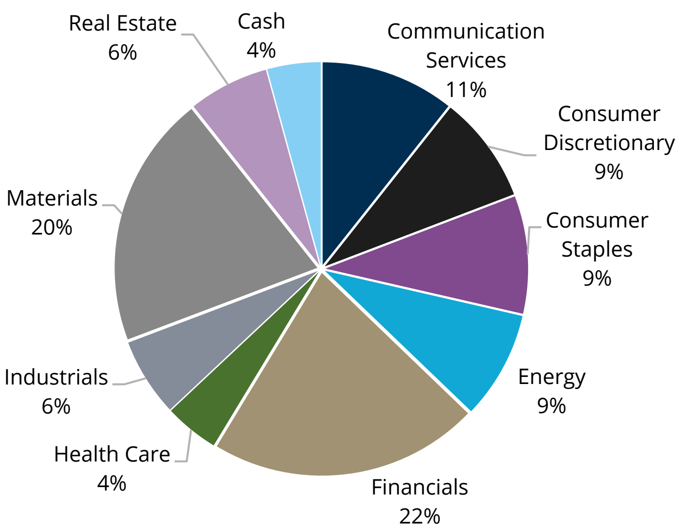
	1 Month	3 Months	6 Months	1 Year	Strategy Inception[2]	5 Years	Fund Inception[3]
Portfolio	3.44%	4.71%	10.72%	9.51%	6.90%	6.40%	5.88%
Benchmark[4]	3.27%	5.33%	14.17%	14.45%	8.69%	9.15%	8.74%
Value Added[5]	0.17%	-0.62%	-3.45%	-4.94%	-1.79%	-	-

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 and ceased as investment manager 27 March 2024. Vertium Asset Management Pty Ltd (**Vertium**) was appointed investment manager of the Fund on 28 March 2024. Vertium has not rebalanced the Fund as at 31 March 2024. 3. Inception date is 23 February 2017. 4. Benchmark is the S&P/ASX 100 Accumulation Index. Prior to 28 March 2024 the Benchmark was the S&P/ASX 200 Accumulation Index 5. Value added since Blackmore Capital Pty Ltd was appointed.

Top 10 Portfolio Holdings

Company	Weight %
National Australia Bank	8.39
BHP Group	7.79
Telstra Corporation	5.45
Commonwealth Bank of Australia	5.25
Spark New Zealand	5.22
Wesfarmers	4.94
Metcash	4.60
Woodside Energy Group	4.34
Macquarie Group	4.33
Santos	4.26
Total	**54.57**

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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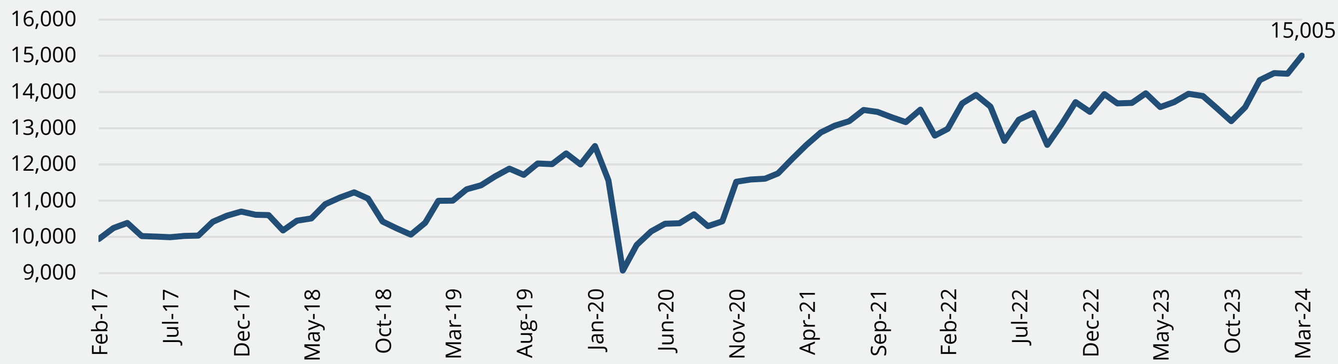
Value of A$10K Invested



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 3.44% during the month, outperforming the S&P/ASX 200 Accumulation Index (**ASX 200**) return of 3.27%. The ASX 200 extended its positive momentum to five consecutive months. From the market lows in October 2023, the ASX 200 has rebounded by around 15% to reach an all-time high.

A more optimistic growth outlook supported by firmer economic data has helped extend the equity market rally. Since the peak in rate expectations last year, the Price Earnings Ratio (**P/E**) of the ASX 200 has expanded by ~15% driven by valuation multiple expansion in the Banks, Discretionary Retail, Real Estate and Technology sectors. Notably, optimism of the pending AI revolution led by the US company Nvidia has expanded to include the broad sweep of technology and real estate providers of data centres. At the end of the March quarter, the ASX 200 was trading on a 12 month-forward PE multiple of around 16.7 times, a ~12% premium to its long-term average.

While elevated valuations can be a warning signal that markets are vulnerable either to a correction or that future returns will be more muted, we think it is equally important to consider the state of the economy and the outlook for corporate profits, which at this stage continue to exhibit resilience. With this backdrop in mind, the market has reassessed the likelihood that central banks will cut interest rates aggressively this year, particularly given the strength in labour markets and the buoyancy in residential house prices.

In March the market breadth improved with all sectors moving higher, except Communications (-0.8%). On the positive side, Gold (+16.6%), Real Estate (+9.2%) and Energy (+5.6%) were the strongest sectors.

At a portfolio level, Northern Star Resources, Santos, and Premier Investments were notable strong performers. Whereas Spark New Zealand and Pilbara Minerals weighed on performance.

While the global equity bull market has now extended to 18 months, investor sentiment has changed dramatically over this period. At the beginning of 2023, concern over the impact of multiple interest rates rises to quell inflation had darkened investor risk appetite to be more defensive.

In a spectacular turnaround and a direct challenge to consensus thinking, equity markets were emboldened in 2023 with the Banks, Discretionary Retail and Technology leading the charge forward. As we progress through 2024, the picture of the economy and corporate profits are not only showing signs of resilience, but of expansion. Equity markets are now reflecting this renewed optimism. Accordingly, it is time to “thread the needle” carefully to achieve a prudent balance between defence and growth assets.