Switzer | Dividend Growth Fund

ASX:SWTZ

Fund Update: 31 January 2025

Key Fund Details

SWTZ Distribution Yield (net)[1]
10.72%

Benchmark Income Return[2]
3.93%

SWTZ Distribution Yield (gross)[1]
12.14%

Net Asset Value
A$2.5227

Fund Name	Switzer Dividend Growth Fund (Quoted Managed Fund)
Investment Manager[3]	Vertium Asset Management Pty Ltd
Responsible Entity	AGP Investment Management Limited
Fund Inception Date	23 February 2017
Stock Universe	ASX 100
Number of Stocks	20 - 50
Benchmark	ASX 100 Accumulation Index
Target/Max Cash Position	0% / 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 net asset value per unit 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. Benchmark is the S&P/ASX 100 Accumulation Index. Prior to 1 April 2024 the benchmark was the S&P/ASX 200 Accumulation Index. 3. Appointed on 28 March 2024. 4. Fees are inclusive of GST and less Reduced Input Tax Credits.

Fund Objective

The Fund aims to provide investors with an income return that exceeds the S&P/ASX 100 Accumulation Index (after fees) over rolling 12-month periods, while also maintaining a lower level of volatility relative to the Index.

Performance[1]

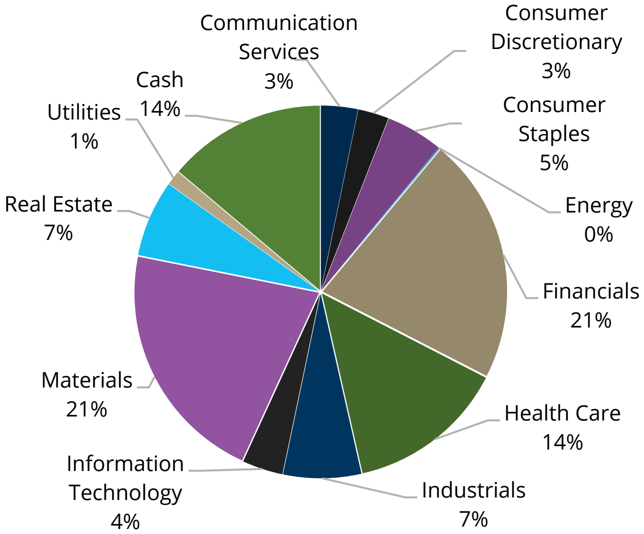
	1 Month	3 Months	Strategy Inception[2]	1 Year	3 Years	5 Years	Fund Inception[3]
Income[4]	0.37%	1.09%	9.85%	10.72%	6.44%	4.60%	4.67%
Growth	3.29%	1.40%	-6.42%	-3.84%	0.21%	-0.19%	1.02%
Portfolio	**3.66%**	**2.49%**	**3.43%**	**6.88%**	**6.65%**	**4.41%**	**5.69%**
Income	0.00%	0.57%	2.65%	3.93%	4.49%	4.00%	4.21%
Growth	4.45%	4.69%	8.32%	11.13%	7.06%	4.04%	5.00%
Benchmark[5]	**4.45%**	**5.26%**	**10.97%**	**15.06%**	**11.55%**	**8.04%**	**9.21%**

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. Vertium Asset Management Pty Ltd was appointed investment manager of the Fund on 28 March 2024. 3. Inception date is 23 February 2017. 4. Income is based on distributions for the period relative to the net asset value at the beginning of the period. Periods greater than 1 year are annualised. 5. Benchmark is the S&P/ASX 100 Accumulation Index. Prior to 1 April 2024 the benchmark was the S&P/ASX 200 Accumulation Index.

Top 10 Portfolio Holdings

Company	Weight %
BHP Group	8.51
CSL	8.22
Westpac Banking Corporation	5.58
QBE Insurance Group	5.37
ANZ Group Holdings	4.97
Brambles	4.32
Xero	3.57
Orica	3.49
Mirvac Group	3.37
National Australia Bank	3.13
Total	**50.53**

Sector Allocation

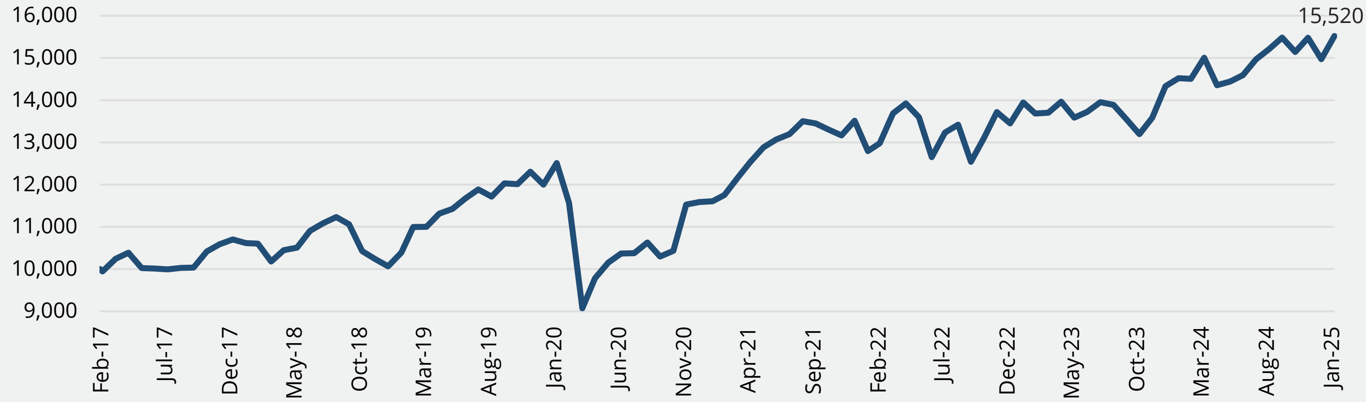


Switzer | Dividend Growth Fund

ASX:SWTZ

Fund Update: 31 January 2025

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 Fund's portfolio delivered a return of 3.66% during the month, compared with the benchmark S&P/ASX 100 Accumulation Index (**ASX 100**) return of 4.45%. The rise in the ASX 100 was mainly driven by the Consumer Discretionary and Financials sectors. However, this was partially offset by losses in the Utilities sector.

The Fund's underperformance relative to the benchmark was partly due to its lack of exposure to major index stocks such as Commonwealth Bank of Australia (**CBA**), Macquarie Group (**MQG**) and Wesfarmers (**WES**) which collectively make up about 18% of the benchmark. These stocks surged despite the absence of stock-specific news, contributing to a quarter of the benchmark's strong monthly return.

On a positive note, Xero (**XRO**), Orica (**ORI**) and Newmont Corporation (**NEM**) delivered strong returns for the Fund. Both XRO and ORI rebounded after being oversold in the previous month's market decline, despite no material company updates. NEM, the world's largest gold miner, rallied alongside rising gold prices. However, over the past two years, NEM's share price has remained largely flat, even as gold prices surged 50%, driving a 69% increase in its projected earnings per share. At current levels, NEM is trading at a Price to Earnings (PE) multiple of 10x, near its 20-year low. With the company rapidly de-leveraging through its strong free cash flow and asset sales, it is well positioned to return funds to shareholders, either through a share buyback or increased dividends in the coming year.

Another strong performer was QBE Insurance Group (**QBE**), where the Fund increased its position during the Los Angeles wildfires. Historically, major catastrophic events — such as the 9/11 attacks ($40–50 billion in insured losses) and COVID-19 business interruptions ($40–80 billion) — have driven higher insurance premiums. The LA wildfires, estimated to be the costliest in U.S. history with insured losses of $20–35 billion, could create a similar dynamic. While QBE's exposure to the fires is minimal due to its reduced market share in the region, it stands to benefit from a potential industry-wide rise in insurance premiums.

Global share markets rallied in January 2025 on the back of a smooth transition from the outgoing US President Biden to Trump, and expectations of pro-growth policies which boosted investor confidence. The annual Australian inflation rate slowed to 2.4 per cent in the December 2024 quarter, increasing expectations of an interest rate cut in the near term.

Looking ahead, the market landscape remains susceptible to volatility, with pockets of extreme overvaluation. By avoiding these areas and focusing on undervalued stocks, the Fund is well-positioned to generate attractive income and sustainable long-term returns. The Fund remains focused on delivering higher income and lower volatility than the ASX 100, with the potential for capital growth.