

**ASX:SWTZ**

Fund Update: 29 February 2024

## Key Fund Details

SWTZ Distribution Yield (net) <sup>1</sup> <b>3.72%</b>	Benchmark Dividend Yield (net) <sup>2</sup> <b>3.96%</b>	Fund Name Switzer Dividend Growth Fund (Quoted Managed Fund)	Investment Manager <sup>3</sup> 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) <sup>1</sup> <b>5.18%</b>	Net Asset Value <b>A\$2.6231</b>	Benchmark ASX 200 Accumulation Index	Target/Max Cash Position 1% / 20%
		Distribution Frequency Monthly	Management Fee <sup>4</sup> 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<sup>1</sup>

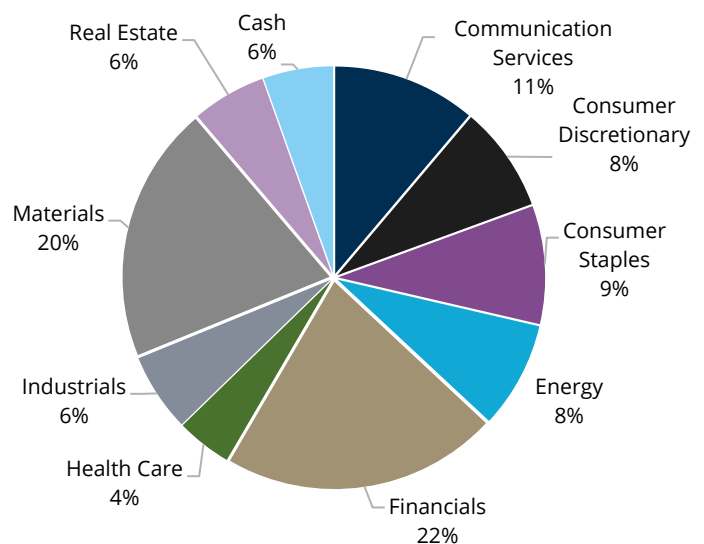
	1 Month	3 Months	6 Months	1 Year	Strategy Inception <sup>2</sup>	5 Years	Fund Inception <sup>3</sup>
Portfolio	-0.10%	6.81%	4.45%	5.99%	5.85%	5.70%	5.44%
Benchmark <sup>4</sup>	0.79%	9.39%	7.42%	10.64%	7.74%	8.61%	8.35%
Value Added <sup>5</sup>	-0.89%	-2.58%	-2.97%	-4.65%	-1.89%	-	-

**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 %
National Australia Bank	8.31
BHP Group	7.77
Spark New Zealand	5.71
Telstra Corporation	5.46
Commonwealth Bank of Australia	5.15
Wesfarmers	4.88
Macquarie Group	4.59
Metcash	4.42
Woodside Energy Group	4.38
Santos	3.94
<b>Total</b>	<b>54.61</b>

## Sector Allocation



## For More Information

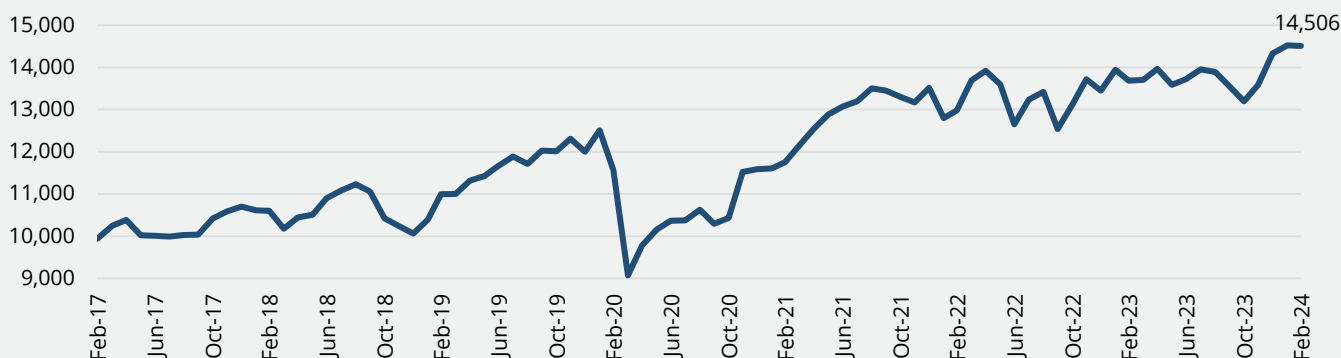
Please visit our website at: [www.associateglobal.com/funds/swtz/](http://www.associateglobal.com/funds/swtz/)

If you have any questions, please contact our distribution team on 1300 052 054 or [invest@associateglobal.com](mailto: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 -0.10% during the month, compared with the S&P/ASX 200 Accumulation Index (ASX 200) return of 0.79%. The ASX 200 reached a new high since August 2021 in February 2024. The recent rally in equity markets has been driven predominantly by stronger economic growth in the US, and in Australia on better-than-expected December half earnings results.

Overall, for the ASX 200 there were more earnings beats than misses despite ongoing inflationary pressures. Companies continued to benefit from resilient pricing power and a stringent focus on cost control, an easing of raw material costs and the normalisation of supply chains. Wage inflation and interest expense were the most significant cost issues for companies in the reporting period. This was particularly evident for Amcor (higher interest expense) and Woolworths Group (wage cost inflation). However, the half-year earnings results of Brambles and CSL provided clear signs of an easing of operating cost pressures.

In February at a sector level there was a sharp divergence in returns. On the positive side, Banks (+3.6%), Discretionary Retail (+9.7%) and Technology (+19.7%) were the strongest sectors. Technology was the best performing sector, benefiting from the global enthusiasm for AI adoption and a continued robust profile for earnings growth led by WiseTech Global. A secondary beneficiary of AI and cloud computing was Goodman Group, which delivered earnings ahead of expectations and remains well placed to benefit from the demand for new data centres globally. Discretionary Retail benefited from a resilient consumer and a stronger trading update by Wesfarmers.

Investor optimism from the Banks' latest results highlighted stable operating trends and well-capitalised balance sheets supporting dividends and share buy backs. Nevertheless, valuations now look expensive with the Banks now trading at near record P/E multiples. On the negative side, lower commodity prices weighed down Energy (-5.9%) and Materials (-4.8%).

At a portfolio level, Goodman Group, Treasury Wine Estates and Pilbara Minerals were notable strong performers. Whereas Spark New Zealand, Woolworths Group and Woodside Energy Group were a drag on performance.

The recent US and Australian earnings reporting periods have again highlighted that corporate earnings remain relatively resilient despite the impact of rising interest rates. While earnings growth is expected to slow for the remainder of calendar 2024, there are tangible signs that the global de-stocking post pandemic is near to completion. This signals that demand is better placed to recover and, in aggregate, Australian companies' balance sheets remain well capitalised to weather the impact of higher interest costs.

The valuation of the ASX 200 now looks relatively full on a 12 month forward P/E of ~16.2 times relative to its long-term average of ~14.2 times. At a portfolio level, we remain positioned in industry-leading companies with strong balance sheets which are well placed to deliver earnings growth through the economic cycle.

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