Switzer | Dividend Growth Fund

Powered by BLACKMORE CAPITAL EQUITY INVESTORS

ASX:SWTZ

Fund Update: 30 April 2022

Key Fund Details

SWTZ Distribution Yield (net)[1]
3.02%

Net Asset Value
A$2.7571

SWTZ Distribution Yield (gross)[1]
4.27%

Fund Name	Switzer Dividend Growth Fund (Quoted Managed Fund)
Investment Manager[2]	Blackmore Capital
Responsible Entity	Associate Global Partners Limited
Inception Date	27 February 2017
Stock Universe	ASX 300
Number of Stocks	30 - 50
Benchmark	ASX 200 Accumulation Index
Target/Max Cash Position	1% / 20%
Distribution Frequency	Monthly
Management Fee[3]	0.89% p.a.
Performance Fee	n/a

Notes: 1. Yield calculation based on distributions attributable to the 12 months to the date of this report relative to SWTZ's closing unit price of at the beginning of the period. 2. Appointed on 21 April 2021. 3. Fees are inclusive of GST and less Reduced Input Tax Credit.

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.

- **Investment expertise**
- **Tax-effective income**
- **Monthly distributions**
- **ASX trading**

Performance[1]

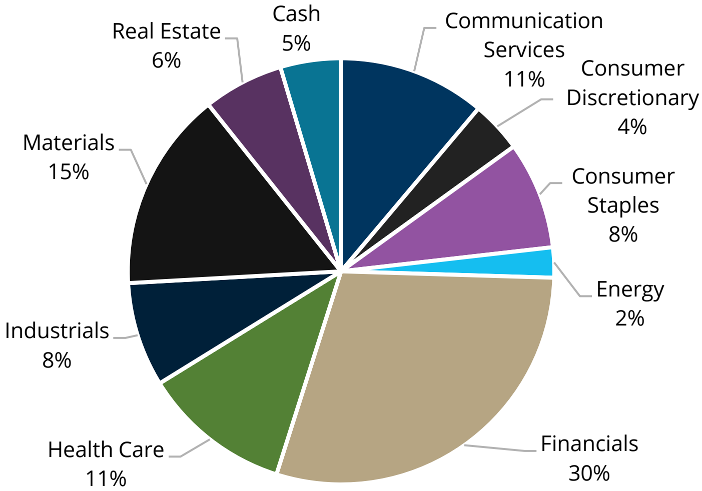
	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Inception[2]
Portfolio	1.70%	8.79%	4.65%	10.99%	7.15%	6.04%	6.59%
Benchmark[3]	-0.85%	8.24%	3.59%	10.16%	9.42%	8.81%	9.08%

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. Inception date is 27 February 2017. 3. Benchmark is the ASX 200 Accumulation Index.

Top 10 Portfolio Holdings

Company	Weight %
BHP Group	8.47
Commonwealth Bank of Australia	6.98
Spark New Zealand	5.87
Westpac Banking Corporation	5.35
Telstra Corporation	5.29
National Australia Bank	4.88
Cleanaway Waste Management	4.73
Woolworths Group	4.67
Amcor	4.33
Medibank Private	4.25
Total	**54.82**

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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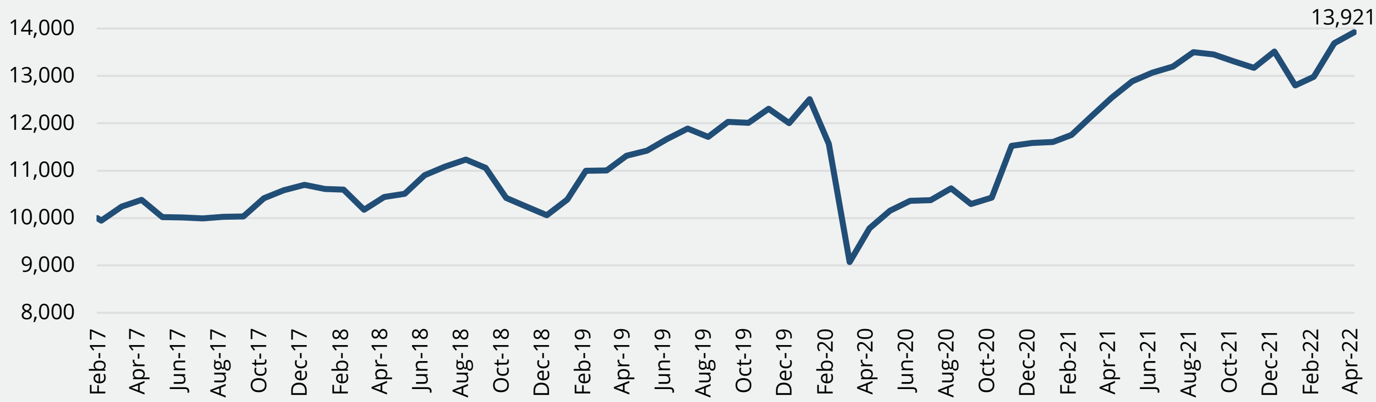
Value of A$10K Invested



Source: Associate Global Partners Limited. Calculations are based on the NAV prices with distributions reinvested, after ongoing fees and expenses but excluding tax and entry fees (if applicable).

Portfolio Update

The portfolio delivered a healthy return of 1.7% in April 2022.

In contrast, the ASX 200 declined 0.9% in April and steep falls beset US equities where the S&P 500 fell 8.7% and the Nasdaq fell 13.2%. The realisation that financial conditions will need to be aggressively tightened to combat the fastest pace of inflation in several decades prompted a sharp decline in equity prices. The declines were led by falls in the Materials, Technology and Consumer Discretionary sectors. BHP was the largest single stock detractor. Higher bond yields continued to weigh on Technology valuations, whereas Health Care, Industrials and Consumer Staples were the strongest contributors benefiting from a rotation into defensive companies.

Health Care was supported by a strong contribution from Ramsay Health Care (**RHC**) which received an $88 per share cash bid by a consortium led by the private equity company, KKR. We view the bid for RHC as opportunistic, given earnings have been depressed throughout the pandemic and are now well placed to recover with an unprecedented post-pandemic backlog of patients. RHC was the largest positive contributor to the portfolio in April.

Clearly the prospect of tighter central bank policy at time of weaker global growth has presented a meaningful headwind for equity valuations. The ASX 200 now trades on a 12-month forward PE of ~15 times, its lowest multiple since the beginning of the pandemic in March 2020, and well below its recent peak of ~18 times.

The 12-month forward ASX 200 dividend yield is ~4.1%, the equal highest in the developed world. Australia's dividend yield has been supported by the resources sector, namely BHP, benefiting from high commodity prices and strict capital discipline. Overall, dividends have been well supported by continued solid earnings growth by ASX 200 companies.

Nevertheless, earnings momentum is expected to moderate as financial conditions tighten and companies continue to endure supply chain disruptions and cost pressures. The higher-than-expected March quarter inflation outcome prompted the RBA at its May Board meeting to lift the cash rate target (by +25 basis points) for the first time in a decade.

The portfolio remains overweight in Consumer Staples, defensive Industrials and Health Care. These sectors should deliver more resilient earnings against a backdrop of more challenging economic conditions.