Switzer | Dividend Growth Fund

ASX:SWTZ

Fund Update: 31 August 2024

Key Fund Details

SWTZ Distribution Yield (net)[1]	Benchmark Income Return[2]
10.84%	**3.98%**
SWTZ Distribution Yield (gross)[1]	Net Asset Value
12.10%	**A$2.5178**

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.

Performance[1]

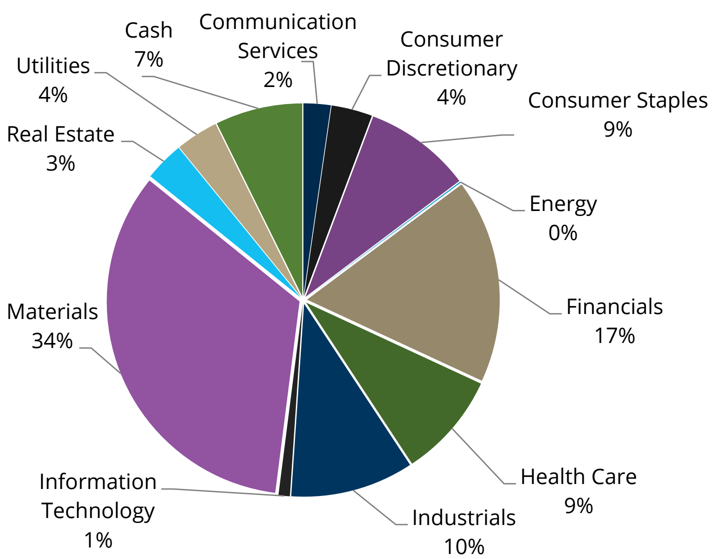
	1 Month	3 Months	Strategy Inception[2]	6 Months	1 Year	3 Years	5 Years	Fund Inception[3]
Income[4]	0.36%	7.94%	8.18%	8.74%	10.84%	6.06%	4.87%	4.77%
Growth	1.10%	-2.59%	-6.78%	-3.85%	-1.28%	-2.00%	0.50%	0.97%
Portfolio	**1.46%**	**5.35%**	**1.40%**	**4.89%**	**9.56%**	**4.06%**	**5.37%**	**5.74%**
Income	0.49%	0.68%	1.15%	1.85%	3.98%	4.34%	4.00%	4.24%
Growth	0.23%	5.54%	2.98%	5.55%	11.08%	2.57%	4.25%	4.58%
Benchmark[5]	**0.72%**	**6.22%**	**4.13%**	**7.40%**	**15.06%**	**6.91%**	**8.25%**	**8.82%**

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	10.35
Westpac Banking Corporation	5.96
Amcor	5.57
Fortescue	5.11
ANZ Group Holdings	5.03
Brambles	4.97
Woolworths Group	4.86
CSL	4.59
Fisher & Paykel Healthcare Corporation	4.24
Coles Group	4.13
Total	**54.81**

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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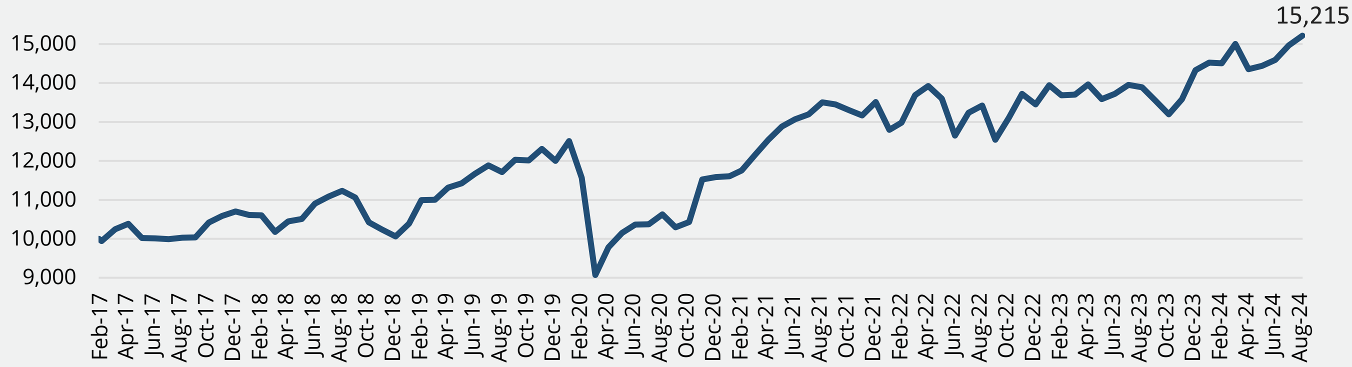
Value of A$10K Invested



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 Fund's portfolio delivered a return of 1.46% during the month, compared with the benchmark S&P/ASX 100 Accumulation Index (**ASX 100**) return of 0.72%. The rise in the ASX 100 was mainly driven by the Technology and Industrial sectors. However, these gains were partially offset by a fall in the Energy sector.

August's reporting season was characterised by increased volatility, a trend that has become more prevalent in recent years. The Fund successfully navigated these turbulent conditions, benefiting from its investments in AGL Energy (**AGL**), Brambles (**BXB**), and Fisher and Paykel Healthcare Corporation (**FPH**). AGL reported a strong FY24 result and provided FY25 guidance that was modestly above market expectations. Its share price rally was fuelled by growing investor confidence in its long-term profitability prospects as the electricity market transitions away from replacing coal fired generation to renewable energy. BXB's stock price surged following the announcement of a share buy-back and increased dividend payout ratio, reflecting the company's strong financial position and commitment to shareholder returns. Despite its recent appreciation, BXB's price-to-free-cash-flow valuation remains near decade lows. FPH's earnings guidance was upgraded due to improved profit margins, highlighting that the market continues to underestimate the company's ability to recover to pre-pandemic margin levels.

Conversely, the Fund's zero holding in Commonwealth Bank of Australia (**CBA**) and Wisetech Global (**WTC**) detracted from the overall relative performance. CBA delivered an in-line result, benefiting from a robust net interest margin outcome and ongoing lower expected credit losses. CBA's share price rally is primarily driven by broader trends in global bank stocks rather than company-specific factors. WTC delivered a significantly better-than-expected FY25 outlook, with guidance implying a large reacceleration in revenue growth and much improved profit margins.

In August, risk assets such as equities rallied while government bond yields declined as central banks balanced growth support with inflation control. While many central banks signalled rate cuts, the Reserve Bank of Australia (**RBA**) remains hesitant, citing sticky inflation. The RBA pushed back its expectation of when inflation is likely to fall consistently within its 2-3% target, now projected to be in 2026. The US Federal Reserve plans to cut rates imminently, with inflation easing and growth slowing but remaining close to trend, boosting the US stock market. Most global markets, except China's CSI, ended August in positive territory, while bond yields in Australian and the US fell 17 and 34 basis points respectively.

Looking ahead, the market presents a mixed picture with pockets of extreme overvaluation. By avoiding these areas and focusing on quality companies that are considered undervalued, the Fund is well-positioned to generate attractive income and sustainable long-term returns.