

Switzer Dividend Growth Fund

30th June 2018

MONTHLY INVESTMENT UPDATE FROM THE PORTFOLIO MANAGER

The portfolio outperformed the market in June, returning +3.7% compared with the +3.3% benchmark return.

Global equity markets were weaker in June as trade war concerns continued to simmer. Falling global equity markets saw bonds rally (interest rates fall) as investors took refuge from the ongoing political instability and trade tensions, both of which have potential to impede world economic growth.

The Australian equity market bucked the broader, posting a modest rally during the month. Several of those sectors that have been under pressure over the last 12-months were up in June. These included Utilities (+6.0%), Financials (+4.0%) and Consumer Staples (+6.2%) whilst Energy (+7.8%) was buoyed by recent oil price strength.

In contrast, several sectors that have led the market higher over the last year underperformed in June. Most notable of these were Materials (+1.8%) and Healthcare (+2.7%) whilst the Telecommunications sector (-5.8%) continued with its recent struggles.

Over the month, there were six stocks in the portfolio that returned above 8%. Woodside Petroleum (+9.4%) and Caltex (+10.6%) led the charge followed by financials including Suncorp (+8.6%), Perpetual (+8.3%) and Macquarie Group (+8.2%).

Two stocks returned less than -8% over the month, AMP (-8.7%) which continued to suffer from poor news flow and Challenger (-8.2%) which suffered as the market digested stronger growth offset by higher capital calls and lower margins. Both stocks remain modest holdings in the fund.

Notes:

1. The calculation does not consider the investor's personal tax position.

PERFORMANCE <i>(after management fees)</i>	SWTZ (%)	ASX 200 Accumulation (%)	VALUE ADD (%)
1 Month	3.7	3.3	0.5
3 Month	7.1	8.5	-1.4
6 Month	1.7	4.3	-2.6
12 Month	8.8	13.0	-4.2
Inception ¹ (annualised)	6.5	9.7	-3.2

1. Inception date 22 February 2017

KEY DETAILS	
Fund Fact Sheet Date:	30 th June 2018
ASX Code:	SWTZ
Fund Manager:	Contango Funds Management Limited
Stock universe	ASX 200
Number of Stocks:	30 – 50
Benchmark:	ASX 200 Accumulation Index
Target/ Maximum cash position:	5% / 50%
Shorting / Borrowing:	No
Net Asset Value (NAV)	\$2.615409
Performance fee	None
Management fee:	0.89%

PORTFOLIO CHARACTERISTICS June 2018	SWTZ	ASX 200 ACCUM INDEX
Median market cap (\$m)	14,439	3,557
Portfolio price to earnings ratio	16.8	18.3
Earnings growth (%)	6.7	14.3
Portfolio Dividend Yield (net)	4.9	4.1
Portfolio Dividend Yield (gross)	6.6	5.6
Return on equity (%)	18.2	17.9
Beta	1.0	1.0

Source: Bloomberg, Contango Asset Management

The **Switzer Dividend Growth Fund** (the Fund) is a simple to use, low-cost vehicle that gives investors access to some of the most experienced investment professionals in Australia such as Peter Switzer, Charlie Aitken and Paul Rickard.

The Fund aims to provide investors with tax-effective income and long-term capital growth by investing in a core portfolio of blue-chip Australian shares.

Investors can access the Fund through one easy trade on the ASX using the ticker code SWTZ and settle via CHESS.

The Fund intends to pay franked distributions from the profits sourced as income from investments and gains from the trading and revaluation of the stocks within the portfolio.

The Fund seeks to bring together the best elements of a low-cost investment that provides market returns, skilled investment management and an expert investment committee, made available through an ASX-quoted fund.

Investors in an ASX-quoted fund may have more investment control through liquidity, regular communications and operational transparency that an exchanged traded structure provides. The Switzer Dividend Growth Fund is intended to be a cost-effective way to maintain control of your share market investments.

Features of the fund include:

- **Investment expertise** – Along with its expert investment committee, SWTZ has access to the full resources of Contango Funds Management. Contango has both retail and institutional mandates with proven success in managing Listed Investment Companies.
- **Tax effective income** – The Fund has been designed to help meet the needs of self-managed superannuation fund (SMSF) investors and other Australian residents looking for tax effective income with the potential for long term capital growth. The Fund expects that distributions will be fully franked or close to being fully franked.
- **Sustainable distributions** – The Fund will be investing in companies that have attractive and sustainable dividend streams and the capability to grow these dividend streams.
- **Quarterly payments** – Distributions will be paid quarterly, in January, April, July and October. They will be based on the Fund's net income at the end of the distribution period.
- **Distribution re-investment plan**– Holders can choose to have their distributions paid into an Australian dollar bank account, or alternatively, have their distributions automatically re-invested into additional Units of the Fund.
- **CHESS statements** – Holders will receive a CHESS holding statement showing the numbers of Units that they own. Holders will receive an updated CHESS holding statement upon the occurrence of any changes to their holding.

SECTOR ALLOCATION	WEIGHT %
Consumer Discretionary	3.0
Consumer Staples	6.7
Energy	6.2
Financials	43.2
Health Care	5.7
Industrials	3.3
Information Technology	1.1
Materials	16.1
REITs	5.4
Telecommunication Services	2.2
Utilities	4.2
[Cash]	2.8
[Futures]	0.0

TOP TEN HOLDINGS		
CODE	STOCK	WEIGHT %
CBA	COMMONWEALTH BANK	8.6
WBC	WESTPAC BANKING CORP	8.4
ANZ	AUST AND NZ BANKING GROUP	7.5
BHP	BHP BILLITON LTD	7.3
NAB	NATIONAL AUSTRALIA BANK LTD	6.0
WES	WESFARMERS LTD	5.4
CSL	CSL LTD	5.3
WPL	WOODSIDE PETROLEUM LTD	4.5
MQG	MACQUARIE GROUP LTD	3.7
SUN	SUNCORP GROUP LTD	3.0

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