SWITZER HIGHER YIELD FUND (MANAGED FUND)

FUND DETAILS

Report Date	**31 August 2018**
Fund Investment	Cash, Debt and Hybrid Securities
Investment Objective	RBA Cash +1.50% - 2.00%
Minimum number of Securities	25
Sector Exposure Limit (GICS)	35% Banks, 25% Other
Maximum Single Issuer Limit	15% for CBA, WBC, ANZ, NAB, 7.5% Others
Duration Limit	Maximum 2 years
Recommended Investment Period	At least 3-year
Unit Price	Variable, calculated daily
Access to Funds	Within 5 business days
Management Fee	0.90%
Distributions	Half-yearly (Dec, June)
Application/Withdrawal Fee	Nil
Minimum Investment	$5,000
APIR Code	SWI001AU

PERFORMANCE *(after fees and before taxes)*

PERIOD	FUND	RBA CASH	RBA CASH +2.00%
1 Months	0.38%	0.12%	0.29%
3 Months	1.08%	0.38%	0.88%
6 Months	1.26%	0.75%	1.76%
1 Year	3.01%	1.51%	3.56%
3 Year (pa)	3.76%	1.64%	3.69%
Inception (pa)	5.37%	2.86%	4.93%

RETURN BREAKDOWN	INCOME	CAPITAL
1 Months	0.00%	0.38%
3 Months	1.59%	-0.52%
6 Months	1.60%	-0.34%
1 Year	3.27%	-0.25%
3 Year (pa)	2.43%	1.33%
Inception (pa)	4.73%	0.64%

PORTFOLIO CHARACTERISTICS

Number Holdings	59
Cash (Running) Yield	4.27%
Yield to Maturity	3.82%
Weighted Average Credit Rating [1]	BBB
Modified Duration (years)	1.07

1. *S&P Long Term*

FUND FACTS

Net Tangible Assets (NTA)	$0.82450
Buy/Sell Spread	0.30%
Inception Date	31st August, 2009
Fund Type	Unit Trust (Unlisted)

PORTFOLIO UPDATE

The Switzer Higher Yield Fund (Managed Fund) (formerly the Halidon Yield Enhanced Fund) posted a strong gain of 0.38% for the month of August. The cash (or running yield) of the portfolio (projected income divided by market value) remains high at 4.27%

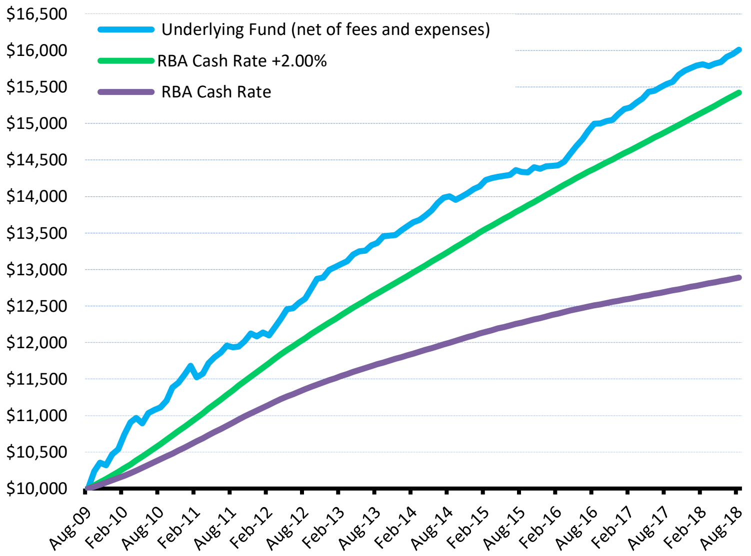
The Australian bond markets made big gains over August on the back of major advances by global developed bond rates. The bench mark Australian 3-year bond rate was 11 basis points (bps) lower (higher in value) closing the month at 1.98% whilst the 10-year bond finished 13 bps lower at 2.52%. The US 10-year bond rallied 10 basis points (bps) to close at 2.86%. US trade was (again) the major market driver with the Trump administration getting closer to a revised NAFTA – Mexico is in with Canada still to agree terms. The trade war with China, whilst still a major issue, seemed not to worry the markets. Likewise, emerging market woes, most notably Turkey and Venezuela whose currencies plunged 35% and 44% respectively over the month. The move in Australian bonds along with the flatter Australian yield curve indicates the market continues to take a benign view of growth and inflation over the medium term.

Australian corporate bonds had a positive month thanks mostly to moves in benchmark rates (referred to as the duration effect). Telco and materials names were the best performers. Within the credit bands, BBB credits performed best. The most notable change in the domestic bond markets in August was the huge amount of issuance, $12.9b to be precise, the largest month since July 2009. August issuance was more than double the $5.3b issued in July and seven times what was issued in June. Financial names remain the dominant issuers though the market was encouraged by the increase in corporate names coming to market, selling $1.7b worth of bonds during the month.

There were no major changes to the portfolio during the period. The portfolio strategy continues to be defensive by maintaining a short duration at 1.07 years. A short duration means that the capital values of the securities held are less sensitive to the movements in market interest rates. A large exposure to floating rate bonds which typically reset coupon payments to their respective benchmarks each quarter also means that as market interest rates rise, the coupons (income paid by the bond issuer) rises.

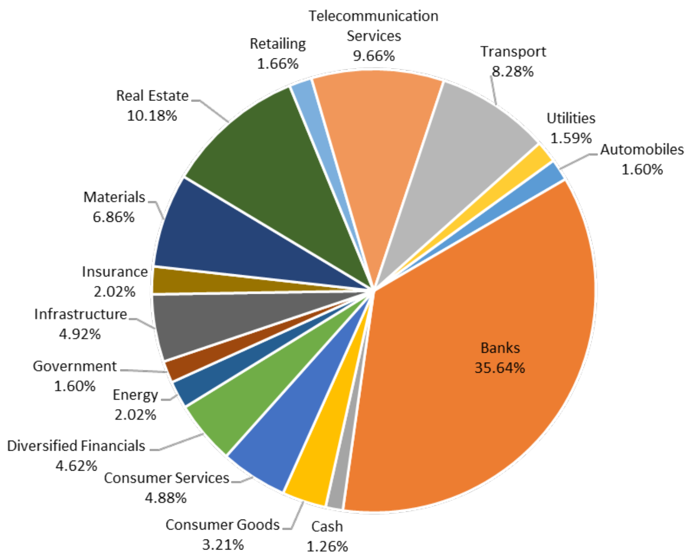
WEALTH CHART

The chart illustrates what your investment would be worth today after fees and expenses but before tax if you invested $10,000 at inception (31st August 2009).



Responsible Entity: AFSL 312 247
Switzer Asset Management Management Limted ABN 26 123 611 978
Investment Advisor: AFSL 237 119
Contango Funds Management Limited ABN 52 085 487 421
Phone 1300 794 893
E: invest@switzer.com.au
W: www.switzerassetmanagement.com.au
Address: Level 6 10 Spring Street SYDNEY NSW 2000

SECTOR EXPOSURE



INCOME DISTRIBUTION		
HALF-YEAR ENDING	CENTS PER UNIT	REINVEST PRICE
Jun 2018	1.2335	$0.821900
Dec 2017	1.2766	$0.827100

CREDIT ALLOCATION (S&P Long Term)	WEIGHT
AAA	2.12%
AA	9.62%
A	29.64%
BBB	29.22%
BB	6.70%
B	1.98%
Not Rated	20.71%
Total	100.00%

SECURITY TYPE	WEIGHT
Floating Rate Bonds	55.02%
Fixed Rate Bonds	32.96%
Hybrid Securities	9.90%
Asset and Mortgage Backed Securities	0.86%
Cash	1.26%
Total	100.00%

TOP TEN HOLDINGS	WEIGHT
SCA Property Retail Trust 3.75% Fixed	3.24%
Royal Bank of Canada Floating Rate Note	3.22%
Adelaide Airport Floating Rate Note	3.21%
Verizon Floating Rate Note	3.19%
CBA Hybrid (CBAPD)	3.09%
National Australia Bank Hybrid (NABPB)	2.38%
Nufarm NZ Finance Ltd Floating	1.99%
Lend Lease Finance 5.50% Fixed Rate	1.94%
Suncorp Metway Floating Rate Note	1.93%
Melbourne Airport 4% Fixed Rate Bond	1.74%
Macquarie Hybrid (MQGPB)	1.71%

Glossary:

Yield To Maturity: The rate of return an investor would receive if the securities were held to the final maturity date; **Yield To Call:** The rate of return an investor would receive if the securiuties were held to the call date in the case where an issuer has the right to call the securities;

Modifed Duration: The percentage price of a security for a given change in the yield. The portfolio duration is the sum of the weighted average duration fof each security in the portfolio;

Cash or Running Yield: The annual dollar interest income or coupon divided by the market value;

Credit Rating: A measure of portfolio quality and risk using the Standard & Poors Long Term Ratings scale. The highest investment grade rating is AAA and the lowest is BBB-

INVESTMENT OBJECTIVE AND SUITABILITY

The Switzer Higher Yield Fund ("Fund") was established in 2009. The Fund's investment objective is to provide the investor with low-risk, quarterly income and total return which is 1.5% to 2.0% greater than the Reserve Bank of Australia's Overnight Cash Rate on a rolling 12-month basis.

The Fund invests in a diverse range of fixed income assets including cash, debt and hybrid securities and is suitable for those investors seeking a sustainable income stream, who wish to protect their capital and are prepared to hold their investment for at least three years. The Fund seeks to provide an attractive cash yield with minimal capital volatility. It aims to maintain investment grade credit quality by ensuring a minimum weighted average portfolio credit rating of BBB- (S&P Long Term).

WHO IS SWITZER ASSET MANAGEMENT

Switzer Asset Management Limited ("SAM") is the responsible entity and investment manager of the Halidon Yield Enhanced Fund and the Switzer Dividend Growth Fund (ASX:SWTZ). It currently manages funds more than $100m. SAM is jointly owned by the Switzer Financial Group Limited and Contango Asset Management Limited (ASX:CGA) and is chaired by Peter Switzer. Peter is supported on the board by Paul Rickard, Marty Switzer and Jarrod Deakin.

INVESTMENT PHILOSOPHY AND STYLE

The investment philosophy is based on the premise that value can be created by using a combination of top down macro-economic and bottom up issuer and security analysis to uncover and profit from the mispricing of debt and hybrid securities. The Fund's active style provides yield and some potential for capital gain. There is a cap on exposure to higher risk sectors and credit.

BENEFITS OF INVESTING IN THE FUND

Benefits of investing in the Halidon Yield Enhanced Fund include: sustainable income, capital protection and a low correlation to equities. The Fund can play a significant role as part of a "balanced" investment strategy.

HOW TO INVEST

The Product Disclosure Statement and Application Forms can be reviewed and downloaded at www.switzerassetmanagement.com.au

For more information and to have any questions answered, please contact us at –

1300 794 893
invest@switzer.com.au
www.switzerassetmanagement.com.au