

Key Fund Details

Net Asset Value ¹ A\$31.9977	Cash (Running) Yield ³ 1.15%	Fund Name Investment Manager ⁴ Responsible Entity Inception Date Investment Universe Number of Holdings Distribution Frequency Management Fee ⁵ Performance Fee ^{5,6} Benchmark	Switzer Higher Yield Fund (Managed Fund) Coolabah Capital Institutional Investments Switzer Asset Management Limited 31 August 2009 Fixed Income Assets 30 - 60 Quarterly 0.70% p.a. 20% RBA Overnight Cash Rate + 1.5%
Average Weighted Credit Rating ² A+			

Notes: 1. NAV is calculated after fees and expenses. 2. S&P Long Term. 3. Cash or Running Yield refers to the annual dollar interest income/coupon divided by the market value. 4. Appointed 1 December 2020. 5. Fees are inclusive of GST and less Reduced Input Tax Credit. 6. Performance Fee is 20% of the portfolio's outperformance relative to the benchmark after management fee.

Why Invest?

The Switzer Higher Yield Fund (Managed Fund) (**SHYF** or the **Fund**) is a zero-duration bond fund which aims to provide investors an attractive cash yield with low capital volatility by investing in a portfolio of high quality and liquid fixed income securities. The Fund provides investors with daily liquidity and aims to achieve total returns which are between 1.5% to 3.0% greater than the RBA Cash Rate after fees and expenses on a rolling 12-month basis.

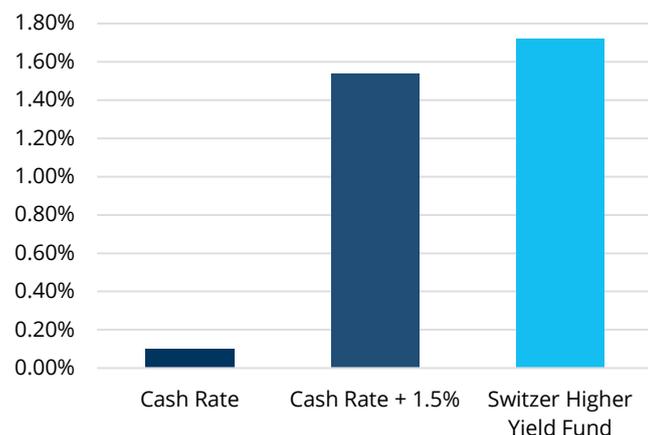
- **Investment expertise**
- **Attractive cash yield objective**
- **Quarterly distributions**
- **Low-capital volatility**

Performance¹

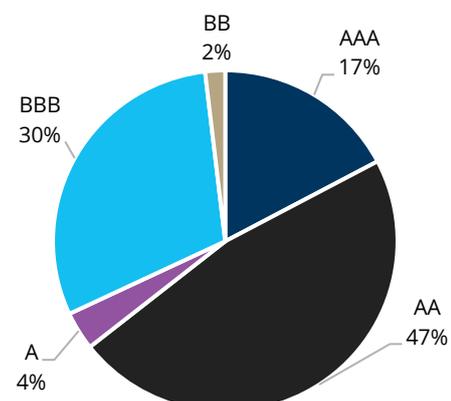
	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years	Inception ²
Portfolio	0.62%	0.46%	0.62%	1.72%	2.81%	2.91%	3.64%	4.42%
Benchmark ³	0.13%	0.38%	0.77%	1.54%	1.99%	2.41%	3.26%	3.78%
Value Added ⁴	0.49%	0.08%	-0.15%	0.18%	0.82%	0.50%	0.38%	0.64%

Notes: 1. Portfolio performance is calculated based on net asset value per unit, which is after management fees, performance fees and expenses and assumes that all distributions are reinvested in the Fund. Periods greater than 1 year are annualised. 2. Fund inception date is 31 August 2009. Coolabah Capital Institutional Investments was appointed Investment Manager of the Fund on 1 December 2020. 3. Benchmark is the RBA Overnight Cash Rate +1.50%. 4. Value added equals portfolio return minus benchmark return.

12 Month Return



Credit Rating Exposure



For More Information

Please visit our website at: www.contango.com.au/funds/shyf

If you have any questions, please contact our distribution team on 1300 001 750 or invest@contango.com.au.

Top 10 Portfolio Holdings

Company	Weight %
Queensland Treasury Corp. 3.5%	6.14
NSW Treasury Corp. (02/20/30)	5.91
Queensland Treasury Corp. 2.75%	5.78
Queensland Treasury Corp. 1.5%	5.14
South Australian Financing Authority (09/20/27)	4.68
Queensland Treasury Corp. 1.75%	3.72
Commonwealth Bank of Australia	3.30
Queensland Treasury Corp. 3.25%	3.00
NSW Treasury Corp. (03/20/28)	2.93
South Australian Financing Authority (05/24/28)	2.91
Total	43.51

Asset Allocation

Top Holdings	Portfolio Weight %
Gov & SSA	45.65
Tier 2 Securities	17.77
Hybrids	14.21
Senior Weight	2.23
Derivatives	0.03
Cash	20.12
Total	100.00

Portfolio Update

For the month of December, the Fund delivered a return of 0.62% net of fees, compared with 0.13% for the benchmark RBA Cash Rate + 1.5%. Over the past three years the Fund has returned 2.81% p.a. net of fees, compared with 1.99% p.a. for the benchmark. At the end of the month, the Fund had a weighted average interest rate of 1.15% compared with the actual RBA Cash Rate of less than 0.10%. The average credit rating of the Fund is A+; it has an average A ESG bond rating from MSCI; and the modified duration of the Fund is 0.05 years.

December was a strong month for the Fund as the expected mean-reversion in spreads came to pass following spread widening in November. More broadly, December caps off an unusual 12 months punctuated by a range of rare external shocks, and a pandemic that refuses to abate.

The trajectory of inflation, interest rates, and asset prices seem to be the main agenda items for 2022. In 2021 we saw 10-year government bond yields in Australia and the US lift from 0.97% and 0.91% respectively, to 1.67% and 1.51% by 31 December. A resurgence in core inflation encouraged central banks to slowly begin increasing overnight cash rates.

The US Federal Reserve recently signalled that it is likely to stop buying bonds in early 2023 and commence the process of normalising its cash rate thereafter. Locally, the RBA is weighing up stopping buying bonds in February. In our view this is all but certain (i.e., QE should end in mid-February). Yet the RBA is still reluctant to raise rates until wages growth is fast enough to keep inflation in the 2-3% target band.

In the State government bond market, 10-year spreads to the Commonwealth government bond yield curve compressed from 37 bps to 33 bps over the month. All the States save Victoria reported much better budget outcomes than the market had forecast with material downgrades to future debt issuance consistent with Coolabah's priors. The stand-out in this respect was NSW with a stunning \$20 billion downgrade to debt issuance in FY2022 vis-à-vis bank estimates only a few months prior.

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