

## Switzer Higher Yield Fund launched on Chi-X Australia, as Australian investors look beyond cash and shares

The Switzer Higher Yield Fund (SHYF) has today launched on the Chi-X Australia stock exchange, responding to significant demand from Australian retail investors for alternative investment options to cash and shares in the current environment of low interest rates and volatile markets.

SHYF is a floating-rate bond fund managed by Coolabah Capital Investments, which aims to provide investors with an attractive cash yield and low capital volatility by investing in a portfolio of high quality and liquid fixed income securities. The fund aims to achieve a total return between 1.5% and 3.0% greater than the RBA cash rate after fees and expenses on a rolling 12-month basis.

Marty Switzer, CEO of Contango Asset Management, said the sudden collapse of the stock market during the COVID-19 pandemic underlined how important it is for investors to have a diversified portfolio. Mr Switzer also stated that Australian retail investors are traditionally heavily overweight cash and shares and under-invested in fixed income.

“With dividend incomes challenged from COVID-19, and low interest rates for the foreseeable future, many investors are searching for a middle ground between term deposits and the volatility of shares. The Switzer Higher Yield Fund has been designed to target attractive yield with lower risk than equities by investing in a portfolio of fixed income assets.”

### Experienced management team

Mr Switzer said SHYF is a simple-to-use, low-cost vehicle that gives investors access to some of the most experienced fixed-income specialists in the country: “When it comes to fixed income, it’s crucial to find a fund manager who has a long term track record of investment outperformance. That’s why Contango Asset Management decided to partner with one of the country’s best credit managers, Coolabah Capital Investments, to relaunch the Switzer Higher Yield Fund as an exchange traded vehicle.”

The responsible entity of the Switzer Higher Yield Fund is Switzer Asset Management, a wholly owned subsidiary of Contango Asset Management.

Coolabah Capital Investments is an independent long and long-short active credit manager founded in 2011 by Christopher Joye, a leading financial economist, former government advisor and regular contributor to *The Australian Financial Review*. He heads up one of the largest teams in Australian fixed-income, including 13 analysts, 5 portfolio managers and 25 executives in total. Coolabah is chaired by experienced super fund director Melda Donnelly. The firm is majority employee owned and manages around \$4.7 billion of assets (as at November 2020) on behalf of institutional and retail investors.

“The Switzer Higher Yield Fund will actively invest in a diversified portfolio of Australian deposits, investment grade floating-rate notes and hybrid securities, targeting a weighted-average credit rating of “A-“, and near-zero interest rate duration risk,” Ying Yi Ann Cheng, Portfolio Management Director at Coolabah Capital said.

“Rather than chasing yield through assuming greater credit default risk, interest rate risk, or liquidity risk, Coolabah focuses on augmenting the portfolio’s yields through actively selecting cheap bonds that can potentially provide future capital gains.”

“To generate capital gains through identifying cheap fixed-income assets, you need to be very active and have a large team of experts. Coolabah is the most active investor in Australian credit, having bought and sold over \$23 billion of bonds in 2020 thus far. We also have a very expert team, including 10 dedicated quantitative specialists, four of whom have PhDs,” Ms Cheng said.

### **ETF demand increasing**

Chief Executive Officer of Chi-X Australia, Vic Jokovic, said Exchange Traded Funds (ETFs) have experienced unprecedented demand over the past 12 months as Australian investors seek access to defensive assets, global growth opportunities and sustainable investments.

“Fixed income ETFs have proven to be an important option for investors, who are increasingly looking for affordable, low risk investment options that offer returns that are more attractive than cash and term deposits,” Mr Jokovic said.

“The launch of this new fixed income fund comes at a crucial time for investors who have been dealing with a period of heightened market volatility throughout 2020. We look forward to working with Contango Asset Management in making SHYF available to investors.”

Investors will have the ability to purchase and redeem units in SHYF via their broker or directly with Switzer Asset Management Limited as the responsible entity.

**-ENDS-**

Chi-X Funds have been trading on exchange since October 2019, enabling issuers to have their funds quoted and traded on Chi-X.

### **About Chi-X® Australia**

Chi-X Australia (CXA) is a regulated stock exchange committed to transforming, improving and growing Australia’s securities and derivatives markets. Chi-X has experienced strong and sustained growth and has achieved significant milestones including gaining over 20% market share, \$1billion traded in value in equity trading and up to 50% of the Australian ETF market (trading and reporting). The Chi-X investment products platform offers a range of unique products exclusively traded on Chi-X, including Funds (ETFs & Quoted Managed Funds), Transferable Custody Receipts (TraCRs) and Chi-X Warrants. For more information visit: [www.chi-x.com.au](http://www.chi-x.com.au).

### **About Contango Asset Management**

Contango Asset Management Limited (CGA) is a financial services company with a marketing and distribution platform that partners with, and promotes, high quality fund managers to the self-directed and Independent Financial Adviser (IFA) channels of the \$2.9 trillion superannuation industry<sup>1</sup>. The responsible entity for the Switzer Higher Yield Fund is Switzer Asset Management, a wholly owned subsidiary of Contango Asset Management.

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<sup>1</sup>As at June 2020. Source: The Australian of Superannuation Funds of Australia Limited.

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