Marriott Dividend Growth Fund

30 June 2021

This Minimum Disclosure Document (MDD) provides investors with key information that is intended to assist the investor in understanding the nature and risks of investing in this fund.

Fund Objective and Investment Approach

The Marriott Dividend Growth Fund has as its primary objective an acceptable dividend yield combined with long term growth of income and capital. To achieve this objective the fund will seek out fundamentally sound listed companies that currently pay dividends and possess the potential for consistent and sustainable dividend growth in the future. The fund aims to achieve a dividend yield for its investors in excess of the dividend yield of the Financial and Industrial Index and to grow distributions in excess of the dividend growth achieved by the Financial and Industrial Index measured over rolling two-year periods.

Fund Information

Registered Name	Marriott Dividend Growth Fund
Fund Size	R 2,378,549,883.68
Price (NAV) (Class R)	8,575.93 cpu
Distribution (Class R)	83.3928 cpu

Key Features

Fund Classification (ASISA)	South African – Equity – General
Inception Date	1 August 1988
Base Currency	ZAR
Minimum Initial Investment	R500
Minimum Additional Investment	R300
Minimum Debit Order	R300
Distribution Declaration Dates	31 March, 30 June, 30 September, 31 December
Distribution Payment Dates	3 to 4 working days after declaration
Instruction Cut-off	15h00 daily
Fund Valuation Frequency	15h00 daily

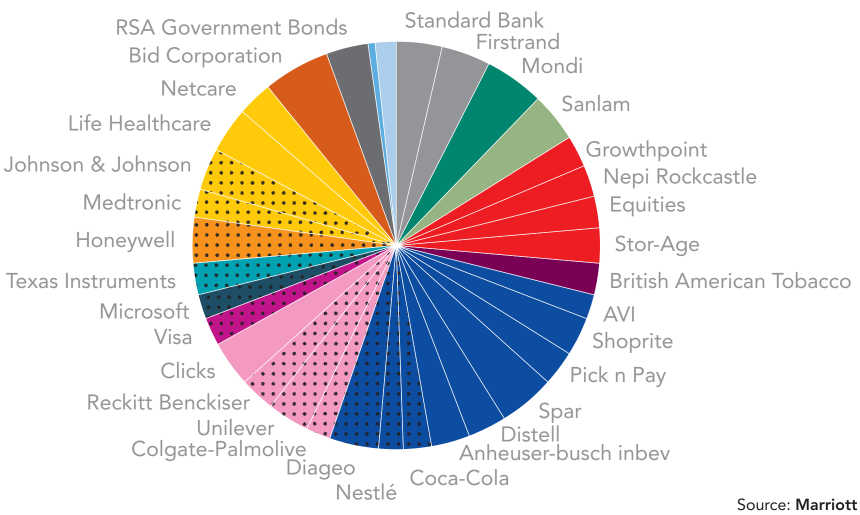
Risk Category Aggressive

Low Medium High

Income is relatively low with an aim for a long term return greater than inflation. It also aims for a high level of long term growth on invested capital but with high volatility.

Current Asset Allocation By Security

- Banks 7.8%
- Paper & Packaging 4.5%
- Insurance 3.9%
- Real Estate 10.3%
- Tobacco 2.5%
- Food & Beverage 26.6%
- Household & Personal Products 11.7%
- Financial Services 2.1%
- Software 2.2%
- Industrial Technology 2.4%
- Industrials 3.6%
- Health Care 12.0%
- Food Services 5.2%
- RSA Government Bonds 3.4%
- Intl Money Market 0.2%
- RSA Money Market 1.6%
- International



Source: **Marriott**

Fees (excluding VAT)

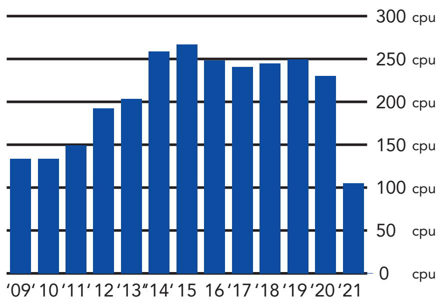
Marriott Initial Fee	0 %
Marriott Annual Management Fee	1 %
Advisor Initial Fee (max)	3 %
Advisor Annual Fee (max)	0.5 %

TER/TC (including VAT)

Total Expense Ratio	1.18 %
Transaction Costs	0.14 %

Inflation-Beating Distributions Since 2009

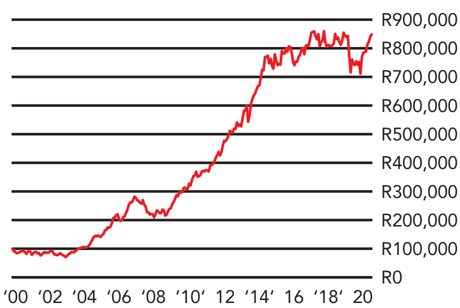
(Paid quarterly in cents per unit)



Source: **Marriott**

Total Return

(Assuming R100,000 was invested in Jan 2000)



Source: **Marriott**

Fund Limits and Constraints

None other than standard Collective Investment Schemes Control Act and the ASISA Fund Classification.

Performance

Net of all fees and expenses as per the TER disclosure (including income)

Annualised (pa)	1 year	2 years	3 years	4 years	5 years	Since Inception (Jan 2000)	Volatility of Return Since Inception: Highest 12 Months	Volatility of Return Since Inception: Lowest 12 Months
Income Return	3.2%	2.6%	2.8%	2.7%	2.7%	3.4%	-	-
Price Return	11.1%	-2.0%	-1.6%	-0.6%	-1.2%	7.1%	-	-
Total Return	14.3%	0.6%	1.2%	2.1%	1.5%	10.5%	59.7%	-25.9%

For periods longer than 12 months annualised performance figures are used. An annualised performance figure represents the compounded average return in percentage terms earned by the fund over the given period of time.

Source: **Marriott**

	Distribution	Income Growth	Total Return
2020	230.51cpu	-7.5%	-6.6%
2019	249.32cpu	1.8%	3.7%
2018	244.80cpu	1.7%	-5.7%
2017	240.76cpu	-3.0%	13.6%
2016	248.16cpu	-7.0%	1.8%
2015	266.91cpu	3.1%	2.5%
2014	258.77cpu	27.1%	20.4%

Portfolio Security Yields

Company	Weight	Yield
Standard Bank	3.9%	1.9%
Firstrand	3.9%	2.1%
Mondi	4.5%	3.0%
Sanlam	3.9%	5.0%
Growthpoint	2.6%	6.8%
Nepi Rockcastle	2.6%	3.1%
Stor-Age	2.6%	7.5%
Equites	2.5%	8.4%
British American Tobacco	2.5%	7.9%
Spar	4.7%	5.4%
Diageo	4.0%	2.0%
Anheuser-Busch Inbev	3.2%	0.8%
Shoprite	3.1%	2.7%
Distell	2.9%	0.0%
Pick n Pay	2.7%	3.6%
AVI	2.0%	5.8%
Coca-Cola	2.0%	3.1%
Nestlé	2.0%	2.4%
Clicks	3.7%	2.5%
Unilever	3.4%	3.9%
Reckitt Benckiser	2.7%	2.7%
Colgate-Palmolive	1.9%	2.3%
Visa	2.1%	0.5%
Microsoft	2.2%	0.8%
Texas Instruments	2.4%	2.2%
Honeywell	3.6%	1.7%
Johnson & Johnson	3.5%	2.5%
Life Healthcare	3.4%	0.0%
Netcare	2.9%	0.0%
Medtronic	2.2%	1.9%
Bid Corporation	5.2%	0.0%
RSA Government Bonds	3.4%	8.3%

Source: **Marriott**

Commentary

Ever since pharmaceutical companies revealed strong efficacy results for COVID-19 vaccines late last year, investors have piled into investments that win in an improving economic cycle with higher inflation. Ultra-loose central bank monetary policies and promises of massive stimulus spending provided even more fuel to what is now commonly referred to as the "reflation trade". The result has been strong outperformance of cyclical companies like resource and other "value" stocks – companies that do not pay reliable dividends and therefore do not feature in our portfolios. However, as we expected, the hype around the global economic bounce back is starting to fade bringing into focus the challenges associated with the longer term outlook. Consequently, the sustainability of the reflation trade is increasingly being questioned.

Although the world is undoubtedly in much better shape than it was in 2020, year-on-year economic data can be extremely misleading. This is especially so when the base (the previous year's numbers) is significantly distorted as is currently the case. Is it really so surprising that very high economic growth levels are being reported considering the devastating impact lockdowns had on economic activity last year? To put things into context one needs to normalise the base, thus a comparison with the end of 2019 would be far more useful.

From this perspective, the global economic recovery appears far less exciting. In fact, global GDP is only just returning to pre pandemic levels. Throw into the mix: 1) debt worldwide has ballooned to $281 trillion, more than 355% of global GDP, 2) an extremely uneven global recovery, 3) the risk of new COVID variants; and, 4) ageing first world demographics, it becomes clear that the longer term outlook is challenging. As such, the market is becoming increasingly concerned about slowing GDP growth – an environment well suited to the robust, market leading, divided paying companies which make it through our investment filter.

The fund currently has a maximum exposure (30%) to offshore equities such as Nestlé, L'Oréal, Johnson and Johnson and Colgate-Palmolive. These are amongst the best dividend payers in the world and provide goods and services that we can't go without. A similar strategy has been employed with regard to the fund's domestic holdings with emphasis given to companies like Spar, Standard Bank, AVI and Sanlam – high quality companies trading on dividend yields currently above cash rates. Whilst perhaps not as exciting as resource stocks and other highly cyclical companies, businesses of this nature are less volatile and more resilient making them far more predictable and less likely to come under pressure in the months and years ahead if growth and inflation do not live up to the lofty expectations currently priced into the market.

In summary, as we march towards 2022 year-on-year economic data will begin providing a far more realistic gauge of the health of the global economy as the numbers will no longer be significantly distorted by base effects. We believe the picture that will emerge is a one that is supportive of quality, resilience and dividends – the key attributes of our income focused investment style.

Contact us: To find out more about this fund or to obtain free of charge additional information such as brochures, application forms, annual reports and other marketing material, please visit our website **www.marriott.co.za** or contact our Communication Centre on **0800 336 555**.

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Asset Manager: Marriott Asset Management (Pty) Ltd, a licenced financial services provider, FSP 592

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