Marriott Dividend Growth Fund

30 June 2022

MARRIOTT
INVESTMENT MANAGERS

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 2,403,393,439.60
Price (NAV) (Class R)	8,542.67 cpu
Distribution (Class R)	89.9679 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

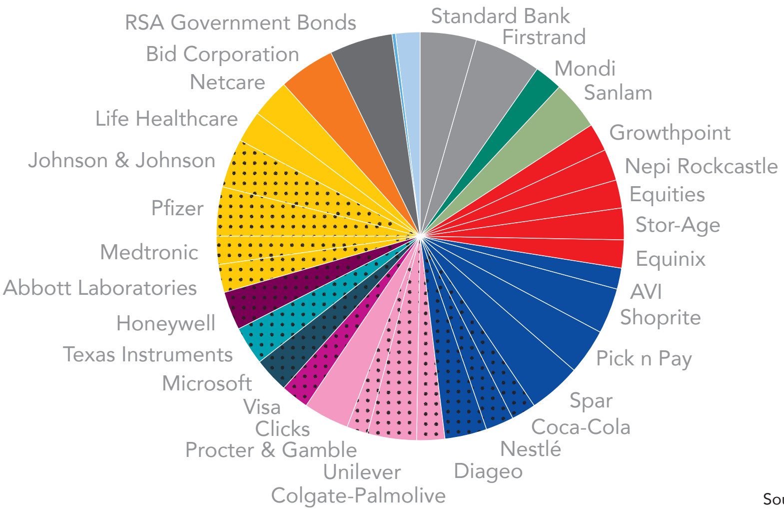
Risk Category Aggressive

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 9.8%
- Paper & Packaging 2.2%
- Insurance 4.0%
- Real Estate 11.5%
- Food & Beverage 20.7%
- Household & Personal Products 11.5%
- Financial Services 2.1%
- Software 2.9%
- Industrial Technology 2.9%
- Industrials 3.1%
- Health Care 17.7%
- Food Services 4.4%
- RSA Government Bonds 5.0%
- Intl Money Market 0.3%
- RSA Money Market 1.9%
- International



Source: **Marriott**

Fees (excluding VAT)

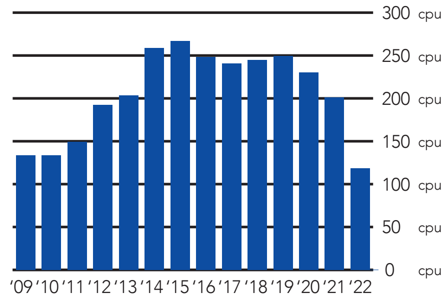
Marriott Initial Fee	0 %
Marriott Annual Management Fee	1 %
Advisor Initial Fee (max)	3 %
Advisor Annual Fee (max)	0.5 %

TER/TC (including VAT)

Total Expense Ratio	1.18 %
Transaction Costs	0.10 %

Inflation-Beating Distributions Since 2009

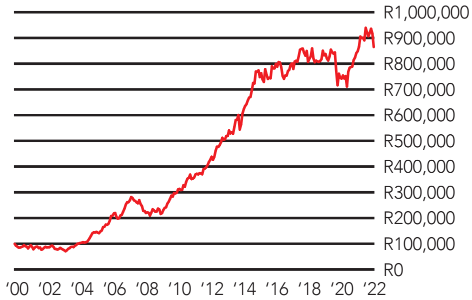
(Paid quarterly in cents per unit)



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	2.4%	2.8%	2.6%	2.7%	2.6%	3.4%	-	-
Price Return	-0.4%	5.2%	-1.5%	-1.3%	-0.5%	6.7%	-	-
Total Return	2.0%	8.0%	1.1%	1.4%	2.1%	10.1%	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
2021	201.19 cpu	-12.7%	19.8%
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
Firstrand	5.3%	4.8%
Standard Bank	4.5%	5.4%
Mondi	2.2%	3.7%
Sanlam	4.0%	6.0%
Stor-Age	2.6%	8.0%
Equites	2.3%	9.1%
Growthpoint	2.3%	10.0%
Nepi Rockcastle	2.3%	7.0%
Equinix	2.0%	1.8%
Spar	4.2%	5.1%
Shoprite	3.4%	2.9%
Pick n Pay	3.6%	3.8%
Diageo	3.4%	2.1%
Coca-Cola	2.1%	2.8%
Nestlé	2.1%	2.6%
AVI	1.9%	6.7%
Unilever	3.9%	4.6%
Clicks	3.8%	1.9%
Colgate-Palmolive	2.2%	2.4%
Procter & Gamble	1.6%	2.4%
Visa	2.1%	0.7%
Microsoft	2.9%	0.9%
Texas Instruments	2.9%	3.0%
Honeywell	3.1%	2.2%
Pfizer	4.0%	3.1%
Johnson & Johnson	3.8%	2.4%
Netcare	3.0%	3.7%
Life Healthcare	2.5%	2.2%
Medtronic	2.3%	2.8%
Abbott Laboratories	2.1%	1.7%
Bid Corporation	4.4%	2.2%
RSA Government Bonds	5.0%	10.2%

Source: **Marriott**

Commentary

After the euphoria of 2021 where the global economy staged its most robust post-recession recovery in 80 years, markets have come crashing back down to earth as it has become increasingly apparent that the fastest and biggest monetary and fiscal response to an economic crisis has not come without a cost – inflation.

2022 began with inflation in many of the world's biggest economies at decade highs. US inflation for instance registered 7% at the end of December 2021 – the highest level recorded since 1982. Many central bankers at the time hoped some inflationary pressures would prove transitory, like supply bottlenecks, which would allow for a measured response. However, this hope quickly faded when Russia (the world's 4th biggest oil producer) invaded Ukraine (the world's 2nd biggest wheat producer) on the 24th of February. As food and energy prices rocketed, central bankers were confronted with a new, far harsher reality – hike rates aggressively or risk losing credibility allowing inflation to become entrenched for the long term. Wisely, they have chosen the former evidenced by the US Fed raising interest rates by 0.25% in March, 0.50% in May and 0.75% in June. Currently, the median expectation of Fed members is that interest rates will be between 3.25% and 3.50% by the end of the year, up from an expectation of 0.75% to 1.00% just six months earlier. This hawkish trend has been mirrored by other central banks around the world at a time when rising costs are hurting consumer and business confidence. Thus, a significant economic slowdown appears all but inevitable, with markets (both bond and equity) now pricing in a high probability of a global recession towards the end of the year/early 2023.

Apart from commodity stocks (a beneficiary of constrained supply as a result of the Russia/Ukraine war), high inflation and slowing economic growth has been bad news for just about every asset class year-to-date:

- Developed market equities and bonds have declined by 20.3% and 15.0% in US dollars respectively
- Emerging market equities and bonds have decline by 17.5% and 21.7% in US dollars respectively

Against this background the Dividend Growth fund held up well, up 2.0% for the year, especially considering commodity stocks are excluded from Marriott's investable universe due to unpredictable dividends. The resilient performance can primarily be attributed to the fund's high exposure to quality, offshore companies in non-cyclical industries with good long term growth prospects – ideal investments for recessionary conditions. From a domestic equity perspective, the strategy is identical with an even greater emphasis placed on defensive industries providing basic necessities as the economic slowdown in SA will likely be more pronounced than the rest of the world.

In summary, our income focused investment style which emphasizes quality, resilience and dividends tends to perform best from a relative perspective when the going gets tough. With central banks around the world hiking rates aggressively to combat inflation that time has arrived.

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**.

Custodian & Trustee: FirstRand Bank Ltd, 3 First Place Bank City, Cnr Simmonds & Jeppe Streets, Johannesburg, 2001, +27 (0)87 311 2111

Manager: Marriott Unit Trust Management Company (RF)(Pty) Ltd.

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

Marriott House
2 Delamore Road Hillcrest 3610
PO Box 2099 Hillcrest 3650 South Africa
Client Relationship Team 0800 336 555
Tel +27 (0)31 765 0700 Fax +27 (0)31 765 0790
Email info@marriott.co.za **www.marriott.co.za**

MARRIOTT
INVESTMENT MANAGERS