Marriott Dividend Growth Fund

30 June 2020

MARRIOTT
INCOME SPECIALISTS

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 2,735,159,360.77
Price (NAV) (Class R)	7,717.25 cpu
Distribution (Class R)	95.9526 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

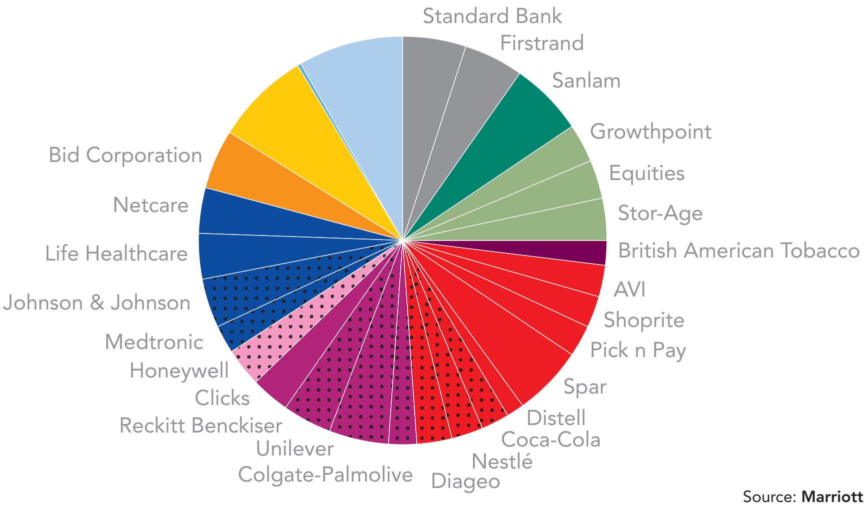
Risk Category Aggressive

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%
- Insurance 5.8%
- Real Estate 9.6%
- Tobacco 1.9%
- Food & Beverage 21.9%
- Household & Personal Products 14.0%
- Industrials 3.1%
- Health Care 13.1%
- Food Services 4.9%
- RSA Government Bonds 7.3%
- Intl Money Market 0.2%
- RSA Money Market 8.4%
- International



Source: **Marriott**

Fees (excluding VAT)

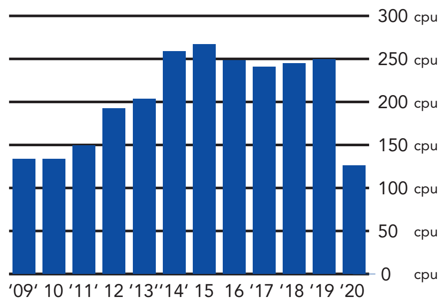
Marriott Initial Fee	0 %
Marriott Annual Management Fee	1 %
Advisor Initial Fee (max)	3 %
Advisor Annual Fee (max)	0.5 %

TER/TC (including VAT)

Total Expense Ratio	1.19 %
Transaction Costs	0.17 %

Inflation-Beating Distributions Since 2009

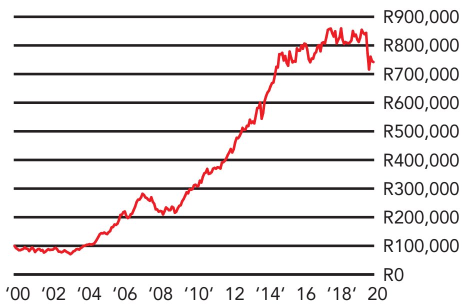
(Paid quarterly in cents per unit)



Source: **Marriott**

Total Return

(Assuming R100,000 was invested in Jan 2000)



Source: **Marriott**

Fund Limits and Constraints

The fund will hold at least 70% of its portfolio in domestic equities that currently pay dividends with the potential for consistent and sustainable income/dividend growth in future, have a three-year track record and a market capitalisation that exceeds R5-billion.

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	2.3%	2.6%	2.6%	2.6%	2.8%	3.4%	-	-
Price Return	-13.7%	-7.4%	-4.2%	-4.1%	-2.9%	6.9%	-	-
Total Return	-11.4%	-4.8%	-1.6%	-1.5%	-0.1%	10.3%	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
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%
2013	203.52cpu	5.7%	17.3%

Portfolio Security Yields

Company	Weight	Yield
Standard Bank	5.0%	9.6%
Firstrand	4.8%	8.0%
Sanlam	5.8%	5.7%
Growthpoint	3.2%	15.8%
Equites	3.0%	8.8%
Stor-Age	3.4%	8.0%
British American Tobacco	1.9%	5.9%
AVI	2.4%	5.9%
Shoprite	2.5%	3.0%
Pick n Pay	2.6%	0.8%
Spar	5.4%	4.1%
Distell	1.6%	5.6%
Coca-Cola	2.2%	4%
Nestlé	2.4%	3%
Diageo	2.7%	2.6%
Colgate-Palmolive	2.4%	2.5%
Unilever	4.5%	3.7%
Reckitt Benckiser	3.9%	2.5%
Clicks	3.2%	1.6%
Honeywell	3.1%	2.5%
Medtronic	2.1%	2.5%
Johnson & Johnson	4.0%	2.9%
Life Healthcare	3.5%	3.1%
Netcare	3.5%	4.8%
Bid Corporation	4.9%	2.3%
RSA Government Bonds	7.3%	9.4%

Source: **Marriott**

Commentary

Has the future ever looked so uncertain? Probably not, at least not for a very long time. The health care and economic fallout stemming from the highly contagious COVID-19 virus has, in a matter of just 3 months, completely upended the way we live and disrupted many of the assumptions we use to predict what the future might look like. It is now very difficult to work out what we will be doing next year, let alone in 3 to 5 years time.

The resultant anxiety is tangible, evidenced by rising mental health and stress related issues around the globe. Change is difficult for most people, even more so when it is forced upon us and unfolds rapidly. Working from home, less travel, no gym and home cooked meals was fun for a while, however, 100 odd days into lockdown and it now feels as if we are all desperate to get back to "normal".

This rapidly evolving and unstable world understandably poses significant challenges for investment managers, evidenced by some of the biggest economic forecasting errors in recent memory. With the potential for missteps now undoubtedly high, how is it best to go about generating a predictable investment outcome – our primary promise to investors – in these unsettling times?

The key, in our opinion, is to keep things simple, stick to quality and focus on what we know instead of worrying about what the post-COVID world will look like – because nobody actually knows.

What we know (with a reasonable degree of certainty):

About the disease:

• A vaccine will eventually be developed (probably by the end of next year)

About the economy

• The economic recovery is likely to be slow as debts (both consumer and government) must be repaid, and consumer and business confidence restored.
• The first world is set to recover faster than emerging economies as they have more resources at their disposal to deal with the crisis.
• South Africa was in a very vulnerable position heading into this crisis. With unemployment levels now sitting at 30.1%, consumer confidence at a 15 year low, and an unfavourable debt to GDP trajectory (which limits the government's ability to spend to stimulate growth) South Africa faces a particularly long road to recovery.
• The basics of life will carry on. No matter how tough it gets, people will continue to eat, drink, brush their teeth, require healthcare etc.

About businesses

• Quality companies that have the balance sheet strength and management experience required to navigate and survive this crisis, are likely to emerge stronger as they take market share from smaller, more vulnerable businesses during this period of uncertainty and establish even more dominance in their particular industries.

About dividends

• High quality, multinational companies offering timeless products and brands were able to increase their dividends during the COVID-19 crisis highlighting the power of their global presence, market leadership and diversified income streams. In addition, companies of this nature are currently offering very good value as the differential between their dividend yields and the 10-year US Government Bond yield is the widest it has been in over 30 years.
• In contrast, even the highest quality South African companies have come under pressure to retain earnings to strengthen their balance sheets and ensure cash is readily available to weather the crisis – dividends have been cut as a result. When normal economic activity resumes, we anticipate the dividends from SA companies operating in defensive industries to bounce back quickest to levels not far off pre-COVID levels.

How we have positioned the portfolio:

Taking these factors into consideration we have positioned the portfolio as follows:

1. Portfolio in general: No compromises on quality - Strong balance sheets; experienced management; market leading products and brands; resilient business models.

2. Developed market exposure: Maximised (approximately 30%) - better companies; attractive valuations relative to bonds; protection against further rand weakness; diversification.

3. Local market exposure: Defensive - rand hedge, basic necessity provider (food, hygiene, beverages, healthcare, etc), strong management teams.

This combination of high quality, first world equities and defensive, well run local businesses will enable the Marriott Dividend Growth Fund to continue paying out an approximate 3% level of income that should grow faster than inflation over time (with a similar level of capital growth). The future may be as uncertain as ever but through keeping it simple, sticking to quality, and focusing on what is known with a reasonable degree of certainty we are confident that we will continue to deliver on our promise to you – a more predictable investment outcome.

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**.

Collective investment schemes are generally medium to long-term investments. The value of participatory interests or the investment may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending. If required, the manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Forward pricing is used. The ruling price of the day is calculated at approximately 15h00 SA time each day. Purchase and repurchase requests must be received by the manager by 15h00 SA time each business day. Prices are published on a daily basis on the Marriott website, www.marriott.co.za. Unit trusts are calculated on a net asset value basis. Net asset value is the value of all assets in the portfolio including any income accrual and less any permissible deductions from the portfolio. Marriott does not provide any guarantees with respect to the capital or the return of the portfolio. A schedule of fees and charges and maximum commissions is available on request from Marriott. Where initial fees are applicable, these fees are deducted from the investment consideration and the balance invested in units at the net asset value. Commissions and incentives may be paid and if so, would be included in the overall costs. Where, different classes of units apply to the fund these would be subject to different fees and charges. The inclusion foreign securities in a portfolio are subject to risks including but not limited to potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks and the potential limitations on the availability of market information. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Declaration of income accruals are quarterly. Performance figures are based on lump sum investment. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. This portfolio may be closed to new investors in order to manage it more efficiently in accordance with its mandate. The TER shows the percentage of the average Net Asset Value of the portfolio that was incurred as charges, levies and fees relating to the management of the portfolio. A higher TER ratio does not necessarily imply poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. Transaction Costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER. Marriott Unit Trust Management Company (RF) (Pty) Ltd is a member of the Old Mutual Investment Group. Old Mutual is a member of the Association for Savings and Investment South Africa (ASISA).

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
Communication Centre 0800 336 555
Tel +27 (0)31 765 0700 Fax +27 (0)31 765 0790
Email info@marriott.co.za **www.marriott.co.za**

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