Marriott First World Equity Fund

30 September 2022

This Mandatory 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.

How This Fund Works

This is a UK pound sterling-denominated portfolio. A South African Investor requires South African Reserve Bank clearance and South African Revenue Service clearance to remit rands offshore.

Uses SARB foreign allowance capacity ▶ Invests offshore ▶ Marriott First World Equity Fund

UK pound sterling-denominated fund

Fund Objective and Investment Approach

The objective of the fund is to generate long-term growth and a distributable income through investments in quoted shares which must be constituents of the S&P 500, FTSE 350, FTSE Eurofirst 300. The fund is to be managed in such a way to achieve a gross yield in UK pound sterling terms comparable to the yield generated by the average of the S&P 500 Index, FTSE 350 and FTSE Eurofirst indices and capital growth in excess of UK Consumer Price Inflation. The fund is a class of shares in an open-ended investment company listed on the Irish Stock Exchange and is regulated by The Central Bank of Ireland. The fund is approved for sale in South Africa by the Financial Sector Conduct Authority (FSCA). The portfolio is valued and returns are measured in UK pounds sterling.

Marriott Isle of Man Limited provides investment advisory services to the Marriott International Funds and the Marriott Global Funds. Marriott Isle of Man Limited is regulated by the Financial Services Authority of the Isle of Man.

Fund Information

Registered Name	Marriott First World Equity Fund
Fund Size	£ 59,428,091.72
Price (NAV)	£ 1.62 per unit
Distribution	1.869 ppu

Key Features

Fund Classification (ASISA)	Offshore (Equity Fund)
Inception Date	3 April 2008
Base Currency	GBP
Minimum Initial Investment	£1,000
Minimum Additional Investment	Any amount
Distribution Declaration	28 February, 31 August
Distribution Payment Dates	31 March, 30 September
Instruction Cut-off	17h00 daily
Fund Valuation Frequency	17h00 daily

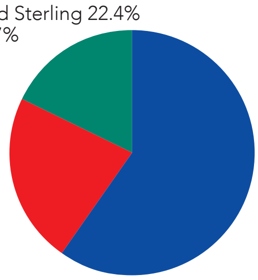
Risk Category Aggressive

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 Currency Allocation

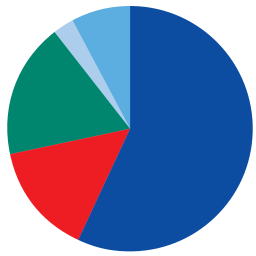
- US Dollar 59.9%
- UK Pound Sterling 22.4%
- Euro 17.7%



Source: **Marriott International**

Current Asset Allocation

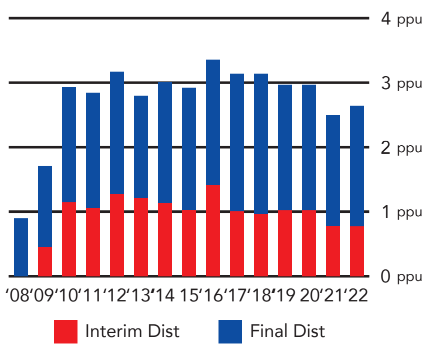
- US Equities 57.0%
- UK Equities 14.8%
- European Equities 17.7%
- US Real Estate 2.9%
- Int Money Market 7.6%



Source: **Marriott International**

Distributions Since Inception

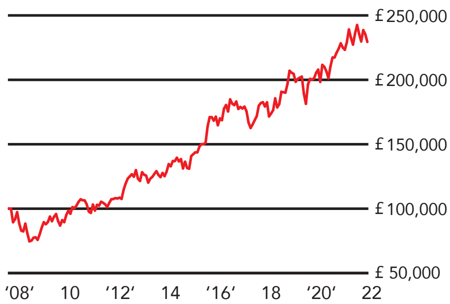
(Paid bi-annually in pounds sterling pence per unit)



Source: **Marriott**

Total Returns Since Inception

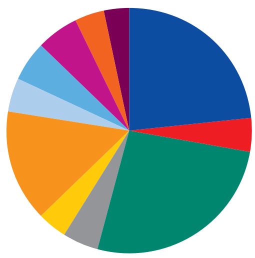
(Assuming £100,000 invested at inception)



Source: **Marriott**

Equity Split by Sector

- Food & Beverage 23.6%
- Diversified Manufacturing 4.2%
- Health Care 26.6%
- Insurance 4.7%
- Telecommunications 3.9%
- Household & Personal Products 14.5%
- Diversified Packaging 4.5%
- Industrial Technology 5.4%
- Software 5.4%
- Financial Services 4.1%
- Real Estate 3.1%



Source: **Marriott International**

Fund Limits and Constraints

Investments will be denominated in UK pounds sterling and will be invested in dividend paying equities and liquid assets.

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 (April 2008)	Volatility of Return Since Inception: Highest 12 Months	Volatility of Return Since Inception: Lowest 12 Months
Income Return	1.6%	1.6%	1.8%	1.9%	2.0%	2.5%	-	-
Price Return	0.3%	3.4%	2.1%	4.0%	3.3%	3.4%	-	-
Total Return	1.9%	5.0%	3.9%	5.9%	5.3%	5.9%	37.4%	-24.6%

Source: **Marriott**

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.

Fees (excluding VAT)

Marriott Initial Fee	0 %
Marriott Annual Management Fee	1 %
Marriott Performance Fee	n/a
Advisor Initial Fee (max)	3 %
Advisor Annual Fee	0.25 or 0.5 %

Expenses (including VAT)

Total Expense Ratio (TER)	1.43 %
Transaction Costs (TC)	0.05 %
Total Invest Charge (TIC)	1.48 %

Current Portfolio Holdings

United States	**Dividend Yield**
Verizon	6.6%
Coca Cola	3.1%
Microsoft	1.1%
McDonalds	2.4%
Visa	0.8%
McCormick	2.0%
Medtronic	3.2%
Texas Instruments	2.9%
Pfizer	3.6%
Johnson & Johnson	2.7%
Honeywell	2.3%
Abbott Laboratories	1.9%
Proctor & Gamble	2.8%
Equinix Inc	2.2%
Starbucks Corporation	2.3%
United Kingdom	
Smurfit Kappa	5.0%
Unilever	4.2%
Diageo	2.2%
Europe	
Sanofi	4.6%
Nestlé	2.8%
L'Oréal	1.7%
Roche	3.1%
Allianz	6.9%

Source: **Marriott International**

Fund Codes

Share Class	ISIN	SEDOL	Bloomberg ID
Accumulating	IE00B3BQD976	B3BQD97	MIFPFWA:ID
Distributing	IE00B29PX445	B29PX44	MIFPFWE:ID

Portfolio Review

After a brief respite in July, markets resumed their downwards trajectory through to the end of the third quarter. Once again, the principal cause was inflation and with it, the realisation that central banks, led by the US Federal Reserve, have been significantly out of step with events. Consequently, interest rates in many parts of the world are now rising and rising fast. Having started the year at 0.25%, US interest rates have already been hiked to 3.25%. Rates will keep going up as the final quarter of 2022 progresses, probably to 4% but maybe higher.

Investors are detecting a sense of panic, not in the form of a 2008-style banking crisis, but an economic crisis triggered by inflation and, by way of response, a burst of interest rate activity. Whilst the nominal figures are still quite low (many investors will recall double digit interest rates in the 1990s), it is the magnitude of the increases which has caused the most concern. Having sat on their hands throughout 2021 and assumed that inflation would be no more than a transitory by-product of a post COVID-19 economic euphoria, central banks are playing catch-up. Instead of managing a soft landing, they are creating a self-inflicted hard recession. The Fed is cornered and sees interest rate action as the only meaningful way in which inflation can be conquered. And this will take time to achieve. It may not feel recessionary on the street, in employment agencies, shops, factories and restaurants, but equity markets are warning of a significant economic downturn in 2023.

It is not only equity markets which are suffering. Bond markets too are reflecting higher interest rates and prices have dropped. The usual haven of government bonds has, therefore, proved anything but. US treasuries have fallen by 13% over the year to the end of the third quarter and gilts by nearly 30%. These movements have hit British pension funds, the main buyers of long-term bonds, especially hard.

The poor performance of sterling assets has been exaggerated by the weakness of the pound. As if things couldn't get any worse, a poorly presented 'mini-budget' cobbled together by the newly appointed Conservative leadership, spooked the market to such an extent that the Bank of England was forced to intervene to prevent further weakness in the gilt market and a full-blown sterling crisis. Even the IMF felt it necessary to pass comment, and not in a good way. It is more than frustrating.

Many of the problems facing the market today are, therefore, self-inflicted. Although the primary trigger was the unprovoked invasion of Ukraine and the subsequent cost-of-living crisis, the seeds for economic distress were sown back in 2021. This is now a classic bear market where everything is down. Equities, bonds, property, commodities, even gold. Companies are still reporting decent results, but macro headwinds are building to hurricane level. Today's market valuations reflect these conditions. Equities predict events several months into the future. By the time recession hits the real world, the market will already be looking at the prospect of recovery. This mindset needs to be at the forefront of investment strategy when determining the positioning of investment portfolios today.

For now, it is too soon to be calling a turning point to the market with any confidence. In fact, market timing is always perilous, and we try not to do it. House prices are poised to fall as mortgage rates soar and predictions of a 10%-15% housing correction in the UK will not be far off the mark. This, coupled with a general slowdown in spending as the cost-of-living crisis eats into household budgets will create a self-fulfilling downturn in the economy in 2023. That is what the stockmarket is telling us today.

But it is not all bad news. Valuations and dividend yields are attractive provided that underlying businesses can continue to generate healthy cash flow and have managed their debt levels sensibly during the years of easy money. For a long time, equities have been the only real asset class of choice in an environment of zero interest rates. Now, bonds, both corporate and government are starting to look more appealing. This will provide a better balance for portfolios going forward with less volatility. With the world seemingly in a mess of its own making, now may seem a strange time to be feeding money into a hostile stockmarket. But this is when long term strategies are executed, income streams secured, and fortunes preserved. Not a time to be too brave, but not a time to be timid either.

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