Marriott Dividend Growth Fund

30 September 2020

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 2,588,371,983.01
Price (NAV) (Class R)	7,724.82 cpu
Distribution (Class R)	42.6342 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

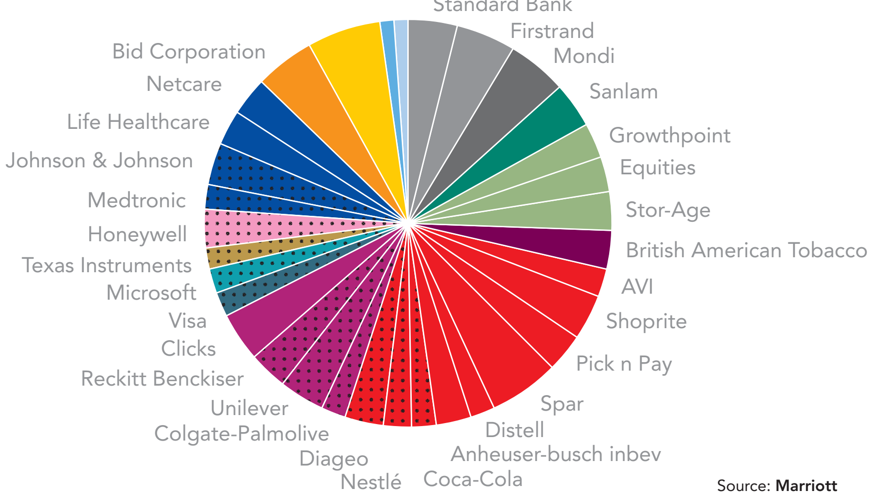
Risk Category Aggressive

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 8.7%
- Paper & Packaging 4.8%
- Insurance 3.7%
- Real Estate 8.8%
- Tobacco 3.2%
- Food & Beverage 26.6%
- Household & Personal Products 12.5%
- Financial Services 1.9%
- Software 1.9%
- Industrial Technology 1.9%
- Industrials 2.9%
- Health Care 11.2%
- Food Services 4.6%
- RSA Government Bonds 6.0%
- Intl Money Market 0.1%
- RSA Money Market 1.2%
- International



Source: **Marriott**

Fees (excluding VAT)

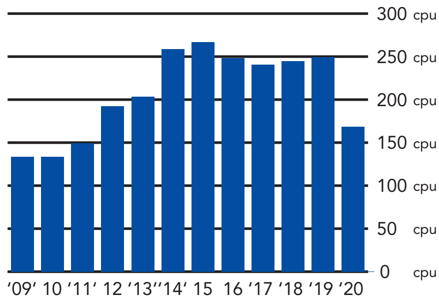
Marriott Initial Fee	0 %
Marriott Annual Management Fee	1 %
Advisor Initial Fee (max)	3 %
Advisor Annual Fee (max)	0.5 %

TER/TC (including VAT)

Total Expense Ratio	1.18 %
Transaction Costs	0.18 %

Inflation-Beating Distributions Since 2009

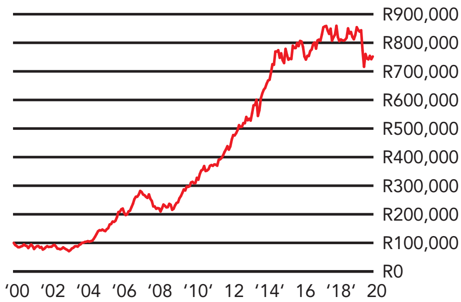
(Paid quarterly in cents per unit)



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	2.8%	2.8%	2.8%	2.7%	2.8%	3.4%	-	-
Price Return	-11.9%	-7.1%	-5.1%	-3.8%	-2.2%	6.8%	-	-
Total Return	-9.1%	-4.3%	-2.3%	-1.1%	0.6%	10.2%	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	4.2%	5.1%
Firstrand	4.5%	3.5%
Mondi	4.8%	1.1%
Sanlam	3.7%	6.6%
Growthpoint	2.8%	18.5%
Equites	2.9%	9.1%
Stor-Age	3.0%	9.1%
British American Tobacco	3.2%	6.8%
AVI	2.1%	5.6%
Shoprite	3.6%	2.7%
Pick n Pay	3.1%	0.9%
Spar	5.7%	3.8%
Distell	2.0%	2.4%
Anheuser-busch inbev	2.8%	3.1%
Coca-Cola	2.0%	3%
Nestlé	2.0%	2%
Diageo	3.2%	2.8%
Colgate-Palmolive	2.0%	2.4%
Unilever	3.7%	3.2%
Reckitt Benckiser	3.0%	2.4%
Clicks	3.9%	1.5%
Visa	1.90%	0.61%
Microsoft	1.87%	1.03%
Texas Instruments	1.94%	2.65%
Honeywell	2.9%	2.2%
Medtronic	2.0%	2.2%
Johnson & Johnson	3.4%	2.7%
Life Healthcare	2.9%	3.2%
Netcare	3.0%	5.0%
Bid Corporation	4.6%	1.3%
RSA Government Bonds	6.0%	8.6%

Source: **Marriott**

Commentary

After an emotionally taxing and volatile 9 months thankfully there have been a number of positive COVID 19 developments suggesting cause for optimism as we look ahead to 2021. These developments include:

- A lower death rate than initially feared.
- A better prepared healthcare system (which is coping).
- Improved treatments and encouraging progress towards a vaccine.
- Eased lockdowns and increased economic activity.
- Massive monetary and fiscal stimulus.

Although markets have welcomed these developments, the recovery has been characterised by "winners and losers" as the long term consequences of the pandemic have become increasingly apparent. These include

- A shift towards a more digital way of life.
- An enormous debt burden and historically low interest rates.
- A substantial knock to consumer and business confidence.
- An increasingly difficult operating environment for weaker countries and companies.

As such, it is unsurprising that the S&P 500 has been one of the best performing markets of the year. Not only is it driven by the biggest and most robust economy in the world, it is dominated by top quality businesses many of which operate in the technology sector.

Although technology is undoubtedly the biggest COVID-19 "winner" so far, the massive share price increases of the likes of Tesla, Amazon, Facebook, Zoom and other digital businesses have translated into very high multiples (demanding valuations). Thus, any return to a more normal way of life (i.e. less online) may be bad news for the sector. On the flip side, quality businesses offering more traditional yet timeless products will likely be significant beneficiaries of further positive COVID-19 developments.

The performance of the JSE All Share index (down 4.9% in US dollars year to date) suggests SA is unfortunately one of the COVID-19 "losers". This can be largely put down to the country already being in a precarious economic position pre-crisis. As such, it has limited resources to respond to the consequences of shutting down the economy ("lockdown") and is increasingly at risk of being left behind in the race for relevance in the post COVID world. So too are investment managers who fail to recognise that COVID-19 has changed the game.

In anticipation of the post COVID investment landscape, we have made the following adjustments to the Marriott Dividend Growth Fund:

- Approximately half of the portfolio is now invested in companies that derive their profits from outside of SA.
  - Maximum exposure to offshore listed companies (30%) due to the availability of higher quality companies with better income growth prospects.
  - Increased Rand Hedge exposure (15%) via holdings in Bidcorp, Anheuser-Busch, British American Tobacco and Mondi.
- The remainder of the portfolio is invested in robust and well run South African businesses that operate in defensive industries and provide goods and services that we cannot go without namely:
  - 20% exposure to Food & Beverages
  - 10% exposure to Healthcare, Personal Care and Hygiene
  - 12% to Banking and Insurance
- It should be noted due to low yields and/or unpredictable dividend streams, the portfolio has no exposure to Naspers/Prosus and the resource sector. Although this has caused the portfolio to relatively underperform in the short-term, large exposures to a Chinese tech company and commodity prices (notably gold) is understandably risky - these two components make up approximately 60% of the JSE All Share today. Thus, the performance of the Dividend Growth Fund is highly uncorrelated to the market providing an excellent portfolio diversifier.

Taking this into account, we are confident that the fund's returns will steadily improve and that it is well positioned for the future (not the past) given its split between offshore and rand hedge holdings providing resilient dividend growth, and its domestic holdings providing attractive dividend yields. The current gross dividend yield of the portfolio is approximately 4% (almost 0.5% higher than cash yields) which should grow ahead of inflation in the years ahead. These income characteristics makes the Marriott Dividend Growth fund an ideal equity building block for investors looking to draw income from their savings in the current environment.

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).

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