Marriott Dividend Growth Fund

31 December 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 2,513,427,977.15
Price (NAV) (Class R)	8,010.23 cpu
Distribution (Class R)	61.9999 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

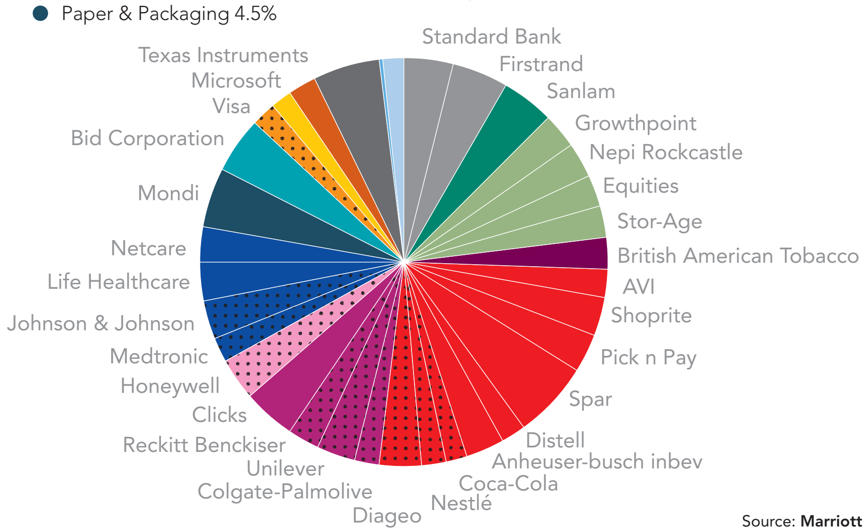
Risk Category Aggressive

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 8.5%
- Insurance 4.2%
- Real Estate 10.6%
- Tobacco 2.5%
- Food & Beverage 26.2%
- Household & Personal Products 11.8%
- Industrials 3.3%
- Health Care 10.9%
- Paper & Packaging 4.5%
- Food Services 4.7%
- Financial Services 1.8%
- Software 1.8%
- Industrial Technology 2.0%
- RSA Government Bonds 5.4%
- Intl Money Market 0.3%
- RSA Money Market 1.4%
- International



Source: **Marriott**

Fees (excluding VAT)

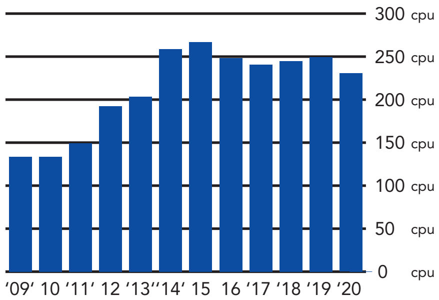
Marriott Initial Fee	0 %
Marriott Annual Management Fee	1 %
Advisor Initial Fee (max)	3 %
Advisor Annual Fee (max)	0.5 %

TER/TC (including VAT)

Total Expense Ratio	1.18 %
Transaction Costs	0.18 %

Inflation-Beating Distributions Since 2009

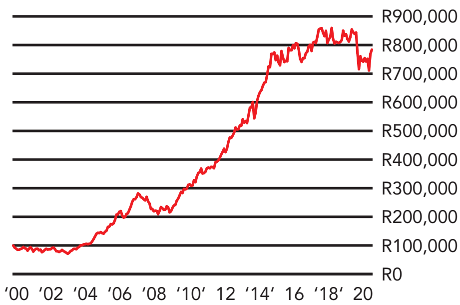
(Paid quarterly in cents per unit)



Source: **Marriott**

Total Return

(Assuming R100,000 was invested in Jan 2000)



Source: **Marriott**

Fund Limits and Constraints

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	2.7%	2.9%	2.7%	2.8%	2.8%	3.4%	-	-
Price Return	-9.3%	-4.4%	-5.6%	-1.8%	-1.7%	6.9%	-	-
Total Return	-6.6%	-1.5%	-2.9%	1.0%	1.1%	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
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	4.1%	4.2%
Firstrand	4.4%	2.8%
Mondi	4.5%	2.9%
Sanlam	4.2%	5.7%
Growthpoint	2.6%	11.5%
Nepi Rockcastle	2.9%	5.1%
Equites	2.6%	8.6%
Stor-Age	2.5%	8.2%
British American Tobacco	2.5%	7.8%
AVI	2.1%	5.5%
Shoprite	3.1%	2.8%
Pick n Pay	3.0%	3.9%
Spar	6.0%	4.6%
Distell	2.0%	1.8%
Anheuser-busch inbev	3.0%	2.7%
Coca-Cola	1.9%	3%
Nestlé	1.8%	3%
Diageo	3.3%	2.4%
Colgate-Palmolive	2.0%	2.1%
Unilever	3.2%	3.7%
Reckitt Benckiser	2.4%	2.7%
Clicks	4.2%	1.8%
Visa	1.81%	0.60%
Microsoft	1.79%	0.99%
Texas Instruments	2.00%	2.30%
Honeywell	3.3%	1.7%
Medtronic	1.9%	2.0%
Johnson & Johnson	3.2%	2.6%
Life Healthcare	3.0%	0.0%
Netcare	2.8%	0.0%
Bid Corporation	4.7%	1.3%
RSA Government Bonds	5.4%	8.4%

Source: **Marriott**

Commentary

For many of us, 2020 has been a year that we would like to forget as the spread of COVID-19 forced us to change how we live our lives, to protect ourselves and others. From an investment perspective our lifestyles drive spending, spending drives business; and, business drives the economy. In 2019 alone we spent roughly 50 trillion dollars to meet our everyday needs (around 63% of global GDP). Hence, the dramatic and rapid shifts in our day-to-day lives – and consequently spending patterns – have profound investment implications.

Being forced to change how and where we spend our money understandably resulted in investment "winners" and "losers". Certain businesses and sectors befitted from the COVID-19 induced redirection of spending (e.g. internet companies like Zoom and Amazon), whereas others have suffered (e.g. shopping mall owners and airlines).

At an economic level, whilst most countries have taken a substantial knock, the recovery is also set to be uneven. Heading into the crisis SA was struggling on a number of fronts including low business and consumer confidence, corruption and weak public finances. As such, the impact of a "hard lockdown" was severe. There were also limited resources available to get the economy back on track. This has been reflected in the performance of SA-centric stocks which have failed to bounce back to the same extend as companies whose fortunes are linked to the rest of the globe (Rand hedge stocks).

Due to low yields and/or unpredictable dividend streams, Naspers/Prosus and the resource sector are filtered out of our investable universe. Hence the portfolio's local equity component tends to be biased towards high quality, domestic focused stocks boasting the most reliable and consistent dividend track records. Unfortunately, even companies of this nature have been weighed down by SA's dire economic situation. This is illustrated in the performance of the S&P SA dividend aristocratic index which was down approximately 14% for the year. A number of companies making up this index also cut or eliminated dividends for the very first time

Considering the above, the Dividend Growth Fund held up well from both an income and capital perspective. Through emphasising quality and resilience in our stock selection process, and maximising direct offshore exposure, the portfolio was able to deliver the same level of income as produced in 2019 (for those living off their savings), whilst minimising capital volatility over the year.

Looking ahead to 2021 we are optimistic that the fund should continue its steady recovery. Attractive valuations suggest the bleak economic outlook has been fully discounted in the price of the high quality JSE listed companies within the portfolio. As such, it is more likely that future economic and company news will exceed expectations which should assist a bounced-back.

We expect Rand returns in excess of 10% from the fund's offshore equity exposure (30% of the fund) over the medium to longer term, driven by robust dividend growth from some of the best and most resilient companies in the world combined with further Rand weakness.

It should also be noted that the approximate 4% yield of the portfolio is higher than money in the bank, making the Marriott Dividend Growth Fund a very useful building block for income dependent investors 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**.

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

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