# Marriott Dividend Growth Fund

30 September 2023

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 2,049,903,906.01 |
| **Price (NAV)** (Class R) | 9,276.57 cpu |
| **Distribution** (Class R) | 76.1232 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 |

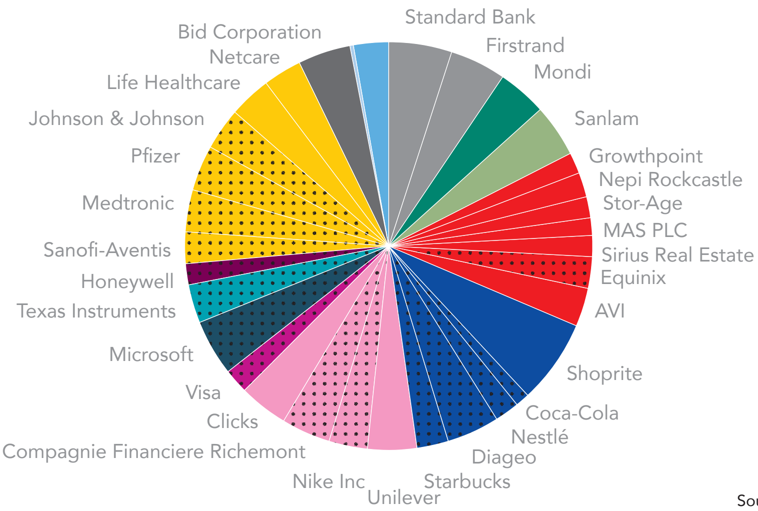
**Risk Category** Aggressive

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 9.7%
- Paper & Packaging 3.7%
- Insurance 4.1%
- Real Estate 10.9%
- Food & Beverage 19.4%
- Household & Personal Products 14.9%
- Financial Services 1.9%
- Software 4.4%
- Industrial Technology 3.0%
- Industrials 1.7%
- Health Care 19.0%
- Food Services 4.3%
- Intl Money Market 0.3%
- RSA Money Market 2.6%
- International




Source: **Marriott**

## Fees (excluding VAT)

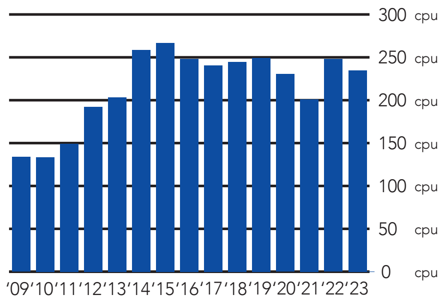
| | |
|---|---|
| **Marriott Initial Fee** | 0 % |
| **Marriott Annual Management Fee** | 1 % |
| **Marriott Performance Fee** | n/a |
| **Advisor Initial Fee (max)** | 3 % |
| **Advisor Annual Fee (max)** | 0.5 % |

## Expenses (including VAT)

| | |
|---|---|
| **Total Expense Ratio (TER)** | 1.19 % |
| **Transaction Costs (TC)** | 0.08 % |
| **Total Invest Charge (TIC)** | 1.27 % |

## Inflation-Beating Distributions Since 2009

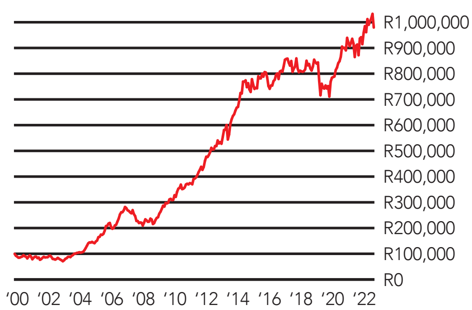
(Paid quarterly in cents per unit)




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 | 3.4% | 2.8% | 2.9% | 2.9% | 2.9% | 3.4% | - | - |
| Price Return | 8.9% | 1.5% | 6.3% | 1.4% | 0.7% | 6.7% | - | - |
| **Total Return** | 12.3% | 4.3% | 9.2% | 4.3% | 3.6% | 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 |
|---|---|---|---|
| **2022** | 247.95 cpu | 23.2% | -2.6% |
| **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 |
|---|---|---|
| Standard Bank | 5.0% | 7.5% |
| Firstrand | 4.7% | 5.9% |
| Mondi | 3.7% | 4.5% |
| Sanlam | 4.1% | 5.4% |
| Nepi Rockcastle | 2.0% | 10.2% |
| Equinix | 2.4% | 1.9% |
| Growthpoint | 1.8% | 12.5% |
| Stor-Age | 1.7% | 9.7% |
| MAS PLC | 1.2% | 5.4% |
| Sirius Real Estate Ltd | 1.8% | 5.5% |
| Diageo | 4.3% | 2.7% |
| Shoprite | 6.4% | 2.8% |
| AVI | 3.2% | 6.4% |
| Nestlé | 2.0% | 2.9% |
| Starbucks | 2.3% | 2.3% |
| Coca-Cola | 1.1% | 3.2% |
| Unilever | 4.1% | 4.4% |
| Nike Inc | 2.9% | 1.6% |
| Compagnie Financiere Richemont | 4.0% | 2.3% |
| Clicks | 3.9% | 2.5% |
| Visa | 1.9% | 0.8% |
| Microsoft | 4.4% | 0.9% |
| Texas Instruments | 3.0% | 3.2% |
| Honeywell | 1.7% | 2.2% |
| Medtronic | 3.1% | 3.4% |
| Sanofi-Aventis | 2.6% | 3.6% |
| Netcare | 3.0% | 4.5% |
| Life Healthcare | 3.3% | 2.0% |
| Johnson & Johnson | 3.2% | 3.0% |
| Pfizer | 3.8% | 5.1% |
| Bid Corporation | 4.3% | 2.2% |

Source: **Marriott**

## Commentary

In contrast to the positive first half of the year, the MCSI World index returned -3.4% in the third quarter, driven by Europe and North America returning -4.9% and -3.1% in US dollars respectively. A key driver of the stock market's muted performance in recent months has been stubborn inflation, particularly in the USA where services inflation remains elevated, and the resultant belief that rates will need to remain higher for longer to bring inflation levels back to target.

Although interest rates are now firmly in restrictive territory around the world, the impact of the elevated interest rates has taken longer to materialise than originally anticipated. A key component of this is the degree of natural hedging within the financial system created when companies and/or individuals have fixed debt which does not mature in the near future. This is particularly true of high-quality companies, who often raised debt at rock bottom rates over the past 3 years and fixed it for a decade or more, and individuals in the USA who are often sheltered from rate increases through 30-year fixed rate mortgages – the predominate mortgage product in the USA. These factors have slowed the pace at which elevated interest rates have flowed through into the global economy and may necessitate rates to be higher for longer if central banks are to bring the core inflation rate fully back to target levels.

Looking forward to the rest of 2023 and beyond, regardless of whether we move into an imminent recession or experience a gradual squeeze through rates being elevated for longer, times are getting progressively tougher. In such an environment it is the market leading companies with strong cash flow generation, robust balance sheets, pricing power and the ability to payout reliable and growing dividends that will likely serve investors best.

The Dividend Growth Fund has an approximate 55% exposure to the best dividend paying companies & REITs in the country such as Clicks, Standard Bank and Growthpoint. This is complimented by a 45% exposure to arguably the best dividend paying companies in the world such as Microsoft, Johnson & Johnson and Nestlé. The fund's total offshore exposure, taking into consideration Rand hedge stocks is now approximately 60% and is therefore less exposed to SA's deteriorating fundamentals than ever. Consequently, the fund is a great option for investors looking for resilience in the next phase of the economic cycle.

**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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