Marriott First World Equity Fund

30 June 2023

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	£ 59,788,421.88
Price (NAV)	£ 1.68 per unit
Distribution	0.986 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

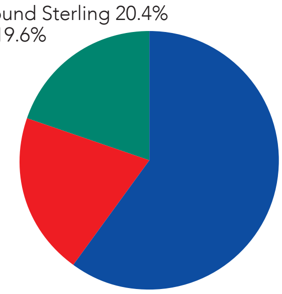
Risk Category Aggressive

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

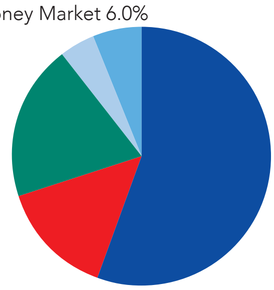
- US Dollar 60.0%
- UK Pound Sterling 20.4%
- Euro 19.6%



Source: **Marriott International**

Current Asset Allocation

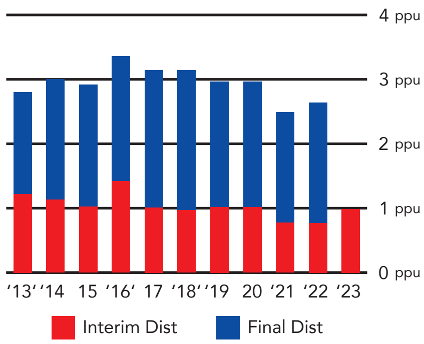
- US Equities 55.7%
- UK Equities 14.4%
- European Equities 19.6%
- US Real Estate 4.3%
- Int Money Market 6.0%



Source: **Marriott International**

Distributions Since 2013

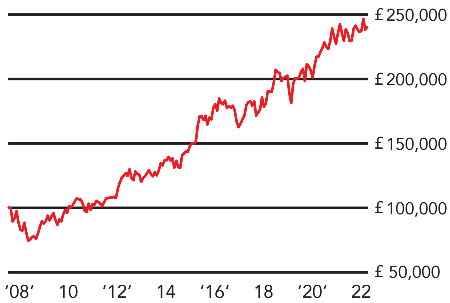
(Paid bi-annually in pounds sterling pence per unit)



Source: **Marriott**

Total Returns Since Inception

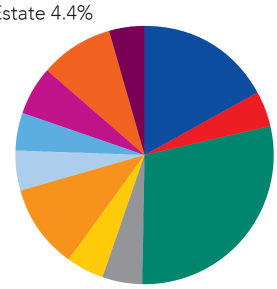
(Assuming £100,000 invested at inception)



Source: **Marriott**

Equity Split by Sector

- Food & Beverage 17.2%
- Diversified Manufacturing 4.4%
- Health Care 28.9%
- Insurance 4.9%
- Consumer Diversified 4.6%
- Household & Personal Products 10.6%
- Diversified Packaging 5.0%
- Industrial Technology 4.8%
- Software 6.2%
- Financial Services 9.0%
- Real Estate 4.4%



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	1.8%	1.6%	1.8%	1.8%	2.0%	2.4%	-	-
Price Return	2.8%	2.6%	4.5%	3.3%	4.9%	3.5%	-	-
Total Return	4.6%	4.2%	6.3%	5.1%	6.9%	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)	1.45 %
Transaction Costs (TC)	0.05 %
Total Invest Charge (TIC)	1.50 %

Current Portfolio Holdings

United States	**Dividend Yield**
Coca Cola	3.0%
Microsoft	0.8%
McDonalds	2.1%
Visa	0.8%
S&P Global	0.9%
Medtronic	3.1%
Texas Instruments	2.9%
Pfizer	4.5%
Johnson & Johnson	2.9%
Honeywell	2.0%
Abbott Laboratories	1.9%
Proctor & Gamble	2.5%
Equinix Inc	1.8%
Starbucks Corporation	2.2%
Nike Inc	1.1%
United Kingdom	
Smurfit Kappa	5.6%
Unilever	4.3%
Diageo	2.4%
Europe	
Sanofi	3.8%
LVMH	1.7%
Nestlé	2.9%
L'Oréal	1.6%
Roche	3.6%
Allianz	5.7%

Source: **Marriott International**

Fund Codes

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

Portfolio Review

The shifting sands of stockmarkets have caught many investors off-guard in recent months. After extraordinary gains in 2021, bond and equity markets had a dismal 2022 as central bankers belatedly began a series of rate hikes to ward off looming inflation. The subsequent bloodbath in technology shares in particular had commentators drawing comparisons with the 2001 'tech bubble'. In those days, however, technology companies were all too often a ragtag bunch of profitless hopefuls; a far cry from the cash rich, dividend paying, market leaders of today, like Microsoft. Whilst recent excitement over the future of AI has meant that valuations of technology shares are arguably stretched at current levels, the IT services sector represents a huge 19.4% of the S&P500 index with health and electronic technology adding a further 27.9%. This is a material change to the shape of equity indices and the way in which markets behave.

Economists have rightly pointed out that, outside the rarified atmosphere of technology, the US market has drifted sideways in 2023 to date. This is commensurate with a backdrop of rising interest rates, stubborn inflation, and anaemic economic growth. Nonetheless, so powerful has the technology rally been, that US equities gained 5.2% in the second quarter of 2023, supporting a 2.5% rise in global equities despite headwinds from Europe, the UK and, most notably, emerging markets. Year-to-date, Europe has retained its position as the leading major market of 2022 in sterling terms with the US in close second and Japan, a country which has occupied the backwaters of investment markets for decades, in a cameo role with a rare 10% gain.

Market gains have, of late, been one-dimensional. But the need for diversity is still paramount when structuring portfolios. This is especially the case when the mandate dictates a strong, reliable dividend stream. Despite economic conditions, results for the first quarter of the year from our non-technology holdings have on the whole, been extremely respectable. A measurement of this respectability has been corporate dividends where rates have been hiked widely in recent weeks and months. The compound effect of accumulated dividends has a significant impact on performance over time. Whilst we are, of course, happy to hold technology shares in the portfolio, much of the heavy lifting is still carried out by dividend aristocrats such as Diageo, Unilever, and Pfizer, all contributing to the bottom line irrespective of short-term movements in equity indices.

So, what next? As we move into the summer doldrums of the Northern Hemisphere, further interest rate rises are largely baked into market prices. The Federal Reserve Bank has signalled two further hikes this year (to 5.75%) whilst the Bank of England and the Central European Bank are also unlikely to back out of their latest monetary experiment, especially with wage demands still rising and unemployment curiously low. Analysts expect technical recessions in most major markets in 2023, something which the inverted bond yield curve has suggested for some time. The tendency of markets to look ahead suggests support for equities as we move into the second half of the year, even as those GDP figures go into the red. Central bankers will be hoping that negative GDP is accompanied by a more decisive move downwards in inflation rates. There have been hints of this in recent data from the US and Europe, but we are not out of the woods yet. With technology already in heady territory, downside risks still prevail. At this point we will be grateful for the security of our dividend aristocrats, who may already be lining up for a vintage year in 2024. But all eyes, as ever, will be on the Fed and those inflation figures to set the tone for the rest of 2023 and the immediate beyond.

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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