Marriott Balanced Fund of Funds

30 November 2022

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.

Managed Fund

An investment in this fund is actively managed in order to achieve the Investor's income and growth in income expectations, with the potential for long-term capital growth. The fund also provides an Investor with a reliable monthly income payment.

Fund Objective and Investment Approach

The Marriott Balanced Fund of Funds has, as its primary objective, a growing managed income sufficient to hedge both income and capital against the effects of inflation. Investments normally to be included will be participatory interests (units) in portfolios of collective investment schemes registered in South Africa or in portfolios of collective investment schemes or similar schemes operated in territories with a regulatory environment at least equivalent to that of South Africa. Investments, apart from liquid assets, will be held in equity-based portfolios, equity-based property funds, fixed interest and other income-based portfolios in order to maximise the return over the long term. Such allocation will follow regulations governing retirement funds in South Africa. The Balanced Fund is Regulation 28 compliant and accordingly is permitted to invest up to 45% offshore without losing its prudential status.

Fund Information

Registered Name	Marriott Balanced Fund of Funds
Fund Size	R 2,246,898,736.91
Distribution (Class A)	7.0535 cpu
Distribution (Class C)	8.3057 cpu
Price (NAV) (Class A)	2,662.83 cpu
Price (NAV) (Class C)	2,664.09 cpu

Key Features

Fund Classification (ASISA)	South African – Multi Asset – High Equity
Inception Date	1 October 2001
Base Currency	ZAR
Minimum Initial Investment	R500
Minimum Additional Investment	R300
Minimum Debit Order	R300
Distribution Declaration	Last working day of each month
Distribution Payment Dates	2 to 4 working days after declaration
Instruction cut-off	15h00 daily
Fund valuation frequency	15h00 daily
Regulation 28	Compliant

Fees (excluding VAT)

	Class A	Class C
Marriott Initial Fee	0 %	0 %
Marriott Annual Management Fee	1.75 %	1.25 %
Marriott Performance Fee	n/a	n/a
Advisor Initial Fee (max)	3 %	3 %
Advisor Annual Fee (max)	0.5 %	0.5 %

Expenses (including VAT)

	Class A	Class C
Total Expense Ratio (TER)	2.15 %	1.56 %
Transaction Costs (TC)	0.11 %	0.11 %
Total Invest Charge (TIC)	2.26 %	1.67 %

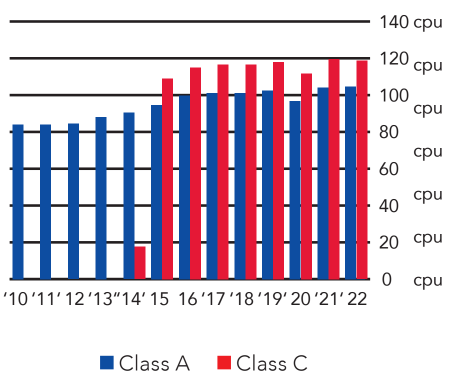
Risk Category Moderate

Low Medium High

This fund aims for a moderate income stream with a long term return greater than inflation. It aims for modest growth on invested capital but may be exposed to a moderate level of capital volatility.

Distributions Since 2010

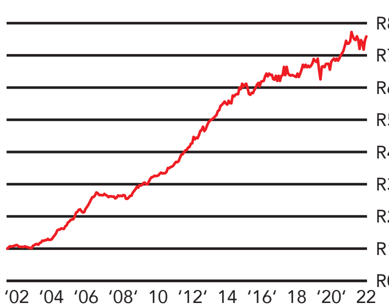
(Paid monthly in cents per unit)



Source: **Marriott**

Total Returns Since Inception

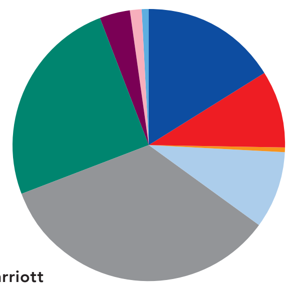
(Assuming R100,000 invested at inception)



Source: **Marriott**

Current Asset Allocation

- RSA Equities 16.2%
- Real Estate Inv Trusts 9.1%
- Preference Shares 0.2%
- Floating Corporate Debt 0.4%
- Fixed Corporate Debt 0.2%
- RSA Money Market 8.9%
- RSA Government Bond 34.4%
- Int Equities 24.9%
- Int Real Estate 3.7%
- Int Bonds 1.3%
- Int Money Market 0.7%



Source: **Marriott**

Fund Limits and Constraints

None, other than the Collective Investment Schemes Control Act. The Balanced Fund is Regulation 28 compliant and accordingly is permitted to invest up to 45% offshore without losing its prudential status.

Performance

Net of all fees and expenses as per the TER disclosure (including income)

Class A

Annualised (pa)	1 yr	2 yrs	3 yrs	4 yrs	5 yrs	Since Inception (Oct 2001)	Volatility of Return Since Inception: Highest 12 Mths	Volatility of Return Since Inception: Lowest 12 Mths
Income Return	4.3%	4.2%	4.1%	4.1%	4.0%	4.7%	-	-
Price Return	-2.3%	1.4%	-0.5%	0.4%	-0.6%	5.3%	-	-
Total Return	2.0%	5.6%	3.6%	4.5%	3.4%	10.0%	43.6%	-11.2%

Source: **Marriott**

Class C

Annualised (pa)	1 yr	2 yrs	3 yrs	4 yrs	5 yrs	Since Inception (Nov 2014)	Volatility of Return Since Inception: Highest 12 Mths	Volatility of Return Since Inception: Lowest 12 Mths
Income Return	4.9%	4.8%	4.7%	4.7%	4.6%	4.5%	-	-
Price Return	-2.3%	1.4%	-0.5%	0.4%	-0.6%	0.9%	-	-
Total Return	2.6%	6.2%	4.2%	5.1%	4.0%	5.4%	19.8%	-10.7%

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.

Commentary

Elevated inflation, driven by the unprecedented monetary and fiscal stimulus in the wake of the pandemic, and exacerbated by Russian's invasion of the Ukraine, has posed a significant challenge for central banks and the wider global economy during 2022. In response to these inflationary pressures, central banks have embarked on an accelerated interest rate hiking cycle. In the USA, for example, the Federal Open Market Committee (FOMC) has raised rates by a full 3.75% in the year to date, including 0.75% hikes at each of their last 4 meetings.

Although inflation has finally begun to ease in many economies, it still remains significantly above their longer-term targets and central banks have made it clear that they will maintain their rate hiking cycle, and higher interest rates in general, until inflation is well under control. Currently, the expectation of FOMC members is that interest rates will be between 4% and 4.50% by the end of the year, up from an expectation of 0.75% to 1.00% at the start of 2022.

Faced with rising interest rates, coupled with elevated inflation, global consumers are coming under increasing pressure. Thus, a significant economic slowdown appears all but inevitable, with markets pricing in a high probability of a global recession as we move into 2023. Apart from commodity stocks (a beneficiary of constrained resource supply as a result of the Russia/Ukraine war), high inflation and slowing economic growth has been bad news for just about every asset class year-to-date:

- Developed market equities and bonds have declined by 14.1% and 18.4% in US dollars respectively
- Emerging market equities and bonds have declined by 18.7% and 18.9% in US dollars respectively

As a result of on-going uncertainty around the inflation outlook, and the resulting path of interest rates, we have also seen increased volatility in the financial markets. This is well evidenced in the USA by the CBOE Volatility Index (VIX), which measures the expected volatility of the S&P500 over the next 30 days, being elevated through much of 2022.

Against this backdrop the Balanced Fund has held up well, especially considering commodity stocks are excluded from Marriott's investable universe, and continues to deliver reliable income to investors. The resilient performance can primarily be attributed to the fund's high exposure to quality, offshore companies in non-cyclical industries with good long term growth prospects – ideal investments for periods of market volatility and an underlying economic slowdown.

The fund also has an approximate 35% exposure to government bonds which similarly tend to perform well in recessionary conditions. This is because a cut back in consumer spending typically pushed down inflation making bond yields more attractive. With a weighted average yield of approximately 10.7%, the bonds held in the portfolio are currently offering investors exceptional value.

In summary, our income focused investment style which emphasizes quality, resilience and dividends tends to perform best from a relative perspective when the going gets tough. With central banks around the world continuing to raise interest rates to combat inflation that time has arrived.

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. Different classes of units apply to the fund and are subject to different fees and charges. Fund of funds portfolios are portfolios that invest in other portfolios of collective investment schemes that levy their own charges, which could result in a higher fee structure for the fund of funds. 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 monthly. 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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Asset Manager: Marriott Asset Management (Pty) Ltd, a licenced financial services provider, FSP 592

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MARRIOTT INVESTMENT MANAGERS

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