Marriott Core Income Fund

31 March 2024

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

Marriott Core Income Fund has as its primary objective a high and growing managed income. To achieve this objective, apart from assets in liquid form, the portfolio will invest in high yielding equity, interest bearing and financial instruments. All securities, non-equity securities and financial instruments are to be listed on RSA exchanges or held via portfolios of collective investment schemes comprising such instruments. The fund may from time to time invest in financial instruments in order to meet its investment objectives. The primary objective is a yield comparable with the All Bond Index (ALBI) with an important secondary consideration being growth in income.

Fund Information

Registered Name	Marriott Core Income Fund
Fund Size	R 9,851,513,822.37
Price (NAV) Class A	110.42 cpu
Price (NAV) Class C	110.45 cpu
Distribution Class A	0.8023 cpu
Distribution Class C	0.8292 cpu

Yields

Historic Yield (Net)*	Class A	8.6 %
	Class C (LISP-only)	8.9 %
Current Yield (Net)**	Class A	8.8 %
	Class C (LISP-only)	9.0 %

* Historic yield reflects the amount distributed over the last 12 months as a percentage of the Fund's net asset value per unit for that period, net of fees.
** Current yield is the approximate achievable yield for an investment made at the reporting date. It is an estimate, based on the Fund's current holdings and expected interest and income receivable for the next 12 months, net of fees.

Key Features

Fund Classification (ASISA)	South African – Multi Asset – Income
Inception Date:	
Class A	5 February 2001
Class C (LISP-only)	1 July 2013
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	3 to 4 working days after declaration
Instruction Cut-off	15h00 daily
Fund Valuation Frequency	15h00 daily

Fees (excluding VAT)

Marriott Initial Fee	0 %
Marriott Annual Management Fee:	
Class A	0.9 %
Class C (LISP-only)	0.65 %
Marriott Performance Fee:	n/a
Advisor Initial Fee (max)	3 %
Advisor Annual Fee (max)	0.5 %

Expenses (including VAT)

Total Expense Ratio (TER)	
Class A	1.06 %
Class C (LISP-only)	0.77 %
Transaction Costs (TC)	
Class A	0.09 %
Class C (LISP-only)	0.09 %
Total Investment Charge (TIC)	
Class A	1.15 %
Class C (LISP-only)	0.86 %

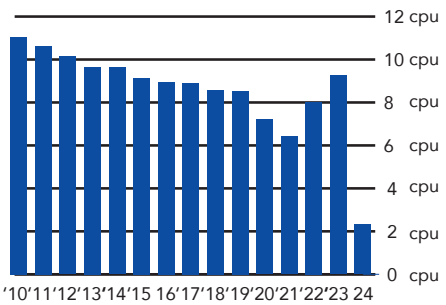
Risk Category Moderately Conservative

Low — Medium — High

This fund aims to provide a secure income stream with stability in capital. It also aims for modest growth on invested capital.

Distributions Since 2010

(Paid monthly in cents per unit)

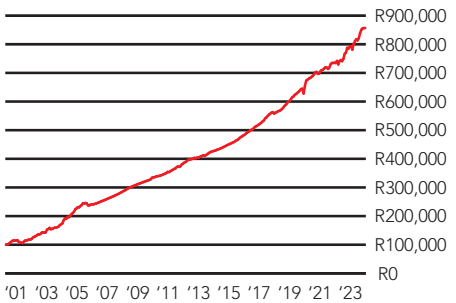


Class A

Source: **Marriott**

Total Returns Since Inception

(Assuming R100,000 invested at inception)

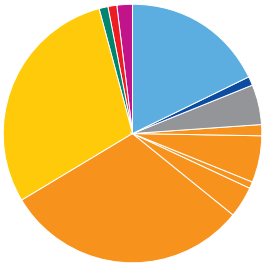


Class A

Source: **Marriott**

Current Asset Allocation

Cash and Short Term Fixed Deposits	17.8%
Medium Term Fixed Deposits	1.1%
Medium Term Floating Deposits	5.1%
RSA Government Bonds	
Treasury Bills	1.5%
I2029	5.7%
RN2027	1.0%
RN2030	3.9%
R213	30.5%
Floating Corporate Debt	29.3%
Fixed Corporate Debt	1.1%
Real Estate Inv Trusts	1.3%
Preference Shares	1.7%



Source: **Marriott**

Fund Limits and Constraints

None, other than the Collective Investment Schemes Control Act.

Performance

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

Class A

Annualised (pa)	1 year	2 years	3 years	4 years	5 years	Since Inception (Feb 2001)	Volatility of Return Since Inception: Highest 12 Months	Volatility of Return Since Inception: Lowest 12 Months
Income Return	8.9%	8.3%	7.5%	7.3%	7.4%	9.3%	-	-
Price Return	-0.8%	-0.4%	-0.4%	0.8%	0.0%	0.4%	-	-
Total Return	8.1%	7.9%	7.1%	8.1%	7.4%	9.7%	35.6%	0.9%

Source: **Marriott**

Class C (LISP-only)

Annualised (pa)	1 year	2 years	3 years	4 years	5 years	Since Inception (July 2013)	Volatility of Return Since Inception: Highest 12 Months	Volatility of Return Since Inception: Lowest 12 Months
Income Return	9.2%	8.6%	7.8%	7.6%	7.7%	8.1%	-	-
Price Return	-0.8%	-0.4%	-0.4%	0.8%	0.0%	-0.5%	-	-
Total Return	8.4%	8.2%	7.4%	8.4%	7.7%	7.6%	13.9%	1.5%

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

Bond markets started the year on the back foot with the 10 year yield rising from 11.1% to 12% in the first quarter. The catalyst? Increasing evidence that inflation would remain "sticky" and therefore interest rates would remain higher for longer.

Having reduced the portfolio's interest rate sensitivity significantly during 2023, the Core Income Fund held up well over this volatile three-month period with a net gain of approximately 0.8%. Over 12 months investors in the fund are still up over 8%.

Importantly, when one considers the next move in interest rates is expected to be down, not up, any significant upward movement in yields should be seen as an opportunity to lock in higher rates. Accordingly, we increased our exposure to the R213 by approximately 2.1% at a weighted average yield in the region of 11%. As such, the outlook for the fund – which was already favourable – has improved.

In light of heightened concerns around credit risk stemming from Taxi Industry linked debt, it should also be noted that the **fund is only exposed to investment grade, corporate credit of the highest quality**.

The Core Income Fund has **no exposure to**:

- Taxi Industry Linked debt
- SOE Debt (Landbank, Eskom, etc.)
- Sub Investment Grade Debt
- Subordinated (Jnr) Debt - AT1 banks debt
- Tier 2 bank debt
- Deposits with smaller banks
- Non-investment grade credit
- Government debt maturing past 2031

National Investment Grade Credit Rating	
Rolling Scale	Company Exposure
AAA	Bidvest, Sanlam, momentum, DAIMLER TRUCK, NDB, Toyota
AA+	PEPKOR, Redefine Properties, FNB, NETCARE, absa
AA	Vukile Property Fund, Investec, RESILIENT, Growthpoint Properties, Standard Bank
AA-	

The average national credit rating of the underlying instruments in our portfolios is AA+.

In an interest piece we published in May 2023, we noted the following:

"Structural inefficiencies in the SA credit market render volatility an unreliable indicator of risk. As such, income fund investors and managers alike are presented with a choice: recognise that a more volatile portfolio may not only offer greater returns but also come with less risk; or, stick with the status quo. At Marriott, we have chosen to embrace this reality and prioritise outcomes for our clients.

Through consistently delivering on expectations for our income funds, we hope investors will come to appreciate the difference between short term volatility and a low risk, predictable outcome over a two-year period."

In summary, the Core Income Fund is a well-considered income fund with no credit quality concerns offering a high level of income with a track record of delivering predictable money market beating returns. Looking ahead, given the current attractive income yields on offer from money market instruments and medium-term government bonds, we anticipate historically high real returns from the portfolio with low volatility over the next two years.

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 Client Relationship Team 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. 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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