

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 6,932,252,045.76
Price (NAV)	113.11 cpu
Distribution	0.5902 cpu

Key Features

Fund Classification (ASISA)	South African – Multi Asset – Income
Inception Date	5 February 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	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	1 %
Advisor Initial Fee (max)	3 %
Advisor Annual Fee (max)	0.5 %

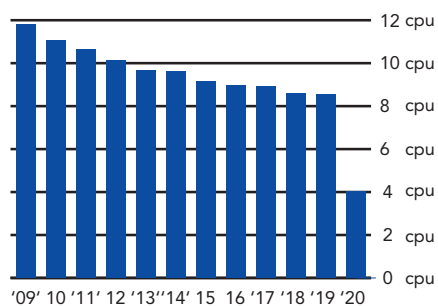
TER/TC (including VAT)

Total Expense Ratio	1.16 %
Transaction Costs	0.02 %

Risk Category Moderately Conservative
 Low Medium High

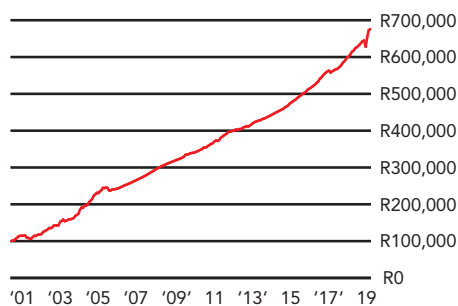
This fund aims to provide a secure income stream with stability in capital. It also aims for modest growth on invested capital.

Distributions Since 2009
(Paid monthly in cents per unit)



Source: Marriott

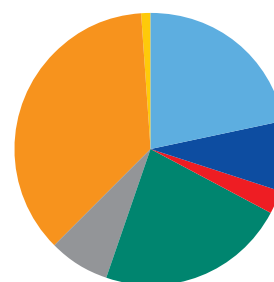
Total Returns Since Inception
(Assuming R100,000 invested at inception)



Source: Marriott

Current Asset Allocation

- Cash and Short Term Fixed Deposits 21.9%
- Medium Term Fixed Deposits 8.3%
- Preference Shares 2.6%
- Floating Corporate Debt 22.5%
- Fixed Corporate Debt 7.4%
- RSA Government Bonds 36.3%
- Real Estate Inv Trusts 1.0%



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)

Annualised (pa)	1 year	2 years	3 years	4 years	5 years	Since Inception (Feb 2001)	Volatility of Return Since Inception	
							Highest 12 Months	Lowest 12 Months
Income Return	8.1%	8.8%	8.6%	8.6%	8.5%	9.7%	-	-
Price Return	2.0%	0.8%	0.8%	0.4%	0.1%	0.6%	-	-
Total Return	10.1%	9.6%	9.4%	9.0%	8.6%	10.3%	35.6%	0.9%

Source: Marriott

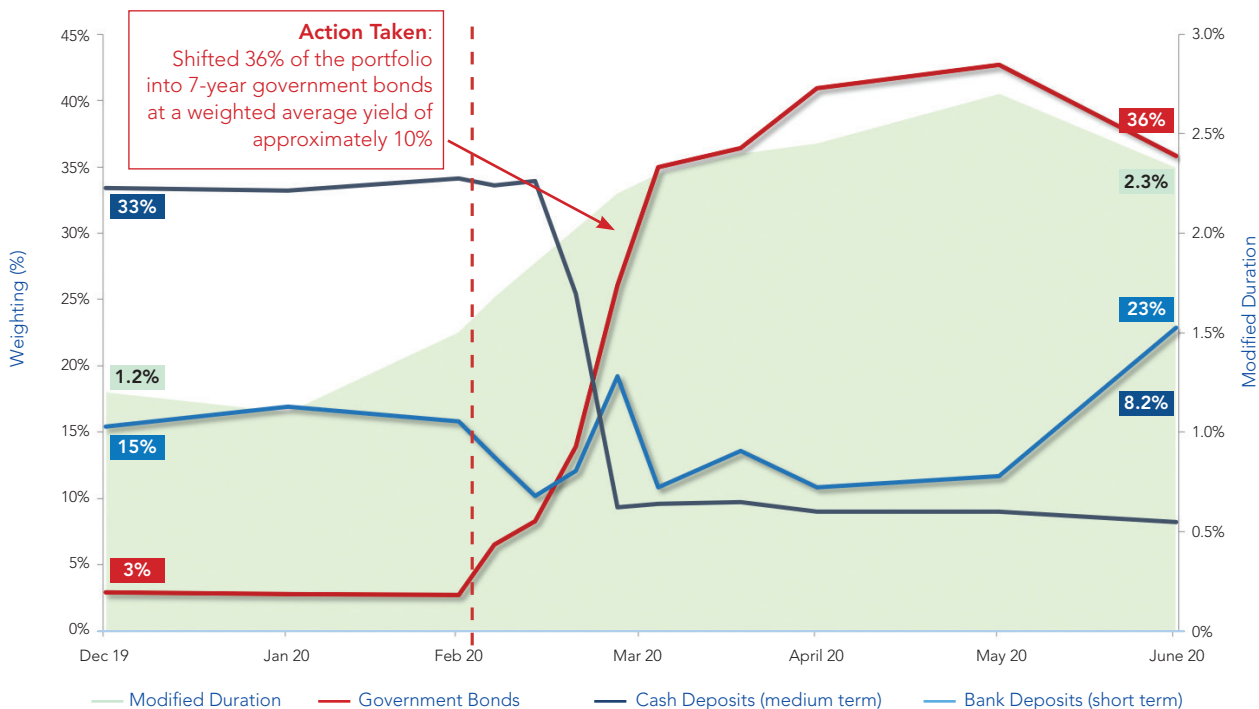
For periods longer than 12 months annualised performance figures are used. An annualised performance figure represents the compounded average return in percentage terms earned by the fund over the given period of time.

Commentary

Given all the uncertainty stemming from the Coronavirus over the last 3 months, the Core Income Fund has been a good place to be invested. The portfolio delivered a total return of approximately 10% for the year ending June 2020 which compares favorably to the Multi-Asset Income Sector average of approximately 5%.

This favorable outcome can primarily be attributed to making good use of the fund’s unique, flexible mandate. During the peak of the crisis, the Core Income Fund increased its exposure to 7-year government bonds (R186) by approximately 36% at a weighted average yield close to 10% – one of the fund’s most decisive asset allocation moves in recent history. With the benefit of hindsight, the COVID-19 induced bond market sell-off proved to be an exceptional buying opportunity and we are pleased to have taken advantage of it for our investors. Looking ahead, the fund’s flexibility will remain key in continuing to deliver decent inflation beating returns and high, steady income for investors.

Core Income Fund – Asset Allocation



Source: Marriott

As can be seen in the chart above, the fund has maintained an approximate 36% exposure to government bonds which in our opinion represents the most attractive investment opportunity in the SA market from a risk/return perspective. The real yield (i.e. the bond yield after deducting inflation) on government bonds currently ranges between 5% on the shorter end (2026 maturity) and 7% on the longer end – these are amongst the highest real yields in the world.

Although South African government bonds are not without risk, especially given the strain the current crisis is placing on the government’s already stretched balance sheet, they nevertheless remain one of the safest and most liquid investments available in the domestic market – governments bail out banks and corporates, not the other way around. Having said that, we remain concerned about the trajectory of government debt-to-GDP and expect a continued deterioration in the years ahead despite Tito Mboweni’s best efforts to rein in government spending. With this in mind, we have limited our buying to the front end of the yield curve favouring bonds maturing in 6.5 years (R186) as their maturity profiles fall, in our opinion, well within the timeframe of a potential default. This is because the average term of government debt is approximately 12 years, 90% is Rand denominated and the constitution states that parliament cannot allocate revenue before it has considered national interest, debt and obligations.

The current yield of the R186 bond is approximately 8% which is double that of current money market rates. By simply holding onto the bond investors will not only benefit from this attractive income yield, but they will also benefit from expected positive price appreciation as a result of moving down the steepest yield curve in the past 30 years (running yield).

Although we are of the view that SA's weaker fiscal position is fully discounted in current bond prices, we nevertheless expect continued bouts of market volatility as we have not seen the back of COVID-19 yet. As such, to further improve investor outcomes the fund is sitting on approximately 20% cash to take advantage of buying opportunities as we have done on multiple occasions in the past.

Looking forward, based on the portfolio's current asset allocation, we expect the Core Income Fund to produce a yield and average annual return of approximately 7% over the next 24 months – almost 3% more than money market rates and significantly higher than inflation. This makes the fund an ideal solution for conservative investors with a 24-month time horizon.

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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