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 8,652,212,025.37
- **Price (NAV)**: 112.96 cpu
- **Distribution**: 0.4956 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

**Distributions Since 2009**

(Paid monthly in cents per unit)

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<thead>
<tr>
<th>Year</th>
<th>09</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
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<th>16</th>
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<th>19</th>
<th>20</th>
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<td>DPU</td>
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<td>2</td>
<td>4</td>
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<td>12</td>
<td>10</td>
<td>8</td>
<td>6</td>
<td>4</td>
<td>2</td>
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</table>

Source: Marriott

**Total Returns Since Inception**

(Assuming R100,000 invested at inception)

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<tr>
<th>Year</th>
<th>'01</th>
<th>'03</th>
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<th>'07</th>
<th>'09</th>
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<td>Return</td>
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<td>R700,000</td>
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<td>R500,000</td>
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<td>R200,000</td>
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<td>R100,000</td>
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</table>

Source: Marriott

**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**: 0.03 %

**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.

**Current Asset Allocation**

- Cash and Short Term Fixed Deposits 26.5%
- Medium Term Fixed Deposits 6.6%
- Preference Shares 1.9%
- Floating Corporate Debt 18.7%
- Fixed Corporate Debt 6.0%
- RSA Government Bonds 39.6%
- Real Estate Inv Trusts 0.7%

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)

<table>
<thead>
<tr>
<th>Annualised (pa)</th>
<th>1 year</th>
<th>2 years</th>
<th>3 years</th>
<th>4 years</th>
<th>5 years</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Return</td>
<td>7.6%</td>
<td>8.6%</td>
<td>8.4%</td>
<td>8.5%</td>
<td>8.4%</td>
<td>9.7%</td>
</tr>
<tr>
<td>Price Return</td>
<td>1.9%</td>
<td>1.1%</td>
<td>0.8%</td>
<td>0.4%</td>
<td>0.2%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Total Return</td>
<td>9.5%</td>
<td>9.7%</td>
<td>9.2%</td>
<td>8.9%</td>
<td>8.6%</td>
<td>10.3%</td>
</tr>
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</table>

Volatility of Return
Since Inception

<table>
<thead>
<tr>
<th>Highest 12 Months</th>
<th>Lowest 12 Months</th>
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<tbody>
<tr>
<td>35.6%</td>
<td>0.9%</td>
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</table>

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

The Marriott Core Income Fund has served investors well over the last few years, consistently producing a high and reliable level of income combined with inflation beating returns and capital protection. The fund has produced a total return of 9.5% over the last year and an impressive 4.0% p.a. real return over the last 5 years.

This favorable outcome can primarily be attributed to making good use of the fund’s unique, flexible mandate. The below highlights 4 compelling opportunities where the Marriott Core Income Fund used its flexibility to take advantage of attractively priced income streams and the resultant impact on the fund’s modified duration:

1. **December 2015** (NeneGate) – Bought approximately 30% 3-year Negotiable Certificate of Deposits (NCDs) at a 9.9% yield
2. **October 2017** (Gigaba and his mini budget) – Bought approximately 30% 5-year NCDs at a 9.6% yield
3. **February 2018** (ANC Election)
   - Bought approximately 8% 5-year NCDs at a 9.9% yield prior to the election.
   - Sold approximately 15% 5-year NCDs at an 8.8% yield after the election.
4. **March 2020** (COVID-19 and Moody’s Junk Status Rating) - Bought approximately 36% Government Bonds (R186’s) at a weighted yield of 9.9%.

Note: Modified Duration helps investors in Income Funds understand how much term risk a fund has taken on. A higher figure means the fund has invested more into longer dated instruments that are generally higher yielding and come with more price volatility. The actual calculated number is an indication of how sensitive the funds price is to a 1% change in yields. The current figure of 2.1 shows that if yields decreased by 1% the fund's price would increase by 2.1%. The opposite is true if yields increased by 1% then the fund's price would decrease by 2.1%.

The fund’s modified duration peaked at approximately 2.9 in the first half of this year as we took advantage of the high yields on offer during the crisis, but has decreased more recently on the back of lower yields and in preparation for further opportunities (increased liquidity). It is our view that Q4 2020 will present the fund with another chance to increase exposure to the 6 year, R186 government bond as the medium term budget is likely to highlight further deterioration in the trajectory of government debt-to-GDP, causing yields to rise. The fund’s current modified duration target is between 2-3, slightly higher than the average duration of the fund in recent years, as investors are currently being adequately compensated for the additional term risk thanks to the steepest yield curve we have observed in over 30 years. The fund intends to have a duration closer to 2 (be slightly more conservative) when there is a higher likelihood of bond yields increasing and have a duration closer to 3 (slightly less conservative) when there is a higher likelihood of bond yields decreasing.
The current yield of the R186 bond is approximately 7.2% which is double that of current money market rates - with inflation to remain subdued and interest rates unlikely to increase in the short-term, the R186 provides a relatively attractive real yield (i.e. the yield after deducting inflation). 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). The chart below shows the current South African yield curve highlighting its steepness and the significant difference in yields between shorter and longer term instruments.

Looking forward, based on the portfolio’s current asset allocation, we expect the Core Income Fund to produce a return of approximately 7% p.a. over the next 24 months with low volatility. This return outlook is at least 3% more than money market rates and significantly higher than inflation. This makes the Marriott Core Income Fund an ideal solution for conservative investors looking for a high level of income with a 24-month time horizon.