Marriott International Real Estate Feeder Fund

31 December 2024

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 an actively managed rand-denominated portfolio offering access to the Marriott International Real Estate Fund without requiring the Investor to obtain permission from the SARB or SARS to transfer the funds offshore. The Investor will invest and disinvest rands.

International Real Estate Feeder Fund ▶ Uses Marriott's asset swap capacity ▶ Invests offshore into the International Real Estate Fund

Rand-denominated fund

Fund Objective and Investment Approach

The Marriott International Real Estate Feeder Fund is a rand-denominated feeder fund that invests all its non-cash assets in the Marriott International Real Estate Fund. The objective and mandate of the Marriott International Real Estate Fund is to provide a high and growing income stream from a portfolio of internationally listed real estate securities as well as long-term capital growth. The investment universe for this fund is listed real estate securities on international stock markets. The fund benchmark is a yield comparable to the J P Morgan Global Bond Index Yield. The underlying fund is approved for sale in South Africa by the Financial Sector Conduct Authority (FSCA). The portfolio is valued and returns are measured in rands.

Fund Information

Registered Name	Marriott International Real Estate Feeder Fund
Fund Size	R 162,922,085.38
Price (NAV)	537.46 cpu
Distribution (Class A)	0.4055 cpu (Rand terms)

Key Features

Fund Classification (ASISA)	Global - Real Estate - General
Inception Date	3 October 2000
Base Currency	ZAR
Minimum Initial Investment	R500
Minimum Additional Investment	R300
Minimum Debit Order	R300
Distribution Declaration	31 March, 30 June, 30 September, 31 December
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	0 %

1% is levied at the underlying fund level.

Marriott Performance Fee	n/a
Advisor Initial Fee (max)	3 %
Advisor Annual Fee (max)	0.5 %

Expenses (including VAT)

Total Expense Ratio (TER)	1.48 %
Transaction Costs (TC)	0.05 %
Total Invest Charge (TIC)	1.53 %

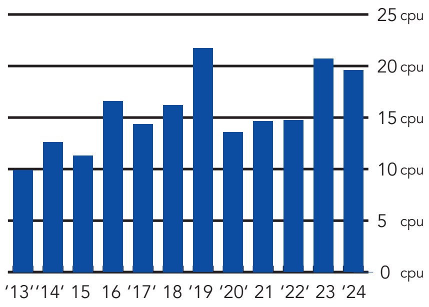
Risk Category Moderately Aggressive

Low Medium High

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

Distributions Since 2009

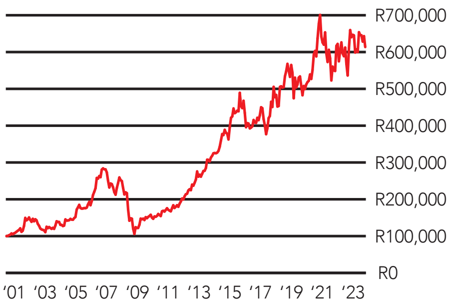
(Paid quarterly in cents per unit)



Source: **Marriott**

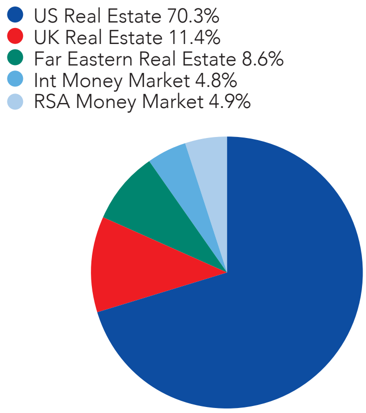
Total Returns Since Inception

(Assuming R100,000 invested at inception)



Source: **Marriott**

Current Asset Allocation



Source: **Marriott**

Fund Limits and Constraints

The fund is rand-denominated and invests in the Marriott International Real Estate Fund as well as 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 (Oct 2000)	Volatility of Return Since Inception: Highest 12 Months	Volatility of Return Since Inception: Lowest 12 Months
Income Return	3.1%	3.9%	3.2%	3.3%	3.2%	3.6%	-	-
Price Return	-10.1%	1.9%	-7.5%	2.0%	-0.3%	4.2%	-	-
Total Return	-7.0%	5.8%	-4.3%	5.3%	2.9%	7.8%	65.9%	-59.2%

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.

Fund Limits and Constraints

The fund endeavours to be fully invested in listed real estate securities worldwide and reports in US dollars.

Current Portfolio Holdings

United States	**Dividend Yield**
Stag Industrial	4.4%
Realty Income	5.9%
Prologis	3.6%
WP Carey	6.4%
Rexford Ind'l Realty	4.3%
Equinix Inc	1.8%
Alexandria Real Estate Equities	5.3%
Digital Realty Inc	2.7%
LXP Industrial Trust	6.4%
Terreno Realty	3.2%
American Tower	3.6%
Crown Castle	6.9%
Cubesmart	4.8%
Extra Space Storage Inc	4.4%
Sun Communities	3.0%
First Industrial Realty Trust	2.9%
American Homes 4 Rent	2.8%
Invitation Homes	3.5%
United Kingdom	
Tritax BigBox	5.8%
Segro	4.3%
LondonMetric Property	6.6%
Far East	
Capitaland Integrated Commercial Trust	5.6%
Ascendas REIT	5.8%

Source: **Marriott**

Portfolio Review

The final quarter of 2024 rounded off a difficult year for international real estate investment trusts (REITs). US REITs rose by 8.8% in 2024, supported by strong gains from data centres (unsurprisingly, on the back of the growth in technology stocks). More surprising, perhaps, was the recovery in the US office sector given the generally negative newsflow from landlords facing costly property upgrades to meet stringent environmental requirements, and demanding tenants working fewer days in the office. Whilst 'old-school' REITs still account for three of the top five sectors in the US, so-called tower REITs, which provide infrastructure for mobile communication services, and data centres now account for nearly a quarter of the US real estate universe. This is a huge shift away from the pre-COVID REIT market which was largely dominated by retail, office, and industrial property companies.

The absence of non-US technology-related REITs was keenly felt in other parts of the developed global market. In the UK, REITs had a very poor year, falling by 13.6% in US Dollar terms as the impact of higher bond yields in the final quarter eviscerated gains made earlier when the sector had rallied in anticipation of lower short-term interest rates. It was a similar pattern in Europe, where REITs or their equivalent, fell by 11.6%, also in Dollar terms. This was, perhaps, more surprising given that interest rates were cut by 30% in the Eurozone to 3.2%,reflecting a fall in inflation and fears of economic contraction. Similar fears in the UK have not persuaded the Bank of England from cutting rates faster than their European counterparts. So far, the pace of cuts has been glacial (from 5.25% to 4.75% in 2024) despite the obvious lack of economic growth and political inertia.

Paradoxically, the underlying occupational market is strong. A study of results from our REITs throughout the year suggest very little in the way of tenant weakness. Occupancy levels are resolutely high; most REITs want to acquire or develop more space, not less. Consequently, income streams are robust, and market valuations in the transactional world suggest that the worst of the falls are well behind us, as debt markets stabilise. What is missing is investor confidence which, in the UK and Europe at least, is still in short supply.

In part, this is because cash and bond markets are still attractive relative to property yields. After local taxes, UK REITs, for example, still yield less than sterling cash deposits, meaning that investors have to be fairly confident that values have stopped falling. In the real world, they have. But in the equity market, selling pressure has increased the discount at which many of the UK's top REITs trade in the market, versus their underlying asset value. In some instances, this can be as high as 40%, even in some of the larger REITs.

Another issue is liquidity and choice. Outside of the UK, the REIT market is surprisingly small. The UK's largest REIT, Segro, is only slightly more than one tenth the size of the US's largest REIT, Prologis. The US also has a range of market sectors from which investors can pick almost any number of high-quality names. In property markets, size and variety counts and it is no surprise that a number of REITs in the UK have either been taken over or merged with similar sized rivals during the course of 2024.

To get back on the front foot, investors need to be convinced that the interest rate cycle has turned and that tenants will provide good income growth, in turn supporting increased valuations. Almost by definition, property is a cyclical business and during a downturn, it is hard to imagine a period of rising valuations and income streams. But with parts of the US market now looking expensive, a more valuation-orientated approach to markets may shift the emphasis back on businesses trading on lowly valuations with good cash flows and ongoing compensation in the form of rising dividend streams. Could 2025 be the year of the REIT?

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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Asset Manager: Marriott Asset Management (Pty) Ltd, a licenced financial services provider, FSP 592

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