Marriott International Real Estate Feeder Fund

30 September 2022

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 a 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 190,661,872.83
Price (NAV)	500.58 cpu
Distribution (Class A)	7.7305 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)	1.38 %
Transaction Costs (TC)	0.06 %
Total Invest Charge (TIC)	1.44 %

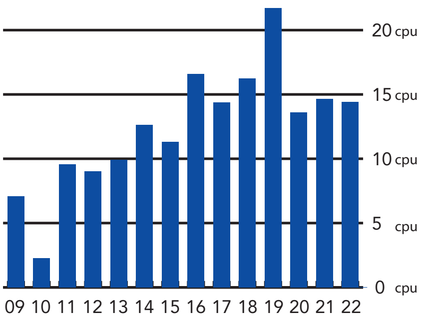
Risk Category Moderately Aggressive

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**

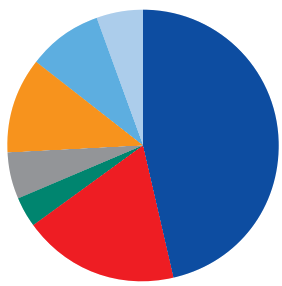
Total Returns Since Inception

(Assuming R100,000 invested at inception)

Source: **Marriott**

Current Asset Allocation

- US Real Estate 46.5%
- UK Real Estate 18.6%
- European Real Estate 3.7%
- Canadian Real Estate 5.6%
- Far Eastern Real Estate 11.2%
- Int Money Market 9.1%
- RSA Money Market 5.3%



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	2.1%	2.6%	2.8%	3.0%	3.2%	3.5%	-	-
Price Return	-13.2%	-1.1%	-4.4%	-0.7%	0.9%	4.3%	-	-
Total Return	-11.1%	1.5%	-1.6%	2.3%	4.1%	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**
Simon Property	7.8%
Stag Industrial	5.1%
Realty Income	5.0%
Prologis	3.1%
WP Carey	5.9%
Rexford Ind'l Realty	2.4%
Equinix Inc	2.2%
Alexandria Real Estate Equities	3.4%
Digital Realty Inc	5.0%
LXP Industrial Trust	5.5%
Canada	
Allied Properties	6.5%
Dream Industrial REIT	7.0%
United Kingdom	
Tritax EuroBox	8.6%
Tritax BigBox	5.5%
Segro	3.9%
LXI REIT	5.4%
LondonMetric Property	5.9%
Europe	
Fabege	5.6%
Far East	
Capitaland Integrated Commercial Trust	5.8%
Ascendas REIT	5.9%
Link REIT	5.6%

Source: **Marriott International**

Portfolio Review

It has been a miserable quarter for REITs. Sharply rising interest rates and government bond yields are far from ideal for a sector which typically relies on some form of debt funding to augment income streams and (in better times) capital growth.

The better news is that the REITs in the International Real Estate Fund have used the era of low interest rates wisely and fixed a significant percentage of their debt to offset exactly the sort of crisis which the market is now facing. Not so long-ago, short-term bond yields were close to 1%. Over the course of the last few months, they have quadrupled. The 4% yield available from 2-year US treasuries now looks appealing when set against the flailing property market. Not too long ago, commercial properties were changing hands for yields touching 3%, but this already seems like the distant past. We have seen recent property deals for 5% yields scrapped and, whilst we have little doubt that buyers will return, it will only be when yields have stretched out to 6 or even 7%. Such value, if it can be called that, would not be out of step with the corporate bond market which has a strong relationship with the property sector. When valuations are rising, property investors reap the benefit of a dependable income stream and capital appreciation. When the opposite happens, as we are starting to see now, the reverse effect takes place, yields rise, and prices fall (albeit income streams have so far been unaffected).

Another issue is sector specific. A few years ago, there were three main sectors of choice in the commercial market: offices, retail and industrial. The middle of these, retail, has been greatly disrupted by e-commerce via the industrial sector where yield compression has been the most dramatic. Offices still have a place in the fund, but in a greatly diminished way. Offices emptied during COVID-19 and have yet to convincingly refill, especially in major cities (the focus of most REITs). The retail and office sectors have naturally been replaced by other sub-sectors over time. Datacentres and life sciences are but two categories of REITs which have emerged in recent years, and which now occupy an important part of the fund. Irrespective of the nature of the underlying business, all are categorised as property and have fallen in value over 2022 to date as yields have risen. It is just that some of the older REITs in bygone sectors, which we don't own, will struggle to ever recover meaningfully.

The other feature of the quarter has been the weakness of the value of sterling. To some extent, this has been an own goal by the Bank of England which was slow to increase interest rates in the face of inflation. Whilst sterling weakness has also been, to some extent, a feature of Dollar strength (as investors sought shelter from topsy-turvy markets in the world's reserve currency), it was made worse by the interest rate gap between the Dollar and the Pound, (which is still the wrong way around). Although the Federal Reserve Bank was equally culpable in refusing to increase rates during a spell of high inflation, at least it has not been hamstrung by an extraordinary 'mini-budget' whereby the newly installed UK Chancellor has added to the pile of UK debt with an eclectic mixture of tax cuts, leaving sterling vulnerable to further weakness and bond yields rising to attract overseas investors.

It now seems inevitable that the UK and US will slip into recession proper as the year progresses. Much of Europe is there already, thanks to its dependence on cheap Russian gas, the taps to which have been semi-permanently cut off. This should, at least, reduce the pressure on inflation as higher mortgage rates reduce household spending power whilst the slowdown in China keeps pressure off commodity prices, including oil. This matters for property markets which rely on steady GDP growth and lower inflation and interest rates to lubricate the economy and create demand for new supply. For now, such utopia is some months away with the equity market predicting a more serious slowdown as we move into 2023. For patient investors, REITs can now be bought at significant discounts to NAV and attractive income yields which seemed impossible just a few months ago. Property has once again become an income and value investment, exactly the place where it ought to belong.

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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