

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

<b>Registered Name</b>	Marriott International Real Estate Feeder Fund
<b>Fund Size</b>	R 190,661,872.83
<b>Price (NAV)</b>	500.58 cpu
<b>Distribution (Class A)</b>	7.7305 cpu (Rand terms)

## Key Features

<b>Fund Classification (ASISA)</b>	Global - Real Estate - General
<b>Inception Date</b>	3 October 2000
<b>Base Currency</b>	ZAR
<b>Minimum Initial Investment</b>	R500
<b>Minimum Additional Investment</b>	R300
<b>Minimum Debit Order</b>	R300
<b>Distribution Declaration</b>	31 March, 30 June, 30 September, 31 December
<b>Distribution Payment Dates</b>	3 to 4 working days after declaration
<b>Instruction Cut-off</b>	15h00 daily
<b>Fund Valuation Frequency</b>	15h00 daily

## Fees (excluding VAT)

<b>Marriott Initial Fee</b>	0%
<b>Marriott Annual Management Fee</b>	0%
1% is levied at the underlying fund level.	
<b>Marriott Performance Fee</b>	n/a
<b>Advisor Initial Fee (max)</b>	3%
<b>Advisor Annual Fee (max)</b>	0.5%

## Expenses (including VAT)

<b>Total Expense Ratio (TER)</b>	1.38%
<b>Transaction Costs (TC)</b>	0.06%
<b>Total Invest Charge (TIC)</b>	1.44%

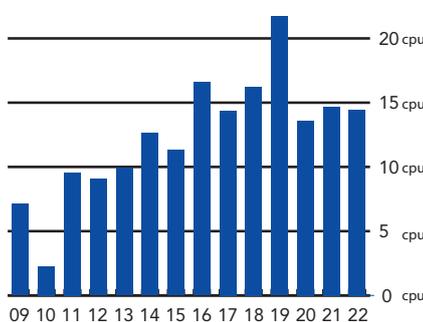
**Risk Category** Moderately Aggressive

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

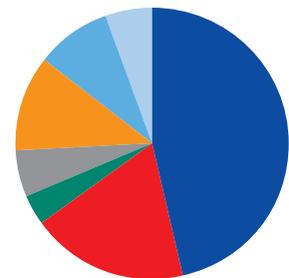
(Assuming R100,000 invested at inception)



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	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%	-	-
<b>Total Return</b>	<b>-11.1%</b>	<b>1.5%</b>	<b>-1.6%</b>	<b>2.3%</b>	<b>4.1%</b>	<b>7.8%</b>	<b>65.9%</b>	<b>-59.2%</b>

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%
<b>Canada</b>	
Allied Properties	6.5%
Dream Industrial REIT	7.0%
<b>United Kingdom</b>	
Tritax EuroBox	8.6%
Tritax BigBox	5.5%
Segro	3.9%
LXI REIT	5.4%
LondonMetric Property	5.9%
<b>Europe</b>	
Fabege	5.6%
<b>Far East</b>	
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](http://www.marriott.co.za) or contact our Communication Centre 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](http://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. A Feeder Fund is a portfolio that invests in a single portfolio of a collective investment scheme that levies its own charges, which could result in a higher fee structure for the feeder fund. The inclusion of foreign securities in a portfolio are subject to risks including but not limited to potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks and the potential limitations on the availability of market information. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Declaration of income accruals are quarterly. Performance figures are based on lump sum investment. 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. 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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