Marriott International Real Estate Feeder Fund

30 June 2020

MARRIOTT
INCOME SPECIALISTS

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 199,857,499.05
Price (NAV)	516.55 cpu
Distribution (Class A)	0.258 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.	
Advisor Initial Fee (max)	3 %
Advisor Annual Fee (max)	0.5 %

TER/TC (including VAT)

Total Expense Ratio	1.36 %
Transaction Costs	0.07 %

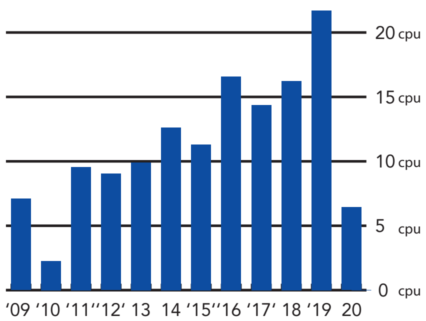
Risk Category Moderately Aggressive

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)



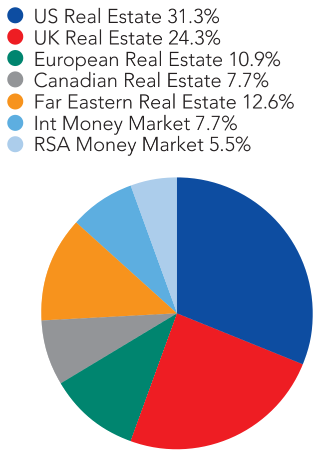
Source: **Marriott**

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	4.5%	4.0%	3.8%	3.5%	3.7%	3.7%	-	-
Price Return	-2.8%	0.9%	4.1%	-0.4%	3.4%	4.9%	-	-
Total Return	1.7%	4.9%	7.9%	3.1%	7.1%	8.6%	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	10.8%
Stag Industrial	5.0%
Realty Income	4.7%
Prologis	2.5%
WP Carey	6.1%
Canada	
H&R REIT	10.1%
Allied Properties	3.9%
United Kingdom	
Tritax BigBox	4.3%
Segro	2.4%
LXI REIT	5.0%
Land Securities	4.6%
LondonMetric Property	4.0%
Europe	
Deutsche Euroshop	5.1%
Fabege	3.0%
Alstria	3.5%
Far East	
Capitaland Mall Trust	4.6%
Ascendas REIT	5.1%
Link REIT	4.6%

Source: **Marriott International**

Portfolio Review

Global REITs were badly affected by the COVID-19 crisis. Although the recovery from the dark days of March to date has been encouraging, there is still some way to go before many REITs are able to properly quantify the extent of the damage to their tenant base and balance sheets.

The worst hit sectors were those already struggling to cope with weakness in the retail sector. Shopping malls across the US and Europe were shut down in March as social distancing rules were enforced. These are now slowly reopening. Anything to do with travel, including hotels and airports were also brought to a standstill. The best performers were industrial warehouse owners but even here, valuations fell back in the immediate aftermath of the crisis, although they have been first to recover lost ground.

In the UK, e-commerce accounted for 31% of retail sales in April, 16% higher than the previous month. Some sales will drift back to physical shops but having explored the world of online shopping, many will be permanent converts. COVID-19 has also brought companies on the brink of bankruptcy to a sudden end. The department store model appears to be completely broken.

Whilst there was concern over the future of office accommodation, the jury is still out on the longer-term prognosis. Certainly, working from home will appeal to a certain number of workers, but not all. City centre offices are likely to be less popular simply because travelling on public transport is being shunned. Those able to drive to work will, for the most part, continue to do so. Regional offices in smaller towns are likely, therefore, to survive whereas new office developments in city centres may not.

The bright spot in the crisis has been warehouses and industrial properties serving the needs of e-commerce customers and these businesses are well represented in the fund portfolio. Whilst these companies had some difficult few weeks during lockdown, subsequent trading has been generally good. Valuations here are, of course, predictably rich, but as with technology, investors are prepared to pay for growth above value and will probably continue to do so for the foreseeable future, as long as interest rates remain low and central bank policy relaxed.

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**.

Custodian & Trustee: FirstRand Bank Ltd, 3 First Place Bank City, Cnr Simmonds & Jeppe Streets, Johannesburg, 2001, +27 (0)87 311 2111

Manager: Marriott Unit Trust Management Company (RF)(Pty) Ltd.

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

Marriott House
2 Delamore Road Hillcrest 3610
PO Box 2099 Hillcrest 3650 South Africa
Communication Centre 0800 336 555
Tel +27 (0)31 765 0700 Fax +27 (0)31 765 0790
Email info@marriott.co.za **www.marriott.co.za**

MARRIOTT
INCOME SPECIALISTS