Marriott Property Equity Fund

30 June 2020

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

The Marriott Property Equity Fund has as its primary objective an acceptable dividend yield combined with long-term growth of income and capital. To achieve this objective, apart from liquid assets, securities normally to be included in the portfolio will be financially sound listed property shares, collective investment schemes in property and property loan stock. The portfolio will consist of a carefully selected spread of prime listed commercial and industrial property securities up to a maximum ratio of 85% and a minimum of 50%.

Fund Information

Registered Name	Marriott Property Equity Fund
Fund Size	R 188,648,820.38
Price (NAV)	645.63 cpu
Distribution	11.644 cpu

Key Features

Fund Classification (ASISA)	South African – Multi Asset – Flexible
Inception Date	2 September 1996
Base Currency	ZAR
Minimum Initial Investment	R500
Minimum Additional Investment	R300
Minimum Debit Order	R300
Distribution Declaration Dates	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

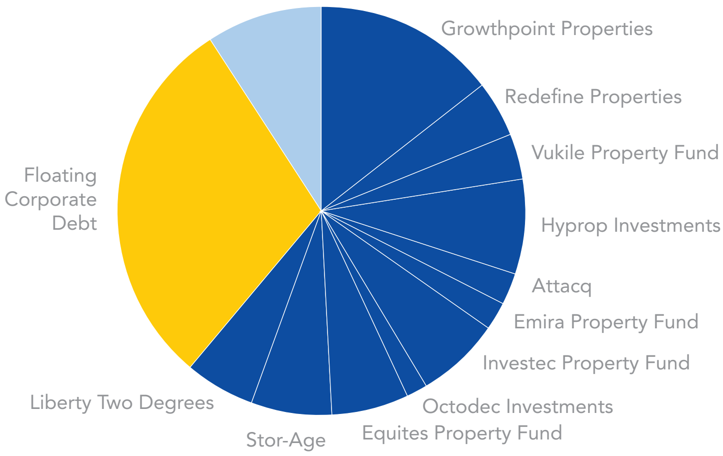
Risk Category Moderate

Low Medium High

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

Current Asset Allocation By Security

- Real Estate Inv Trusts 61.2%
- Floating Corporate Debt 29.8%
- RSA Money Market 9.0%



Source: **Marriott**

Fees (excluding VAT)

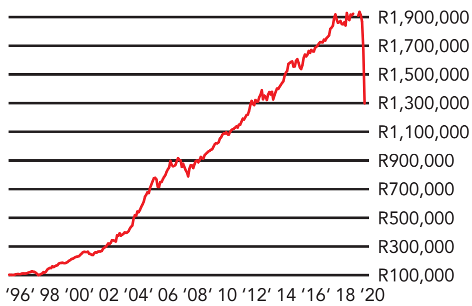
Marriott Initial Fee	0 %
Marriott Annual Management Fee	1 %
Advisor Initial Fee (max)	3 %
Advisor Annual Fee (max)	0.5 %

TER/TC (including VAT)

Total Expense Ratio	1.19 %
Transaction Costs	0.07 %

Distributions Since 2009

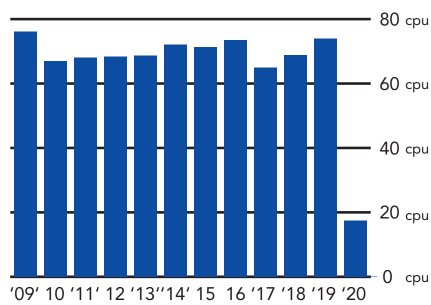
(Paid quarterly in cents per unit)



Source: **Marriott**

Total Returns Since Inception

(Assuming R100,000 invested at inception)



Source: **Marriott**

Fund Limits and Constraints

The fund will restrict its investments to listed property and liquid assets. The fund may increase liquidity to 50% if it is deemed necessary by the Fund Manager.

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 (Sep 1996)	Volatility of Return Since Inception: Highest 12 Months	Volatility of Return Since Inception: Lowest 12 Months
Income Return	5.2%	6.2%	6.5%	6.7%	6.9%	10.5%	-	-
Price Return	-31.1%	-18.7%	-12.6%	-10.1%	-8.6%	1.3%	-	-
Total Return	-25.9%	-12.5%	-6.1%	-3.4%	-1.7%	11.8%	69.6%	-34.0%

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.

Portfolio Security Yields

Company	Weight	Yield
Hyprop Investments	7.7%	31.5%
Emira Property Fund	2.3%	22.9%
Octodec Investments	1.5%	15.0%
Redefine Properties	4.3%	15.5%
Investec Property Fund	6.7%	7.6%
Attacq Limited	2.4%	16.0%
Growthpoint Properties	14.6%	15.8%
Vukile Property Fund	3.6%	24.5%
Equites Property Fund	6.1%	8.8%
Stor-Age	6.6%	8.0%
Liberty Two Degrees	5.4%	11.6%

Source: **Marriott**

Commentary

The SA Listed Property sector continued to underperform other asset classes, as the extended lockdown measures implemented during the second quarter of 2020 to combat COVID-19 pandemic negatively impacted the economy with some companies going out of business and others opting not to pay rentals. To assist tenants during these difficult operating conditions, landlords continue to offer rental concessions to struggling businesses. With lower rental collections, cash preservation and balance sheet strengthening has been the focus areas for most management teams resulting in several REITs opting to withdraw, suspend or defer dividend payments. REITs with high debt levels above a 45% Debt/Net Asset Value ratio, will be most affected as it is difficult to dispose of assets in the current environment and raising equity is expensive considering current market valuations. As a result, we believe REITs will consider retaining dividends to assist in strengthening their balance sheets. Currently it is a requirement for REITs to pay out at least 75% of their taxable revenue to shareholders in the form of dividend income. Given unprecedented circumstances, however, the SA REIT Association is currently in discussions with both National Treasury and the JSE regarding a reprieve to hold onto REIT status even if no dividend payments are made for the next 2 years.

The below highlights pressures being experienced by the different property sectors:

Hospitality Sector
This sector has been the most affected by the COVID-19 pandemic due to the impact of both travel restrictions (local and international) and the national lockdown. We believe it is going to be a long and difficult road to recovery for the hospitality industry, with international borders still being closed and only limited domestic air travel and inter-provincial travel being allowed.

Retail Sector
Despite relaxation of lockdown rules with more activities allowed at shopping malls, trading densities remain below pre-COVID levels as consumers remain hesitant to return to shopping malls whilst opting to shop online. We do however see trading conditions improving in the months ahead, as restaurants and more businesses become operational in lockdown level 3.

Industrial Sector
This sector is also facing headwinds given the continued weak business and manufacturing environment. On the positive side, the logistics subsector is continuing to see demand for space as distribution warehousing and bulk storage space is becoming increasingly sought after during this time.

Office Sector
Pressures exist in the office space albeit to a lesser extent than the above-mentioned sectors. This sector however, has structural challenges given the oversupply of space as evidenced by the national office vacancy rate remaining elevated at approximately 11%. The rapid increase in companies using remote-working systems and virtual communication methods, could also result in longer-term structural changes to the sector.

Outlook
With all of the uncertainty in the market, our strategy at Marriott remains the same - to invest in the highest quality, most liquid REITs (avoiding the smaller cap, more illiquid counters) in South Africa. Since these companies are highly cash-generative, have clean earnings and strong balance sheets (weighted Debt/NAV ratio below 40%), they are best able to deliver growth in dividends that is sustainable over the long-term.

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

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

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