Marriott Property Equity Fund

30 June 2023

MARRIOTT INVESTMENT MANAGERS

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 156,411,432.21
Price (NAV)	677.77 cpu
Distribution	14.3296 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

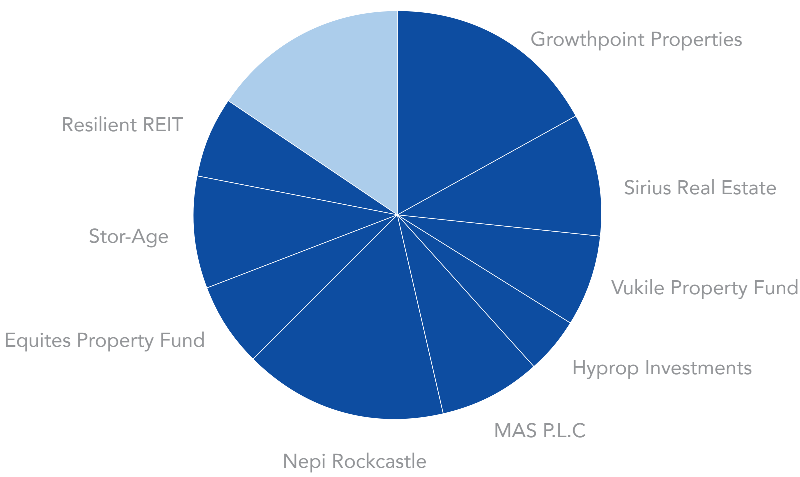
Risk Category Moderate

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 84.7%
- RSA Money Market 15.3%



Source: **Marriott**

Fees (excluding VAT)

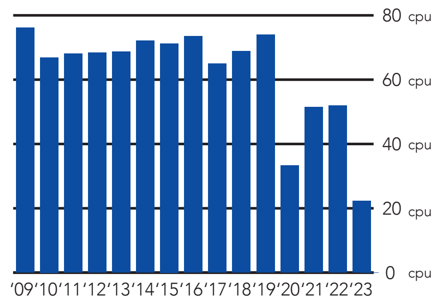
Marriott Initial Fee	0 %
Marriott Annual Management Fee	1 %
Marriott Performance Fee	n/a
Advisor Initial Fee (max)	3 %
Advisor Annual Fee (max)	0.5 %

Expenses (including VAT)

Total Expense Ratio (TER)	1.17 %
Transaction Costs (TC)	0.11 %
Total Invest Charge (TIC)	1.28 %

Distributions Since 2009

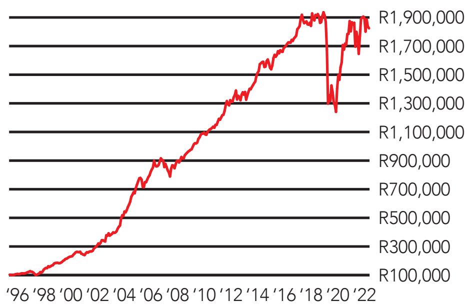
(Paid quarterly in cents per unit)



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	8.0%	6.9%	7.0%	6.5%	6.6%	10.0%	-	-
Price Return	-0.4%	-3.8%	1.6%	-7.8%	-7.0%	1.4%	-	-
Total Return	7.6%	3.1%	8.6%	-1.3%	-0.4%	11.4%	69.6%	-35.1%

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
Growthpoint Properties Ltd	17.2%	11.4%
Nepi Rockcastle PLC	16.2%	8.6%
Sirius Real Estate Ltd	9.7%	5.5%
Stor-Age Property REIT Ltd	8.7%	9.6%
MAS P.L.C	8.0%	7.2%
Vukile Property Fund Ltd	7.0%	9.1%
Equites Property Fund Ltd	6.7%	14.8%
Resilient REIT Ltd	6.6%	10.5%
Hyprop Investments Ltd	4.6%	9.7%

Source: **Marriott**

Commentary

The South African listed property sector posted returns of 0.7% for the quarter ended June 2023, as volatility in financial markets continued. Sentiment continues to be primarily driven by sticky inflation and higher than expected interest rates globally. The current US yield curve, being the most inverted since 1981, indicates that higher interest rates will eventually hurt economies and that a recession is on the horizon - a recession which financial market participants have dubbed to be the most anticipated in history.

While last year, the impact on global property prices was driven due to changes in the capitalization rate, this year, the implications of low growth and higher interest rates on cash flows have come into focus. Those sectors, such as discretionary retail and office, that are more sensitive to changes in the economy will on average have more sensitivity to their cash flow as leases expire. In addition, a company's pricing power, which is measured by overall demand and supply dynamics, as well as the quality of buildings, plays an important role in a company's ability to capture inflation in its rentals - shielding the cash flows against the rise in interest rates.

In the local landscape, the South African property sector has undergone a period of rebasing over the past few years, in which rentals have undergone significant downward reversions and are now set at more sustainable levels. Despite landlords being plagued by rising administration costs, negative reversions, and diesel costs, the sector's net operating income growth has turned positive for the first time since 2019. The growth in net operating income indicates that these costs were not enough to offset the escalations underpinning the leases. Part of this is explained by the high margins of between 50% and 60% at which the sector operates, enabling it to absorb some of the rising costs. SAPOA data also indicates that vacancies across all sectors have peaked and are trending downwards, albeit at a very slow pace.

In general, property, being a capital-intensive asset class, displays more sensitivity to changes in interest rates. The sector has done well to protect itself against the impact of rising interest rates by hedging its debt. On average, 75% of interest rates are hedged for an average of 2.9 years. This plays an important role in reducing the volatility of income streams as interest rates rise.

At Marriott, to produce more reliable and predictable income, it is our priority to have exposure to companies that are less sensitive to the economic cycle, exhibit pricing power, and that have conservative balance sheet leverage and staggered maturity profiles. Stor-age and defensive retail landlords, Vukile and Resilient are good examples that meet this investment criteria. The Marriott Property Equity Fund is currently yielding 10.3% with growth of 3.0%.

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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