

# Melville Douglas STANLIB High Alpha Fund

Minimum Disclosure Document as at 30 April 2018

## Investment Objectives

The High Alpha Fund is a high-conviction, actively managed, South African listed securities fund. The fund comprises a concentrated portfolio of high quality, superior South African listed businesses hand-picked on fundamental principles. The objectives of this fund are to generate capital growth over the long term, with income generation as a secondary objective. Performance is further enhanced by exploiting short-term market pricing anomalies.

## Investment Philosophy

At the heart of the Melville Douglas's investment philosophy is the preservation of the capital entrusted to us while delivering superior risk adjusted investment returns. We achieve this by focusing on our proprietary investment philosophy and process, which hinge on achieving balance, focusing on the long term, and basing our investment decisions primarily on fundamental research. In all our investments we strive to achieve balance between investment returns and the risk associated with those returns, between capital growth and cash generation, and a balance between compound and cyclical price performers.

## Portfolio Facts

|                       |  |
|-----------------------|--|
| Portfolio Size        | R 87.36 million  |
| Sector Classification | South African - Equity - General                                   |
| Income Distribution   | Net revenue is declared on a daily basis and distributed annually. |
| Income Declaration    | 31 December  |
| Benchmark             | FTSE/JSE All Share Index   |

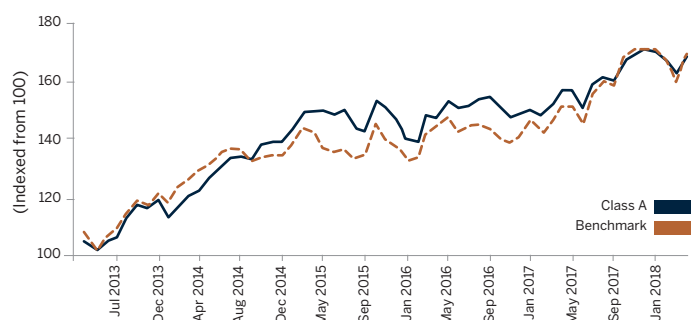
|             | Class A          | Class B1     |
|-------------|------------------|--------------|
| Launch Date | 28 February 2011 | 01 July 2015 |

| Minimum Investment    | Class A  | Class B1 |
|-----------------------|----------|----------|
| Lump Sum              | R 10 000 | R 10 000 |
| Debit Order Per Month | R 1000   | R 1000   |

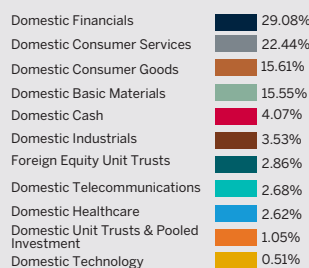
|                                     | Class A       | Class B1      |
|-------------------------------------|---------------|---------------|
| ISIN NO.                            | ZAE000154340  | ZAE000207155  |
| JSE Code                            | MDHFA         | MDSB1         |
| Total Expense Ratio                 | 2.57%         | 1.42%         |
| Maximum Portfolio Charges           |               |               |
| Upfront Charge: Manager             | 0.00%         | 0.00%         |
| Upfront Charge: Intermediary        | 0.00% - 3.00% | 0.00% - 3.00% |
| Total Service Charge                | 1.50%         | 1.20%         |
| Service Charge Intermediary Portion | 0.50%         | 0.00%         |

Portfolio charges above are quoted exclusive of VAT

## Cumulative Performance Since Inception



## Sector Allocation



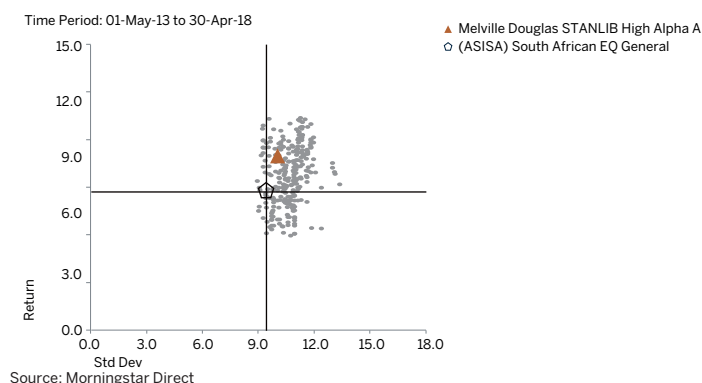
## Performance (%)

|                                       | 1 year | 3 years | 5 years | Since Inception |
|---------------------------------------|--------|---------|---------|-----------------|
| Class A                               | 7.84   | 2.75    | 11.04   | 13.41           |
| Class B1                              | 8.21   |         |         |                 |
| Sector                                | 5.86   | 2.15    | 9.13    | 9.90            |
| Benchmark                             | 11.45  | 5.28    | 11.74   | 12.08           |
| Rank (Class A)                        | 56/160 | 53/127  | 20/99   | 5/75            |
| Lowest Return Over 12 rolling months  |        |         |         | -6.88           |
| Highest Return Over 12 rolling months |        |         |         | 31.08           |

## Top Holdings (%)

|                              |        |
|------------------------------|--------|
| Naspers Limited              | 10.51% |
| Billiton Plc                 | 7.62%  |
| Standard Bank                | 6.38%  |
| British American Tobacco Plc | 6.14%  |
| Anglo American Plc           | 4.75%  |
| Old Mutual Plc               | 4.72%  |
| First Rand Limited           | 4.37%  |
| Santam Ltd                   | 4.03%  |
| Richemont Securities         | 3.40%  |
| Bidvest Group Limited        | 3.28%  |

## Risk Reward



## Portfolio Risk and Term

|              |          |                   |
|--------------|----------|-------------------|
| Conservative | Moderate | <b>Aggressive</b> |
|--------------|----------|-------------------|

## Income Distribution

| Fund Class | Paid in the last 12 months | Paid during 2017 | 2017 payments as a % of year end price |
|------------|----------------------------|------------------|--|
| Class A    | 2.83 cpu                   | 2.83cpu          | 1.19%                                  |
| Class B1   | 3.27 cpu                   | 3.27 cpu         | 1.37%                                  |

# Melville Douglas STANLIB High Alpha Fund

Minimum Disclosure Document as at 30 April 2018

## Franchise

Since 1983 Melville Douglas has been delivering superior investment returns across a number of asset classes. As a global boutique investment management company within the Standard Bank Group, we are uniquely positioned to offer domestic and offshore investment solutions. What truly sets Melville Douglas apart is our experienced investment team and our approach to investing – driven by balance, a long-term view and a commitment to fundamental research – which informs our investment decisions across the board.

## Total Expense Ratio, Transaction Costs & Total Investment Charge

**Total Expense Ratio (TER):** This shows the charges, levies and fees relating to the management of the portfolio and is expressed as a percentage of the average net asset value of the portfolio, calculated over a rolling three years (where applicable and annualised to the most recently completed quarter. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs.

**Transaction Costs (TC):** The percentage of the value of the fund as costs relating to the buying and selling of the Fund's underlying assets. Transaction costs are a necessary cost in administering the Fund and impacts fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Fund, investment decisions of the investment manager and the TER.

**Total Investment Charges (TIC):** The percentage of the value of the Fund incurred as costs, relating to the investment of the Fund. As fund returns are reported after deducting all fees and expenses, these costs (the TER & TC) should not be deducted from the fund returns. It is the sum of the TC & TER.

## TER and Transaction Costs Breakdown

| Fund Class | 12 month TER | 36 month TER | 36 month TC | 36 month TIC |
|------------|--------------|--------------|-------------|--------------|
| Class A    | 1.77         | 2.50         | 0.22        | 2.72         |
| Class B1   | 1.43         | 1.43         | 0.22        | 1.65         |

### TER + TC = TIC

Where a transaction cost is not readily available, a reasonable best estimate has been used. Estimated transaction costs may include bond, money market and fx costs (where applicable)

## Portfolio Manager

### Michael Laws

Michael is the Managing Director of Melville Douglas. He has been involved in investment since 1998. He holds a BCom and is a Chartered Financial Analyst.

### Greg Wood

Greg has been a research analyst and portfolio manager at Melville Douglas since 2006. Greg holds a Business Science Degree from Rhodes University and is a Chartered Financial Analyst.

## Fund Features

The fund is a pure equity portfolio, with the objective of delivering returns in excess of the FTSE/JSE All Share over time.

## Risk

General market risks such as:

- » Unfavourable market movements
- » Volatility
- » Economic and political risk
- » Company Risk.

Where foreign securities are included in the portfolio there may be additional risks, such as potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, tax risks, interest rate risk, settlement risks, and potential limitations on the availability of market information.

## Statutory Disclosure and General terms & Conditions

Collective Investment Schemes in Securities (CIS) are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. An investment in the participations of a CIS in securities is not the same as a deposit with a banking institution. CIS are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from STANLIB Collective Investments (Rf) Pty Ltd (the Manager).

Commission and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Liberty is a full member of the Association for Savings and Investments of South Africa. The Manager is a member of the Liberty Group of Companies. The Manager carries full responsibility for this third party portfolio. This portfolio is valued on a daily basis at 15h00\*. Investments and repurchases will receive the price of the same day if received prior to 15h00.

The Total Expense Ratio (TER) of a portfolio is a measure of the portfolio's assets that were relinquished as operating costs expressed as a percentage of the daily average value of the portfolio calculated over a period of usually a financial year. Typical expenses which are deducted from a portfolio include service charges, taxes, trustee fees and audit fees.

Additional information about this product, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge, and from the website: [www.stanlib.com](http://www.stanlib.com). The prices of unit trust funds are calculated and published on each working day. These prices are available on the Manager's website and in the South African printed news media.

The performance is calculated for the portfolio, as well as that the individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax.

The manager does not provide any guarantee either with respect to the capital or the return of a portfolio.

\*Prior to 8 August 2016, this portfolio was valued on a daily basis at 15h30.

## Contact Details

### Melville Douglas Investment Management (Pty) Ltd

8th Floor West Wing, 30 Baker Street, Rosebank, 2196 PO Box 411184, Craighall, 2024, South Africa

Tel: +27 (0)11 721 7964 Fax: +27 (0)86 202 7235 [www.melvilledouglas.co.za](http://www.melvilledouglas.co.za)

A subsidiary of Standard Bank Group Limited Reg 1987/005041/07

An authorised financial services provider

## Contact Details

17 Melrose Boulevard, Melrose Arch, Johannesburg, South Africa

PO Box 202, Melrose Arch, 2076

Contact Centre 0860 123 003

[www.stanlib.com](http://www.stanlib.com)

STANLIB Collective Investments (RF) Pty Limited Reg. No. 1969/003468/07

Trustees : Standard Chartered Bank, 4 Sandown Valley Crescent, Sandton, 2196  
Tel: 011 217 6600

**Compliance No:** HX4872

**Publishing Date:** 30 May 2018