

Melville Douglas Balanced Fund Ltd USD Balanced Class

Minimum Disclosure Document as at 30 June 2018

Investment Growth***



Trailing Returns***

	1 Month	YTD	1 Year	3 Years	5 Years	10 Years
Melville Douglas BFL USD Balanced A	-0.3	0.6	7.0	3.8	4.6	3.0
50% MSCI & 50% US CASH	0.1	0.9	6.6	5.1	5.6	4.1
EAA Fund USD Flexible Allocation	-0.8	-1.9	3.4	1.9	3.0	1.4

Risk Matrix *

	Class A	Benchmark	Cat Avg
Information Ratio (arith)	-0.9		-2.1
Std Dev	6.5	6.1	6.3
Sharpe Ratio **	0.0	0.1	-0.1

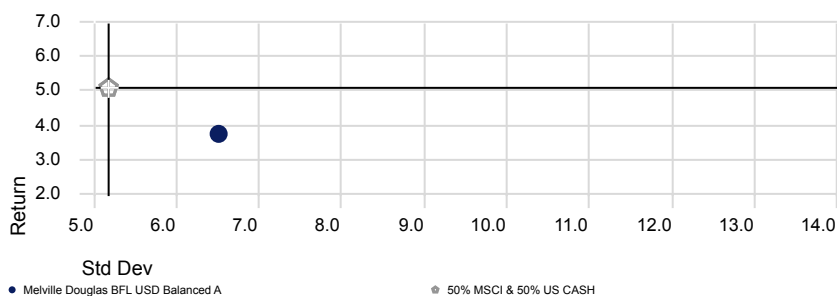
Highest and lowest 12 month rolling returns since inception

Highest 12 month rolling return	24.9
Lowest 12 month rolling return	-25.4

Monthly Returns***

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	3.9	-2.2	-1.2	0.5	0.0	-0.3							
2017	1.4	1.7	0.4	1.9	1.6	0.2	1.4	0.4	0.7	2.1	1.2	0.4	14.1
2016	-3.7	-1.0	3.2	0.1	0.4	-1.0	2.3	-0.1	0.1	-1.6	0.7	0.7	0.1
2015	-1.1	3.1	-0.8	1.6	0.1	-1.8	0.9	-4.2	-2.5	5.0	-0.6	-1.2	-1.7
2014	-3.2	3.1	-0.1	0.2	1.7	1.2	-1.0	0.9	-1.8	0.3	1.7	-1.0	2.0
2013	1.8	-0.2	1.3	1.3	-0.3	-3.3	2.4	-1.7	3.6	2.1	1.1	1.2	9.4

Risk-Reward *



● Melville Douglas BFL USD Balanced A

● 50% MSCI & 50% US CASH

Not to be distributed within the European Union

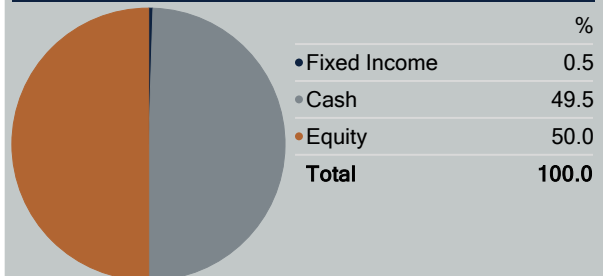
Investment Objective

The objective is to provide long term capital growth in US Dollar terms by investing in a balanced portfolio of globally diversified equity and fixed income.

Top Holdings

	Portfolio Weighting %
Melville Douglas SFL Global Equity A \$	50.00
JPM US Dollar Liquidity C (acc.)	49.50
Melville Douglas IFL USD Income Acc A	0.50

Asset Allocation



Operations

Name	Melville Douglas BFL USD Balanced A
ISIN	JE00B504TG57
Month end price (USD)	\$ 176.3
Fund AUM (m)	\$ 10.3

Fund Managers

Bernard Drotschie

Bernard is the Deputy Chief Investment Officer and is head of the SA fixed income strategy. He holds a B.Com (Hons) degree in Econometrics, is a CFA® Charterholder, and is a Certified Financial Planner™ professional....

Portfolio Risk

Risk Profile



* Data is displayed over a 3 year rolling period
 ** Risk free rate = US Treasury T-Bill 3 Months
 *** Class A since inception. Information compiled using Morningstar based on the most recent published information available to Morningstar at the end of the relevant period. This information is for illustrative purposes only.

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Additional Risk Information

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, settlement risks, interest rate and potential limitations on the availability of market information.

The risk rating seen on page 1 is designed to give an indication of the level of risk, measured by volatility, associated with this specific portfolio. In order to arrive at the specific risk rating of the portfolio in question, Melville Douglas measures the volatility of the fund, in the form of standard deviation, over a three year rolling period, and compares the result to internal risk parameters. Please note that these risk ratings are designed as a guide only.

Other Fund Facts

Manager	STANLIB Fund Managers Jersey Limited
Investment Manager	Standard Bank International Investment Limited
Sub Investment Manager	Melville Douglas Investment Management (Pty) Ltd
Custodian	Link Corporate Services (Jersey) Limited
Auditors	PwC, Ireland
Fund Directors	H.Holmes, G.S.Baillie, M.Farrow, and O.Sonnbichler
Registered Office	47-49 La Motte Street, St Helier, Jersey
Publication Date	2 August 2018

Share Class ISIN JE00B504TG57

Minimum Investment \$10 000

Launch Date 16 February 1999

Fund Costs- 12 months

Fee Class	TER	TC	TIC
Class A	1.06%	0.00%	1.06%

TER = (Total Expense Ratio), TC = (Transaction Costs), TIC = (Total Investment Cost ; 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)

Fund Costs- 36 months

Fee Class	TER	TC	TIC
Class A	0.91%	0.00%	0.91%

TER = (Total Expense Ratio), TC = (Transaction Costs), TIC = (Total Investment Cost ; 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). Share classes in issue for less than 36 months is not disclosed.

Contact Details

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Statutory Disclosure and General terms and Conditions

This document does not constitute an offer to buy or a solicitation of an offer to buy or sell shares of the Fund in any jurisdiction in which an offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer of solicitation and is for information purposes only. Subscriptions will only be received and shares issued on the basis of the current prospectus and prospective investors should carefully consider the risk warnings and disclosures for the Fund set out therein. The value of shares may go down as well as up and investors may get back less cash than originally invested. 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. Past performance is not necessarily a guide to future performance. An investment in the shares of the Fund is not the same as a deposit with a banking institution. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Please refer to the prospectus for more details on the charges and expenses that may be recovered from the Fund. Shares are valued on a daily basis using 23:59 (UK Time) prices. Transaction requests received before 14h30 (UK Time) will receive the following day unit price. This is an accumulation portfolio and does not distribute income. Transaction requests received before 14h30 (UK Time) will receive the following valuation point unit price. This is an accumulation portfolio and does not distribute income. Telephone calls may be recorded. Link Corporate Services (Jersey) Limited, STANLIB Fund Managers Jersey Limited, Standard Bank International Investments Limited are regulated by the Jersey Financial Services Commission. The fund is also regulated by the Jersey Financial Services Commission

Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending. Collective Investment Schemes are generally medium to long-term investments.

Representative Agreement exists between Standard Bank International Investments Limited and Melville Douglas Investment Management (Pty) Ltd appointing Melville Douglas Investment Management (Pty) Ltd as the sole representative for the investment management functions performed in South Africa. Melville Douglas Investment Management (Pty) Ltd is a company registered in South Africa with company number 1987/05041/07, and a subsidiary of Standard Bank Group Limited. Melville Douglas Investment Management (Pty) Ltd is licensed as a financial services provider in terms of Section 8 of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002). The representative for the fund in South Africa is STANLIB Collective Investments (RF) Pty Ltd.

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

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Quarterly Commentary

Fund Review

Over the quarter, the fund returned +0.15% compared to a benchmark return of +1.23%. The underperformance was attributable to the performance from the equity component, which underperformed due to its exposure to emerging market assets that sold off during the quarter. The performance for the balance of the fund was in line with the benchmark, which is USD cash.

Overview

After initially starting the year with strong gains, equity market returns have fizzled out. The prospect of another year of synchronised global growth appeared promising, but much of the good news was already reflected in asset valuations after a prolonged 'risk-on' period. Volatility, as expected, has picked up and looks set to continue as the year progresses.

Markets are now starting to discount both the fact that higher wage growth in the US poses a threat to inflation, and stricter monetary policy – a real concern for the valuations of risk assets that have benefited from an extended period of abnormally low interest rates. Furthermore, cyclical divergence between the US economy - fueled by tax cuts and investment spending - and most other countries has challenged the expectation that global growth will remain synchronised. These concerns are supported by a number of leading economic indicators, which are pointing to a possible loss in momentum outside of the US.

However, the slowdown in momentum is generally perceived to be temporary. Europe's economy, which is very reliant on exports and global trade, is currently adjusting to the impacts of a sharp appreciation in its currency and an overhang in inventory which resulted from the strong growth experienced towards the latter part of last year. Notwithstanding an increase in political risk and uncertainties related to the impact of Brexit and Italy, economic fundamentals remain positive. Consumer spending supported by employment and income growth, remains robust, consumer sentiment and business confidence are at historic highs, and high levels of capacity utilisation bodes well for investment spending. Expectations are that growth should rebound during the second half of the year.

The recent escalation in protectionist rhetoric and actions does not bode well and is already showing signs of inhibiting investment spending. The Trump administration is in the process of implementing a 25% tariff on \$50bn of Chinese imports from 6 July. President Trump has indicated that the US will implement further tariffs should the Chinese retaliate. He has proposed an additional 10% import tariff on a further \$400bn of imports from China. Effectively, this works out to be an effective 12% rate on \$450bn of imports. He also indicated that his administration is considering implementing 25% tariffs on all imported vehicles and vehicle parts - worth an estimated \$340bn - and further announced plans to introduce restrictions of Chinese foreign investment on "strategic" sectors in the US. These proposed tariffs are in addition to the tariffs already implemented on steel and aluminum imports from Europe, Canada, Mexico. These three trading partners vowed to impose 'dollar-for-dollar' retaliatory tariffs on the U.S.

We cannot be certain that any of the new proposed tariffs will be approved by the administration in Washington, and even so, will take significant time before they are implemented. However, the risk for investment markets is that trade relations are harmed to such an extent that large-scale economic damage is done, even though economists estimate that the direct cost to the global economy will be less than 0.5% should all the proposed tariffs come to fruition. The indirect impact will be less measurable, but tariffs impose a cost of doing business that will raise required rates of return and thus undoubtedly will affect businesses' profitability and willingness to invest.

Outlook

Both the prolonged economic and stock market cycles would appear to be entering their final chapters and therefore investors should tread more carefully and expect future returns to be lower and more volatile than what they have been accustomed to over the past few years. However, despite a softer economic backdrop during the first half of this year, apprehension in emerging markets and trade fears, the medium-term outlook for global economic growth remains favourable and is still expected to exceed long run potential output, whilst inflation looks to pick up only moderately. Our work shows that rising economic uncertainty and the trade spat have reduced the price investors must pay for some quality businesses and as such some attractive long-term opportunities are arising. In addition, there are plenty of companies that will be completely unaffected by trade issues, direct or indirect. We therefore remain with neutral weighting to Equities and expect them to still deliver superior returns to other asset classes

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