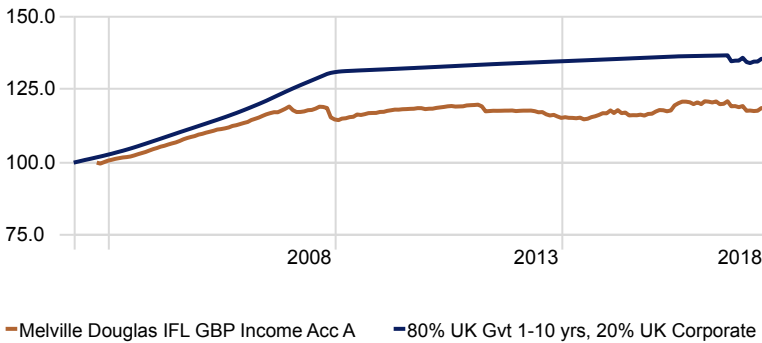


Melville Douglas Income Fund Ltd Sterling Class

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 IFL GBP Income Acc A	-0.2	-0.7	-1.3	0.7	0.2	0.0
80% UK Gvt 1-10 yrs, 20% UK Corporate	-0.3	-0.6	-1.2	-0.1	0.1	0.5

Risk Matrix *

	Class A	Benchmark
Information Ratio (arith)	0.5	
Std Dev	2.0	1.3
Sharpe Ratio **	-0.5	-0.5

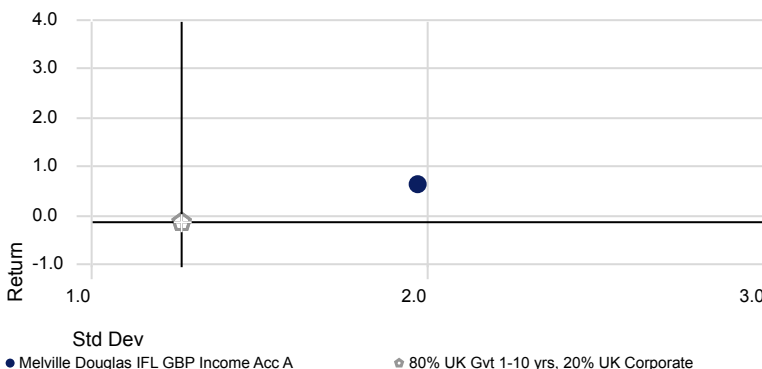
Highest and lowest 12 month rolling return since inception

Highest 12 month rolling return	5
Lowest 12 month rolling return	-3.7

Monthly Returns***

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	-1.4	0.1	-0.1	0.1	0.8	-0.2							
2017	-0.5	0.8	-0.1	-0.2	0.3	-0.8	0.1	0.7	-1.4	0.1	-0.3	0.3	-1.0
2016	0.6	0.4	-0.1	-0.3	0.2	1.5	0.6	0.4	0.0	-0.2	-0.5	0.5	3.3
2015	0.9	-0.8	0.8	-0.9	0.2	-0.8	0.1	0.0	0.2	-0.3	0.5	0.1	-0.1

Risk-Reward *

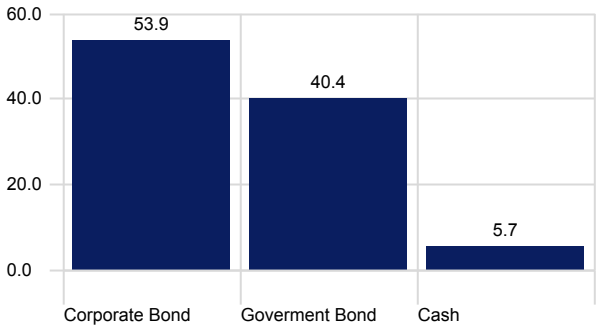


Not to be distributed within the European Union

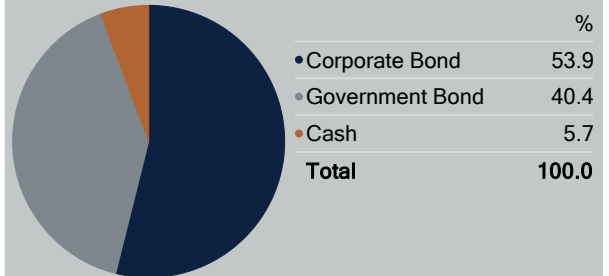
Investment Objective

To provide a return in excess of the benchmark in Sterling, whilst maintaining a high degree of capital preservation by investing in quality fixed interest securities, selected collective investment vehicles, money market instruments and cash in order to maximise investment returns in Sterling.

Security Sector



Asset Allocation



Operations

Name	Melville Douglas IFL GBP Income Acc A
Month end price (m)	£ 118.2
ISIN - Class A	JE00B4ZCW915
Fund value (m)	£ 3.9

Fund Managers

Karl Holden

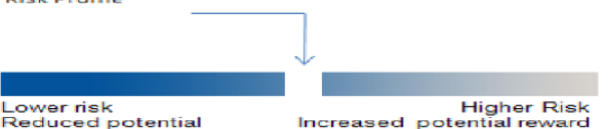
Karl specialises in global fixed income and currency markets. He is also a co-manager of the Melville Douglas Balanced Fund. Karl is a Chartered Wealth Manager, Fellow of the Chartered Institute for Securities and Investment and holds the Private Client Investment Advice and Management Certificate.

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. The benchmark of the fund at launch was 100% GBP Libor Overnight. This was changed on 31 August 2017 to 80% GBP Govt 1-10 years/ 20% UK Corporate Bond

Melville Douglas Income Fund Ltd Sterling Class

Minimum Disclosure Document as at 30 June 2018



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	Melville Douglas Investment Management (Pty) Ltd
Custodian	Link Corporate Services (Jersey) Limited
Auditors	PwC, Ireland
Fund Directors	H.Holmes, GS.Baillie, M.Farrow, and O.Sonnichler
Registered Office	47-49 La Motte Street, St Helier, Jersey
Publication Date	2 August 2018
Compliance No.	0573ZB

Share Class ISIN

Class A	JE00B4ZCW915
Class B	JE00BF1CX551

Minimum Investment

Class A	GBP 10 000
Class B	GBP 1 500

Launch Date

Class A	25 September 2003
Class B	01 September 2017

Fund Costs- 12 months

Fee Class	Management Fee	TER	TC	TIC
Class A	0.80%	1.09%	0.00%	1.09%

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).

Where the Share Class has been in existence for less than 12 months, no TER is reflected.

Fund Costs- 36 months

Fee Class	Management Fee	TER	TC	TIC
Class A	0.80%	1.08%	0.00%	1.08%

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).

Where the Share Class has been in existence for less than 36 months, no TER is reflected.

Contact Details

Melville Douglas Investment Management (Pty) Ltd

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

Telephone: +27 (11) 721 7964 Fax: +27(0)86202 7235

www.melvilledouglas.co.za

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.

Melville Douglas Income Fund Ltd Sterling Class

Minimum Disclosure Document as at 30 June 2018

Quarterly Commentary

Fund Review

The objective of the Class Fund is to provide a return in excess of its benchmark in Sterling, whilst seeking to maintain a high degree of capital preservation, by investing primarily in quality global fixed interest securities, and, where in the opinion of the Investment Manager, direct investment in fixed interest securities will not achieve sufficient diversification to achieve the Class Fund's objective, in other collective schemes, money market instruments and cash that will maximise total returns in Sterling.

The Fund's performance for the period was 0.71% versus the Fund's benchmark return of 0.39%.

Market Overview

Global bond markets continue to be buffeted by trade tensions and whilst the final outcomes and subsequent net effect on growth conditions remain uncertain, the immediate negative impact on sentiment has been enough to keep a lid on the yield normalisation process in the quarter. In addition, questions about the sustainability of the global growth path continue to be asked given its long tenure and recent soft patch. However, we remain constructive as global Purchasing Manager Indices (PMI's) are consistent with a global growth rate of 3% this year and if anything, a natural softening in the data reduces the near term risk of overheating, allowing the long-held goldilocks recovery to live on – not too hot, not too cold. Most Central Banks remain keen to press on with withdrawing the massive stimulus measures enacted since the Credit Crisis, the challenge is for this to be achieved at a pace that does not derail growth. It is worth remembering that monetary conditions, even after seven interest rate hikes in the US, remain extremely accommodative by historical measures. The length of the economic expansion in the US is within a whisker of an all-time record and for that reason alone, some will be tempted to pre-emptively throw in the 'risk' towel and allocate to medium to long-dated government yields at current levels. For us, many measures still suggest it is too early to adopt that strategy as ten-year UK yields at 1.28%, or more alarmingly, ten-year German yields at 0.30%, remain unfavourable from a risk/reward perspective.

Looking Ahead

In contrast to the healthy employment market, economic conditions in the UK are now firmly below trend and point to a very subdued interest rate normalisation process. An increased three members of the Monetary Policy Committee (MPC) recently voted in favour of a hike and whilst this raises the possibility of a tightening in August, we see little merit in such action whilst the economy continues to struggle under the weight of numerous BREXIT uncertainties and lacklustre growth. Despite our sanguine outlook for the UK, we are mindful of the strong correlation between developed government bond markets and our ongoing expectations for higher yields in both the US and Eurozone are sufficient for us to err on the side of caution and maintain a defensive duration strategy within the Fund.

Within the Fund, we still consider it prudent to maintain a moderate level of foreign currency exposure. Sterling's decent gains up to mid-April quickly evaporated as it became clear that the almost fully discounted base rate hike in May wasn't going to happen. For much of the quarter, a blend of weaker than expected domestic economic data and broad based rally in the US Dollar have combined to weigh on the currency. Looking ahead, it is hard to argue against the theory that much of the bad news is priced in but the BREXIT countdown remains a very real potential source of two-way volatility and on that front we have long held the view that the UK does not have the upper hand in the negotiations.

The Fund's strategy remains one of limiting potential downside risk in an environment where we expect yields to continue to rise in the coming quarters. Ongoing global growth, less accommodative central bank policies and increased inflationary pressures should ensure that global government bond yields continue to normalise. Our intention is to gradually increase the duration of the Fund at more attractive yield levels as this process unfolds.

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