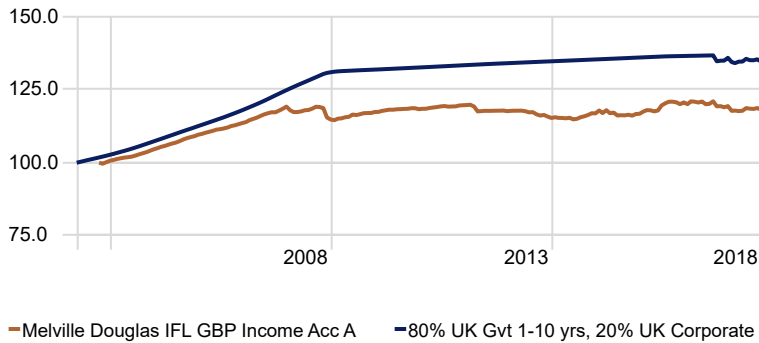


Melville Douglas Income Fund Ltd Sterling Class

Minimum Disclosure Document as at 30 September 2018

Investment Growth***



Trailing Returns***

	1 Month	YTD	1 Year	3 Years	5 Years	10 Years
Melville Douglas IFL GBP Income Acc A	-0.4	-1.0	-0.9	0.5	0.3	-0.1
80% UK Gvt 1-10 yrs, 20% UK Corporate	-0.6	-0.9	-0.1	-0.3	0.0	0.4

Risk Matrix *

	Class A	Benchmark
Information Ratio (arith)	0.5	
Std Dev	2.0	1.3
Sharpe Ratio **	-0.6	-0.7

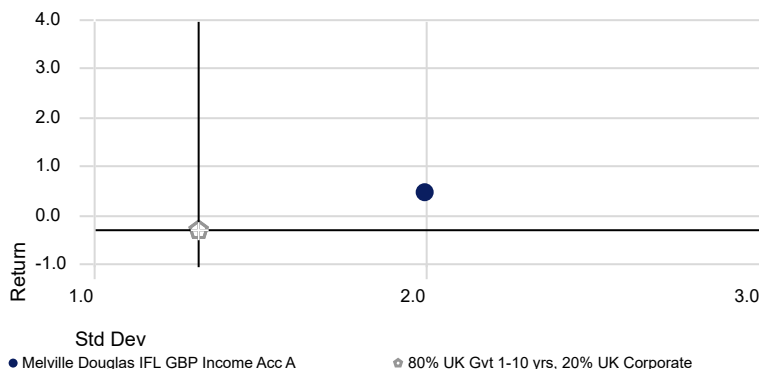
Highest and lowest 12 month rolling return since inception

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	-0.1	0.3	-0.4				
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 *

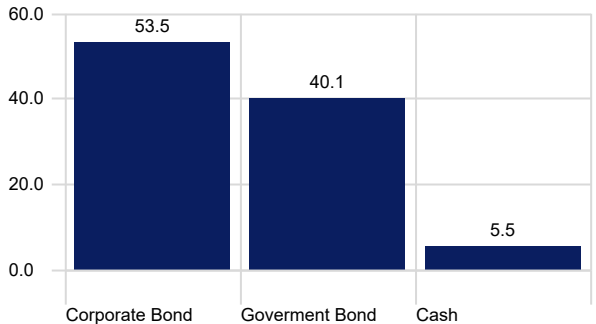


Not to be distributed within the European Union

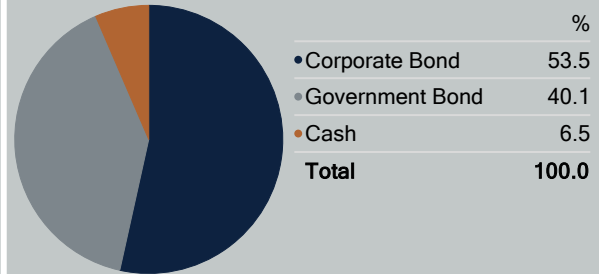
Investment Objective

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)	£ 117.9
Fund value (m)	£ 4.7

Fund Managers

Karl Holden

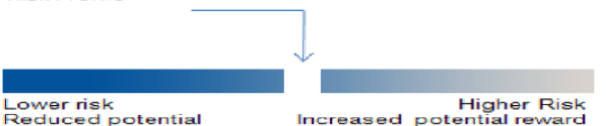
Karl specialises in global fixed income and currency markets. He is also a co-manager of the Melville Douglas Balanced Fund. Karl is a Chartered Wealth Manager, Fellow of the Chartered Institute for Securities and Investment and holds the Private Client Investment Advice and Management Certificate.

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

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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	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.Sonnbichler
Registered Office	47-49 La Motte Street, St Helier, Jersey
Publication Date	23 October 2018
Compliance No.	ZB1745

Share Class ISIN

Class A	JE00B4ZCW915
Class B	JE00BF1CX551

Minimum Investment

Class A	Closed to new investments
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%	1.16%	0.00%	1.16%

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

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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 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.

An investment management agreement exists between the Fund, the Manager and Melville Douglas Investment Management (Pty) Ltd exists 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 appointed 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

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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 -0.27% versus the Fund's benchmark return of -0.33%.

Market Overview

Global economic growth may be less synchronised than in 2017 but in aggregate remains strong. The US economy continues to comfortably lead the pack, aided by the fiscal boost and a robust employment market. A stronger US Dollar and tighter liquidity, coupled with ongoing trade tensions have racked up some casualties – specifically emerging markets and to a lesser extent the Eurozone which is heavily export-reliant. However, whilst economic growth in the Eurozone has decelerated, overall conditions remain healthy, and sufficiently so for the European Central Bank (ECB) to halt quantitative easing at the end of the year with the view to start raising interest rates at some stage in 2019. The Bank of England raised rates by a quarter point to 0.75% in the summer, however, we don't think economic conditions warrant another hike until well into 2019, particularly as the twists and turns of BREXIT continue to dampen sentiment. Ultimately, most major global central banks continue to step away from the ultra-easy monetary policies of the 'post-crisis' years, albeit at varying degrees. As monetary policies normalise, so should bond markets and whilst yields have already started to rise, particularly in the US, we still believe they remain too low - we remain cautious.

Looking Ahead

As widely anticipated, the Bank of England raised interest rates by 0.25% to 0.75% in August, but we believe that savers waiting for the next tightening will have to be patient, potentially well into 2019. More recently, some UK economic indicators have beaten expectations but overall growth conditions remain sanguine, particularly when compared to peers. Inflation has ticked marginally higher in the quarter, remaining heavily influenced by the direction of Sterling, which has fallen sharply against the US Dollar and Euro since mid-April. The BREXIT news flow is both relentless and unpredictable and therefore acting as a barrier to new investment – at least until a definitive outcome can be pinpointed. Despite this uncertainty, ten-year UK government bond yields have risen sharply in the quarter but we put this down to two key factors. Firstly, the market had discounted perhaps too much negative news when the yield dipped to 1.18% in July. Secondly, although at different levels, UK bond yields remain correlated to the direction of US government bond yields and when the tide rises in that market, it is powerful enough to take others with it.

Whilst the Fund remains biased to base currency, we still consider it prudent to maintain an element of foreign currency exposure. Unsurprisingly, August's 0.25% hike in interest rates had minimal positive impact on Sterling as the future pace of tightening remains very uncertain. In fact, excluding inflation, many other key economic indicators are not suggestive of higher interest rates and 'real' inflation adjusted rates are likely to stay deeply negative for the foreseeable future. As mentioned above, BREXIT remains a constant source of uncertainty and we see little merit in attempting to second guess the myriad of possible outcomes.

The Fund's strategy remains committed to limiting downside in an environment where we forecast further yield normalisation. The duration strategy remains appropriately defensive but we are mindful that UK government bond yields have been rising since mid-2016 and may soon be approaching levels that look attractive from a long term perspective. Our intention remains to gradually increase the maturity profile of the Fund as yields rise towards more attractive levels.