

Melville Douglas STANLIB Global Equity Feeder Fund

Fund information update at 30 September 2018

What is the fund's objective?

The objective of the fund is to provide long-term capital growth by investing in quoted global equities and maximising investment returns in USD.

What does the fund invest in?

The fund is a feeder fund which will invest solely of participatory interests of the Melville Douglas Select Global Equity Fund. This is a high conviction, actively managed global securities fund. The fund consists of 35-40 high quality multi-national companies from around the world. Each company must comply with our stringent requirements for quality, growth and attractive valuation.

What possible risks are associated with this fund?

General market risks include a rise or volatility in bond yields, rising interest rates, economic and political risk, inflation uncertainty and duration 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, macro-economic risks, political risks, tax risks, settlement risks, and potential limitations on the availability of market information.

Risk rating

Conservative	Moderately conservative	Moderate	Moderately aggressive	Aggressive
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What is the suggested investment period for this fund?

Minimum period

1 Month	6 Months	1 Year	3 Years	5 Years	7 Years
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Who should consider investing in this fund?

As this is a well-managed balanced portfolio, with the objective of delivering strong risk adjusted returns over time, this fund will suit investors that are looking for stable income and reasonable capital growth over the longer term.

Income

Distribution Net income is calculated and accrued daily and is declared and distributed semi-annually.

Due to the nature of this portfolio it is unlikely that any net income will be available for distribution.

Declaration 30 June, 31 December

General fund information

Manager(s) Etienne Vlok and Justin Maloney

Size (NAV) R 109.47 million

Classification Global - Equity - General

Benchmark MSCI AC World Net

Regulation 28 Does not apply

	Class A	Class B1
Launch	07 November 2016	07 November 2016
ISIN number	ZAE000227823	ZAE000227815
JSE code	MDGEA	MDGB1
Minimum investment requirements -		
Lump sum	R 10,000	R 10,000
Monthly	R 500	R 500

What are the costs to invest in this fund?

Maximum charges including VAT

	Class A	Class B1
Initial fee (manager)	0.000%	0.000%
Initial fee (adviser)	3.450%	3.450%
Annual fee (manager)	2.070%	1.495%
Annual fee (adviser)	0.575%	0.000%
Performance fee	N/A	N/A

Annual fee (manager) – this is a service charge (% based) applicable to each class of a fund, that is levied on the value of your portfolio and includes the **Annual fee (adviser)** fee (where applicable). Annual fees are calculated and accrued daily and recovered monthly from the income awaiting distribution in the fund.

Cost ratios (annual) including VAT as at 30 June 2018

	Class A	Class B1
Based on period from:	01/11/2016	01/07/2015
Total Expense	3.04%	2.47%
Transaction Costs	0.00%	0.00%
Total Investment Charge	3.04%	2.47%
1 Year Total Expense	2.26%	1.70%

Total Expense (TER): This ratio 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 the period shown 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 should not be regarded as an indication of future TERs.

Transaction Costs (TC): This ratio shows the percentage of the value of the fund incurred as costs relating to the buying and selling of the fund's underlying assets. TC 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): This ratio is simply the sum of the TER and TC, showing the percentage of the value of the fund incurred as costs relating to the investment of the fund. It should be noted that performance figures account for all costs included in the TIC ratio, so you should not deduct the TIC from performance figures, the performance is already net of the TIC.

Melville Douglas STANLIB Global Equity Feeder Fund

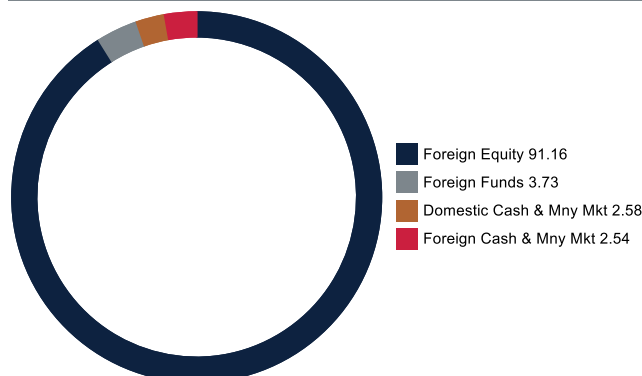
Monthly update at 30 September 2018

Holdings

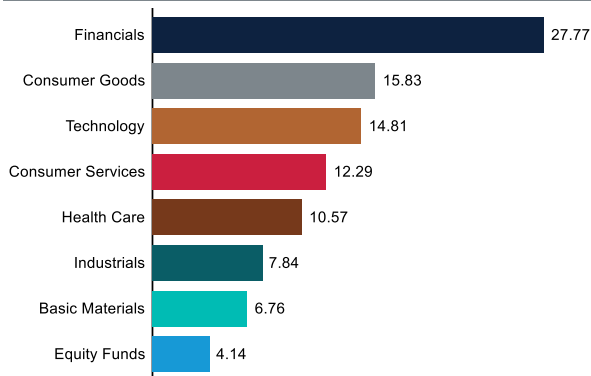
Holdings (%)

Melville Douglas Select Fund Ltd Global Equity X	97.42
Domestic Cash	2.58

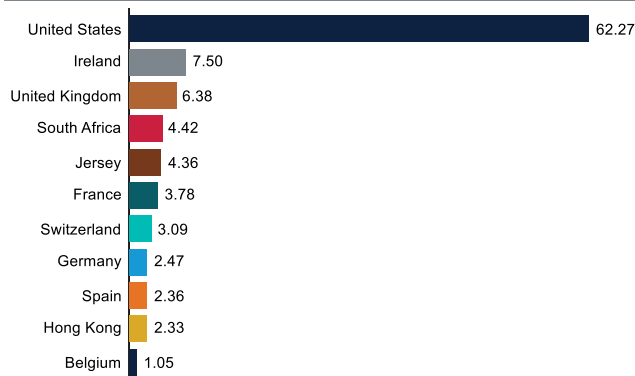
Asset allocation (look through) (%)



Equity allocation (Industry) (look through) (%)



Country allocation (look through) (%)



Performance and Income

Class A Launch: 07 November 2016

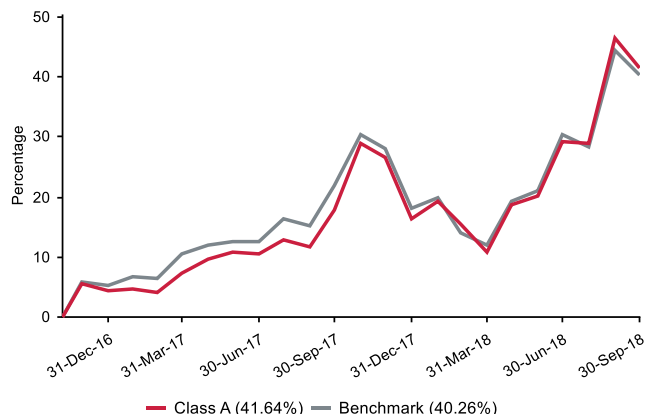
Class B1 Launch: 07 November 2016

Benchmark: MSCI AC World Net

Returns (%)	3m	6m	9m	1yr	Launch
Class A					
Class	9.68	27.86	21.73	20.08	20.14
Rank/Out of	3/58	6/58	7/56	3/55	9/49
Sector Average	6.16	22.50	15.37	11.38	16.37
Benchmark	7.66	25.20	18.68	15.05	19.52
Class B1					
Class	9.84	28.22	22.25	20.78	20.84

Returns (%) shown are cumulative for all periods shorter than or equal to 1 year and annualised for all periods greater than 1 year.

Cumulative performance (%) from Launch



Statistics (%)	1yr	Launch
Class A		
Positive Months	6	12
Max Gain	32.16	52.07
Max Drawdown	-14.02	-16.78
Highest	31.08	31.08
Lowest	3.30	3.30
Class B1		
Highest	31.85	31.85
Lowest	3.91	3.91

Highest – this reflects the highest 12 month return during the period.

Lowest - this reflects the lowest 12 month return during the period.

Amount declared (cents per unit)

	Class A	Class B1
29 December 2017	0.00	0.00
29 June 2018	0.00	0.00
In last 12 months	0.00	0.00
In 2017	0.00	0.00

Who are the investment managers?

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.



Etienne Vlok
BCom (Hons), CA (SA), CFA
Fund Manager

Etienne joined Melville Douglas in 2010. He is the co-manager of the Melville Douglas Select Global Equity Fund. He is also the lead analyst for the domestic and global IT and media sectors. Etienne holds a BCom Acc (Hons) from the University of Pretoria, CA (SA), and is a CFA® Charterholder.



Justin Maloney
BSc (Hons), CFA, CWM
Fund Manager

Justin joined Melville Douglas in 2014 and has over 23 years investment experience. He co-manages the Melville Douglas Global Equity Fund and covers the consumer discretionary and staples sectors. Justin also manages the investments of a number of high-net-worth clients. He holds a First Class Honours BSc degree in Business, is a CFA® Charterholder and a Chartered Wealth Manager. He previously worked as a global equity fund manager in London at Sanlam FOUR and Foreign & Colonial. Justin is based in Jersey.

Fund review

The Fund experienced a strong quarter. The A-class share appreciated by 9.68% compared to a return of +7.66% for the MSCI All Country World Index. The outperformance was driven by strong stock selection, particularly in the IT, Consumer Discretionary and Industrials sectors. The primary detractors to performance were the exposures to Consumer Staples stocks, though the position was sized to not do outsized harm to the fund as a whole.

Microsoft, MasterCard and Visa were the top contributing stocks, with all three reporting solid results reflecting strong demand in their respective end markets. The largest detractors were Tencent (sold off after posting disappointing revenue growth due to Chinese regulatory intervention in the video gaming market in China), Wells Fargo (ongoing concerns about the ability of the business to grow in the near term while the Fed's Consent Order imposed on the business is still in effect) and British American Tobacco (general fears around regulatory intervention in the next-generation tobacco product space.)

Market overview

The US economy has powered ahead, fuelled by tax cuts and a continued improvement in economic confidence. Unemployment is at multi-year lows, and wage growth – though modest – seems to be improving. Growth in consumer spending and business capital investment are both firmly in positive territory. The latest reading of the US Institute of Supply Management (ISM) Manufacturing index – a measure of corporate confidence in economic conditions – was at a 14-year high at the end of August. Wall Street is at a new record high, the US economy is in overdrive and the consumer is starting to spend.

However, as soon as one looks beyond the US, the divergence in economic growth becomes painfully obvious. A lacklustre Europe has only just started to regain its feet after the initial acceleration in growth was curtailed by an extremely cold winter. Even worse, some of the more fragile emerging markets were exposed by higher US interest rates and a reversal of capital into the US dollar, with some seeing ominous echoes of the Asian and Russian crises of 1997 and 1998. All the above is playing out against the backdrop of an increasingly fraught global trading backdrop, with the US imposing tariffs on Chinese imports (with China responding in kind) and looking to aggressively renegotiate other trade deals, such as those with the EU and NAFTA.

We acknowledge the risks, but do not think that macro-economic prognostication is a reliable method of generating performance for our clients. Instead, we prefer to allow the wonder of compound returns to take effect by investing in quality businesses that are well run, exposed to secular growth trends, in a healthy capital position, and possessed of a competitive advantage.

Looking ahead

The traditional 'pull' effect of a late-cycle US consumer boom has not been as acute in this cycle, meaning economies outside the US are more reliant on internal forces to generate growth. As such, the global synchronization that drove much of the 2017 rally seems to be breaking down, as few economies outside of the US have sufficient momentum to meaningfully push GDP growth above trend for a sustained period of time.

We continue to closely monitor the business cycle for any change in trend. Corporate revenue growth and margins serve as good bottom up indicators of the economic outlook. As we have stated before, any indication of a move from a late-cycle expansion into a more pronounced slowdown would likely see the fund tilt defensively within our universe of companies. US growth (and by implication, global growth) is likely at peak levels for this cycle. Although a recession is not imminent, the lateness of the business cycle and the global rollback of central bank liquidity has led to the fund gradually becoming slightly more cautious in its allocation.

The commentary gives the views of the portfolio manager at the time of writing. Any forecasts or commentary included in this document are not guaranteed to occur.

Change in allocation of the fund over the quarter

Asset type	Q3 2018	Q2 2018	Change
Domestic Cash & Mny Mkt	2.58	1.83	0.75
Foreign Cash & Mny Mkt	2.54	0.00	2.54
Foreign Equity	91.16	98.17	-7.01
Foreign Funds	3.73	0.00	3.73

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
A	Retail	141.64	3,003,424.13	4,254,113.80
B1	Retail	143.21	13,233,614.77	18,951,744.03

All data as at 30 September 2018.

Units – amount of participatory interests (units) in issue in relevant class.

Melville Douglas STANLIB Global Equity Feeder Fund

Important information update at 30 September 2018



Disclosures

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 future performance. CIS are traded at ruling prices and can engage in borrowing and scrip lending.

The Melville Douglas STANLIB Global Equity Feeder Fund is a portfolio of the STANLIB Collective Investment Scheme (the Scheme).

The manager of the Scheme is STANLIB Collective Investments (RF) (Pty) Limited (the Manager). The Manager is authorised in terms of the Collective Investment Schemes Control Act, No. 45 of 2002 (CISCA) to administer Collective Investment Schemes (CIS) in Securities. Liberty is a full member of the Association for Savings and Investments of South Africa (ASISA). The Manager is a member of the Liberty Group of Companies. The manager has a right to close a portfolio to new investors in order to manage the portfolio more efficiently in accordance with its mandate. The Manager does not provide any guarantee either with respect to the capital or the return of a CIS portfolio. A schedule of fees and charges and maximum commissions is available on request from the Manager.

The trustee of the Scheme is Standard Chartered Bank.

The investments of this portfolio are managed, on behalf of the Manager, by Melville Douglas Investment Management (Pty) Ltd, an authorised financial services provider (FSP), FSP No. 595, under the Financial Advisory and Intermediary Services Act (FAIS), Act No. 37 of 2002.

Prices are calculated and published on each working day, these prices are available on the Manager's website (www.stanlib.com) and in South African printed news media. This portfolio is valued at 15h00. Forward pricing is used. Investments and repurchases will receive the price of the same day if received prior to 15h00.

This portfolio is permitted to invest in foreign securities. Should the portfolio include any foreign securities these could expose the portfolio to any of the following risks: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information.

This portfolio is a Feeder Fund portfolio. A Feeder Fund portfolio is a portfolio that invests in a single portfolio of a collective investment scheme, that levies its own charges, which could result in a higher fee structure for the Feeder Fund.

This portfolio is a third party named, co-named portfolio. The Manager retains full legal responsibility for this portfolio. A third party named, co-named portfolio is a portfolio bearing the name of both the Manager and the financial services provider (FSP) where the FSP, under an agreement with the Manager, undertakes financial services of a discretionary nature, as contemplated in the Financial Advisory and Intermediary Services Act, Act No. 37 of 2002 (FAIS), in relation to the assets of the portfolio. Melville Douglas Investment Management (Pty) Ltd, an authorised FSP, FSP No. 595, FAIS, is the third party manager of this portfolio.

The FSP is a related party to the Manager, the FSP may earn additional fees other than those charged by the Manager. It is the responsibility of the FSP to disclose additional fees to the investor. This document is not advice, as defined under FAIS. Please be advised that there may be representatives acting under supervision.

All performance returns figures quoted are shown in ZAR and are based on data sourced from Morningstar or Statpro and are as at 30 September 2018.

Annualised return figures are the compound annualised growth rate (CAGR) calculated from the cumulative return for the period being measured. These annualised returns provide an indication of the annual return achieved over the period had an investment been held for the entire period. Actual annual figures are available on request from the Manager.

Portfolio performance figures are calculated for the relevant class of the portfolio, for a lump sum investment, on a NAV-NAV basis, with income reinvested on the ex-dividend date. Individual investor performance may differ due to initial fees, actual investment date, date of reinvestment of income and dividend withholding tax. Portfolio performance accounts for all costs that contribute to the calculation of the cost ratios quoted, all returns quoted are after these costs have been accounted for.

Statistics - Positive Months: the number of individual 1 month periods during the specified time period where the return was not negative; Max Gain: the maximum gain in a trough-to-peak incline before a new trough is attained, quoted as the percentage between the trough and the peak. It is an indicator of upside risk over a specified time period (quoted for all periods of 1 year or longer); Max Drawdown: the maximum loss in a peak-to-trough decline before a new peak is attained, quoted as the percentage between the peak and the trough. It is an indicator of downside risk over a specified time period (quoted for all periods of 1 year or longer, where blank no loss was experienced); Highest and Lowest: the highest and the lowest 1 year return (%) that occurred during the specified time period (quoted for all relevant classes launched 1 year or more prior to current month end date).

Additional information about this product including, but not limited to, brochures, application forms and annual or quarterly reports, can be obtained free of charge, from the Manager and from the Manager's website (www.stanlib.com).

Contact details

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