

Investment Growth***



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.

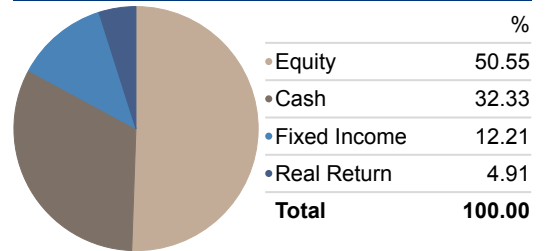
Top Holdings

Funds	Weighting %
MD Select Ltd Global Equity	40.94
Fidelity ILF - USD A Acc	34.72
MD Income Ltd US\$ Income	9.82
SBIFL Multi Manager Absolute Return USD	4.91
Threadneedle Eurp Sel ZNA	4.76

Trailing Returns***

	1 Month	YTD	1 Year	3 Years	5 Years
MD Balanced Ltd Balanced	-0.99	-4.67	-8.13	0.94	1.48
50% MSCI & 50% US CASH	-0.30	-3.26	-5.04	3.17	3.07

Asset Allocation



Risk Matrix *

	Fund	Benchmark
Information Ratio (arith)	-1.03	
Std Dev	7.38	5.64
Sharpe Ratio **	1.47	1.75
Best Month (In Last 3 Years)	4.99	3.93
Worst Month (In Last 3 Years)	-4.15	-3.29

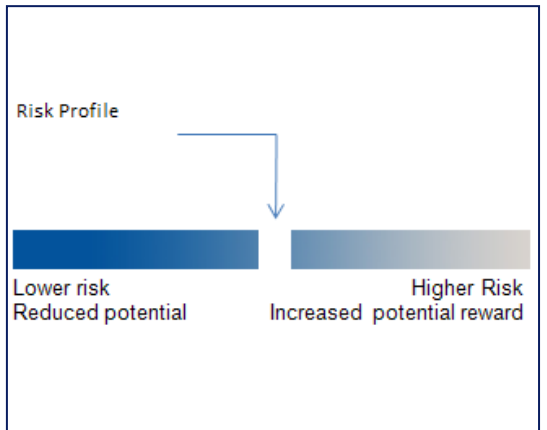
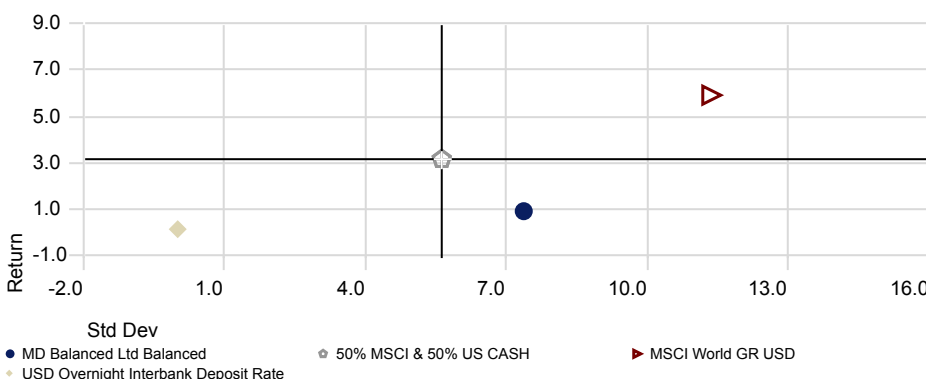
Monthly Returns***

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016	-3.71	-0.99											
2015	-1.11	3.13	-0.77	1.56	0.11	-1.77	0.87	-4.15	-2.46	4.99	-0.56	-1.24	-1.73
2014	-3.17	3.14	-0.12	0.18	1.69	1.23	-0.95	0.85	-1.76	0.33	1.70	-0.95	2.02
2013	1.81	-0.16	1.25	1.26	-0.34	-3.34	2.43	-1.73	3.62	2.14	1.08	1.17	9.37
2012	4.39	2.49	0.46	-0.26	-5.47	0.65	2.04	2.37	2.80	-0.24	0.88	0.21	10.46
2011	1.89	-0.40	0.47	3.54	-1.80	-2.07	1.52	-8.49	-3.02	7.14	-7.07	3.88	-5.40

Operations

Month End Price Date	2016/02/29
Month End Price (USD)	146.31
Fund Size	17 144 005.00
ISIN	JE00B504TG57
Minimum Investment (USD)	10 000
Manager Name****	Multiple

Risk-Reward *



Not to be distributed within the European Union

* Data is displayed over a 3 year rolling period
 ** US Treasury T-Bill 3 Mon
 *** 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.
 **** Jerome O'Regan & Bernard Drotschie

Melville Douglas Balanced Fund Ltd - Balanced Class

Quarterly Commentary 30 Sep 2015 - 31 Dec 2015

The fund's return for the Quarter ending 31 Dec 2015 was +3.11%. The fund's benchmark is 50% MSCI World and 50% US dollar cash. The benchmark return was +2.83% for the same period under review.

Global equities recovered much of the ground lost in the third quarter triggered by the devaluation of the Chinese currency. Once again central banks came to the market's rescue with the People's Bank of China cutting interest rates, easing capital requirements for the Chinese banking sector and intervening to support the renminbi. The European Central Bank also signalled further stimulus, which was confirmed in December with a rate cut and a six month extension to its quantitative easing programme. However, all of the quarter's gains came in October. The remaining two months of the year were buffeted by global growth concerns and by uncertainty over the timing of the Federal Reserve's first rate rise in almost a decade. Unsurprisingly, December's US rate hike boosted the dollar to 12 year highs on a trade weighted basis, pressured commodities priced in dollars and lowered US Treasury bond prices. Manager selection detracted from performance, but this was more than offset by an overweight exposure to risk assets; and was the primary driver of outperformance relative to benchmark. The top contributors to performance were the MD Global Equity Fund and the Allianz European Growth Fund. The largest detractors to performance included the two North American funds, namely Vulcan Value and WP Stewart. Holdings.

Global equities had a less than auspicious start to 2016. The MSCI All Countries World index plunged -9% by mid-January on resumed concerns about China. What to expect for the rest of 2016? With waning support from the Federal Reserve to prop up markets there are plenty of catalysts to fuel a volatile year: China, Eurozone, Brexit, geopolitics, US rate hike uncertainty, emerging markets to name a few. Contrarians would argue markets climb a wall of worry.

Our view is that you should expect more of the same trends of 2015 in 2016, namely elevated valuations, US monetary tightening, sluggish corporate earnings growth and slower Chinese/emerging markets growth. However, even this relatively modest growth rate is a stretch if there is no improvement in the global macroeconomic backdrop and the base effects will not be meaningful if the oil price continues to weaken and the US dollar strengthens.

In addition, US equity valuations (in aggregate) remain above average levels on most historic yardsticks, albeit not in bubble territory, and therefore a multiple re-rating will be difficult against a rising US rate cycle. Valuations are more attractive in Europe, Japan, emerging markets and the UK but this is counterbalanced by cyclical (no more commodity super-cycle) and structural (Eurozone existential issues, ageing demographics) headwinds. The flagging Chinese economy, and its implications globally, will continue to weigh on markets. The recalibration from infrastructure-led growth to more sustainable domestic consumption, cutting overcapacity and reducing high debt levels are necessary adjustments and will take some time. In short, expect another choppy year.

As such, we have reduced the overweight exposure to equities in January 2016 by 5% to reflect a slower and more uncertain growth outlook in the medium term. Global equities continues to be our favoured asset class given the paucity of returns elsewhere. We view bonds as expensive and find cash very unattractive at current levels of interest rates.

We will continue to manage the fund on the basis of the balance of risks we can see, and most importantly on the basis of valuation and margin of safety.

Other Fund Facts

Manager	STANLIB Fund Managers Jersey Limited
Investment Manager	Standard Bank International Investments Limited
Custodian	Capita Trust Company (Jersey) Limited
Auditors	PwC, Ireland
Fund Directors	H Holmes, GS. Baillie, M. Farrow, and O Sonnlichler
Registered Office	47-49 La Motte Street, St Helier, Jersey
Launch Date	16 February 1999
Total Expense Ratio (TER)	1.48% (Rolling 12 Months)

Contact Details

Contact Person:	Andrew Palmer
Telephone:	+27 (11) 721 8012
E-Mail:	andrew.palmer@standardbank.co.za

Statutory disclosure and general terms and conditions

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Fund Prospectus, application forms as well as annual and interim financial statements, are available at www.standardbank.com/privateclients

Source: Morningstar Direct, Fund Solutions