

Melville Douglas STANLIB Bond Fund

Minimum Disclosure Document as at 29 February 2016

Investment Objectives

The portfolio aims to achieve capital growth and income generation by investing in long term fixed interest securities. The portfolio will be managed in compliance with the Prudential Investment Guidelines that are applicable to retirement funds from time to time. To achieve the investment objective the securities normally to be included in the portfolio will consist of a spread of gilts, semi gilts, loan stock, debentures, debenture bonds, non-equity securities, notes and assets in liquid form and any other securities, which are consistent with the portfolio's investment policy.

Investment Philosophy

Our investment philosophy is focused on maintaining the capital entrusted to us in real terms and to deliver superior risk-adjusted returns. Our approach is largely restricted to quality fixed income securities, cash or cash linked instruments. We are long-term investors and the decision making process involves a continuous assessment of a number of top-down and bottom-up factors that affects the prices of fixed income securities.

Portfolio Facts

Portfolio Size	R860.56 million
Sector Classification	South African - Interest Bearing - Variable Term
Income Distribution	Net revenue is declared on a daily basis and distributed quarterly.
Income Declaration	31 March, 30 June, 30 September & 31 December
Benchmark	BEASSA All Bond Index

Class A	
Launch Date	01 July 2014

Minimum Investment	
Lump Sum	R100 000
Debit Order Per Month	R1 000

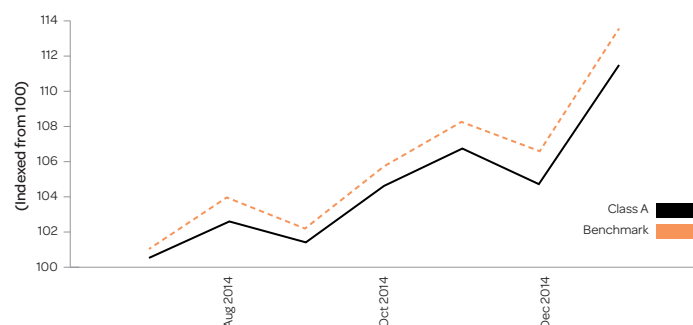
* Please refer to page 2 under "Statutory Disclosure and General Terms & Conditions"

** Additional Information can be obtained from Portfolio Charges Brochure on www.stanlib.com

Class A	
ISIN NO.	ZAE000191763
JSE Code	MDBFA
Total Expense Ratio	0.68%
Maximum Portfolio Charges	
Upfront Charge: Manager	0.00%
Upfront Charge: Intermediary	0.00% - 3.00%
Total Service Charge*	0.75%
Service Charge Intermediary Portion	0.00%

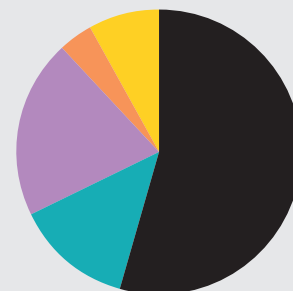
* Currently the fund charges a fee of 0.35%

Cumulative Performance Since Inception



Sector (%)

Bonds 1-3 Years	8.03
Current Bank Account	3.86
Bonds 3-7 Years	20.21
Bonds 7-12 Years	13.44
Bonds over 12 years	54.46



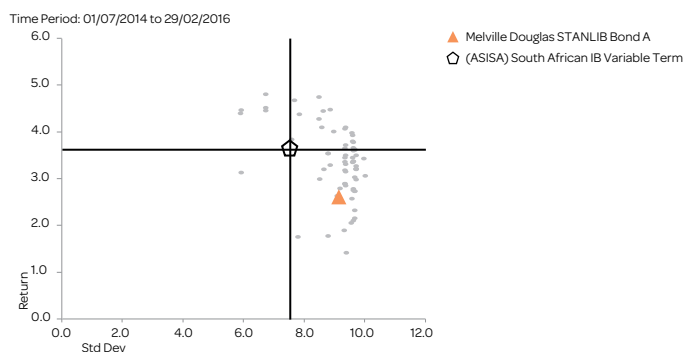
Performance (%)

	1 year	3 years	5 years	10 years	Since Inception
Class A	-3.58	N/A	N/A	N/A	2.63
Sector	-1.74	3.32	7.21	7.17	3.62
Benchmark	-3.67	3.15	7.33	7.21	3.73
Rank (Class A)	14/26	0/0	0/0	0/0	0/0
Lowest Return Over 12 rolling months					-5.81
Highest Return Over 12 rolling months					7.04

Top Holdings (%)

RSA R2044 8.75% 31/01/2044	10.66
RSA R186 10.50% 21/12/2026	10.17
RSA R209 6.25% 31/03/2036	9.28
RSA R213 7.00% 28/02/2031	8.18
RSA R2023 7.75% 28/02/2023	8.05
RSA R2030 8.00% 31/01/2030	7.91
RSA R214 6.5% 28/02/2041	7.89
RSA R2048 8.75% 28/02/2048	7.85
RSA R204 8% 21/12/2018	5.65
Republic of South Africa 6.75% March 2021	3.26

Risk Reward



Source: Morningstar Direct

Portfolio Risk and Term

Conservative	Moderate	Aggressive
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Yield To Maturity: 9.59

Income Distribution

	Paid in the last 12 months	Paid during 2015	2015 payments as a % of year end price
Class A	7.28 cpu	7.28cpu	7.83%

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Franchise

Our Fixed Income process is aimed at providing portfolios with a lower volatility and risk component and for a return above that of cash. Our approach is largely restricted to quality fixed income securities, cash or cash linked instruments. Returns are generated by income from the securities and cash as well as capital movements in the value of the fixed income investments. A number of top-down and bottom-up factors are incorporated into the decision making process on an ongoing basis.

Quarterly Comments

The final quarter of 2015 proved as difficult and even more volatile than the previous quarter for SA financial markets. After an early recovery from the damage resulting from the Chinese currency devaluation, the JSE responded badly to renewed weakness in metals prices in November. Then, in early December, the Minister of Finance was replaced by the president with an inexperienced and little-known candidate. This unleashed substantial market turmoil, coming as it did ahead of a critical period for the macroeconomic management of the country which faces a potential credit rating downgrade to non-investment grade. In the event, the backlash from both business and politicians was sufficient to force a reversal, which led to a former minister, Pravin Gordhan, being reappointed to the post. Fortunately, the mainly defensive duration positioning of the Fund helped it produce a quarter in which it outperformed the ALBI. Globally, equity markets delivered very disappointing returns in 2015. Although there were a number of volatility triggers (Europe, China, oil), the biggest overriding pressure comes from the strength of the dollar and the effective tightening of US monetary policy, which is forcing other economies into competitive currency downgrades and unprecedented levels of monetary policy stimulus.

For 2016, there are still substantial risks. The consequences of a downgrade, if it occurs, are hard to assess, but would certainly not be limited to financial markets: the impact on the real economy would be severe. In any case, following the finance ministry episode, the economy is left with higher interest rates and a weaker currency, and it will require a lengthy and substantive rebuilding of credibility to restore the situation. The Reserve Bank will need to respond to the inflationary consequences of the weaker currency, so we expect a higher and longer interest rate cycle; and a tougher budget. In addition, the agricultural sector will have to endure the consequences of a severe drought; the remedies will certainly apply additional inflationary pressure. Globally, the year has begun on a very volatile note and commodity prices have resumed a downward trend; volatility in equity markets remains elevated and concerns about growth have resurfaced. The interaction of weak growth and tightening US monetary policy mean that the key forces that created the pressures on emerging markets and commodity producers during 2015 remain in place. Our caution has led to the reduction of portfolio exposure to key risks. Specifically, the prospect of a credit rating downgrade will keep interest rate markets on edge, and the pressure on consumers will rise; thus we have reset the duration balance of the fixed interest component and reduced exposure to interest-rate sensitive sectors. Overall, we remain underweight domestic equity and overweight offshore equity. More generally, the themes of 2015 will continue: careful selection will be key.

Portfolio Manager

Kevin Colglazier

As Head of Fixed Income, Kevin has been involved in investment markets since 1986. Among other positions he has held are Head of Global Fixed Income at First State Investments and Global Asset Management and Chief Investment Officer at Standard Asset Management and Chase Manhattan Private Bank (EMEA).

He holds a BA from Georgetown University and a MPhil from University of Cambridge.

Fund Features

The Fund aims to achieve capital growth and income generation by investing in longer term, investment grade fixed interest securities.

Securities will normally consist of a spread of gilts, semi-gilts, loan stock, debentures, debenture bonds, approved securities, notes and liquid assets and any other securities which are consistent with the fund's investment policy.

The benchmark of the Fund is the South African All Bond Index (Beassa ALBI TR ZAR).

The Fund has a minimum weighted average duration of 2 years.

Risk

General market risks including:

- A rise or volatility in bond yields
- Rising interest rates
- Economic and political risk
- Inflation uncertainty
- 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, macroeconomic risks, political risks, tax risks, settlement risks, and potential limitations on the availability of market information.

Statutory Disclosure and General terms & Conditions

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 the future. An investment in the participations of a CIS in securities is not the same as a deposit with a banking institution. CIS are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from STANLIB Collective Investments Ltd (the Manager).

Commission and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Liberty is a full member of the Association for Savings and Investments of South Africa. The Manager is a member of the Liberty Group of Companies. The Manager carries full responsibility for this third party portfolio. This portfolio is valued on a daily basis at 15h30. Investments and repurchases will receive the price of the same day if received prior to 15h30.

The Total Expense Ratio (TER) of a portfolio is a measure of the portfolio's assets that were relinquished as operating costs expressed as a percentage of the daily average value of the portfolio calculated over a period of usually a financial year. Typical expenses which are deducted from a portfolio include service charges, taxes, trustee fees and audit fees.

Additional information about this product, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge, and from the website: www.stanlib.com. The prices of unit trust funds are calculated and published on each working day. These prices are available on the Manager's website and in the South African printed news media.

Contact Details

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Total Expense Ratio, Transaction Costs & Total Investment Charge

Total Expense Ratio (TER): This 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 a rolling three years (where applicable) 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 cannot be regarded as an indication of future TERs.

Transaction Costs (TC): The percentage of the value of the fund as costs relating to the buying and selling of the Fund's underlying assets. Transaction costs 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): The percentage of the value of the Fund incurred as costs, relating to the investment of the Fund. As fund returns are reported after deducting all fees and expenses, these costs (the TER & TC) should not be deducted from the fund returns. It is the sum of the TC & TER.

TER and Transaction Costs Breakdown

FUND CLASS	TER	TC	TIC
A	0.68%	0.00%	0.68%

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)

Source: Morningstar Direct