Melville Douglas STANLIB Dynamic Strategy Fund

Minimum Disclosure Document as at 29 February 2016

Investment Objectives

The portfolio's main objective is to achieve high growth of capital and income, a reasonable level of current income and relative stability for capital invested. The portfolio comprises a mix of financially sound securities of companies listed on exchanges and non-equity securities. The portfolio will from time to time be invested in securities to the maximum permitted by the Act, or will be invested in non-equity securities to the maximum permitted by the Act, or any combination of the above. This portfolio may also include participatory interests of other collective investment schemes.

Investment Philosophy

Our investment philosophy is focused on maintaining the capital entrusted to us in real terms and to deliver superior risk-adjusted returns over time. A combination of macroeconomic and market-level data is used to determine class-level value and expected market and asset class outcomes, which determines tactical asset allocation. We engage in fundamental research to establish the intrinsic value of the investment opportunities available. We construct portfolios by buying superior businesses which generate strong and sustainable cash flows, and which have proven business models with known integrity and competence of management. The price we pay is determined by the intrinsic value and an appropriate margin of safety.

Portfolio Facts

Portfolio Size	R127.38 million
Sector Classification	South African - Multi Asset - Flexible
Income Distribution	Net revenue is declared on a daily basis and distributed bi-annually
Income Declaration	30 June & 31 December
Benchmark	FTSE/JSE All Share Index 55%; BEASSA All Bond Index 15%; MSCI World Index (USD) 15%; STeFI Call Deposit Rate Index 15%

	Class A	Class B1
Launch Date	15 May 2002	31 December 2007

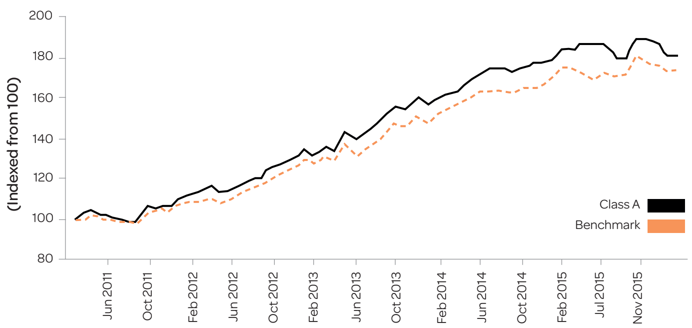
Minimum Investment		
Lump Sum	R 100 000	R 100 000
Debit Order Per Month	R 1 000	R 1 000

* 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

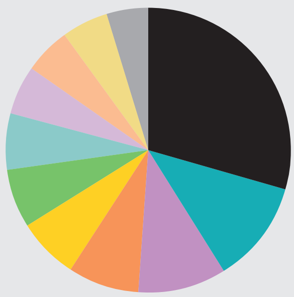
	Class A	Class B1
ISIN NO.	ZAE000039459	ZAE000112678
JSE Code	MDDS	MDDB1
Total Expense Ratio	1.79%	1.41%
Maximum Portfolio Charges		
Upfront Charge: Manager	0.00%	0.00%
Upfront Charge: Intermediary	0.00 - 3.00%	0.00 - 3.00%
Total Service Charge	1.50%	1.00%
Service Charge Intermediary Portion	0.50%	0.00%

Cumulative Performance Since Inception



Sector (%)

Banks	3.12
Computer Services	3.52
Brewers	3.64
Bonds 1 - 3 years	3.88
Media	4.22
Foreign Cash	4.59
Current Bank Account	4.60
3-6 Months Cash	5.56
Bond Collective Investments	6.79
6-12 Months Cash	7.89
Foreign Equity Fund	20.16



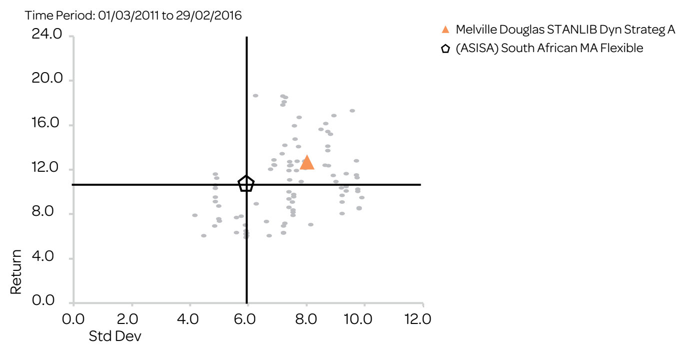
Performance (%)

	1 year	3 years	5 years	10 years	Since Inception
Class A	-2.58	11.01	12.81	11.16	15.05
Sector	-1.04	9.23	10.63	10.23	14.00
Benchmark	1.05	11.47	12.39	11.90	12.58
Rank (Class A)	44/68	18/54	15/46	9/29	0/0
Lowest Return Over 12 rolling months					-22.57
Highest Return Over 12 rolling months					49.17

Top Holdings (%)

Melville Douglas Select Fund Limited	20.16
Melville Douglas Stanlib Bond Fund	6.79
Melville Douglas Sbk Ncd 8.35% 10/02/2017	4.73
Melville Douglous Income Fund Limited - Usd Income	4.59
Naspers Ltd	4.22
Standard Bank Ncd 7.625% 03/08/2016	3.18
Standard Bank Ncd 8.375% 03/02/2017	3.16
Al Noor Hospitals Group	2.72
Enterprise Outsourcing	2.69
SAB Miller Plc	2.52

Risk Reward



Source: Morningstar Direct

Portfolio Risk and Term

Conservative		Moderate		Aggressive

Income Distribution

	Paid in the last 12 months	Paid during 2015	2015 payments as a % of year end price
Class A	7.21cpu	7.21 cpu	1.49%

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Please refer to page 2 for more details regarding this portfolio as well as other important information for consideration

STANLIB Focused Investing

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Franchise

The fund is prudently managed, with a flexible approach to asset allocation to reflect the balance of risks in investment markets and the economic environment at any given time. The core of the portfolio is its equity holdings, and careful selection of the companies the fund holds offers another significant opportunity to control the risk in the portfolio. Melville Douglas's approach to equity investment is rigorously based on an assessment of the industry growth prospects for each holding, and for the ability of the individual company to improve its industry position by skilful management and strategic positioning. The key characteristics of companies we prefer are the ability to convert revenue into cash on a reliable and sustainable basis; the ability of management to deploy that cash either in expansion or new projects that will achieve a return above the cost of capital; and a track record that demonstrates a willingness to return surplus cash and capital to shareholders. The investment process for non-equity asset classes is similar, with the understanding that the more non-equity assets the portfolio retains the less the likelihood of achieving a reasonable real return over time. We are also strongly focused on the price we pay: we believe strongly that the cost of purchase determines the return that can be achieved. Our focus is always long term and turnover in the portfolio is typically low.

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 positioning of the fund's portfolio and its offshore exposure helped it produce a strong final quarter in which it outperformed its benchmark. 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

Jerome O'Regan

Jerome is Melville Douglas's Chief Investment Officer and has been involved in investment markets since 1984. Among other positions he has held are head of research at Fleming Martin and STANLIB, and Chief Investment Officer at SCMB Asset Management. He holds an MBA from UCT and is a Chartered Financial Analyst.

Susan Gawith

Susan is an executive Portfolio manager at Melville Douglas. She worked in retail before moving to financial markets in 1999 and was a rated retail analyst at Cazenove. She has a BSc TRP and an MBA from UCT.

Fund Features

A well-managed balanced portfolio, with the objective of delivering strong risk adjusted returns over time.

Risk

The risk in the fund is controlled by its tactical asset allocation and the quality of its equity holdings. The equity selections and weightings are based on the conviction that it is not necessary to accept all of the volatility risk inherent in the market, and that prudent selection and diversification can achieve superior results over time. This does not isolate the portfolio entirely from market risks such as

- Interest rate fluctuations which affect the yields on cash and money market investments as well as the prices of bonds
- Adverse changes in global and domestic economic conditions
- Currency volatility and exchange rate risks We strive to anticipate as many risks as possible by adjusting the portfolio's holdings to reflect the balance of those risks; but equally importantly the long term view must be that investment return is in part the reward for the risks that are taken, and some risk exposure is essential to achieve the fund's long term goals.

Statutory Disclosure and General terms & Conditions

Contact Details

Melville Douglas Investment Management (Pty) Ltd
8th Floor West Wing, 30 Baker Street, Rosebank, 2196 PO Box 411184, Craighall, 2024, South Africa

Tel: +27 (0)11 721 7964 Fax: +27 (0)86 202 7235 www.melvilledouglas.co.za

A subsidiary of Standard Bank Group Limited Reg 1987/005041/07

An authorised financial services provider

Contact Details

17 Melrose Boulevard, Melrose Arch, Johannesburg, South Africa
PO Box 202, Melrose Arch, 2076
Contact Centre 0860 123 003
www.stanlib.com

STANLIB Collective Investments (RF) Limited Reg. No. 1969/003468/06

Trustees : Standard Chartered Bank, 4 Sandown Valley Crescent, Sandton, 2196
Tel: 011 217 6600

Compliance No: H17X42

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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	1.79%	0.07%	1.86%
B1	1.41%	0.07%	1.48%

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