

Melville Douglas STANLIB High Alpha Fund

Minimum Disclosure Document as at 31 October 2015

Investment Objectives

The portfolio's main objective is to generate capital growth over the medium to long term, with income generation as a secondary objective. The fund will adopt a more aggressive approach, attempting to achieve a high alpha relative to the benchmark. It shall aim towards long-term total performance returns in excess of the benchmark. The assets of the portfolio will comprise a mix of financially sound securities of companies listed across all sectors on the securities exchange in South Africa as permitted by the Act.

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	R67.49 Million
Sector Classification	South African - Equity - General
Income Distribution	Net revenue is declared on a daily basis and distributed annually.
Income Declaration	31 December
Benchmark	FTSE/JSE All Share Index

	Class A	Class B1
Launch Date	28 February 2011	01 July 15

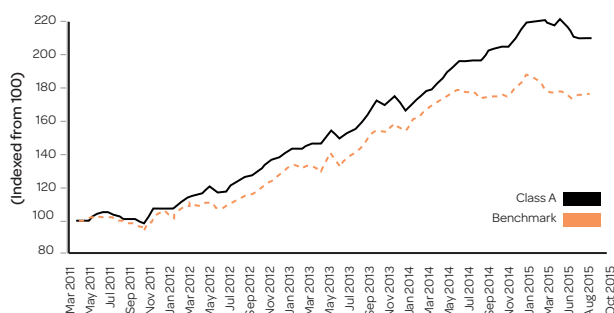
Minimum Investment		
Lump Sum	R 100 000	R 100 000
Debit Order Per Month	R 1 000	R 1 000

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

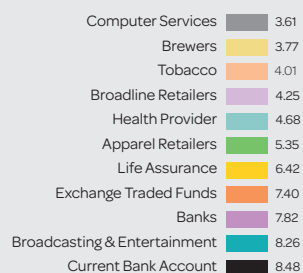
** Additional Information can be obtained from Portfolio Charges Brochure on www.stanlib.com

	Class A	Class B1
ISIN NO.	ZAE000154340	ZAE000207155
JSE Code	MDHFA	MDSB1
Total Expense Ratio	2.47%	N/A
Maximum Portfolio Charges		
Upfront Charge: Manager	0.00%	0.00%
Upfront Charge: Intermediary	1.50%	0.00%
Total Service Charge	1.50%	1.20%
Service Charge Intermediary Portion	0.50%	0.00%

Cumulative Performance Since Inception



Sector (%)



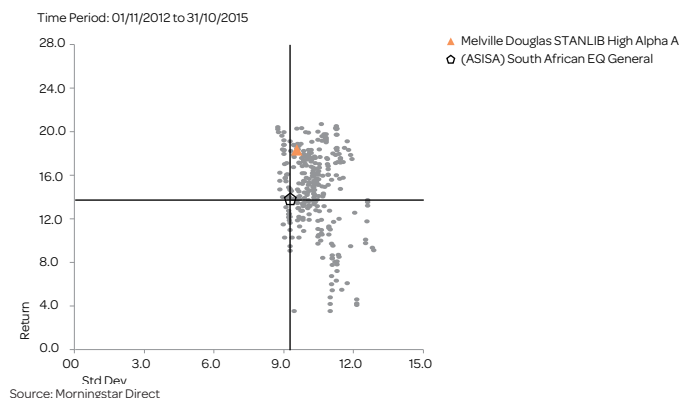
Performance (%)

	1 year	3 years	5 years	10 years	Since Inception
Class A	10.43	18.50	N/A	N/A	18.77
Sector	8.07	13.71	12.89	13.67	13.71
Benchmark	11.64	16.62	15.52	15.87	15.35
Rank (Class A)	54/135	13/101	0/0	0/0	N/A

Top Holdings (%)

Naspers Ltd	8.26
Mr Price Group Limited	5.35
Medi-clinic Corp.	4.68
First Rand Ltd	4.52
Woolworths Holdings Ltd	4.25
British American Tobacco Plc	4.01
Sanlam Ltd	3.89
SAB Miller Plc	3.77
Aspen Pharmacare Holdings Ltd	3.45
BHP Billiton Plc	3.31

Risk Reward



Portfolio Risk and Term

Conservative Moderate **Aggressive**

Income Distribution

	Paid in the last 12 months	Paid during 2014	2014 payments as a % of year end price
Class A	1.05 cpu	0.76 cpu	0.38%

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Franchise

The fund is aggressively managed; careful selection of the companies the fund holds offers 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. 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.

Quarterly Comments

The quarter proved very volatile for financial markets, and equities declined very sharply in August. The key global events in the quarter were the devaluation of the Chinese currency and a clear deferment in the start of interest rate rises in the United States. Both had an adverse impact, because markets inferred (not incorrectly) that growth is weaker than expected and that the phase of disruption for emerging markets still has further to go. Volatility rose not only because of growth, but because the policy outlook became more uncertain as well. The US central bank suddenly broadened its range of important inputs from domestic labour and inflation issues to include global market volatility; the Chinese devaluation was bungled and badly communicated and created more uncertainty as to policy targets and their effectiveness. The fallout was felt particularly severely on commodity shares and currencies, though most of the damage to commodity prices had already taken place. The JSE was down 2.1% for the quarter, but the resources index was down 18%. Rand weakness (-12% over the quarter against the US dollar and the Euro) did not help mining shares. Most equity markets around the world are down between 5 and 20% for the year so far in dollar terms, and emerging markets have suffered the most. Emerging markets are particularly badly caught between reduced demand from China, a more aggressive competitive environment, and the fact the global trade (exports) are weak but the financing costs are rising (corporate borrowing costs in US dollars have jumped sharply). South Africa is on the receiving end of most of these trends, and the difficulties in its manufacturing sector reflect global problems. In SA, weak policy-making exaggerates the impact.

The fund a volatile quarter. Point to point, the return for the quarter was -4.3% compared to the all share return of -2.1%. Within the fund return, there was substantial dispersion in the returns. The worst performing share was Glencore, down 60% and the back of sharply declining commodity prices and balance sheet stress. The counter has since been sold in an orderly fashion post the bounce given the outlook for commodity prices and the future sustainable economic returns through a cycle under a more conservative capital structure. In contrast, the best performing share was SAB Miller which returned 27% on the back of the ABI InBev offer. As always, the focus remains on sustainable earnings growth with strong cash flows and a margin of safety built into the valuation. Diversifications remains key while global markets muddle their way through the extreme volatility.

Portfolio Manager

Michael Laws

Michael is the Deputy Managing Director of Melville Douglas. He has been involved in investment since 1998. He holds a BCom and is a Chartered Financial Analyst.

Greg Wood

Greg has been a research analyst and portfolio manager at Melville Douglas since 2006. Greg holds a Business Science Degree from Rhodes University and is a Chartered Financial Analyst.

Fund Features

The fund is a pure equity portfolio, with the objective of delivering returns in excess of the FTSE/JSE All Share over time.

Risk

The risk in the fund is controlled by the quality of the equities held. The weightings of individual holdings are based on conviction levels drawn from the Melville Douglas investment process. This process is based on extensive fundamental research, using both proprietary & external sources. The portfolio will be subject to equity volatility and is likely to follow the direction of the broader market to a high degree. In the long term, investment return is the reward for the risks that are taken, and the risk exposure is essential to achieve the fund's long term goals.

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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