

Melville Douglas STANLIB Bond Fund

Minimum Disclosure Document as at 31 October 2015

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	R 926.55 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	R 100 000
Debit Order Per Month	R 1 000

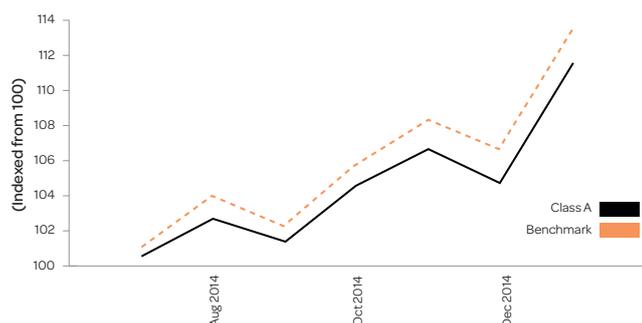
* Please refer to page 2 under "Statutory Disclosure and General Terms & Conditions"

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

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

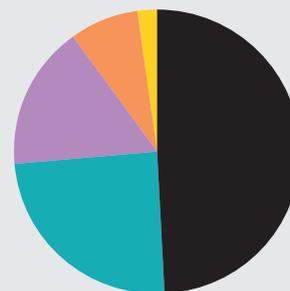
* Currently the fund charges a fee of 0.35%

Cumulative Performance Since Inception



Sector (%)

Bonds 1-3 Years	2.20
Current Bank Account	7.76
Bonds 3-7 Years	16.16
Bonds 7-12 Years	24.54
Bonds over 12 years	49.34



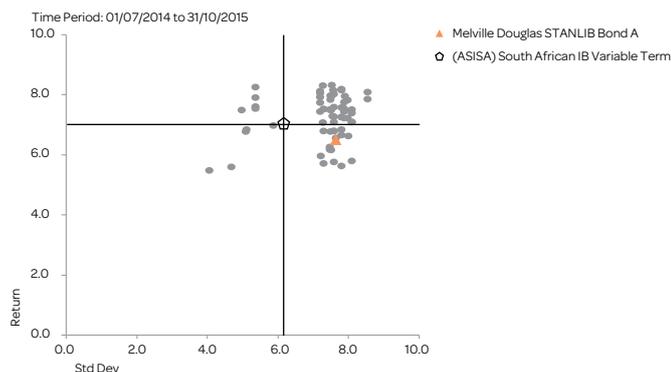
Performance (%)

	1 year	3 years	5 years	10 years	Since Inception
Class A	4.16	N/A	N/A	N/A	6.56
Sector	4.72	5.75	7.51	8.10	7.00
Benchmark	4.87	5.97	7.73	8.31	8.03
Rank (Class A)	19/23	0/0	0/0	0/0	0/0

Top Holdings (%)

RSA R186 10.50% 21/12/2026	12.88
RSA R2023 7.75% 28/02/2023	10.74
RSA R2044 8.75% 31/01/2044	1.64
RSA R209 6.25% 31/03/2036	8.56
RSA R214 6.5% 28/02/2041	8.39
RSA R213 7.00% 28/02/2031	8.38
RSA R2030 8.00% 31/01/2030	7.77
RSA R2048 8.75% 28/02/2048	5.61
RSA R204 8% 21/12/2018	5.50
RSA R207 7.25% 15/01/2020	3.79

Risk Reward



Source: Morningstar Direct

Portfolio Risk and Term

Conservative	Moderate	Aggressive
--------------	----------	------------

Yield To Maturity: 7.18

Income Distribution

	Paid in the last 12 months	Paid during 2014	2014 payments as a % of year end price
Class A	6.74 cpu	3.25 cpu	3.15%

Melville Douglas STANLIB Bond Fund

Minimum Disclosure Document as at 31 October 2015

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 Fund slightly underperformed vs its benchmark in 3Q2015: 0.88% versus 1.1% for the ALBI, as our underweight duration position which caused a slightly lower running yield on the Fund dented performance. The Fund continued to receive inflows, growing in size to R848m as at 30th September and moved into a 2nd quartile position versus its peers on a year to date basis.

Over the quarter, the Fund's strategy continued to remain modestly underweight duration, both given our view for somewhat higher bond yields domestically and internationally over the near term and as the appetite for risk assets in general remained volatile. Investor risk appetite as shown by weakness in the ZAR, commodity prices and generally weaker emerging market currency and bond markets proved to be a decent headwind for SA bonds on the quarter, but given these external and currency factors, South African bonds held up remarkably well over the period and outperformed many of their emerging market peers.

Our view looking forward remains that domestic growth and even inflation are bond positive. Growth remains weak and expectations continue to be pushed downward and with the global low inflation environment one can expect that any move higher in SA inflation in early 2016 will prove short lived. The appetite for risk assets, concerns about Chinese and global growth and the outlook for US interest rates have all been a restraining factor upon the South African bond market. Now that lower Chinese growth has come to be more accepted, investor concerns are slowly lessening. Equally, calls for an initial US rate hike are being pushed out into early to mid-2016 and even then there are few expectations that the US will embark on a prolonged rate hiking cycle, which is itself providing support to global bond markets. With this backdrop, it is probably correct then for the lowering of the market's expectations of future SARB rate hikes and we would then see South African bond yields at or below current levels in 12 months' time.

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

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 : H5390X