Melville Douglas STANLIB Bond Fund

Minimum Disclosure Document as at 30 April 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	R871.10 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

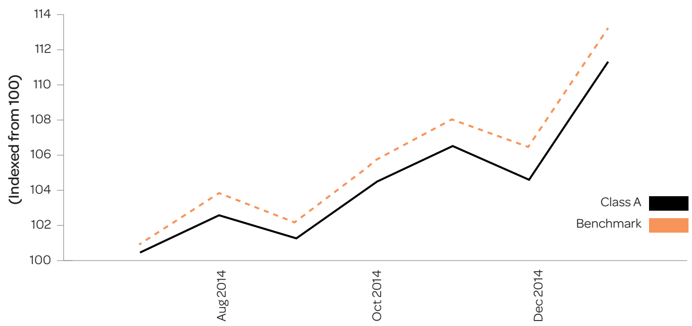
* Please refer to page 2 under "Statutory Disclosure and General Terms & Conditions"

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

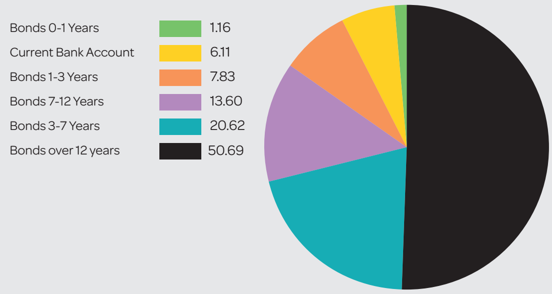
	Class A
ISIN NO.	ZAE000191763
JSE Code	MDBFA
Total Expense Ratio	0.68%
Maximum Portfolio Charges	
Upfront Charge: Manager	0.00%
Upfront Charge: Intermediary	0.00% - 3.00%
Total Service Charge*	0.75%
Service Charge Intermediary Portion	0.00%

* Currently the fund charges a fee of 0.35%

Cumulative Performance Since Inception



Sector (%)



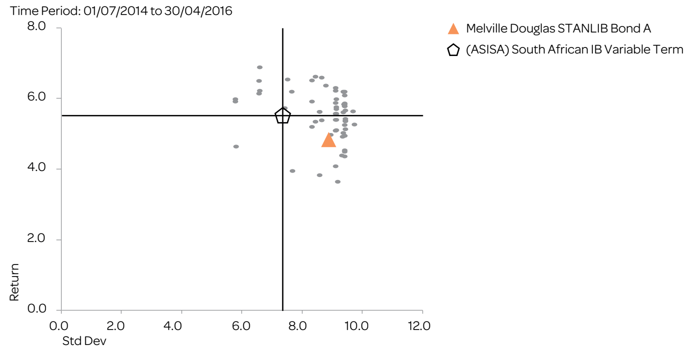
Performance (%)

	1 year	3 years	5 years	10 years	Since Inception
Class A	1.42	N/A	N/A	N/A	4.83
Sector	2.09	3.33	7.28	7.34	5.23
Benchmark	1.75	3.23	7.70	7.59	5.93
Rank (Class A)	19/29	0/0	0/0	0/0	19/21
Lowest Return Over 12 rolling months					-5.81
Highest Return Over 12 rolling months					7.04

Top Holdings (%)

RSA R186 10.50% 21/12/2026	9.44
RSA R2044 8.75% 31/01/2044	8.53
RSA R213 7.00% 28/02/2031	8.50
RSA R2023 7.75% 28/02/2023	8.27
RSA R209 6.25% 31/03/2036	8.23
RSA R214 6.5% 28/02/2041	8.23
RSA R2030 8.00% 31/01/2030	7.37
RSA R2048 8.75% 28/02/2048	7.18
RSA R204 8% 21/12/2018	5.73
Republic of South Africa 6.75% March 2021	3.22

Risk Reward



Source: Morningstar Direct

Portfolio Risk and Term

Conservative		Moderate		Aggressive

Yield To Maturity: 9.14

Income Distribution

	Paid in the last 12 months	Paid during 2015	2015 payments as a % of year end price
Class A	7.51 cpu	7.28 cpu	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 Fund lagged its benchmark in 1Q2016, delivering a return of 5.9% versus 6.6% for the ALBI. The reason was the underweight duration position did not allow full participation in the steep recovery of the index in January. The Fund maintains a 2nd quartile position versus its peers over 1 year.

After a very volatile final quarter of 2015, there was little respite in in the first quarter of 2016, though the overall direction was positive, backed by a stabilisation and in some cases marked improvement in economic data. The Fund's strategy continued to remain modestly underweight duration, both given our view for somewhat higher bond yields domestically over the near term and as the appetite for risk assets in general remained volatile. The aftermath of the finance ministry debacle in December continued to play out, with the Treasury particularly vocal in its commitment to fiscal rectitude and restoring credibility. It demonstrated this clearly in the February budget which showed a faster path to lower deficits than previously. The rand pulled back from the very weak levels it had struck in December, but concerns over the inflationary impact remained. As a result the Reserve Bank felt compelled to implement a sharp interest rate increase and over the quarter the policy interest rate was pushed up 0.75%, a sharp reminder of the Reserve Bank's commitment to its inflation target. This is a key component in restoring the economy to an even keel and helping to avert the worst of the inflationary consequences of a weaker rand. A sovereign credit downgrade may well be priced in to some degree, however both the currency and the bond market are likely to react should it materialise.

Looking forward, challenges remain. Global monetary policy is theoretically supportive of markets, but with both Japan and Europe now implementing negative policy interest rates there may be limits to further support and it is already clear there can be unexpected consequences. In Japan, the currency strengthened very sharply after the implementation of negative rates, exactly the opposite of the intended outcome. In addition, the US economy is sufficiently strong that inflation is beginning to be evident, masked only by very low energy prices. Because interest rates are already arguably too low for the current combination of employment and inflation conditions, there is significant risk to the currently cautious implementation of interest rate increases. As the year goes by the tension between the need to raise rates domestically and the need to avoid the global dislocations that result from higher US dollar interest rates will become more evident. In addition there are a number of political events that could prove sources of volatility globally and domestically. This means that we expect continued volatility and consequently remain cautious when considering additional duration risk.

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

Contact Details

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Compliance No:

Publishing Date:

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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
Class 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)