Melville Douglas STANLIB High Alpha Fund

Minimum Disclosure Document as at 31 July 2016

Investment Objectives

The High Alpha Fund is a high-conviction, actively managed, South African listed securities fund. The fund comprises a concentrated portfolio of high quality, superior South African listed businesses hand-picked on fundamental principles. The objectives of this fund are to generate capital growth over the long term, with income generation as a secondary objective. Performance is further enhanced by exploiting short-term market pricing anomalies.

Investment Philosophy

At the heart of the Melville Douglas's investment philosophy is the preservation of the capital entrusted to us while delivering superior risk adjusted investment returns. We achieve this by focusing on our proprietary investment philosophy and process, which hinge on achieving balance, focusing on the long term, and basing our investment decisions primarily on fundamental research. In all our investments we strive to achieve balance between investment returns and the risk associated with those returns, between capital growth and cash generation, and a balance between compound and cyclical price performers.

Portfolio Facts

Portfolio Size	R 67.81 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 2015

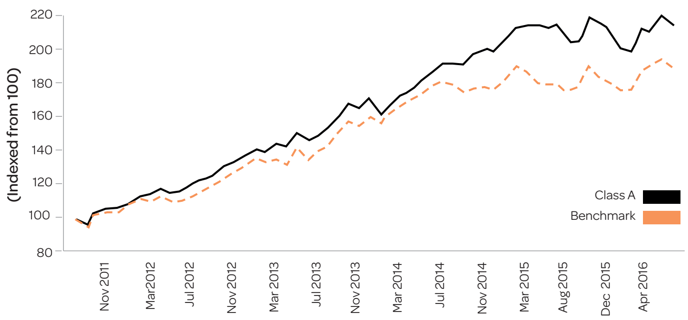
Minimum Investment		
Lump Sum	R 30 000	R 100 000
Debit Order Per Month	R 1 000	R 1 000

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

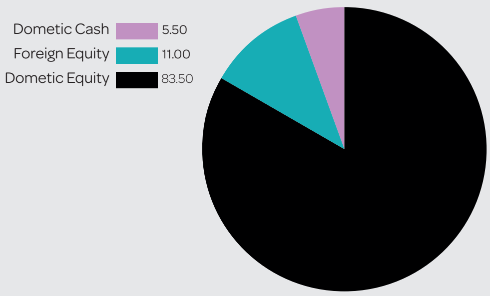
** Additional Information can be obtained from Portfolio Charges Brochure on www.stanlib.com

	Class A	Class B1
ISIN NO.	ZAE000154340	ZAE000207155
JSE Code	MDHFA	MDSB1
Total Expense Ratio	2.25%	1.44%
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%	1.20%
Service Charge Intermediary Portion	0.50%	0.00%

Cumulative Performance Since Inception



Asset Allocation



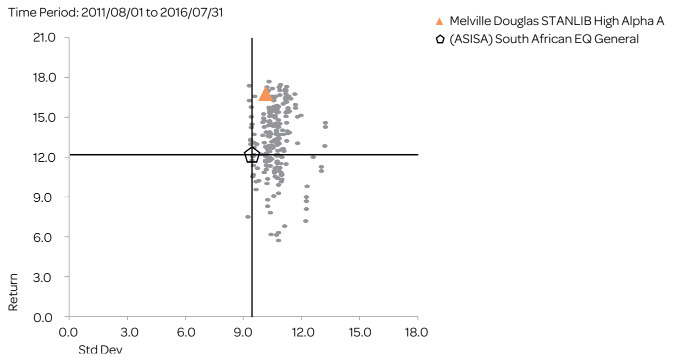
Performance (%)

	1 year	3 years	5 years	10 years	Since Inception
Class A	0.79	13.08	16.76	N/A	15.79
Class B	1.57	N/A	N/A	N/A	N/A
Sector	3.21	10.50	12.70	11.68	11.54
Benchmark	4.49	11.84	14.51	12.91	13.03
Rank (Class A)	109/148	25/111	8/87	0/0	7/85
Lowest Return Over 12 rolling months					-6.88
Highest Return Over 12 rolling months					31.08

Top Holdings (%)

Melville Douglas Select Fund Limited	11.00
Naspers Ltd	9.96
Bhp Billiton Plc	4.61
British American Tobacco Plc	4.29
First Rand Ltd	3.96
Fambrands	3.94
Anheuser-Bush Inbev Nv	3.65
Enterprise Outsourcing	3.41
Aspen Pharmacare Holdings Ltd	3.34
	3.04

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	0.40cpu	0.66cpu	0.32%
Class B1	3.24cpu	1.78cpu	0.85%

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Franchise

Since 1983 Melville Douglas has been delivering superior investment returns across a number of asset classes. As a global boutique investment management company within the Standard Bank Group, we are uniquely positioned to offer domestic and off-shore investment solutions. What truly sets Melville Douglas apart is our experienced investment team and our approach to investing – driven by balance, a long-term view and a commitment to fundamental research – which informs our investment decisions across the board.

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	2.25%	0.34%	2.59%
Class B1	1.44%	0.34%	1.78%

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)

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

General market risks such as :

- Unfavourable market movements
- Volatility
- Economic and political risk
- Company 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

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

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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: HX0448

Publishing Date: 25 August 2016

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Quarterly Comment

A dramatic end closed a volatile quarter: the UK's referendum vote on the UK's continued membership of the European union went completely contrary to all market expectations, and the "Leave" outcome produced some very extreme market moves. The net result for the quarter was a near-flat JSE and a very thin 1% return in US dollars from global equity. The main victim of the UK referendum was sterling: if fell 11% against the US dollar in a day, an almost unprecedented change. Sovereign bond markets benefited as investors interpreted the economic impact as requiring stepped-up monetary stimulus in Europe and elsewhere: bond yields feel even further, or in many cases became even more deeply negative. Many governments are therefore now being paid to borrow money! The UK will have to deal with its very large current account deficit (7% of GDP), the funding of which is very dependent on foreign portfolio flows. The impact on South Africa will be a marginal reduction in demand, making adjustment of its own current account a bit harder – but the rand had already depreciated to account for this, and the rand appreciated an astonishing 16% against sterling in June. The reason was strong capital inflows as global investors searched for yield and concluded that the already-adjusted rand and high nominal interest rates were an attractive combination. So far, the country has successfully managed the aftermath of the finance ministry debacle last December, and thanks to very sensible policy implementation from the Reserve Bank and Treasury, the country is at least on a more even keel. More generally, on a relative basis, emerging markets look more attractive than they did. Growth is certainly lower than historically, but still better than developed markets. Interest rates and currencies have adjusted substantially over the past three years or so, and so notwithstanding substantial risks and uncertain dependencies (such as commodity producers dependent on dollar-priced resources and manufacturing hubs such as China dependent on very sluggish developed world demand), investors are beginning to shift their focus onto markets that have been out of favour for some time. This doesn't make them attractive in an absolute sense necessarily, and we remain very cautious that global financial market prices are now (and have been for some time) dependent more on developed market monetary stimulus and capital flows than on fundamentals. This is pulling currencies into very volatile territory and making cross-border investment decisions much harder. There are also a number of secular trends adding to the pressures (demographics, technology, global warming). This means markets will very likely continue to be volatile overall, and from the fund's point of view we will continue to focus on fundamental valuation and be very wary of overpaying for assets. The portfolio positioning remains very defensive, and we continue to be cautious into the second half of 2016 given the domestic risks involved in municipal elections and another credit rating review late in the year. More work needs to be done. If volatility creates opportunities, we will take prudent advantage, putting cash-generative and sustainable business models to the fore, so that fundamentals rather than speculative flows drive the longer-term returns we seek.