



**Investment Growth\*\*\***



**Trailing Returns\*\*\***

|  | 1 Month | YTD  | 1 Year | 3 Years | 5 Years |
|--|---------|------|--------|---------|---------|
| MD Global Growth Ltd US\$ Balanced A           | 1.0     | -0.7 | -0.7   | 0.2     | 4.0     |
| 65% MSCI World , 35% JPM Global Agg (unhedged) | 1.5     | 2.2  | 2.2    | 1.8     | 5.2     |
| (ASISA) Global MA Flexible                     | 1.4     | 3.8  | 3.8    | -0.5    | 4.5     |

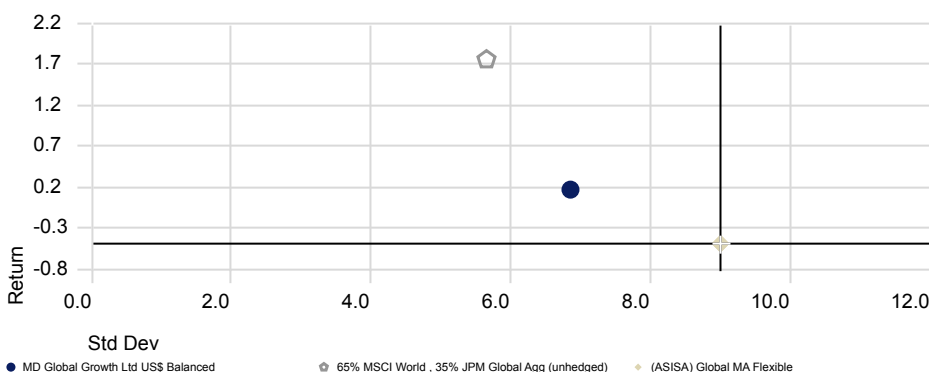
**Risk Matrix \***

|                               | Fund | Benchmark | Cat Avg |
|-------------------------------|------|-----------|---------|
| Information Ratio (arith)     | -1.3 |           | -0.7    |
| Std Dev                       | 6.9  | 5.5       | 9.0     |
| Sharpe Ratio **               | 0.2  | 0.4       | 0.2     |
| Best Month (In Last 3 Years)  | 5.0  | 3.9       | 6.2     |
| Worst Month (In Last 3 Years) | -4.1 | -3.3      | -6.1    |

**Monthly Returns\*\*\***

|      | Jan  | Feb  | Mar  | Apr  | May  | Jun  | Jul  | Aug  | Sep  | Oct  | Nov  | Dec  | Year |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 2016 | -3.7 | -0.9 | 3.3  | 0.1  | 0.5  | -0.9 | 1.9  | 0.0  | 0.1  | -2.2 | 0.4  | 1.0  | -0.7 |
| 2015 | -1.1 | 3.2  | -0.7 | 1.6  | 0.2  | -1.7 | 0.9  | -4.1 | -2.4 | 5.0  | -0.5 | -1.2 | -1.2 |
| 2014 | -3.2 | 3.2  | -0.1 | 0.2  | 1.7  | 1.2  | -0.9 | 0.9  | -1.7 | 0.4  | 1.8  | -0.9 | 2.5  |
| 2013 | 1.9  | -0.1 | 1.3  | 1.3  | -0.2 | -3.2 | 2.4  | -1.7 | 3.5  | 2.1  | 1.1  | 1.2  | 9.9  |
| 2012 | 4.4  | 2.5  | 0.5  | -0.3 | -5.6 | 0.6  | 1.8  | 2.4  | 2.8  | -0.2 | 0.9  | 0.3  | 10.3 |

**Risk-Reward \***



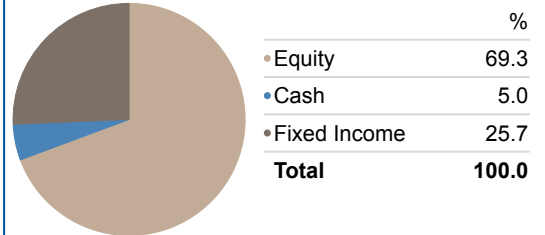
**Investment Objective**

The objective is to provide long term capital growth in US Dollar terms by investing in a balanced portfolio of globally diversified equity and fixed income.

**Top 10 Holdings**

|                                       | Weighting % |
|---------------------------------------|-------------|
| iShares MBS                           | 4.2         |
| Visa Inc Class A                      | 3.9         |
| Wells Fargo & Co                      | 3.4         |
| iShares 1-3 Year Credit Bond          | 3.4         |
| iShares MSCI Japan                    | 3.2         |
| Starbucks Corp                        | 3.1         |
| JPMorgan Chase & Co                   | 3.0         |
| Nike Inc B                            | 2.9         |
| Microsoft Corp                        | 2.8         |
| iShares \$ Short Dur Corp Bd USD Dist | 2.6         |

**Asset Allocation**



**Operations**

|                       |              |
|-----------------------|--------------|
| Price Date            | 2016/12/31   |
| Month end price (USD) | 157.80       |
| Fund AUM (m)          | \$ 94.5      |
| ISIN                  | JE00B559P010 |

**Fund Manger**

**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.

**Bernard Drotschie**

Bernard is Melville Douglas's Head of Equity research and the lead manager on the Melville Douglas Global Equity Fund. He holds a BCom (Hons) Econometrics, CFA.

**Portfolio Risk**

**Risk Profile**



**Not to be distributed within the European Union**

\* Data is displayed over a 3 year rolling period  
 \*\* US Treasury T-Bill 3 Mon  
 \*\*\* Class A since inception. Information compiled using Morningstar based on the most recent published information available to Morningstar at the end of the relevant period. This information is for illustrative purposes only.  
 Source: Morningstar Direct, Melville Douglas Investment Management

# Melville Douglas Global Growth Fund Ltd USD Balanced Class

Minimum Disclosure Document - December 2016

## Other Fund Facts

|                    |   |
|--------------------|---|
| Manager            | STANLIB Fund Managers Jersey Limited              |
| Investment Manager | Melville Douglas Investment Management (Pty) Ltd  |
| Custodian          | Capita Trust Company (Jersey) Limited             |
| Auditors           | PwC, Ireland                                      |
| Fund Directors     | H.Holmes, GS.Baillie, M.Farrow, and O.Sonnbichler |
| Registered Office  | 47-49 La Motte Street, St Helier, Jersey          |

## Share Class ISIN

|         |              |
|---------|--------------|
| Class A | JE00B559P010 |
| Class B | JE00BD2X3T71 |
| Class C | JE00BD2X3V93 |

## Minimum Investment

|         |          |
|---------|----------|
| Class A | \$15 000 |
| Class B | \$ 2 500 |
| Class C | \$ 2 500 |

## Launch Date

|         |                   |
|---------|-------------------|
| Class A | 21 June 1998      |
| Class B | 01 September 2016 |
| Class C | 01 September 2016 |

## Fund Costs

| Fee Class | Management Fee | TER   | TC    | TIC   |
|-----------|----------------|-------|-------|-------|
| Class A   | 1.00%          | 1.24% | 0.00% | 1.24% |
| Class B   | 1.50%          | 1.74% | 0.00% | 1.74% |
| Class C   | 1.20%          | 1.44% | 0.00% | 1.44% |

TER = (Total Expense Ratio), TC = (Transaction Costs), TIC = (Total Investment Cost ; 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)

The Management Fee was changed in September 2016 and the TIC calculations reflects the updated fees.

## Contact Details

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[www.melvilledouglas.co.za](http://www.melvilledouglas.co.za)

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## Quarterly Commentary

British Prime Minister Harold Macmillan was once asked what the most difficult aspect of his job is. "*Events, dear boy, events*" was his now famous reply. As with the year, the quarter was not short of geopolitical events.

A late run in equities following the outcome of the US presidential election in November - the "Trump rally" - meant many markets recorded reasonable returns for the year. The same, unfortunately did not hold true for Fixed Income investors as bonds sold off aggressively in anticipation of an improved growth outlook coupled with higher levels of expected inflation.

The fund outperformed its benchmark during the period, but this was largely attributable to the outperformance from the fixed income component in the portfolio where an underweight duration and overweight position to the US dollar paid handsome dividends. The equity component lagged the world index due to its more defensive (e.g. low weight to resources) and higher quality (e.g. no European Banks) skew. Cyclical Value strategies outperformed defensive strategies very significantly during the year.

The themes that characterized 2016 were not consistent: on the one hand "deglobalisation" and falling bond yields, and on the other rising commodity prices and deflation. Commodity prices bottomed out in January and then rose strongly, suggesting a cyclical recovery, but bond yields continued to decline, responding to weak growth signals, monetary accommodation and safe-haven demand. The year began with Japan announcing it would implement a negative policy rate, and the Japanese 10-year yield dipped below zero as a result. More unexpected was the response of the yen, which strengthened substantially against the US dollar, exactly the opposite of what was intended. The declining-yield phenomenon was eventually enough to push German 10-year bond yields into negative territory as well; and the final straw was Brexit.

The US will need to adjust short term interest rates to reflect the reality of a higher inflation rate and fuller employment; the impact of the Trump administration's growth policies could exaggerate the tension. The impact of higher US interest rates on other regions will also be an issue, unless growth accelerates to higher levels. More supportively, the global earnings cycle appears to have turned positive and should provide a stronger underpin. Bond yields are likely to rise further as growth and inflation push on. Europe in particular will remain a potential source of politically-generated volatility as the year goes on, since there are a number of upcoming elections (Germany, France, Netherlands) which may produce disruptive changes.

Political issues remain a potentially disruptive overlay and policy implementation will need to be properly executed. Investors will need to remain diversified and cautious, but at this point can be hopeful of a better, if not less volatile, year.

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