Melville Douglas STANLIB Global Equity Feeder Fund

Minimum Disclosure Document as at 31 December 2017

MelvilleDouglas
A Member of Standard Bank Group

Investment Objectives

The objective of the fund is to provide long-term capital growth by investing in quoted global equities and seek to maximise investment returns in USD. The fund is benchmarked against the MSCI AC World Index.

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	R14.92 million
Sector Classification	Global - Equity - General
Income Distribution	Net revenue is declared on a daily basis and distributed semi-annually.
Income Declaration	30 June and 31 December
Benchmark	MSCI AC World Net

	Class A
Launch Date	01 November 2016

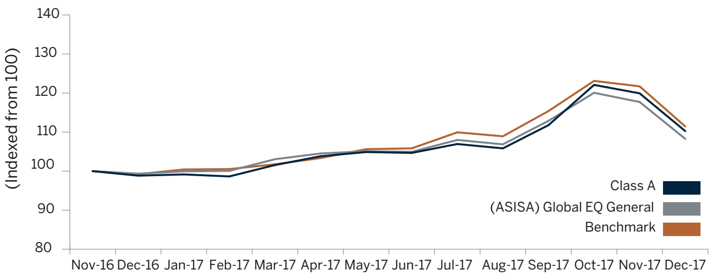
Minimum Investment		
	Class A	Class B
Lump Sum	R 10 000	R 10 000
Debit Order Per Month	R 500	R 500

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

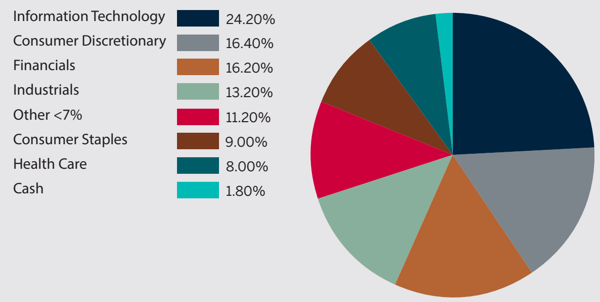
	Class A	Class B1
ISIN NO.	ZAE000227823	ZAE000227815
JSE Code	MDGEA	MDGB1
Total Expense Ratio*	0.00%	0.00%
Maximum Portfolio Charges		
Upfront Charge: Manager	0.00%	0.00%
Upfront Charge: Intermediary	0% - 3%	0% - 3%
Total Service Charge	0.95%	0.45%
Service Charge Intermediary Portion	0.50%	0%

TER is zero as the fund is less than 36 months old

Cumulative Performance Since Inception



Sector Allocation



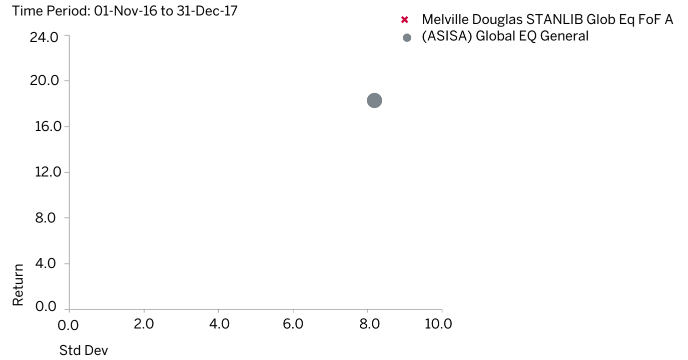
Performance (%)

	1 year	3 years	5 years	10 years	Since Inception
Class A	12.14	N/A	N/A	N/A	10.90
Class B1		N/A	N/A	N/A	
Sector	9.80	N/A	N/A	N/A	9.03
Benchmark	12.02	N/A	N/A	N/A	10.24
Rank (Class A)	17/52	N/A	N/A	N/A	19/51
Lowest Return Over 12 rolling months					N/A
Highest Return Over 12 rolling months					N/A

Top Holdings (%)

JP Morgan Chase & Co	4.7
Wells Fargo & Co	4.7
Microsoft Corp	4.3
Visa Inc Class A	4.3
Oracle Corp	3.9
Ishares MSCI Emerging Markets ETF	3.8
Praxair Inc	3.8
Prudential Plc	3.8
Yum Brands Inc	3.8
Mastercard Inc A	3.7

Risk Reward



Source: Morningstar Direct

Portfolio Risk and Term

Conservative		Moderate		Aggressive

Income Distribution

Fund Class	Paid in the last 12 months	Paid during 2016	2016 payments as a % of year end price
Class A	0.00 cpu	0.00 cpu	0.00%

Please refer to page 2 for more details regarding this portfolio as well as other important information for consideration

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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 offshore 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	12 month TER	36 month TER	36 month TC	36 month TIC
Class A	5.25%	0.00%	0.00%	0.00%
Class B1	1.64%	0.00%	0.00%	0.00%

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)

Kindly note the fund has not reached its 12 month anniversary.

Portfolio Manager

Etienne Vlok

Etienne joined Melville Douglas in 2010. He is the co-manager of the Melville Douglas Select Global Equity Fund. He is also the lead analyst for the domestic and global IT and media sectors. He holds a B. Com. (Hons) from the University of Pretoria and is a Chartered Accountant and Chartered Financial Analyst.

Justin Maloney

Justin joined Melville Douglas in 2014 and has over 23 years investment experience. He covers the consumer discretionary and staples sectors. He holds a First Class Honours BSc degree in Business, is a CFA® Charterholder, and a Chartered Wealth Manager.

Fund Features

The Fund is a Feeder Fund which will invest solely of participatory interests of the Melville Douglas Select Global Equity Fund. This is a high conviction, actively managed global securities fund. The fund consists of 25-35 high quality multi-national companies from around the world. Each company must comply with our stringent requirements for quality, growth and attractive valuation.

Risk

General market risks including:

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

Foreign securities may attract additional risks, such as potential constraints on liquidity and the repatriation of funds, macroeco⁜nomic 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 (Rf) Pty 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. Investments and repurchases will receive the price of the same day if received prior to 15h00. This portfolio is valued on a daily basis at 24h00.

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.

The manager does not provide any guarantee either with respect to the capital or the return of a portfolio.

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Quarterly Comment

All so quiet

"Just a perfect day, problems all left alone" drawled rock star Lou Reed. One could say the same for 2017, which was the first perfect year for the S&P 500 index since records began in 1928. A perfect year is when there is a positive total return, including dividends, in every month of a calendar year. This remarkable statistical record encapsulates an extraordinarily calm backdrop for equity investing.

The Goldilocks not-too-cold-not-too-hot resynchronization of the world's major economies drove corporate earnings across most geographies and sectors without central banks needing to slam on the monetary policy brakes. The quarter has not been without geopolitical incident, such as the Supreme Leader of North Korea's threats of nuclear Armageddon, but market reaction has been nonchalant.

Near the end of the quarter, President Trump's administration at last saw tangible progress with the passing in Congress of his tax reform bill. The resulting cut in the headline corporate tax rate from 35% to 21% will provide an estimated +8% uplift in 2018 to US corporate profits already spurred by the robust economy.

Last year equity markets exhibited an extraordinarily low level of volatility. An investor who had bought the intra-year peak on the MSCI All Country World index and sold at the intra-year trough would have only lost -2%. By contrast, over the 30 calendar years since 1987 there have been 21 years when there have been peak-to-trough declines of approximately -10% or more. To put it another way, investors experience -10% corrections in two out of three years on average. This has not prevented a global equity investor who is prepared to buy and hold, from generating a twentyfold total return over the past 30 years.

Indeed, attempting to avoid the psychological discomfort of a short-term correction in paper profits can be damaging to long term returns. Typically, being three months too early results in missing out on the remaining +7% average return before the market peaks. If you sell three months after the peak, your average loss is -7%. Hence, being too early can be as damaging as being too late. Rather than catching every zig-and-zag in the market we remain focused on the power of compound returns by picking stocks that will stand the test of time.

Credit where credit is due

During the quarter the fund initiated a position in Experian. The company is the world's largest provider of credit reports. Simply put, its extensive network of credit bureaux collect credit data for free from financial institutions and then sells the data, albeit repackaged and aggregated, back to the same institutions as well as to consumers.

Although a credit report is often a tiny fraction of a lender's total costs, it is a crucial piece of information to assess the risk of default. Hence, the credit report industry does not need to compete on price. The market leaders tend to provide a joint service as banks and lenders usually pull credit data from more than one firm when determining the creditworthiness of consumers. The result is a highly profitable and cash generative credit reporting industry.

Experian's three largest markets for its data are the US, the UK and Brazil. The first two are expected to grow steadily, boosted by newer segments such as health insurance and mobile phone contracts. Brazil, where Experian is the only significant credit bureau, is a more nascent market and therefore has much faster growth. In Brazil, limited financial data means lenders charge borrowers significantly higher rates of interest as they are unable to determine good or bad credits. Inefficient capital allocation is detrimental for economic growth, and therefore the Brazilian government is keen to address this issue by passing legislation for credit data to be "opt-out", rather than its constraining "opt-in" status quo. The availability of better quality credit reports will be positive for society through lower financing charges, and a boon for Experian as the main provider of this data.

Given its credit data niche, Experian brings a somewhat different industry exposure to the fund whilst staying true to our stock selection philosophy. In summary, the business is attractive given its hard-to-replicate database, regulatory and institutional barriers to entry, oligopoly market position, 25% operating profit margin, low capital intensity, and steady mid-single digit revenue growth driven by non-financials and emerging markets.

Mature on optimism

Elevated equity valuations, particularly on Wall Street, remain a well-documented risk factor. So when do we turn bearish?

Although valuation is a powerful empirical indicator of long term returns (i.e. over five years or more), it has a weak record as a near term timing tool. Hence, our focus is on identifying change in the longer-term trend. We would become much more cautious about equities if the business cycle moved from expansion to slowdown given bear markets are usually associated with global recession and a collapse in corporate profits.

Tried and tested signals of an impending economic slowdown include an inverted yield curve (i.e. when short term interest rates are higher than long term rates) and a sharp increase in credit spreads (i.e. companies are required to pay more to borrow). Although the yield curve has flattened, it is not in the danger zone levels of 2000 and 2006 ahead of their respective recessions. Furthermore, all the evidence from the latest quarterly corporate results and macroeconomic data confirm expansion rather than contraction. As such, the path of least resistance remains to the upside.

A final, more anecdotal measure, is sentiment. The late great global investor John Templeton famously quipped "bull markets are born on pessimism, grow on skepticism, mature on optimism and die on euphoria". Despite the length and magnitude of this nine-year bull market, investor sentiment is not at the euphoric levels that marked previous market peaks. We stay the course for now but will be more apprehensive, and contrarian, as and when market participants become increasingly enrapt in the positive narrative.