

# Melville Douglas STANLIB Global Equity Feeder Fund

Minimum Disclosure Document as at 31 March 2018

## 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	R17.56 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

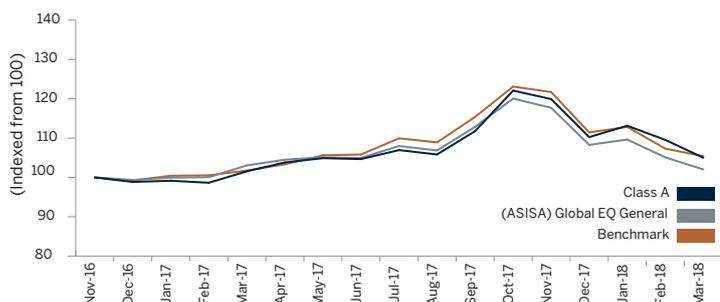
Minimum Investment		
	Class A	Class B
Lump Sum	R 10 000	R 10 000
Debit Order Per Month	R 500	R 500

\* 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%

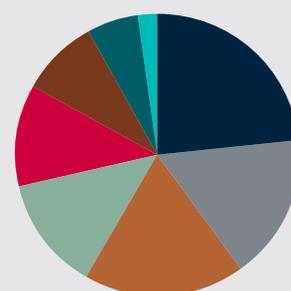
TER is zero as the fund is less than 36 months old

## Cumulative Performance Since Inception



## Sector Allocation

Information Technology	23.40%
Consumer Discretionary	16.80%
Financials	18.20%
Industrials	13.00%
Other <7%	11.90%
Consumer Staples	8.70%
Health Care	6.00%
Cash	2.00%



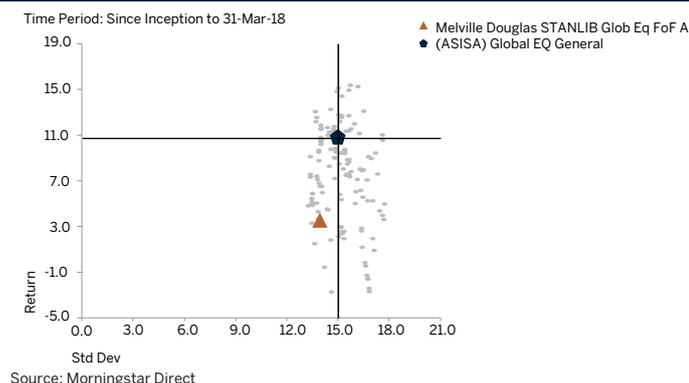
## Performance (%)

	1 year	3 years	5 years	10 years	Since Inception																
Class A	3.30	N/A	N/A	N/A	4.91																
Class B1	3.91	N/A	N/A	N/A	5.74																
Sector	0.40	N/A	N/A	N/A	3.11																
Benchmark	1.39	N/A	N/A </tr <tr> <td>Rank (Class A)</td> <td>9/54</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>14/49</td> </tr> <tr> <td>Lowest Return Over 12 rolling months</td> <td colspan="4"></td> <td>N/A</td> </tr> <tr> <td>Highest Return Over 12 rolling months</td> <td colspan="4"></td> <td>N/A</td> </tr>	Rank (Class A)	9/54	N/A	N/A	N/A	14/49	Lowest Return Over 12 rolling months					N/A	Highest Return Over 12 rolling months					N/A
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## Top Holdings (%)

Microsoft Corp	5.1
Prudential PLC	4.5
iShares MSCI Japan ETF	4.4
Visa Inc Class A	4.3
iShares Core MSCI EM IMI ETF USD Acc	4.3
Mastercard Inc A	4.2
Wells Fargo & Co	4.0
JPMorgan Chase & Co	4.0
LVMH Moët Hennessy Louis Vuitton SE	3.9
Booking Holdings Inc	3.9

## Risk Reward



## Portfolio Risk and Term

Conservative	Moderate	<b>Aggressive</b>
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## Income Distribution

Fund Class	Paid in the last 12 months	Paid during 2017	2017 payments as a % of year end price
Class A	0.00 cpu	0.00 cpu	0.00%

# Melville Douglas STANLIB Global Equity Feeder Fund

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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	4.61%	0.00%	0.00%	0.00%
Class B1	1.72%	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, macro-economic risks, political risks, tax risks, interest rate risk, 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](http://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.

## Contact Details

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**Compliance No:**

**Publishing Date:** 23 April 2018

## Quarterly Comment

After an extended period of extraordinarily low volatility in equity markets, the quarter delivered two separate corrections that effectively wiped out all the gains made in January (which was, in itself, one of the strongest starts to a calendar year for global markets going back to the 1980's). After getting used to seeing stocks tick up on the back of positive economic momentum and sentiment around the globe, this quarter had no shortage of reasons for markets to get spooked: the possibility of an upside surprise to US inflation driving the Fed to increase interest rates more rapidly, ongoing geopolitical tension threatening to escalate, and the spectre of a possible US/China trade war all put a solid damper on the bullish tone struck in January.

It may therefore help to put matters in some perspective: global markets only ended the quarter down very modestly in absolute terms. Admittedly, the ride from point to point was exceptionally bumpy, but for all the breathless headlines, we are effectively back to levels last seen in mid-December 2017, and it is worth keeping in mind that 2017 was itself a year with extraordinarily strong returns. If anything, given that markets have effectively remained flat for the period despite an additional quarter of earnings being reported, the elevated valuation multiples have contracted somewhat since December. Sentiment is clearly no longer euphoric, and though the more recent fundamental global growth data is off the late-2017 peak levels it is still pointing to the economic expansion continuing – at least for now.

Our research shows that investors should expect a peak-to-trough sell-off of 10% or more in two out of every three years in the market. They are part-and-parcel of equity investing. As such, the anomaly wasn't the correction during this quarter, but rather the extremely benign environment of 2017 – which we believe we can confidently say is now off the table for the foreseeable future.

Our investment philosophy is not to try and time the market, nor to position ourselves for every possible market mood-swing caused by a tweet or headline. We remain focused on finding businesses that can stand the test of time and grow their profits in real terms through strong competitive positions.

## Outlook

In taking stock of where we find ourselves post the first quarter of 2018, it pays to take a step back.

Barring any substantially growth-crimping trade war between the US and China, the fundamental economic growth outlook remains reasonably attractive. However, the risks have certainly increased from 31 December 2017 to today. All else being equal, the risk-reward profile looks less attractive than what it did three months ago.

Beyond the fears of a trade war, we are also aware of the macro-economic issues. The fact that central banks are set to withdraw liquidity towards the end of 2018 looms large, and combined with rate increases, the potential for policy error remains elevated. In this environment, the rising cost of capital can not only have a real impact on actual economic growth, but also on valuations. We remain focused on any change in trend of the business cycle. Should we shift from a late cycle expansion into a slowdown, we would be much more defensive in our positioning.

Nevertheless, we are very cognizant of the volatile market we find ourselves in, and at present find that we are more cautious on deploying capital, preferring to wait for a larger margin of safety before allocating to any particular stock. We are also reviewing the fund rigorously to ensure that, as far as possible, we own a diversified list of businesses we believe can weather any period of economic downturn, should this happen.

We close, as always, with a re-affirmation of adhering to our philosophy: picking good businesses that will stand the test of time and grow their cash flows, based on the fundamental attractiveness of the operating assets and the valuation we are prepared to pay for it. With that said, we would advise investors to buckle up. 2018 is likely to be a far bumpier ride than 2017.