

Melville Douglas STANLIB High Alpha Fund

Minimum Disclosure Document as at 30 June 2017

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 62.81 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	Class A	Class B1
Lump Sum	R 10 000	R 10 000
Debit Order Per Month	R 1000	R 1000

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

	Class A	Class B1
ISIN NO.	ZAE000154340	ZAE000207155
JSE Code	MDHFA	MDSB1
Total Expense Ratio	2.34%	1.42%
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%

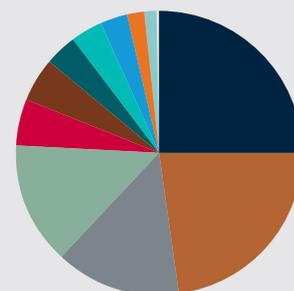
Portfolio charges above are quoted exclusive of VAT

Cumulative Performance Since Inception



Sector Allocation

Domestic Telecommunications	1.57%
Domestic Current Account	1.80%
Domestic Equity Unit Trusts	3.21%
Domestic Industrials	3.60%
Foreign Equity Unit Trusts	3.62%
Domestic Health Care	5.04%
Domestic Technology	5.06%
Domestic Basic Materials	13.95%
Domestic Consumer Goods	14.23%
Domestic Financials	22.76%
Domestic Consumer Services	25.17%



Performance (%)

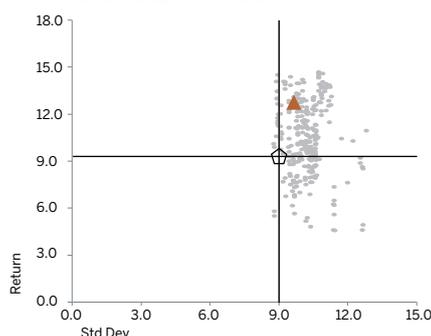
	1 year	3 years	5 years	10 years	Since Inception
Class A	0.38	5.05	13.10	N/A	13.31
Class B	0.65	N/A	N/A	N/A	N/A
Sector	-0.81	2.35	10.26	7.78	9.69
Benchmark	1.69	3.42	12.18	9.31	11.14
Rank (Class A)	58/163	21/128	15/103	N/A	8/87
Lowest Return Over 12 rolling months					-6.88
Highest Return Over 12 rolling months					31.08

Top Holdings (%)

Naspers Ltd	12.56%
BHP Billiton Plc	6.68%
British American Tobacco Plc	4.69%
Enterprise Outsourcing	3.91%
First Rand Ltd	3.89%
Santam	3.81%
Melville Douglas Select Fund Ltd Global	3.62%
DB X-Trackers MSC World Index	3.21%
Coronation Fund Managers Ltd	3.01%
Famous Brands	3.01%

Risk Reward

Time Period: 01/07/2012 to 30/06/2017



Source: Morningstar Direct

▲ Melville Douglas STANLIB High Alpha A (ASISA) South African EQ General

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	2.64 cpu	1.58cpu	0.75%
Class B1	3.21 cpu	3.18 cpu	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 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	1.90	2.34	0.25	2.59
Class B1	1.42	1.42	0.25	1.67

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 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

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. This portfolio is valued on a daily basis at 15h00*. Investments and repurchases will receive the price of the same day if received prior to 15h00.

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 performance is calculated for the portfolio, as well as that the individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax.

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

*Prior to 8 August 2016, this portfolio was valued on a daily basis at 15h30.

Contact Details

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Compliance No: HX0165

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Quarterly Comment

The second quarter was very difficult for SA investors. As if Moody's credit rating downgrade wasn't enough, markets also had to contend with the public protector telling Parliament to change the Constitutional mandate of the Reserve Bank, a new mining sector charter, weak economic indicators and more political wrangling. The equity market was led down by resources, which responded very negatively to the new mining charter. Globally, economic data continued to show broadening recovery outside the US and in Europe particularly. There was a clear lift in confidence following the French elections and economic improvement is spreading across the region, lifting employment and narrowing the growth differential. In general, central banks remain very supportive, but the debate is moving on: the focus is now on how aggressive monetary policy will be unwound, rather than on how much is still necessary. In SA, the economic news is likely to remain poor, but it would not take much to turn the economy, which is struggling under the burden of high interest rates as a result of politics and the resulting credit rating downgrades. Risks abound, but downgrades and the recession are priced in and investors need to start looking through the immediate news flow and remain alert for mispriced opportunities.

The fund generated a return of -0.3% against the all share return of -0.4% in the second quarter of 2017. Point to point paints a benign picture. It was however anything but benign. At a point in the quarter, the fund was up over 4%. Although underweight resources relative to the all share, basic materials impacted the return negatively. The biggest detractors being Anglo American and Sasol. On the positive side, telecommunications provided a 11% return over the quarter, through the Vodacom holding. Real Estate produced an 8% return, driven by the holding in Nepi. Technology pulled down the absolute and relative return as EOH and Adapt IT both had a difficult quarter. We have subsequently met with the EOH management (including the new CEO) and continue to hold a high conviction position in the business based on a compelling valuation and expected mid teen growth for the foreseeable future.

During the quarter, we increased our tactical allocation to global equity. The position was increased from 3% to 6%. We added to the banking exposure by topping up Standard Bank and Firstrand. We also added Barclays Africa Group as it presented a compelling valuation opportunity. We also topped up EOH. We sold out of Mr price post a rally after results. We exited Mediclinic post a rally. We believe that the risk and headwinds in the business are not reflected in the stretched valuation.

As always, your fund will continue to be driven by bottom up fundamental valuation. Diversification remains key in the volatile environment.