

# Melville Douglas STANLIB Bond Fund

Minimum Disclosure Document as at 30 April 2017

## Investment Objectives

The SA Bond Fund is an actively managed, unconstrained, South African fixed-income strategy that aims to generate consistent and predictable long term returns through investments in high quality income-yielding debt securities. The objective of the fund is to achieve capital preservation and income generation by investing in long-term fixed interest securities.

## 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 1'383.82 million
Sector Classification	South African - Interest Bearing - Variable Term
Income Distribution	Net revenue is declared on a daily basis and distributed quarterly.
Income Declaration	31 March, 30 June, 30 September & 31 December
Benchmark	BEASSA All Bond Index

Class A	
Launch Date	01 July 2014

Minimum Investment	
Lump Sum	R 100 000
Debit Order Per Month	R 1000

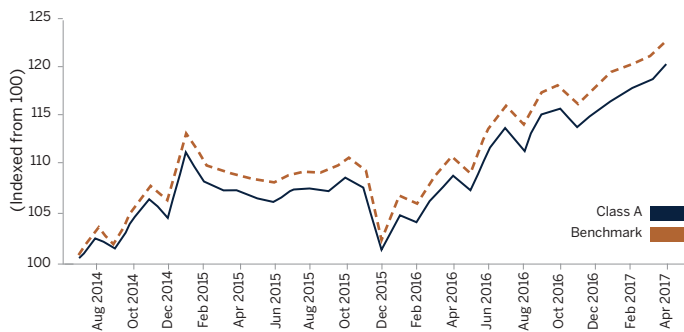
\* Please refer to page 2 under "Statutory Disclosure and General Terms & Conditions"

Class A	
ISIN NO.	ZAE000191763
JSE Code	MDBFA
Total Expense Ratio	0.51%
Maximum Portfolio Charges	
Upfront Charge: Manager	0.00%
Upfront Charge: Intermediary	0.00% - 3.00%
Total Service Charge*	0.75%
Service Charge Intermediary Portion	0.00%

Portfolio charges above are quoted exclusive of VAT

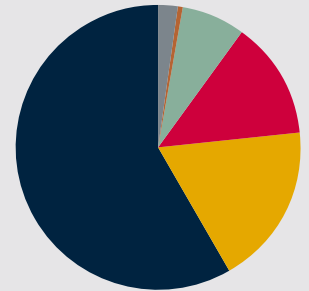
\* Currently the fund charges 0.45% excluding VAT

## Cumulative Performance Since Inception



## Sector Allocation

Current Bank Account	2.32%
3-6 Months	0.46%
Bonds 0-3 Years	7.31%
Bonds 3-7 Years	13.33%
Bonds 7-12 Years	18.34%
Bonds over 12 years	58.24%



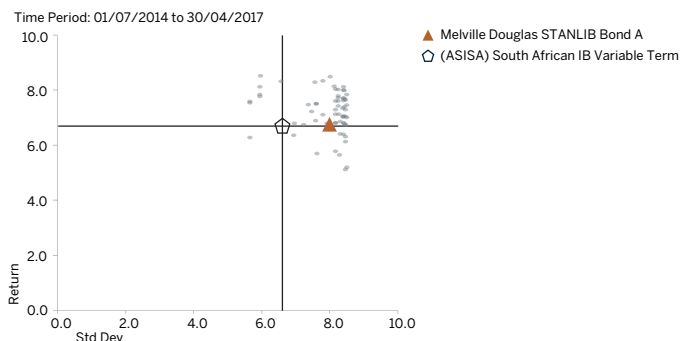
## Performance (%)

	1 year	3 years	5 years	10 years	Since Inception
Class A	10.40	N/A	N/A	N/A	6.76
Class B1	N/A	N/A	N/A	N/A	N/A
Sector	9.01	7.56	7.26	8.02	7.19
Benchmark	10.58	7.85	7.30	8.05	7.54
Rank (Class A)	14/32	0/0	0/0	0/0	18/21
Lowest Return Over 12 rolling months					-5.81
Highest Return Over 12 rolling months					14.31

## Top Holdings (%)

RSA R186 10.50% 21/12/2026	14.26
RSA R2048 8.75% 28/02/2048	9.36
RSA R2030 8.00% 31/01/2030	8.80
RSA R2037 8.50% 31/01/2037	8.53
RSA R209 6.25% 31/03/2036	7.41
RSA R213 7.00% 28/02/2031	7.14
RSA R214 6.5% 28/02/2041	6.18
RSA R2044 8.75% 31/01/2044	5.94
RSA R2023 7.75% 28/02/2023	5.04
RSA R2040 9.00% 31/01/2040	4.88

## Risk Reward



Source: Morningstar Direct

## Portfolio Risk and Term

Conservative Moderate Aggressive

Yield To Maturity: 9.00

## Income Distribution

Fund Class	Paid in the last 12 months	Paid during 2016	2016 payments as a % of year end price
Class A	8.03 cpu	8.00 cpu	8.18%

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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	TER	TC	TIC
A	0.51%	–	0.51%

### 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

The fund is managed by Melville Douglas Fixed Income team, comprising of Jerome O'Reagan, Bernard Drotschie and Craig Smith. The team consists of dedicated experts with the depth, breadth and experience to cover a broad range of debt securities and conduct proprietary analysis.

## Fund Features

The objective of the fund is to achieve capital preservation and income generation by investing in long-term fixed interest securities.

Securities will normally consist of a spread of gilts, semi-gilts, loan stock, debentures, debenture bonds, approved securities, notes and liquid assets and any other securities which are consistent with the fund's investment policy. The benchmark of the Fund is the South African All Bond Index (Beassa ALBI TR ZAR). The Fund has a minimum weighted average duration of 2 years.

## Risk

General market risks including:

- » A rise or volatility in bond yields
- » Rising interest rates
- » Economic and political risk
- » Inflation uncertainty
- » Duration 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, macro-economic 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 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](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 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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