Melville Douglas STANLIB High Alpha Fund

Minimum Disclosure Document as at 31 March 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 63.49 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

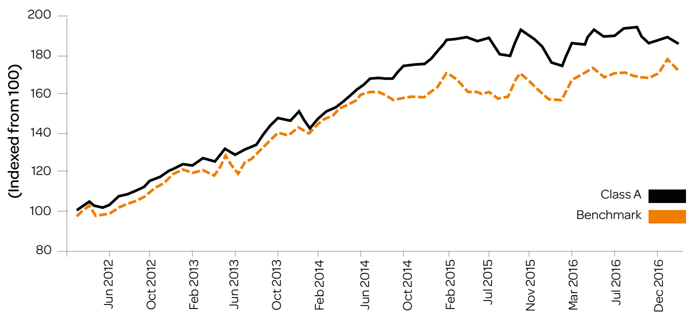
Minimum Investment		
Lump Sum	R 10 000	R 10 000
Debit Order Per Month	R 1 000	R 1 000

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

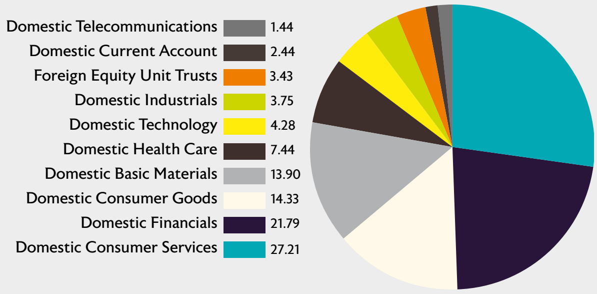
	Class A	Class B1
ISIN NO.	ZAE000154340	ZAE000207155
JSE Code	MDHFA	MDSB1
Total Expense Ratio	2.30%	1.42%
Maximum Portfolio Charges		
Upfront Charge: Manager	0.00%	0.00%
Upfront Charge: Intermediary	0.00% - 3.00%	0.00% - 3.00%
Total Service Charge	1.50%	1.20%
Service Charge Intermediary Portion	0.50%	0.00%

Portfolio charges above are quoted exclusive of VAT

Cumulative Performance Since Inception



Sector (%)



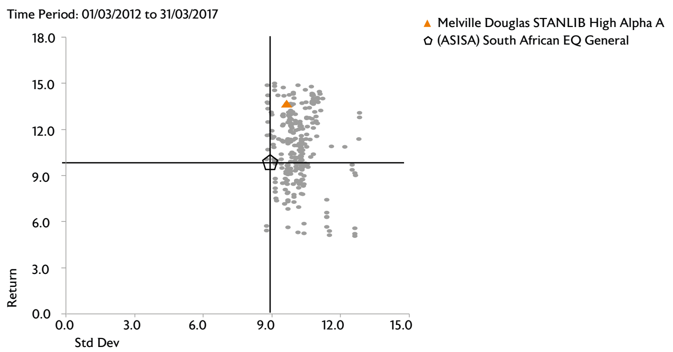
Performance (%)

	1 year	3 years	5 years	10 years	Since Inception
Class A	2.27	7.82	13.65	N/A	13.95
Class B	2.70	N/A	N/A	N/A	N/A
Sector	1.36	4.84	10.56	8.43	10.42
Benchmark	2.53	5.98	12.49	9.82	11.70
Rank (Class A)	56/161	20/130	13/101	0/0	7/88
Lowest Return Over 12 rolling months					-6.88
Highest Return Over 12 rolling months					31.08

Top Holdings (%)

Naspers Ltd	14.62%
BHP Billiton Plc	6.87%
British American Tobacco Plc	4.59%
Santam	4.02%
Famous Brands	3.69%
First Rand Ltd	3.66%
Melville Douglas Select Fund Ltd Global	3.43%
Woolworths Holdings Limited	2.98%
EOH Holdings Ltd	2.84%
Mediclinic International PLC	2.82%

Risk Reward



Source: Morningstar Direct

Portfolio Risk and Term

Conservative		Moderate		Aggressive

Income Distribution

	Paid in the last 12 months	Paid during 2016	2016 payments as a % of year end price
Class A	1.58 cpu	1.58cpu	0.75%
Class B1	3.18 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	TER	TC	TIC
Class A	2.30%	0.28%	2.58%
Class B1	1.42%	0.28%	1.70%

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 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.

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

Contact Details

Melville Douglas Investment Management (Pty) Ltd
8th Floor West Wing, 30 Baker Street, Rosebank, 2196 PO Box 411184, Craighall, 2024, South Africa

Tel: +27 (0)11 721 7964 Fax: +27 (0)86 202 7235 www.melvilledouglas.co.za

A subsidiary of Standard Bank Group Limited Reg 1987/005041/07

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Contact Details

17 Melrose Boulevard, Melrose Arch, Johannesburg, South Africa
PO Box 202, Melrose Arch, 2076
Contact Centre 0860 123 003
www.stanlib.com

STANLIB Collective Investments (RF) Limited Reg. No. 1969/003468/06

Trustees : Standard Chartered Bank, 4 Sandown Valley Crescent, Sandton, 2196
Tel: 011 217 6600

Compliance No: HX1707

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Quarterly Comment

The March quarter will have left most SA investors both shaken and stirred. The JSE delivered a reasonable return overall, led by industrials, but lagged global and emerging markets. The market surged in January, almost matching all-time highs, pushed by a favorable global backdrop, a better domestic outlook, and a diminishing risk of a credit rating downgrade. A fiscally credible but growth-dampening budget in February took some of the gloss off, as increased tax rates and fiscal drag took money away from households to fund existing government spending. The political environment also deteriorated, and at the end of the quarter the president replaced a large proportion of his cabinet, including firing the minister and deputy minister of finance. Rating agencies responded swiftly: just four days later, after the quarter ended, Standard and Poor's downgraded SA's foreign denominated government debt to sub-investment grade. Later in the same week, Fitch downgraded both the rand-denominated debt and the foreign debt to sub-investment grade. Moody's also announced a review, and a downgrade is likely, though this would leave the Moody's ratings still at investment-grade. The consequences of the downgrades will take some time to materialize, though the market impact had already been well priced in: pretty much since December 2015, when the president first fired a finance minister, SA's foreign debt was priced as if the downgrade had already taken place. Since the payment of interest is now the largest single budget item, and newly issued debt will all carry the higher interest rates involved, the fiscal position is weaker than before, and the budget targets will thus me more difficult to achieve. The new finance minister has committed to sticking to the fiscal plan, but may find it hard to achieve; and the downgrades are not only about the fiscal numbers but about the governance of government expenditure. The mooted nuclear power plan, considered by most as completely unaffordable, and thus pushed into the distant future by the previous minister, has now emerged as a more imminent issue and will require firm control of Eskom, the power utility, and at Treasury. Funding it will be a major undertaking and would certainly require additional government guarantees.

Fortunately for the economy at large, the global backdrop is about as favourable as it can be: the world is now entering a more synchronised growth phase, and notably in Europe the upswing is leading the monetary authorities to guide market expectations towards reduced monetary accommodation. In the US the debate is no longer about whether interest rates will rise, but by how much and how fast; in the US and the UK the inflation cycle is well under way. There are both geopolitical threats and domestic issues in Europe that pose risks to a smooth path, but equity markets are supported by policy and a rising earnings cycle, even though they appear highly priced by historical standards. The political scene in SA might not stabilise at least until the ANC's elective conference later in the year; so investors need to be cautious but also alert to the fact that there are counteracting forces for the economy and opportunities are likely to emerge. The downgrade is now a fact, but markets are forward looking.

The fund returned 1.8% against the benchmark of 3.0% for the quarter. Positive contributions in the fund over the period came from Hudaco, British American Tobacco, Richemont, Naspers and Santam. The healthcare and technology exposure continues to weigh on the portfolio returns. The fund remains defensively positioned and holds counters that we believed that can produce economic returns through a cycle.