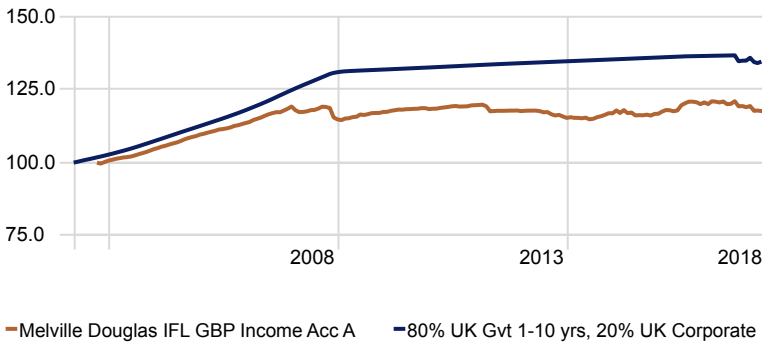


Melville Douglas Income Fund Ltd Sterling Class

Minimum Disclosure Document as at 31 March 2018

Investment Growth***



Trailing Returns***

	1 Month	YTD	1 Year	3 Years	5 Years	10 Years
Melville Douglas IFL GBP Income Acc A	-0.1	-1.4	-2.7	-0.1	0.0	0.0
80% UK Gvt 1-10 yrs, 20% UK Corporate	0.4	-1.0	-1.5	-0.2	0.1	0.6

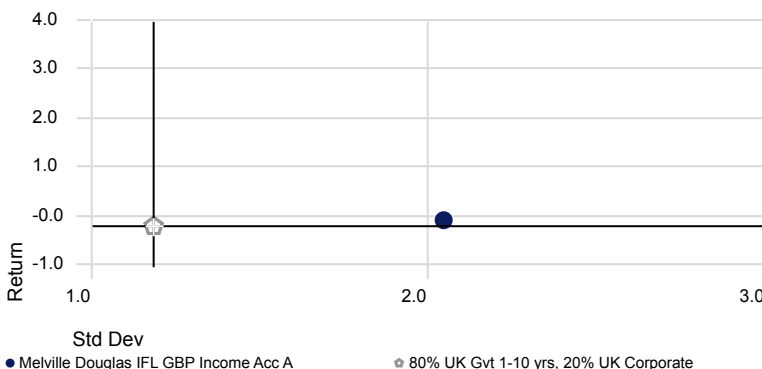
Risk Matrix *

	Class A	Benchmark
Information Ratio (arith)	0.1	
Std Dev	2.0	1.2
Sharpe Ratio **	-0.6	-0.6
Best Month (In Last 3 Years)	1.5	0.7
Worst Month (In Last 3 Years)	-1.4	-1.5

Monthly Returns***

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	-1.4	0.1	-0.1										
2017	-0.5	0.8	-0.1	-0.2	0.3	-0.8	0.1	0.7	-1.4	0.1	-0.3	0.3	-1.0
2016	0.6	0.4	-0.1	-0.3	0.2	1.5	0.6	0.4	0.0	-0.2	-0.5	0.5	3.3
2015	0.9	-0.8	0.8	-0.9	0.2	-0.8	0.1	0.0	0.2	-0.3	0.5	0.1	-0.1

Risk-Reward *

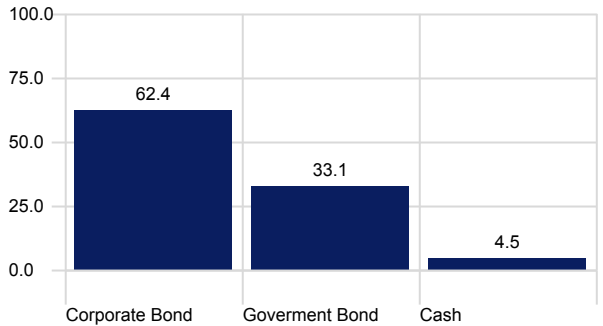


Not to be distributed within the European Union

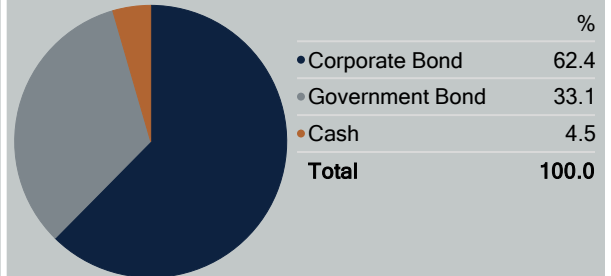
Investment Objective

To provide a return in excess of the benchmark in Sterling, whilst maintaining a high degree of capital preservation by investing in quality fixed interest securities, selected collective investment vehicles, money market instruments and cash in order to maximise investment returns in Sterling.

Security Sector



Asset Allocation



Operations

Price Date	2018/04/30
Month end price (m)	£ 117.4
ISIN - Class A	JE00B4ZCW915
Fund value (m)	£ 3.9

Fund Managers

Karl Holden

Karl specialises in global fixed income and currency markets. He is also a co-manager of the Melville Douglas Balanced Fund. Karl is a Chartered Wealth Manager, Fellow of the Chartered Institute for Securities and Investment and holds the Private Client Investment Advice and Management Certificate.

Bernard Drotschie

Bernard is the Deputy Chief Investment Officer and is head of the SA fixed income strategy. He holds a B.Com (Hons) degree in Econometrics, is a CFA® Charterholder, and is a Certified Financial Planner™ professional.

Portfolio Risk

Risk Profile

Lower risk
Reduced potential

Higher Risk
Increased potential reward

* Data is displayed over a 3 year rolling period
** Risk free rate = US Treasury T-Bill 3 Months

*** Class A since inception. Information compiled using Morningstar based on the most recent published information available to Morningstar at the end of the relevant period. This information is for illustrative purposes only. The benchmark of the fund at launch was 100% GBP Libor Overnight. This was changed on 31 August 2017 to 80% GBP Govt 1-10 years/ 20% UK Corporate Bond

Melville Douglas Income Fund Ltd Sterling Class

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Additional Risk Information

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, interest rate and potential limitations on the availability of market information.

The risk rating seen on page 1 is designed to give an indication of the level of risk, measured by volatility, associated with this specific portfolio. In order to arrive at the specific risk rating of the portfolio in question, Melville Douglas measures the volatility of the fund, in the form of standard deviation, over a three year rolling period, and compares the result to internal risk parameters. Please note that these risk ratings are designed as a guide only.

Other Fund Facts

Manager	STANLIB Fund Managers Jersey Limited
Investment Manager	Melville Douglas Investment Management (Pty) Ltd
Custodian	Link Corporate Services (Jersey) Limited
Auditors	PwC, Ireland
Fund Directors	H.Holmes, G.S.Baillie, M.Farrow, and O.Sonnichler
Registered Office	47-49 La Motte Street, St Helier, Jersey
Publication Date	2 May 2018
Compliance No.	HX4307

Share Class ISIN

Class A	JE00B4ZCW915
Class B	JE00BF1CX551

Minimum Investment

Class A	GBP 10 000
Class B	GBP 1 500

Launch Date

Class A	25 September 2003
Class B	01 September 2017

Fund Costs- 12 months

Fee Class	Management Fee	TER	TC	TIC
Class A	0.80%	0.98%	0.03%	1.01%

TER = (Total Expense Ratio), TC = (Transaction Costs), TIC = (Total Investment Cost ; 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).

Where the Share Class has been in existence for less than 12 months, no TER is reflected.

Fund Costs- 36 months

Fee Class	Management Fee	TER	TC	TIC
Class A	0.80%	1.08%	0.03%	1.11%

TER = (Total Expense Ratio), TC = (Transaction Costs), TIC = (Total Investment Cost ; 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).

Where the Share Class has been in existence for less than 36 months, no TER is reflected.

Contact Details

Melville Douglas Investment Management (Pty) Ltd

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Telephone: +27 (11) 721 7964 Fax: +27(0)86202 7235

www.melvilledouglas.co.za

Statutory Disclosure and General terms and Conditions

This document does not constitute an offer to buy or a solicitation of an offer to buy or sell shares of the Fund in any jurisdiction in which an offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer of solicitation and is for information purposes only. Subscriptions will only be received and shares issued on the basis of the current prospectus and prospective investors should carefully consider the risk warnings and disclosures for the Fund set out therein. The value of shares may go down as well as up and investors may get back less cash than originally invested. 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. Past performance is not necessarily a guide to future performance. An investment in the shares of the Fund is not the same as a deposit with a banking institution. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Please refer to the prospectus for more details on the charges and expenses that may be recovered from the Fund. Shares are valued on a daily basis using 23:59 (UK Time) prices. Transaction requests received before 14h30 (UK Time) will receive the following day unit price. This is an accumulation portfolio and does not distribute income. Transaction requests received before 14h30 (UK Time) will receive the following valuation point unit price. This is an accumulation portfolio and does not distribute income. Telephone calls may be recorded. Link Corporate Services (Jersey) Limited, STANLIB Fund Managers Jersey Limited, Standard Bank International Investments Limited are regulated by the Jersey Financial Services Commission. The fund is also regulated by the Jersey Financial Services Commission

Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending.

Representative Agreement exists between Standard Bank International Investments Limited and Melville Douglas Investment Management (Pty) Ltd appointing Melville Douglas Investment Management (Pty) Ltd as the sole representative for the investment management functions performed in South Africa. Melville Douglas Investment Management (Pty) Ltd is a company registered in South Africa with company number 1987/05041/07, and a subsidiary of Standard Bank Group Limited. Melville Douglas Investment Management (Pty) Ltd is licensed as a financial services provider in terms of Section 8 of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002). The representative for the fund in South Africa is STANLIB Collective Investments (RF) Pty Ltd.

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

Melville Douglas Income Fund Ltd Sterling Class

Minimum Disclosure Document as at 31 March 2018



Quarterly Commentary

Ten-year UK Gilt yields have trended lower in the quarter and end the year approximately 5 basis points down. The 0.25% hike in interest rates in November has done little to unnerve a market which remains firmly in the grip of BREXIT news flow be it good, bad or indifferent and was viewed merely as a reversal of last year's emergency rate cut. The market has begun to see past the current elevated level of inflation, expecting it to gradually drift lower as the painful decline of Sterling post the BREXIT Referendum outcome continues to impart less influence. Accordingly, we have sold the Fund's exposure to the UK inflation-linked market.

Economically, the UK is holding up better than many had expected but current GDP of circa 1.7% puts it firmly behind its peer group and with inflation eating into wages and savings, the outlook for consumer spending is tentative at best, unless borrowing accelerates further which never ends well. Monetary policy in the UK remains accommodative and frankly needs to be given the unpalatable trade negotiations ahead which have the propensity to seriously slow investment unless a friendly deal can be reached. Market implied rates suggest another 0.25% rate hike in 2018 but for now we have our doubts and even if wrong, monetary tightening will proceed at a snail's pace. Despite this, the Fund remains defensively positioned on the belief that UK government bond yields will not be immune to rising yields in global bond markets, predominantly in the US and Eurozone.

The Fund remains overweight investment grade credit relative to UK government debt. At current levels, credit spreads have limited upside, yet with yields still extremely low by historical standards, the additional yield over and above government bond yields remains attractive.

We remain cautious on Sterling over the medium term and expect increased volatility as trade negotiations with the EU twist and turn. Sterling's post-BREXIT decline in 2016 undoubtedly priced in much of the uncertainty but deeply negative real returns, an elevated current account deficit together with an economy trailing peers are not a perfect recipe for a sustained period of strength.

Overall, the strategy remains one of limiting downside risk in an environment where we continue to forecast higher yields in the coming quarters. Global synchronised growth patterns and less accommodative central bank policies should ensure that global government bond yields continue to normalise. We aim to continue to gradually increase the duration of the fund at more attractive yield levels as this process unfolds.

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