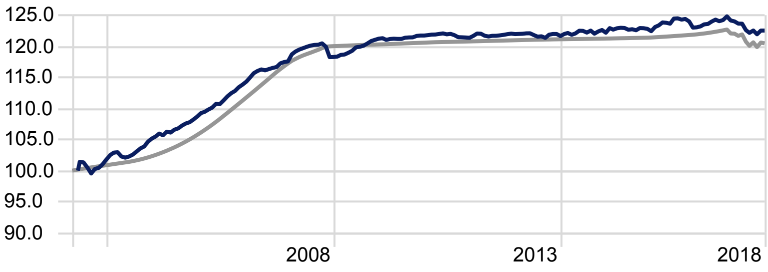
Melville Douglas Income Fund Ltd
US Dollar Class

Minimum Disclosure Document as at 30 June 2018

MelvilleDouglas
A Member of Standard Bank Group

Investment Growth***



Melville Douglas IFL USD Income Acc A — 80% US Gvt 1-10yrs, 20% US Corporate

Trailing Returns***

	1 Month	YTD	1 Year	3 Years	5 Years	10 Years
Melville Douglas IFL USD Income Acc A	0.0	-0.9	-1.2	0.0	0.2	0.2
80% US Gvt 1-10yrs, 20% US Corporate	-0.1	-1.2	-1.6	-0.2	-0.1	0.1

Risk Matrix *

	Class A	Benchmark
Information Ratio (arith)	0.2	
Std Dev	1.2	1.0
Sharpe Ratio **	-0.2	-0.2

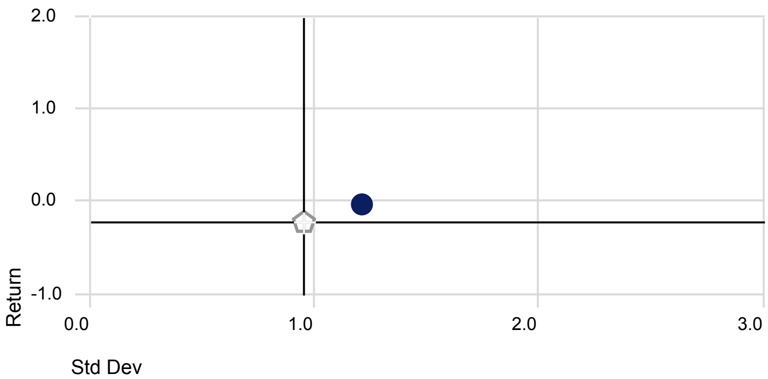
Highest and lowest 12 month rolling returns since inception

Highest 12 month rolling return	5.4
Lowest 12 month rolling return	-1.8

Monthly Returns***

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	-0.8	-0.3	0.3	-0.5	0.5	0.0							
2017	0.1	0.3	0.1	0.3	0.3	-0.2	0.2	0.5	-0.5	-0.1	-0.3	0.0	0.5
2016	0.6	0.2	0.4	0.0	-0.1	0.7	0.0	-0.2	0.1	-0.3	-0.8	0.0	0.5
2015	0.6	-0.2	0.2	0.1	0.0	-0.2	0.1	-0.1	0.3	0.0	-0.1	-0.3	0.2
2014	0.3	0.1	-0.2	0.2	0.4	0.0	-0.2	0.3	-0.4	0.3	0.2	-0.4	0.4
2013	0.0	0.0	0.1	0.0	-0.2	-0.2	0.0	-0.2	0.4	0.1	0.0	-0.3	-0.3

Risk-Reward *

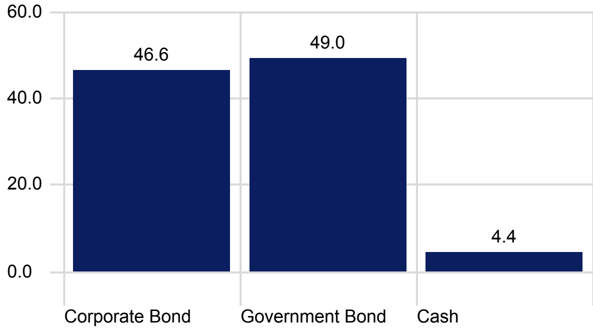


● Melville Douglas IFL USD Income Acc A ✩ 80% US Gvt 1-10yrs, 20% US Corporate

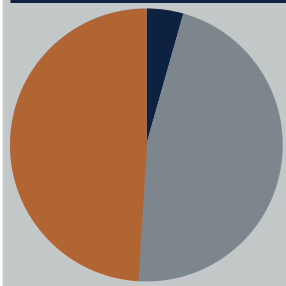
Investment Objective

To provide a return in excess of the benchmark in US Dollars, 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 US Dollars.

Security Sector



Asset Allocation



	%
Cash	4.4
Corporate Bond	46.6
Government Bond	49.0
Total	**100.0**

Operations

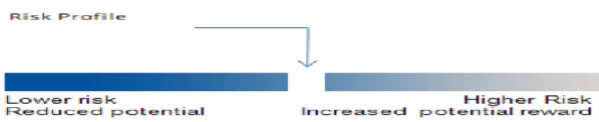
Name	Melville Douglas IFL USD Income Acc A
Month end price (USD)	$ 163.0
ISIN - Class A	JE00B54RMC79
Fund AUM (m)	$ 52.2

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



Not to be distributed within the European Union

* 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% USD Libor Overnight. This was changed on 31 August 2017 to 80% US Govt 1-10 years/ 20% US Corporate Bond

Source: Morningstar Direct, Melville Douglas Investment Management

Melville Douglas Income Fund Ltd
US Dollar Class

Minimum Disclosure Document as at 30 June 2018

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, GS.Baillie, M.Farrow, and O.Sonnbichler
Registered Office	47-49 La Motte Street, St Helier, Jersey
Publication Date	2 August 2018
Compliance No.	0573ZB

Share Class ISIN

Class A JE00B54RMC79

Class B JE00BF1CWN63

Minimum Investment

Class A USD 15 000

Class B USD 2 500

Launch Date

Class A March 2003

Class B 01 September 2017

Fund Costs- 12 months

Fee Class	Management Fee	TER	TC	TIC
Class A	0.80%	1.03%	0.00%	1.03%

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 a 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%	0.77%	0.00%	0.77%

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 a Share Class has been in issue for less than 36 months, not TER is reflected.

Contact Details

Melville Douglas Investment Management (Pty) Ltd

8th Floor West Wing, 30 Baker Street, Rosebank, 2196. PO Box 411184, Craighall 2024, South Africa

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. Collective Investment Schemes are generally medium to long-term investments.

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
US Dollar Class

MelvilleDouglas
A Member of Standard Bank Group

Minimum Disclosure Document as at 30 June 2018

Quarterly Commentary

Fund Review

The objective of the Class Fund is to provide a return in excess of its benchmark in US Dollars, whilst seeking to maintain a high degree of capital preservation, by investing primarily in quality global fixed interest securities, and, where in the opinion of the Investment Manager, direct investment in fixed interest securities will not achieve sufficient diversification to achieve the Class Fund's objective, in other collective schemes, money market instruments and cash that will maximise total returns in US Dollars.

The Fund's performance for the period was 0.00% versus the Fund's benchmark return of -0.14%.

Market Overview

Global bond markets continue to be buffeted by trade tensions and whilst the final outcomes and subsequent net effect on growth conditions remain uncertain, the immediate negative impact on sentiment has been enough to keep a lid on the yield normalisation process in the quarter. In addition, questions about the sustainability of the global growth path continue to be asked given its long tenure and recent soft patch. However, we remain constructive as global Purchasing Manager Indices (PMI's) are consistent with a global growth rate of 3% this year and if anything, a natural softening in the data reduces the near term risk of overheating, allowing the long-held goldilocks recovery to live on – not too hot, not too cold. Most Central Banks remain keen to press on with withdrawing the massive stimulus measures enacted since the Credit Crisis, the challenge is for this to be achieved at a pace that does not derail growth. It is worth remembering that monetary conditions, even after seven interest rate hikes in the US, remain extremely accommodative by historical measures. The length of the economic expansion in the US is within a whisker of an all-time record and for that reason alone, some will be tempted to pre-emptively throw in the 'risk' towel and allocate to medium to long-dated government yields at current levels. For us, many measures still suggest it is too early to adopt that strategy as ten-year US yields at 2.86%, or more alarmingly, ten-year German yields at 0.30%, remain unfavourable from a risk/reward perspective.

Looking Ahead

The US Federal Reserve (Fed) raised interest rates for the seventh time in the current cycle to 2% in June and we continue to expect an additional hike every quarter through to the end of 2019 at least. The move was highly anticipated and in itself not a market moving event, however, the tone of the meeting was moderately more hawkish than expected as the Fed upped their rate projections for 2018 as well as all important growth and inflation forecasts. Despite its maturity, the US's economic expansion exhibits no real signs of letting up with unemployment now at 3.8% and gross domestic product (GDP) expected to have rebounded sharply to 4%-plus in the second quarter. The economy has yet to feel the full benefit of President Trump's tax reforms and infrastructure spending and the question is rightly being asked whether these extra stimuli were necessary given the current strong growth conditions. This is turn raises the odds of the Fed possibly 'falling behind the curve' (although this is not currently our base case), whilst also doing little good for the country's debt pile and deficits in the coming quarters and years. With the Fed's balance sheet reduction process in full flow and the spectre of higher debt issuance on the horizon we remain cautious. In addition, many technical factors, including real returns and term premiums, continue to suggest yields at the longer end of the maturity spectrum remain too low. The ongoing normalisation of yields may have stalled somewhat in the quarter as factors such as current trade tensions have boosted safe-haven assets but we believe this represents little more than a pause in an ongoing rising yield environment and as such, the Fund remains defensively positioned.

We stuck to our positive convictions on the US Dollar and this has paid off with an approximate 4% trade-weighted rally in the quarter. We had long argued that, over the short to medium term at least, that the sheer weight of positive interest rate and yield differentials in the US would override the longer term negative ramifications of President Trump's tax cuts and infrastructure spending plans and the currency would in part re-coup some of the losses accrued in 2017. The longevity of the current rally is much harder to call and will almost entirely be decided by the size of the gap between higher yielding US government bonds and their respective counterparts. The Fund remains 100% allocated to the US Dollar but we continue to watch its direction very closely.

The Fund's strategy remains one of limiting potential downside risk in an environment where we expect yields to continue to rise in the coming quarters. Ongoing global growth, less accommodative central bank policies and increased inflationary pressures should ensure that global government bond yields continue to normalise. Our intention is to gradually increase the duration of the Fund at more attractive yield levels as this process unfolds.

Statutory Disclosure and General terms and Conditions