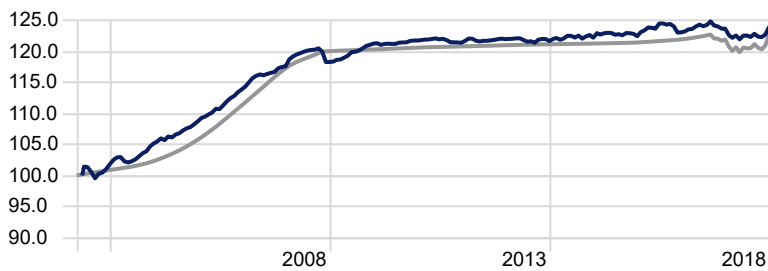


Melville Douglas Income Fund Ltd US Dollar Class

Minimum Disclosure Document as at 31 December 2018

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	1.0	0.2	0.2	0.4	0.4	0.5
80% US Gvt 1-10yrs, 20% US Corporate	1.5	0.7	0.7	0.4	0.3	0.2

Risk Matrix *

	Class A	Benchmark
Information Ratio (arith)	0.0	
Std Dev	1.4	1.4
Sharpe Ratio **	-0.6	-0.6

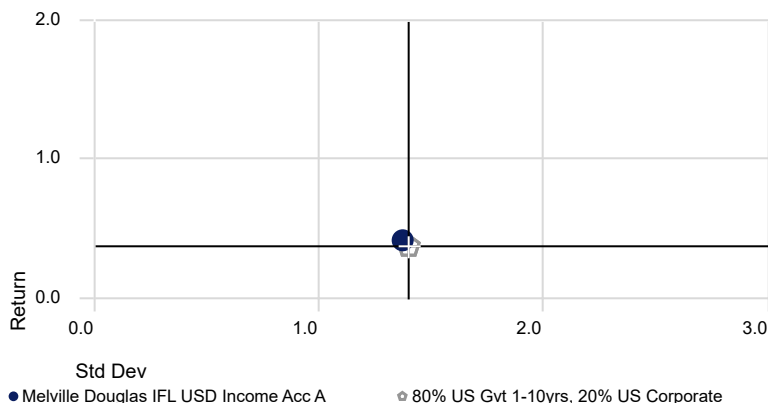
Highest and lowest 12 month rolling returns since inception

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	-0.2	0.4	-0.4	-0.1	0.3	1.0	0.2
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

Risk-Reward *

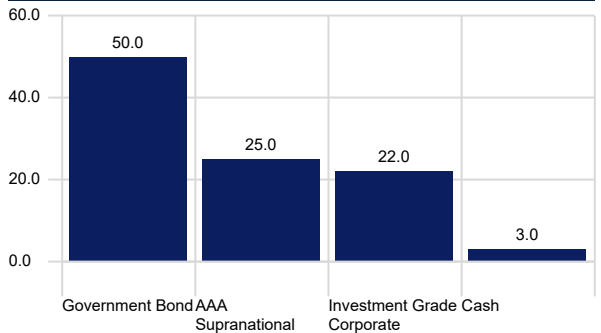


Not to be distributed within the European Union

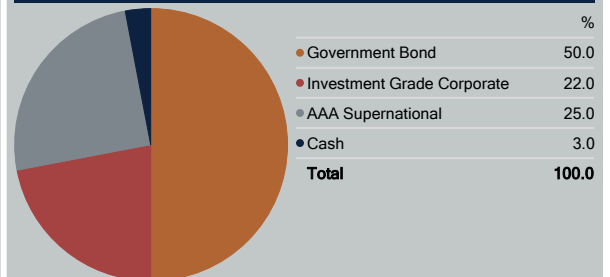
Investment Objective

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



Operations

Name	Melville Douglas IFL USD Income Acc A
Month end price (USD)	\$ 164.9
Fund AUM (m)	\$ 68.2

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

LOW MEDIUM HIGH

* 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

Melville Douglas Income Fund Ltd

US Dollar Class



Minimum Disclosure Document as at 31 December 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, G.S.Baillie, M.Farrow, and O.Sonnbichler
Registered Office	47-49 La Motte Street, St Helier, Jersey
Publication Date	17 January 2019
Compliance No.	ZB2910

Share Class ISIN

Class A	JE00B54RMC79
Class B	JE00BF1CWN63

Minimum Investment

Class A	Closed to new investments
Class B	USD 2 500

Launch Date

Class A	March 2003
Class B	01 September 2017

Fund Costs- 12 months

Fee Class	Current Management Fee	TER	TC	TIC
Class A	0.80%	1.12%	0.00%	1.12%

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	Current Management Fee	TER	TC	TIC
Class A	0.80%	0.82%	0.00%	0.82%

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, no TER is reflected.

Contact Details

Melville Douglas Investment Management (Pty) Ltd

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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 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.

Prices are calculated and published daily on the STANLIB website (www.stanlib.com) and are also available from the manager on request.

Performance figures are calculated for the relevant class on a NAV basis.

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.

An investment management agreement exists between the Fund, the Manager and Melville Douglas Investment Management (Pty) Ltd exists 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 appointed 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.

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 1.29% versus the Fund's benchmark return of 1.80%.

Market Overview

US government bond yields fell sharply in the final two months of the year as investors flocked to safe haven assets in the midst of a severe sell off in global equity markets. Whilst the New Year may bring further bouts of volatility, we see the recent pull back in yields as overdone and not consistent with the ongoing healthy economic backdrop in the US. It is natural for growth conditions to moderate after the unsustainable 'above trend' GDP prints in the second and third quarters, particularly given the fading fiscal stimulus and lagged effects of recent rate hikes. Whilst some interest rate sensitive areas such as housing and auto sales have exhibited signs of weakness, the overall economy is healthy and remains the envy of its G7 partners thanks to an ongoing robust employment market and in turn, solid consumption.

Looking Ahead

In something of a forced response to the recent slide in equity markets, the US Federal Reserve have dialled back their monetary tightening expectations for the year ahead to two hikes, which after the recent dip in yields is severely at odds with current market pricing whereby barely one move is expected – an anomaly we expect to correct in the coming quarter as yields push higher. In addition, quantitative tightening remains in full flow and the absence of the biggest buyer of the US Treasury market over recent years cannot be underestimated. The supply/demand factor is further pressured by less foreign central bank buying of US debt given growing protectionist policies brought about by trade war talks. Ultimately, we are cognisant that the rate hike cycle is closer to the end than the beginning and growth conditions will moderate to an 'at trend' pace but this does not imply an imminent reversal in monetary policy, indeed the Federal Reserve will wish to press on with hikes for as long as possible to build their armoury for the next recession. We will continue to gradually extend the maturity profile of the Fund as yields rise but we see little risk/reward value until the ten-year benchmark edges back towards the 3% level.

Our outlook for the US dollar in the year ahead is perhaps more balanced than it has been for quite some time. Whilst there remain many supportive factors, predominantly the extremely favourable interest rate and yield differential, the currency's solid performance in 2018 may have pushed it closer to a level whereby much, if not all, of the good news is priced in. Our only reticence to move away from the long held overweight US dollar strategy is that currencies move in pairs, and whilst US growth conditions appear to be slowing from an above trend pace, the same can also be said of major counterparts like the Eurozone and Japan.

Common sense should dictate that with the Federal Reserve edging closer to the end of its tightening cycle and the European Central Bank (ECB) and Bank of Japan (BOJ) not yet started, then the long game should be in favour of the Euro and Yen. Whilst over the long haul we would concur with this outlook, timing the turn remains very difficult and the US dollar may stay overvalued for a little longer yet - the Fund remains overweight US Dollars with a 100% weighting.

In summary, we see the recent rally in global bond markets as excessive and in particular, expect US government yields to rise back towards more realistic levels in the months ahead given the ongoing healthy economic backdrop. The overriding objective of the Fund remains one of limiting downside and we continue to see enough embedded risk in the bond markets to justify a continuation of our defensive duration strategy. At the same time, we are mindful that the pace of growth in the US may have pasted its peak in the current cycle and volatility appears to making a comeback. Under these conditions we expect trading opportunities to present themselves in the quarters ahead and will do our utmost to exploit them to enhance returns for the Fund.