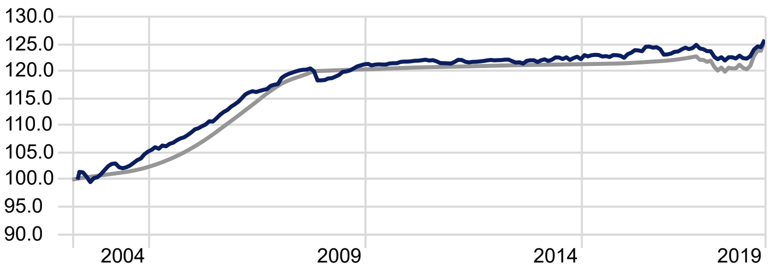
Melville Douglas Income Fund Ltd
US Dollar Class (the "Fund")

Minimum Disclosure Document as at 31 March 2019

MelvilleDouglas
A Member of Standard Bank Group

Investment Growth***



Trailing Returns***

	1 Month	YTD	1 Year	3 Years	5 Years	10 Years
Melville Douglas IFL USD Income Acc A	1.1	1.5	2.6	0.5	0.6	0.6
80% US Gvt 1-10yrs, 20% US Corporate	1.5	2.3	4.1	1.1	0.7	0.4

Risk Matrix *

	Class A	Benchmark
Information Ratio (arith)	-0.6	
Std Dev	1.5	1.7
Sharpe Ratio **	-0.5	-0.4

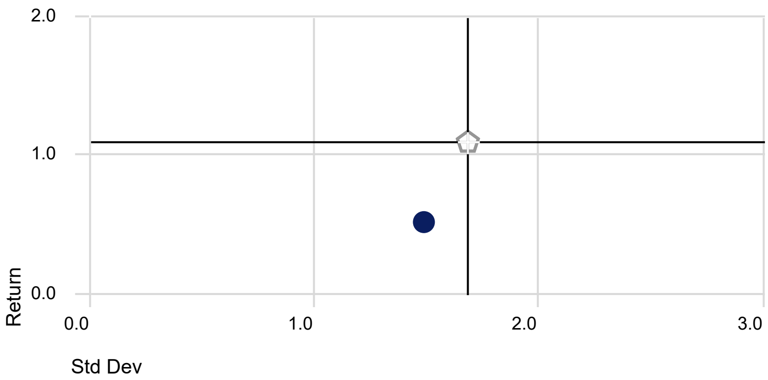
Highest and lowest 12 month rolling returns since inception

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
2019	0.5	-0.1	1.1										
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 *

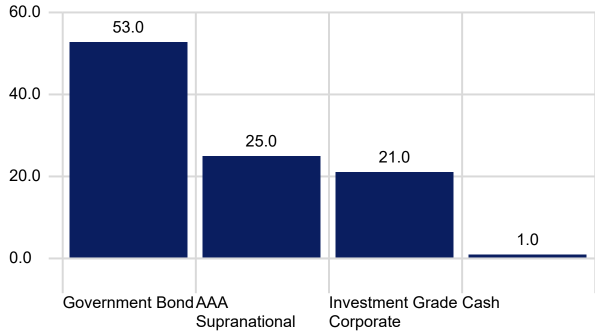


Not to be distributed within the European Union

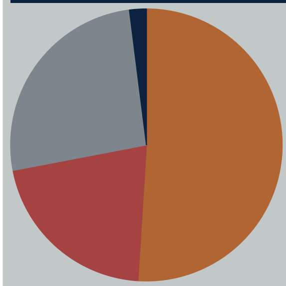
Investment Objective

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



	%
Government Bond	51.0
Investment Grade Corporate	21.0
AAA Supernational	26.0
Cash	2.0
Total	**100.0**

Operations

Name	Melville Douglas IFL USD Income Acc A
Month end price (USD)	$ 167.3
Total fund AUM (m)	$ 67.7

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

* 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

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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, GS.Baillie, M.Farrow, and O.Sonnbichler
Registered Office	47-49 La Motte Street, St Helier, Jersey
Publication Date	17 April 2019
Compliance No.	Z5B318

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%	1.11%	0.00%	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. TER reflected is 1 month in arrears. 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%	0.86%	0.00%	0.86%

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. TER reflected is 1 month in arrears. 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

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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 and Melville Douglas Income Fund Limited are regulated by the Jersey Financial Services Commission.

Prices are calculated and published daily and are 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.

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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 maximize total returns in US Dollars.

The Fund's performance for the period was 1.46% versus the Fund's benchmark return of 2.26%.

Market Overview

Albeit at a moderately more sedate pace than in the latter stages of 2018, US government bond yields maintained their downward bias in the quarter. The turnaround in interest rate expectations has been extreme given that only a few months ago the market was discounting between two to three hikes in 2019 and is now forecasting a full 0.25% cut by year end. A multitude of factors have contributed to this re-appraisal of the rate outlook including, but not limited to, ongoing trade war negotiations and growth concerns in the Eurozone and China. International considerations aside, the main catalyst has been the US Federal Reserve's (Fed's) abrupt tilt to a more 'dovish' outlook. However, it is important to distinguish between current market expectations for an easing in monetary policy this year versus the Fed's outlook which is best described as 'sitting on the fence' or put another way 'data dependent'.

Looking Ahead

On reflection, we can sympathise with the Fed's decision to abandon their previously hawkish tone given the depth of the fall-out in risk assets in late 2018 which was brought about by concerns of a policy error (over tightening) in the potential late stages of a historically long economic expansion. In effect, the central bank did not wish for the downside volatility experienced late last year to extend into 2019 and on that front, it is a case of 'box ticked' given the rapid recovery in global equity markets year-to-date. However, markets will always overreact and the plunge in bond yields may be a case in point with potentially too much bad news now priced in. Of course, we are cognisant that international events and markets cannot be ignored given that developed bond markets will always exhibit a degree of correlation and on that note, it is very hard to ignore the anchoring effects of ten-year German government bonds yielding 'less' than zero percent.

Domestically however, if we evaluate the US economic backdrop the situation appears much less dire than the bond market is now discounting. Although economic numbers are always in the rear-view mirror, they do present us with the best evidence available to gauge the more recent health of the economy and currently, it appears that the expansion, albeit long in the tooth, has further to run. Broadly speaking, inflation is at or around target levels and importantly not at levels deemed as restrictive on wages which recently accelerated to a year-on-year pace of +3.4%, the highest level since 2009. In line with the 'rates on hold' mantra and rally in equity markets, US consumer confidence levels rebounded in February which, along with the robust employment market, bodes well for an economy that relies on consumer spending and services for approximately 70% of its growth. Without doubt, some areas of the economy are moderating, such as manufacturing activity. Given the ongoing trade war talks and slower global growth conditions, certain interest rate sensitive areas such as housing and car sales have understandably been pressured by the delayed effect of past interest rate hikes.

It is difficult to pin any numbers on growth for 2019 and whilst a slowdown from last year's 3.1% (year-on-year) pace is almost inevitable given the fading impetus from tax cuts and lagged effects of monetary tightening, evidence suggests sufficient momentum to deliver at least 2%. This growth rate may possibly represent something of a lower 'new norm' but certainly not close to recessionary levels or indicative of imminent rate cuts.

Ultimately, the bond market has reversed course over recent months from an outright positive economic outlook to deeply negative. We think this is overblown and whilst not advocating a return to the former, some semblance of middle ground must be achieved by the bond market and this should result in yields giving up part of their recent declines. For us, the potential mid-sized elephant in the room remains ongoing trade discussions between the US and China where the only sensible outcome for both involved parties surely has to be a positive one. The reverberations from the trade war spat have been far reaching and widely felt and the sentiment boost from a decent conclusion should be a significant positive for both the Eurozone and China – two regions, and reasons, that contributed to the doves being let out of the cage at the US Federal Reserve. Hence, whilst we have tentatively extended the overall maturity profile of the Fund, the overall stance remains defensive.

The US Dollar continues to hold on to the strong gains accrued in 2018 despite speculation that US interest rates may have peaked. Whilst US government bond yields have fallen, the same has happened almost universally across developed bond markets, so the extremely favourable yield differential has remained broadly intact. Barring 2017's interlude, the US Dollar has been in a general uptrend since 2010 and given this tenure, it is difficult to argue against the fact that much of the good 'relative' news, be it growth or interest rates, is priced in. Although the currency is failing to break materially higher, which suggests it may have peaked for the current cycle, we still see little downside risk and given the significant 'carry', or yield advantage, a sideways trend over the medium term is welcomed and the Fund remains strategically overweight.

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 be 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.