

# Melville Douglas Select Fund Ltd Global Equity Class

Minimum Disclosure Document as at 31 December 2020

## Investment Growth\*\*\*



## Trailing Returns\*\*\*

	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Melville Douglas SFL Global Equity A \$	3.84	17.86	17.86	12.92	13.43	9.88
Melville Douglas SFL Global Equity B \$	3.92	18.22	18.22	13.03		
Melville Douglas SFL Global Equity C \$	3.98	19.05	19.05	13.56		
MSCI ACWI NR USD	4.64	16.25	16.25	10.06	12.25	10.04

## Risk Matrix \*

	Class A	Benchmark
Information Ratio (arith)	0.8	
Std Dev	17.3	18.4
Sharpe Ratio **	0.8	0.6
Best Month (In Last 3 Years)	12.6	12.3
Worst Month (In Last 3 Years)	-11.8	-13.5

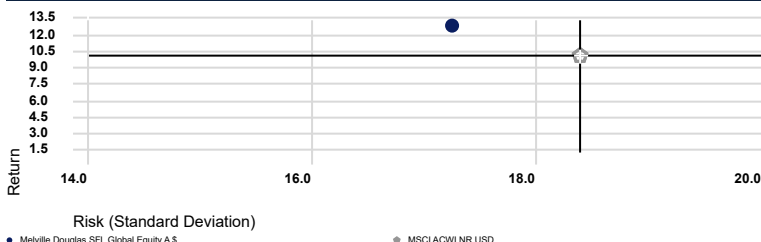
## Highest & Lowest 12 Month Rolling Return

Highest 12 Month Rolling Return	31.93
Lowest 12 Month Rolling Return	-10.11

## Monthly Returns\*\*\*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2020	-1.4	-7.3	-11.8	12.6	4.9	2.2	5.9	6.0	-2.9	-1.6	8.8	3.8	17.9
2019	6.6	2.6	2.5	4.2	-4.7	6.2	0.2	-2.2	0.2	2.5	3.4	3.9	27.7
2018	7.0	-3.9	-2.1	1.1	-0.1	-0.6	4.0	1.2	0.8	-7.1	2.9	-6.6	-4.4
2017	2.4	3.0	0.8	3.1	2.6	0.5	2.5	0.7	1.4	3.7	2.1	0.7	26.2
2016	-4.4	-2.1	6.0	0.0	1.3	-1.6	3.8	0.0	0.2	-3.0	1.8	1.6	3.4

## Risk-Reward \*



Not to be distributed outside of Jersey and South Africa

## Investment Objective

To deliver attractive risk-adjusted returns over the long term. This is achieved by investing in the publicly traded shares of a diversified selection of robust, growing and shareholder-friendly businesses. The fund seeks best ideas across the globe, and is not restricted to any specific local stock market

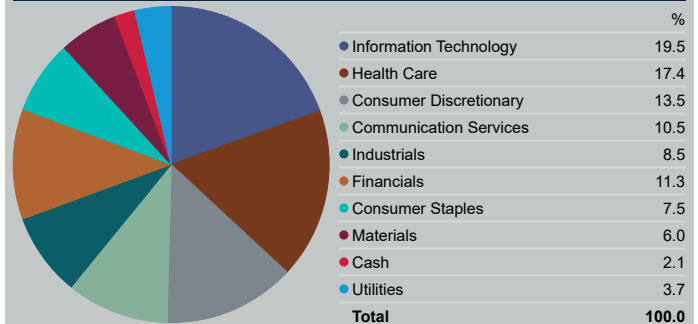
## Top 10 Holdings

	Weighting %
Microsoft Corp	5.5
Boston Scientific Corp	4.1
HDFC Bank Ltd ADR	4.1
Tencent Holdings Ltd	4.1
Anthem Inc	4.0
Prudential PLC	3.9
Amazon.com Inc	3.8
Brenntag AG	3.8
UnitedHealth Group Inc	3.8
Orsted A/S	3.7

## Asset Allocation

Cash	2.1
Equity	97.9

## Sector Allocation



## Operations

Name	Melville Douglas SFL Global Equity A \$
Month End Price (Current Class)	\$22.83
Total Fund Value	\$700.69 Million

## Fund Managers

**Justin Maloney**  
Justin has over 25 years' experience of managing global equity funds. Before joining Melville Douglas in 2014, he was a global equity fund manager in London for Sanlam and F&C Asset Management. He holds a BSc (Hons) degree in Business from Cass Business School, University of London and is also a CFA® Charterholder.

**Prandhana Naidu**  
Prandhana joined Melville Douglas in 2014. She is the co-manager of the Melville Douglas Select Global Equity Fund. Prandhana also covers the global consumer staples sector. Prior to joining the company, she was a portfolio manager at Sasfin Securities. She holds a BBusSci (Hons) degree in Finance from the University of Cape Town, and is a CFA® Charterholder.

## 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.

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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 risk 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

<b>Manager</b>	STANLIB Fund Managers Jersey Limited
<b>Investment Manager</b>	Melville Douglas Investment Management (Pty) Ltd
<b>Custodian</b>	Apex Financial Services (Corporate) Limited
<b>Auditors</b>	PwC, Ireland
<b>Fund Directors</b>	GS.Baillie, M.Farrow, O.Sonnichler & R Stewart
<b>Registered Office</b>	47-49 La Motte Street, St Helier, Jersey
<b>Publication Date</b>	20 January 2021
<b>Compliance No.</b>	L0905N

#### Share Class ISIN

Class A	JE00B6VH9P99
Class B	JE00BYD6X79
Class C	JE00BYD6Y86

#### Minimum Investment

Class A	Closed to new investments
Class B	\$ 2 500
Class C	\$ 2 500

#### Launch Date

Class A	30 March 2012
Class B	01 September 2016
Class C	01 September 2016

### Fund Costs - 12 months

Fee Class	Management Fee*	Performance Fee	TER	TC	TIC
<b>Class A</b>	1.20%	5% above HWM	2.11%	0.00%	2.12%
<b>Class B</b>	1.70%	NIL	1.74%	0.00%	1.75%
<b>Class C</b>	1.00%	NIL	1.04%	0.00%	1.05%

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)

\*Management fee includes fee payable to Manco

### Fund Costs - 36 months

Fee Class	Management Fee*	Performance Fee	TER	TC	TIC
<b>Class A</b>	1.20%	5% above HWM	1.88%	0.00%	1.89%
<b>Class B</b>	1.70%	NIL	1.74%	0.00%	1.75%
<b>Class C</b>	1.00%	NIL	1.17%	0.00%	1.17%

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)

\*Management fee includes fee payable to Manco

### Contact Details

#### Melville Douglas Investment Management (Pty) Ltd

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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 share price. This is an accumulation portfolio and does not distribute income. Telephone calls may be recorded. Apex Financial Services (Corporate) Limited, STANLIB Fund Managers Jersey Limited and Melville Douglas Select 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 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 fund benefited from a sharp vaccine-inspired rally which lifted all boats. Attractive fund returns over the final quarter of 2020 lagged an even stronger advance by the MSCI All Country World index as investors rotated out of stable growth stocks and into those with higher sensitivity to the business cycle. Notable contributions came from ongoing strength in wind-farm operator Ørsted, Indian bank HDFC and multinational life insurer Prudential. Chinese ecommerce giant Alibaba detracted from performance as a result of intensifying regulatory pressure and the cancellation of the \$37bn public offering of its fintech carve-out Ant Group.

#### Market Overview

At last there was something tangible to celebrate this year. Rather like buses, the good news came in twos (and threes if one counts the down-to -the wire hard Brexit trade deal).

The first and foremost shot in the arm came with the announcement of three efficacious COVID vaccines based on preliminary trial results. There is light at the end of a dark tunnel beyond a bleak winter of surging COVID cases and rolling lockdowns. Second, investors were relieved by a clear US election result, despite President Trump's increasingly desperate interventions to stay in power.

The vaccine news was the silver bullet for the previously neglected "re-opening" sectors, such as hospitality, airlines and energy. The sharp upward spike in the share prices of these stocks in November fueled one of the best months on record for global equity indices. Unsurprisingly, the fund lagged the bounce given its style bias to companies with stable earnings growth and strong balance sheets. The fund typically underperforms when the shares of lower quality businesses rebound coming out of recessions. We remind ourselves that our time horizon is longer than a year. As such, we will stay true to our investment process, which is to select great franchises at reasonable valuations and patiently let the power of compounding run its course.

**Facebook** was added to the fund. As well as the Facebook social media platform, the company also owns Instagram and WhatsApp. A key part of the business model is that its users provide content for free by willingly sharing everything about themselves. This is gold dust for advertisers, who use the data to precisely target customers. The sheer size and stickiness of Facebook's user base (a third of the world's population) acts as a magnet for more people and businesses to join and interact.

Amidst a sluggish global macroeconomic backdrop, Facebook is still expected to grow its earnings by over +20% per annum over the next few years, driven by market share gains from traditional advertisers. There is also plenty of growth potential outside North America, which accounts for around 90% of the user base but only 50% of revenue. Furthermore, the Instagram and WhatsApp platforms have yet to be fully monetised.

The main bone of contention is the political backlash against Big Tech. Facebook's attractive valuation already accounts for much of the worst-case scenario legal and regulatory remedies (despite the thinness of many of these challenges) whilst not fully reflecting the rapid growth. As long-term investors we have time on our side to ride out the headlines and capture the attractive returns from this compelling investment.

#### Looking ahead

Last year was a good reminder of the perils of putting all your eggs in one basket on a particular outcome. This time last year most economists were expecting an acceleration in the global economy. Three months later we were plunged into a deep recession.

To ensure a harmonious balance, our clients' portfolios consist of our best ideas across a wide range of industries, countries and investment themes. Some will be the current flavour-of-the-month and some will not. It is not contradictory for us to own stakes in some companies labelled "COVID-beneficiaries" and some labelled "re-opening stories". They can both be great long-term investments well beyond the pandemic and this economic cycle.

The fund's competitive edge is a process and philosophy focused on capturing the magnifying effect of consistent compound returns for our clients' savings rather than chasing every trend that may or may not work out. To do so, the fund will continue to own a diversified range of the most compelling compounders across the globe and across sectors, regularly kick the tires on their investment cases and then let time do the rest.

**The commentary gives the views of the portfolio manager at the time of writing. Any forecasts or commentary included in this document are not guaranteed to occur.**