

Melville Douglas STANLIB High Alpha Fund

Minimum Disclosure Document as at 31 December 2015

Investment Objectives

The portfolio's main objective is to generate capital growth over the medium to long term, with income generation as a secondary objective. The fund will adopt a more aggressive approach, attempting to achieve a high alpha relative to the benchmark. It shall aim towards long-term total performance returns in excess of the benchmark. The assets of the portfolio will comprise a mix of financially sound securities of companies listed across all sectors on the securities exchange in South Africa as permitted by the Act

Investment Philosophy

Our investment philosophy is focused on maintaining the capital entrusted to us in real terms and to deliver superior risk-adjusted returns. Our approach is largely restricted to quality fixed income securities, cash or cash linked instruments. We are long-term investors and the decision making process involves a continuous assessment of a number of top-down and bottom-up factors that affects the prices of fixed income securities.

Portfolio Facts

Portfolio Size	R 66.57 million
Sector Classification	South African - Equity - General
Income Distribution	Net revenue is declared on a daily basis and distributed annually.
Income Declaration	31 December
Benchmark	FTSE/JSE All Share Index

	Class A	Class B1
Launch Date	28 February 2011	01 July 15

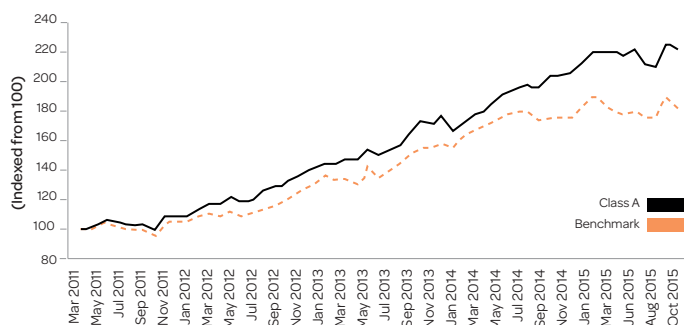
Minimum Investment		
Lump Sum	R100 000	R100 000
Debit Order Per Month	R1 000	R1 000

* Please refer to page 2 under "Statutory Disclosure and General Terms & Conditions"

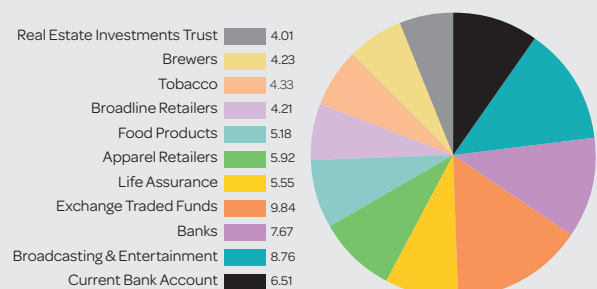
** Additional Information can be obtained from Portfolio Charges Brochure on www.stanlib.com

	Class A	Class B1
ISIN NO.	ZAE000154340	ZAE000207155
JSE Code	MDHFA	MDSB1
Total Expense Ratio	2.47%	N/A
Maximum Portfolio Charges		
Upfront Charge: Manager	0.00%	0.00%
Upfront Charge: Intermediary	0.00% - 3.00%	0.00% - 3.00%
Total Service Charge	1.50%	1.20%
Service Charge Intermediary Portion	0.50%	0.00%

Cumulative Performance Since Inception



Sector (%)



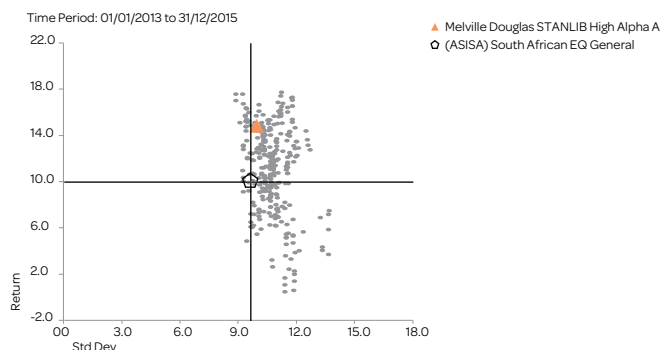
Performance (%)

	1 year	3 years	5 years	10 years	Since Inception
Class A	5.50	15.09	N/A	N/A	17.16
Sector	1.84	10.29	10.85	12.12	17.98
Benchmark	5.13	12.28	12.95	14.08	11.00
Rank (Class A)	49/135	17/105	0/0	0/0	0/0
Lowest Return Over 12 rolling months					5.50
Highest Return Over 12 rolling months					31.08

Top Holdings (%)

Naspers Ltd	8.76
Mr Price Group Limited	5.92
First Rand Ltd	4.77
British American Tobacco Plc	4.33
SAB Miller Plc	4.23
Woolworths Holdings Ltd	4.21
New Europe Property Investment	4.00
DB X-Trackers MSC World Index	3.93
DB X-Trackers MSCI USA	3.70
Medi-Clinic Corp.	3.58

Risk Reward



Source: Morningstar Direct

Portfolio Risk and Term

Conservative	Moderate	Aggressive
--------------	----------	------------

Income Distribution

	Paid in the last 12 months	Paid during 2014	2014 payments as a % of year end price
Class A	1.05 cpu	0.76 cpu	0.38%

Melville Douglas STANLIB High Alpha Fund

Minimum Disclosure Document as at 31 December 2015

Franchise

The fund is aggressively managed; careful selection of the companies the fund holds offers significant opportunity to control the risk in the portfolio. Melville Douglas's approach to equity investment is rigorously based on an assessment of the industry growth prospects for each holding, and for the ability of the individual company to improve its industry position by skilful management and strategic positioning. The key characteristics of companies we prefer are the ability to convert revenue into cash on a reliable and sustainable basis; the ability of management to deploy that cash either in expansion or new projects that will achieve a return above the cost of capital; and a track record that demonstrates a willingness to return surplus cash and capital to shareholders. We are also strongly focused on the price we pay; we believe strongly that the cost of purchase determines the return that can be achieved.

Quarterly Comments

The final quarter of 2015 proved as difficult and even more volatile than the previous quarter for SA financial markets. After an early recovery from the damage resulting from the Chinese currency devaluation, the JSE responded badly to renewed weakness in metals prices in November. Then, in early December, the Minister of Finance was replaced by the president with an inexperienced and little-known candidate. This unleashed substantial market turmoil, coming as it did ahead of a critical period for the macroeconomic management of the country which faces a potential credit rating downgrade to non-investment grade. In the event, the backlash from both business and politicians was sufficient to force a reversal, which led to a former minister, Pravin Gordhan, being reappointed to the post. Fortunately, the mainly defensive positioning of the fund's portfolio helped it produce a strong final quarter in which it outperformed its benchmark.

Globally, equity markets delivered very disappointing returns in 2015. Although there were a number of volatility triggers (Europe, China, oil), the biggest overriding pressure comes from the strength of the dollar and the effective tightening of US monetary policy, which is forcing other economies into competitive currency downgrades and unprecedented levels of monetary policy stimulus.

For 2016, there are still substantial risks. The consequences of a downgrade, if it occurs, are hard to assess, but would certainly not be limited to financial markets: the impact on the real economy would be severe. In any case, following the finance ministry episode, the economy is left with higher interest rates and a weaker currency, and it will require a lengthy and substantive rebuilding of credibility to restore the situation. The Reserve Bank will need to respond to the inflationary consequences of the weaker currency, so we expect a higher and longer interest rate cycle; and a tougher budget. In addition, the agricultural sector will have to endure the consequences of a severe drought; the remedies will certainly apply additional inflationary pressure. Globally, the year has begun on a very volatile note and commodity prices have resumed a downward trend; volatility in equity markets remains elevated and concerns about growth have resurfaced. The interaction of weak growth and tightening US monetary policy mean that the key forces that created the pressures on emerging markets and commodity producers during 2015 remain in place. Our caution has led to the reduction of portfolio exposure to key risks. Specifically, the prospect of a credit rating downgrade will keep interest rate markets on edge, and the pressure on consumers will rise. We are revisiting specific risks within the portfolio. Banks and interest rate sensitive counters may come under more pressure with increasing funding costs and as higher interest rates begin to weigh on consumers who are already under pressure. The fund may have to reduce some exposure to these counters, despite the recent sell off. Capital preservation will be the focus for now as the downside risks to the long bond yield domestically outweigh the possibility of bond spreads narrowing in our view. Generally, the themes of 2015 will continue: careful selection will be key.

Portfolio Manager

Michael Laws

Michael is the Deputy Managing Director of Melville Douglas. He has been involved in investment since 1998. He holds a BCom and is a Chartered Financial Analyst.

Greg Wood

Greg has been a research analyst and portfolio manager at Melville Douglas since 2006. Greg holds a Business Science Degree from Rhodes University and is a Chartered Financial Analyst.

Fund Features

The fund is a pure equity portfolio, with the objective of delivering returns in excess of the FTSE/JSE All Share over time.

Risk

The risk in the fund is controlled by the quality of the equities held. The weightings of individual holdings are based on conviction levels drawn from the Melville Douglas investment process. This process is based on extensive fundamental research, using both proprietary & external sources. The portfolio will be subject to equity volatility and is likely to follow the direction of the broader market to a high degree. In the long term, investment return is the reward for the risks that are taken, and the risk exposure is essential to achieve the fund's long term goals.

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, and potential limitations on the availability of market information.

Statutory Disclosure and General terms & Conditions

Collective Investment Schemes in Securities (CIS) are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. An investment in the participations of a CIS in securities is not the same as a deposit with a banking institution. CIS are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from STANLIB Collective Investments Ltd (the Manager).

Commission and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Liberty is a full member of the Association for Savings and Investments of South Africa. The Manager is a member of the Liberty Group of Companies. The Manager carries full responsibility for this third party portfolio. This portfolio is valued on a daily basis at 15h30. Investments and repurchases will receive the price of the same day if received prior to 15h30.

The Total Expense Ratio (TER) of a portfolio is a measure of the portfolio's assets that were relinquished as operating costs expressed as a percentage of the daily average value of the portfolio calculated over a period of usually a financial year. Typical expenses which are deducted from a portfolio include service charges, taxes, trustee fees and audit fees.

Additional information about this product, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge, and from the website: www.stanlib.com. The prices of unit trust funds are calculated and published on each working day. These prices are available on the Manager's website and in the South African printed news media.

Contact Details

Melville Douglas Investment Management (Pty) Ltd

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

Tel: +27 (0)11 721 7964 Fax: +27 (0)86 202 7235 www.melvilledouglas.co.za

A subsidiary of Standard Bank Group Limited Reg 1987/005041/07

An authorised financial services provider

Contact Details

17 Melrose Boulevard, Melrose Arch, Johannesburg, South Africa

PO Box 202, Melrose Arch, 2076

Contact Centre 0860 123 003

www.stanlib.com

STANLIB Collective Investments (RF) Limited Reg. No. 1969/003468/06

Trustees : Standard Chartered Bank, 4 Sandown Valley Crescent, Sandton, 2196
Tel: 011 217 6600

Compliance No: H00X29