

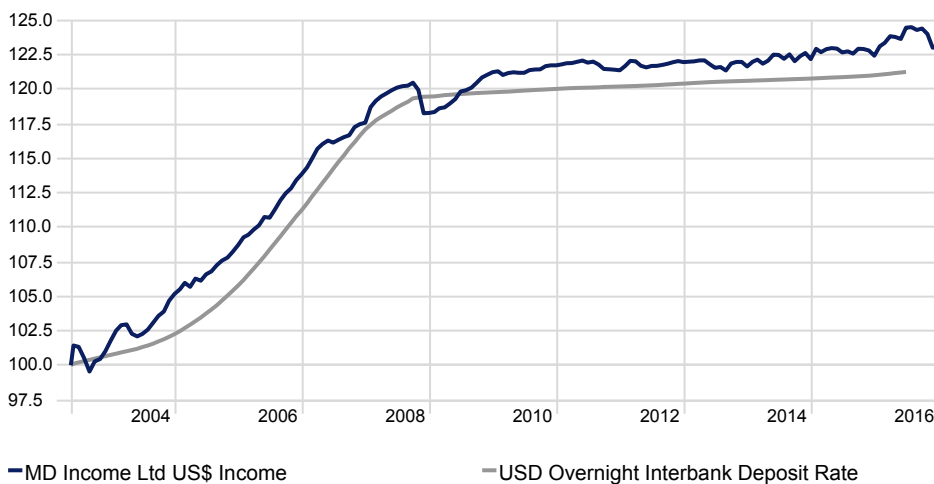
# Melville Douglas Income Fund Ltd - USD Income Class

## Minimum Disclosure Document as at 31 December 2016



MELVILLE DOUGLAS

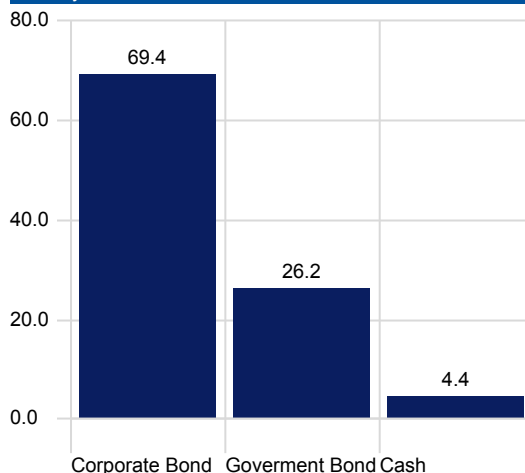
### Investment Growth\*\*\*



### Investment Objective

To provide a return in excess of cash deposits 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



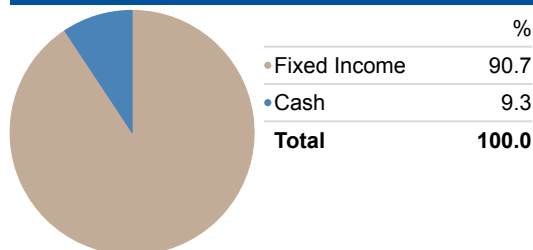
### Trailing Returns\*\*\*

	1 Month	YTD	1 Year	3 Years	5 Years
MD Income Ltd US\$ Income	0.0	0.5	0.5	0.4	0.3
USD Overnight Interbank Deposit Rate	0.1	0.5	0.5	0.3	0.2

### Risk Matrix \*

	Fund	Benchmark
Information Ratio (arith)	0.1	
Std Dev	1.1	0.0
Sharpe Ratio **	0.2	0.2
Best Month (In Last 3 Years)	0.7	0.1
Worst Month (In Last 3 Years)	-0.8	0.0

### Asset Allocation



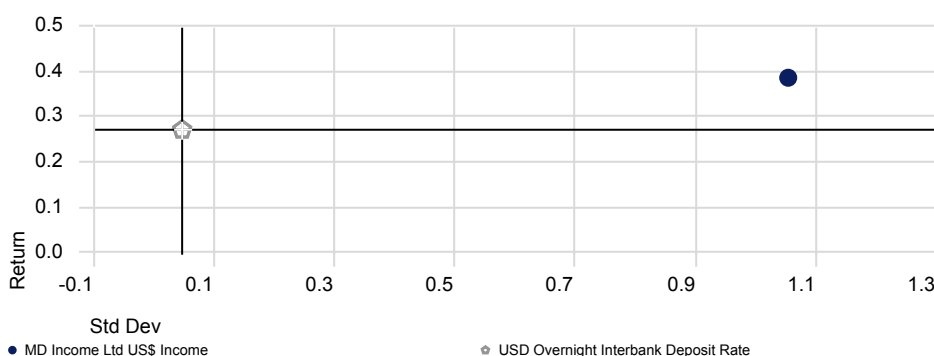
### Monthly Returns\*\*\*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
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
2012	0.3	0.3	0.0	-0.3	-0.1	0.1	0.0	0.1	0.1	0.1	0.1	-0.1	0.5

### Operations

Price Date	2016/12/31
Share Price	\$ 163.74
ISIN	JE00B54RMC79
Minimum Investment	\$ 10 000
Fund AUM (m)	\$ 59.6
Domicile	Jersey

### Risk-Reward\*



### Portfolio Manager

Karl Holden



### Not to be distributed within the European Union

\* Data is displayed over a 3 year rolling period  
 \*\* US Treasury T-Bill 3 Mon  
 \*\*\* 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 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, and potential limitations on the availability of market information.

## Other Fund Facts

Manager	STANLIB Fund Managers Jersey Limited
Investment Manager	Standard Bank International Investments Limited
Custodian	Capita Trust Company (Jersey) Limited
Auditors	PwC, Ireland
Fund Directors	H. Holmes, GS. Baillie, M. Farrow, and O. Sonnichler
Registered Office	47-49 La Motte Street, St Helier, Jersey
Launch Date	16 February 1999
Publication Date	25th January 2017

## Fund Costs

TER =	0.67%
TC =	0.01%
TIC =	0.68%
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).

## Other Fees

Administration Fee	0.15%
Management Fee	0.38%
Custody Fee	0.04%
Up-front Fee	Up to a maximum of 5.5%

## Contact Details

### Melville Douglas Investment Management (Pty) Ltd

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[www.melvilledouglas.co.za](http://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. 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 priced weekly. Telephone calls may be recorded. Capita Trust Company (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.

A 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. The representative for the fund in South Africa is STANLIB Collective Investments (RF) Ltd. 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)....

Fund Prospectus, application forms as well as annual and interim financial statements, are available at [www.standardbank.com/privateclients](http://www.standardbank.com/privateclients)

Source: Morningstar Direct, Melville Douglas

# Melville Douglas Income Fund Ltd USD Income Class

4th Quarter Commentary 2016

## Quarterly commentary

In the second half of the year, a reversal of a multitude of factors have combined to upset the complacency that had deeply imbedded itself into fixed income markets. The first half of the year was dominated by subdued inflationary pressures, less than inspiring global economic data and the misplaced perception that central banks would be 'on hold' at worst and continue to dig even deeper into the ultra-easy monetary policy toolbox.

Around the middle of the year, the outlook for bonds began to dim initially with a growing chorus calling for some form of fiscal stimulus as it was becoming increasingly evident that lower, and in some cases more negative interest rates, were not having the desired or intended effect. At the same time, economic data began to quietly improve - Gross Domestic Product (GDP) in the US rose from a meagre 0.8% annualised pace in the first quarter to 3.5% in the third and inflation, which already had the feel good factor from a doubling in the oil price, jumped from 1% midway through the year to 1.7% in November.

Then, to add fuel to fire, the (almost) impossible happened with Trump winning the US Presidential Election. The immediate reaction in the bond markets was one of panic with yields falling but that lasted only moments as markets began to quickly re-price for the 'what if' scenario. That what if is Trump's stated massive reflationary push via personal and corporate tax cuts and a \$1 trillion infrastructure spend, all designed to 'make America great again' or put another way, get growth to 4%.

The Federal Reserve hiked rates by 0.25% again in December and more importantly, are now pencilling in another three (maybe four) next year. Looking forward, we view further normalisation, or ongoing rises in yields, as a healthy and much needed event for the bond markets which will allow us to continue to add duration to the Fund as this process continues.

The US Dollar staged a massive recovery in the fourth quarter, rising approximately 8% on a trade-weighted basis thereby erasing all weakness seen earlier in the year. The rally was predominantly driven by the surge in US bond yields and we see this theme continuing over the short-term. The Fund remains 100% allocated to US Dollars.

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