

Melville Douglas Select Fund Limited Global Impact Class

Fund information update at 29 February 2024

What is the fund's objective?

The objective is to provide long term capital growth by investing in companies where the business model is highly aligned to achieving a positive impact on society and the environment. This is achieved by investing in a globally diversified universe of companies.

The strategy is actively managed and will seek to achieve its objective on an active basis, without reference to a benchmark.

The objective is not to track the performance of an index or benchmark as these are not aligned with the specific impact investment objectives.

What does the fund invest in?

The fund invests in global companies that are positively aligned to Impact Themes identified by the Investment Manager. Companies must be high-quality growth companies which are leading the way in addressing the challenges encapsulated within these themes. They must deliver on the fund's objective of both financial returns and tangible social and environmental impact.

The percentage of companies in the fund that are analysed for sustainability characteristics will always be between 90%-100%. There is no alignment to a specific taxonomy.

What possible risks are associated with this fund?

The risk rating seen below 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.

Risk rating

Conservative	Moderately conservative	Moderate	Moderately aggressive	Aggressive
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What is the suggested investment period for this fund?

Minimum period

1 Month	6 Months	1 Year	3 Years	5 Years	7 Years
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Who should consider investing in this fund?

Due to the higher risk profile of equities relative to bonds and cash, the fund is only suitable for persons prepared to bear substantial losses and volatility on their invested capital. Investors should be prepared to hold the fund for a period in excess of five years. Typically, the fund would form part of a wider wealth management strategy.

Income

Income available for distribution attributable to the Class Fund shall be accumulated and not distributed to Shareholders.

Who are the investment managers?

Melville Douglas Investment Management (Pty) Ltd, FSP 595, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act 2002, manage the investments of the fund. Since 1983 Melville Douglas has been delivering superior investment returns across a number of asset classes. As a global boutique investment management company within the Standard Bank Group, we are uniquely positioned to offer domestic and offshore investment solutions. What truly sets Melville Douglas apart is our experienced investment team and our approach to investing – driven by balance, a long-term view and a commitment to fundamental research – which informs our investment decisions across the board.



Rob Stewart

BSc (Hons), PDM, CFA®, CFP™, Chartered MCS1
Fund Manager

Rob joined Melville Douglas in 2005 as a portfolio manager and analyst covering Commodities and the Mining and Resources companies. Rob has over 20 years experience in the investment industry. Rob currently co-manages the Melville Douglas Select Global Impact Fund and covers a range of subsectors relevant to the main investment themes of the fund. He also holds the CFA Institute Certificate in ESG Investing, and the CFA UK Certificate in Climate and Investing. Rob is based in Jersey.



Diane Laas

MBA (cum laude), BEng (Hons)
Fund Manager

Diane joined Melville Douglas in 2022 as the co-manager of the Melville Douglas Global Impact Fund. Diane has over 18 years of investment experience having previously worked at Ninety One Asset Management and Sustainable Capital where her focus was integrating sustainability factors into investments. Diane holds an MBA (cum laude), a BEng (Hons), the Oxford Certificate in Leading Sustainable Corporations, the Harvard Certificate in Sustainable Business Strategy and the CFA Institute Certificate in ESG Investing. Diane is based in South Africa.

General information

Size (NAV) \$ 66.81 million

Section 65 Approved

This Class Fund is approved for sale in South Africa under Section 65 of the Collective Investment Schemes Control Act, 2002 (CISCA).

	Class B	Class C
Launch	24 March 2023	24 March 2023
ISIN number	JE00BMDVX605	JE00BMDVX712
SEDOL code	BMDVX60	BMDVX71
Bloomberg	MDSGIGB JY	MDSGIGC JY

Minimum investment requirements -

	Class B	Class C
New business	Open	Open
Initial	\$ 2,500	\$ 2,500
Subsequent	\$ 1,000	\$ 1,000

What are the costs to invest in this fund?

Maximum charges

	Class B	Class C
Initial fee (manager)	0.000%	0.000%
Initial fee (adviser)	3.000%	3.000%
Annual fee (manager)	1.700%	1.000%
Annual fee (adviser)	0.500%	0.000%
Performance fee	N/A	N/A

Annual fee (manager) - this is a service charge (% based) applicable to each class of a fund, that is levied on the value of your portfolio and includes the **Annual fee (adviser)** fee (where applicable). Annual fees are calculated and accrued daily and recovered monthly from the income awaiting distribution in the fund.

Cost ratios (annual) including VAT as at 31 December 2023

	Class B	Class C
Based on period from:	24/03/2023	24/03/2023
Total Expense	1.76%	1.13%
Transaction Costs	0.00%	0.00%
Total Investment Charge	1.76%	1.13%
1 Year Total Expense	1.76%	1.13%

Total Expense (TER): This ratio shows the charges, levies and fees relating to the management of the portfolio and is expressed as a percentage of the average net asset value of the portfolio, calculated over the period shown and annualised to the most recently completed quarter. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER should not be regarded as an indication of future TERs.

Transaction Costs (TC): This ratio shows the percentage of the value of the fund incurred as costs relating to the buying and selling of the fund's underlying assets. TC are a necessary cost in administering the fund and impacts fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, investment decisions of the investment manager and the TER.

Total Investment Charges (TIC): This ratio is simply the sum of the TER and TC, showing the percentage of the value of the fund incurred as costs relating to the investment of the fund. It should be noted that performance figures account for all costs included in the TIC ratio, so you should not deduct the TIC from performance figures, the performance is already net of the TIC.

The TER, TC & TIC cannot be determined accurately for portfolios/portfolio classes that are not yet 1 year old because of the short life span of the portfolio/portfolio class. Calculations in this instance are based on actual data where possible and best estimates where actual data is not available.

Melville Douglas Select Fund Limited Global Impact Class

Monthly update at 29 February 2024

Performance

Class B Launch: 24 March 2023

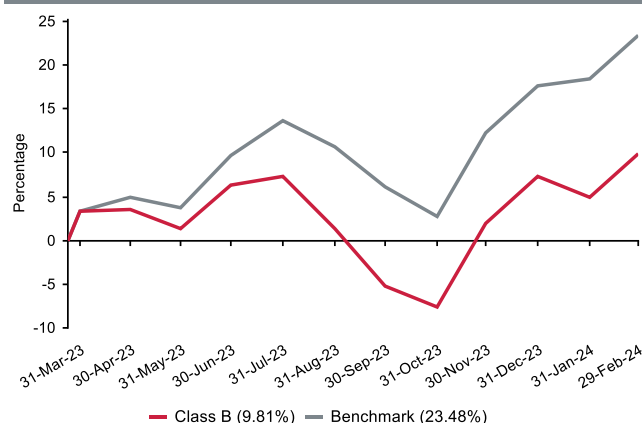
Class C Launch: 24 March 2023

Benchmark: MSCI ACWI NR USD

Returns (%)	1m	3m	6m	9m	Launch
Class B					
Class	4.63	7.71	8.35	8.35	9.81
Benchmark	4.29	9.94	11.66	19.05	23.48
Class C					
Class	4.69	7.89	8.73	8.90	10.47

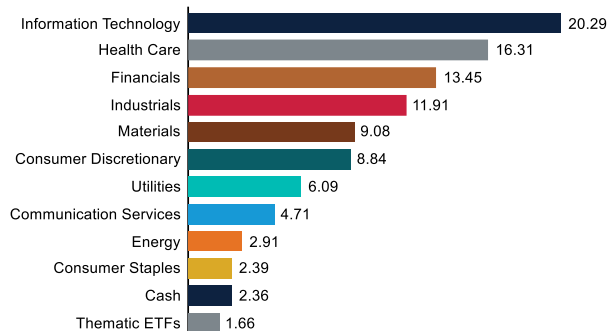
Returns (%) shown are cumulative for all periods shorter than or equal to 1 year and annualised for all periods greater than 1 year.

Cumulative performance (%) from Launch



Holdings

Sector (%)

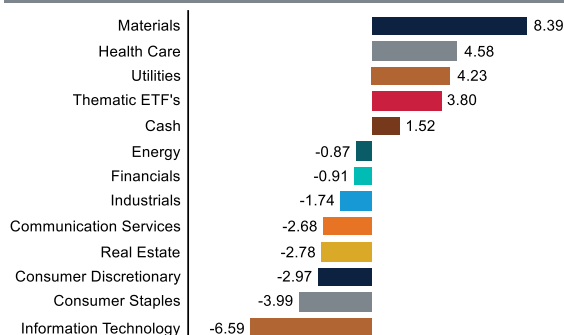


Top holdings (%)

Microsoft Corp	6.42
Amazon.com Inc	6.04
Mastercard Inc A	4.46
Novozymes A/S D	4.41
Alphabet Inc A	4.36
Visa Inc A	4.36
Linde plc	4.27
Ecolab Inc	4.13
Taiwan Semiconductor Manufacturing Co Ltd Sp ADR	3.66
Iberdrola SA	3.62

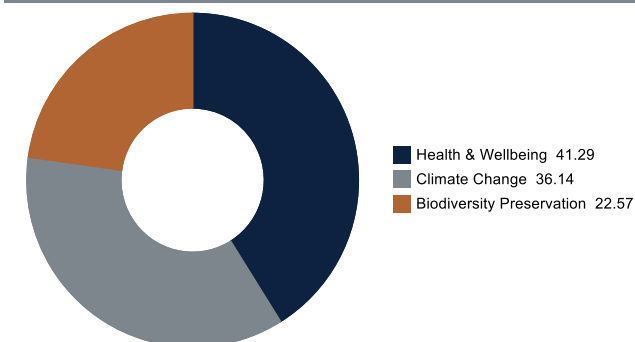
Active weights (%)

as at Q4 2023



Themes (%)

as at Q4 2023



Investment approach

The Investment Manager (the Manager) aims to identify long-term, structural Impact Themes that collectively encompass what it has assessed to be are the world's most pressing challenges, which have both the highest likelihood of happening, and the biggest impact on society. Current Impact Themes identified by the Manager are Climate Change, Health & Wellbeing, and Biodiversity Preservation. As humanity seeks ways to inclusively solve these challenges through the deployment of significant financial and human capital, companies that successfully operate within these themes have access to multi-decade, structural growth opportunities. High-quality growth companies which are leading the way in addressing these challenges are then identified to deliver on the fund's objective of both financial returns and tangible social and environmental impact. Impact, as defined by the Manager, is a deliberate, material, and measurable economic activity that improves societal and environmental interaction, to achieve a long-term sustainable future. Companies deliver impact through either their core products and services, their operating approach, or supply chain management, whilst doing 'no significant harm' to climate change, society, and the environment. Material impact, as defined by the Manager, is achieved through either: >50% of revenue linked to an Impact Theme; or >50% of supply chain costs linked to an Impact Theme; or emissions avoided, either directly stated or through the use of >80% renewable energy in business operations. Tangible impact delivered by the companies must be measurable, either through metrics reported by the company on an annual basis or derived through data analysis. The eligible universe of companies is determined through both a top-down and bottom-up approach. The Impact Themes, alongside screening for metrics consistent with high-quality growth companies, creates the investable universe from a top-down perspective. A bottom-up approach is also used to identify companies that deliver impact through their operating approach or supply chain management. Inclusion into the fund is dependent upon companies meeting the criteria of a proprietary Impact Assessment, which provides a consistent framework for the measurement and evaluation of a company's impact. Investee company Impact Assessments are updated annually upon release of new sustainability and impact data and provides a continuous feedback loop into the investment process to ensure continued eligibility for inclusion into the fund. Fundamental analysis is conducted to ensure that the companies are high-quality, long-term growth compounders, which are reasonably priced from a valuation perspective. A detailed Environmental, Social, and Governance (ESG) analysis to address Sustainability Risk is also performed. The Manager uses screening to ensure that certain activities are excluded or restricted, in accordance with its ESG Policy.

Melville Douglas Select Fund Limited

Global Impact Class



Quarterly update at 31 December 2023

Fund review

Information Technology (19.71%) and Materials (21.41%) were the biggest sector contributors to the Fund's absolute performance. Within Information Technology, Shopify was a prominent contributor, returning 42.75% for the quarter, after the company released Q3 results way ahead of consensus expectations on the back of improved merchandise volumes and significantly improved margins. Within Materials, Novozymes was the largest contributor, returning 38% over the quarter after reporting strong results ahead of consensus, driven by strong organic growth as the business saw increasing customer demand for sustainable BioSolutions.

Consumer Staples (5.78%) and Energy (4.60%) detracted most from the fund's absolute performance over the quarter. Within Consumer Staples, Barry Callebaut is the sole holding, and underperformed over the quarter following weaker guidance at their third quarter results, whereby the company will undergo a 24-month transition period to restructure the business for long-term growth. This includes a flat volume growth outlook for 2024, followed by modest growth in 2025, and was below consensus expectations. Within Energy, Neste Corporation is the sole holding. The company reported very strong third quarter results, well above consensus, and rallied on the back of this, however, was dragged lower towards the end of the quarter, in-line with weakness across the whole energy complex.

Market overview

Financial markets bounced back extremely strongly during the final quarter of 2023, resulting in favourable returns for the year as a whole. Global equities were one of the best performing asset classes during 2023, returning 22% in USD terms, an astonishing result given the fragile geopolitical and macro-economic backdrop the world found itself in. The return, however, was not broad based and was mainly driven by a handful of tech stocks ('Magnificent 7') that rallied largely thanks to their exposure to Artificial Intelligence (AI). Only in the fourth quarter did the market performance broaden out, as interest rate expectations for 2024 were lowered.

Despite the strong returns from Global Equities, 'Impact' as an investment theme struggled throughout 2023 with the MSCI ACWI Sustainable Impact Index returning 5.40% for the year, well behind the MSCI ACWI total return of 22.20%. However, the theme staged a strong comeback during the last quarter, posting a return of 13.73%, as long bond yields declined significantly on the expectation that the interest rate hiking cycle had peaked, with rate cuts expected to begin mid next year. Impact-type stocks are typically characterized as high-growth, long-duration in nature, and their valuations are therefore very sensitive to interest rate expectations.

The key driver behind the fourth quarter's positive movement in asset prices is the belief that economic soft landings are increasingly possible now that the US Federal Reserve (Fed) and other central banks look set to lower interest rates to a more accommodative stance earlier than previously forecast, as inflation data and trends across the developed economies surprised to the downside. Asset prices are now pricing in significantly lower interest rates over the next two years on the back of these softer than expected inflation prints. Bond prices climbed and yields declined sharply as investors scrambled to lock into high income yields which in turn supported higher equity valuations.

Looking ahead

Whether the strong performance from the equity market can continue remains to be seen, with the lagged effects from tighter financial and credit conditions still to play out, while at the same time valuations (margin of safety) have become less supportive, and earnings growth expectations appear to be on the optimistic side. Nevertheless, the more accommodative stance from central banks, combined with the bottoming in the corporate earnings cycle, will go a long way in reducing the tail risk of a potential hard landing and/or a dislocation in financial markets as economic growth moderates.

2023 was characterised as a year of climate chaos and is projected to become the hottest year on record with the average annual temperature at 1.4°C above pre-industrial levels, near the 1.5°C limit set in 2015 by Paris Agreement (COP21). The planet is changing rapidly, and policy makers will need to respond urgently. With a COP28 deal in hand, which called for the "transition away" from fossil fuels, phase-down of unabated coal, and increased investments in low carbon technologies, we anticipate a recovery in investor confidence around many climate and emissions-related investment themes. The Global Impact Fund is well positioned to take advantage of the long-term structural growth themes across Climate Change, Biodiversity Preservation, and Health and Wellbeing.

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.

Change in allocation of the fund over the quarter

Asset type	Q4 2023	Q3 2023	Change
Cash & MMkt	1.52	1.80	-0.27
Equity	98.48	98.20	0.27

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	Price (\$)	Shares	NAV (\$)
B	Retail	10.73	17,962.11	192,751.84
C	Retail	10.78	13,518.70	145,773.68

All data as at 31 December 2023.

Shares - the amount of Participating Shares in issue in each relevant class.

Melville Douglas Select Fund Limited

Global Impact Class



Important information at 29 February 2024

Disclosures

Collective Investment Funds (CIF) 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 future performance. CIF are traded at ruling prices and can engage in borrowing and scrip lending.

The Global Impact Class is a class fund of the Melville Douglas Select Fund Limited (the Fund). The Fund is an 'umbrella fund' and an open-ended investment fund company registered by way of continuation in Jersey under a certificate of continuance dated 31 March 2003 with limited liability under the Law as a no par value company. The Fund is regulated as a Collective Investment Fund by the Jersey Financial Services Commission. The manager of the Fund is STANLIB Fund Managers Jersey Limited (the Manager). The Manager is 100% owned by STANLIB Limited, which is wholly owned by Liberty Holdings Limited. Liberty is a full member of the Association for Savings and Investments of South Africa (ASISA). The manager has a right to close a portfolio to new investors in order to manage the portfolio more efficiently in accordance with its mandate. The Manager does not provide any guarantee either with respect to the capital or the return of the class fund. A schedule of fees and charges and maximum commissions is available on request from the Manager. The custodian/trustee of the Fund is Apex Financial Services (Corporate) Limited (the Custodian). The Fund, the Manager and the Custodian are regulated by the Jersey Financial Services Commission.

The investments of this class fund are managed, on behalf of the Manager, by Melville Douglas Investment Management (Pty) Ltd (the Investment Manager), an authorised financial services provider (FSP), FSP No. 595, under the Financial Advisory and Intermediary Services Act (FAIS), Act No. 37 of 2002. The Investment Manager, pursuant to a distribution agreement made between it and the Manager, acts as distributor to the class fund in South Africa.

STANLIB Collective Investments (RF) (Pty) Limited is the appointed Fund's representative in the RSA, by the Manager, in respect of the Fund. The RSA Representative is responsible for assisting the Fund with compliance with RSA regulatory requirements in respect of certain Classes to be marketed to investors in the RSA.

Prices are calculated and published on each working day, these prices are available on the Manager's website (www.stanlib.com). This portfolio is valued at 23h59 (GMT). Forward pricing is used. Investments and repurchases will receive the price of the next day if received prior to 14h30 (GMT). Settlement must be made in the relevant class fund's base currency. This portfolio is permitted to invest in foreign securities. Should the portfolio include any foreign securities these could expose the portfolio to any of the following risks: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information.

All return figures quoted are in USD, as at 29 February 2024, based on data sourced from Morningstar.

Annualised return figures are the compound annualised growth rate (CAGR) calculated from the cumulative return for the period being measured. These annualised returns provide an indication of the annual return achieved over the period had an investment been held for the entire period. Actual annual figures are available on request from the Manager.

Fund performance figures are calculated for the relevant class of the Fund, for a lump sum investment, on a NAV-NAV basis, with income reinvested on the ex-dividend date. Individual investor performance may differ due to initial fees, actual investment date, date of reinvestment of income and dividend withholding tax. Fund performance figures account for all costs that contribute to the calculation of the cost ratios quoted, all fund returns quoted are therefore after these costs have been accounted for.

Statistics - Positive Months: the number of individual 1 month periods during the specified time period where the return was not negative; Max Gain: the maximum gain in a trough-to-peak incline before a new trough is attained, quoted as the percentage between the trough and the peak. It is an indicator of upside risk over a specified time period (quoted for all periods of 1 year or longer); Max Drawdown: the maximum loss in a peak-to-trough decline before a new peak is attained, quoted as the percentage between the peak and the trough. It is an indicator of downside risk over a specified time period (quoted for all periods of 1 year or longer, where blank no loss was experienced); Highest and Lowest: the highest and the lowest 1 year return (%) that occurred during the specified time period (quoted for all relevant classes launched 1 year or more prior to current month end date).

Additional information about this product including, but not limited to, brochures, application forms and annual or quarterly reports, can be obtained free of charge, from the Investment Manager and from the Investment Manager's website (www.melvilledouglas.co.za).

This document does not constitute an offer of sale. Investors are requested to view the latest Prospectus and Minimum Disclosure Document for information pertaining to this product, as well as seeking professional advice, should they be considering an investment in this product. The Manager provides no guarantee or warranty as to the accuracy of the content of this document. Every effort has been made to ensure that the content is accurate at time of issue. This document is not advice, as defined under FAIS. Please be advised that there may be a representative acting under supervision.

Trail fees are paid inclusive of VAT meaning, where a South African adviser is registered for VAT, the VAT levied is included in the fee payable to the adviser out of the fund's annual management charge. Initial fees are also paid inclusive of VAT.

Contact details

Manager and Registrar

STANLIB Fund Managers Jersey Limited
Reg. No. 30487
Standard Bank House, 47-49 La Motte Street, JE2 4SZ
Telephone: +44 (0)1534 881400
Email: SFMJ@stanlib.com
Website: www.stanlib.com

Fund Directors

GS.Baillie, M.Farrow, O.Sonnichler and R Stewart

Trustee/Custodian

Apex Financial Services (Corporate) Limited
Reg. No. 702
12 Castle Street, JE2 3RT
Telephone: +44 (0)1534 847000

Investment Manager and Distributor

Melville Douglas Investment Management (Pty) Ltd
An authorised financial services provider, FSP No. 595
Reg. No. 1987/005041/07
8th Floor West Wing, 30 Baker Street, Rosebank, 2196
Telephone: +27 (0)11 721 7964
Website: www.melvilledouglas.co.za

RSA Representative

STANLIB Collective Investments (RF) (Pty) Limited
Reg. No. 1969/003468/07
17 Melrose Boulevard, Melrose Arch, 2196
Telephone: 0860 123 003