

**Melville Douglas Select Fund Limited**  
**Annual Report and Audited Financial Statements**  
**Year ended 30 September 2019**

# Melville Douglas Select Fund Limited

## Annual Report and Audited Financial Statements

For the year ended 30 September 2019

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# Melville Douglas Select Fund Limited

## Administration

### Directors

Graham Baillie (South African/British) (Chairman)  
Michael Farrow\* (British)  
Helen Holmes (British)  
Oliver Sonnabend (South African/Austrian)

### Registered Office

Standard Bank House  
47 - 49 La Motte Street  
St. Helier  
Jersey JE2 4SZ  
Channel Islands

### Manager and Secretary

STANLIB Fund Managers Jersey Limited  
Standard Bank House  
47 - 49 La Motte Street  
St. Helier  
Jersey JE2 4SZ  
Channel Islands

### Investment Manager

Melville Douglas Investment  
Management (Proprietary) Limited  
30 Baker Street  
Rosebank  
Johannesburg, 2196  
Republic of South Africa

### Custodian

Apex Financial Services (Corporate) Limited\*\*  
12 Castle Street  
St. Helier  
Jersey JE2 3RT  
Channel Islands

### Sub-Custodian and Banker

The Bank of New York Mellon SA/NV London Branch  
The Bank of New York Mellon Centre  
160 Queen Victoria Street  
London EC4V 4LA  
United Kingdom

### Administrator

BNY Mellon Fund Services (Ireland) Designated  
Activity Company  
One Dockland Central, Guild Street  
International Financial Services Centre  
Dublin 1  
Ireland

### Independent Auditors

PricewaterhouseCoopers  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

### Legal Adviser

Ogier  
Ogier House  
44 Esplanade  
St. Helier  
Jersey JE4 9WG  
Channel Islands

\*Independent Non-Executive Director.

\*\* Custodian changed its name from Link Corporate Services (Jersey) Limited to Apex Financial Services (Corporate) Limited effective from 28 June 2019.

# Melville Douglas Select Fund Limited

## Report of the Directors

The directors submit their annual report and audited financial statements for the year ended 30 September 2019.

### Incorporation

Melville Douglas Select Fund Limited (the “Company”) is an open-ended investment company incorporated by way of a continuance in Jersey on 31 March 2003 under the provisions of the Companies (Jersey) Law 1991 as Melville Douglas European Fund Limited and holds a fund certificate issued pursuant to the Collective Investment Funds (Jersey) Law 1988 and is regulated by the Jersey Financial Services Commission (“JFSC”). It was initially incorporated in the British Virgin Islands under the Mutual Funds Act 1996 on 19 November 1998. On 29 November 2013 the Company changed its name to Melville Douglas Select Fund Limited. The Company is a public company within the meaning of Article 16 of the Companies (Jersey) Law 1991. Participating shares may be issued and redeemed at prices based upon each class’s underlying net asset value.

### Structure

The Company offers investors a choice of classes (each such class being referred to as a “Class Fund”) and the opportunity to switch from one Class Fund to another. As at 30 September 2019 there is only one Class Fund available - Global Equity Class.

The assets, liabilities, income and expenses attributable to each class of participating share are applied to the Class Fund established for that class. If they are not attributable to any particular class of participating shares, they are allocated between all the Class Funds in such manner as the directors deem to be equitable. The Company is a single legal entity. As a result, although the assets, income, earnings, liabilities and expenses attributable to each Class Fund will be segregated and kept separate from those attributable to other Class Funds, in the event of the Company not being able to meet the liabilities attributable to any particular Class Fund out of the assets of such Class Fund, the excess liabilities may be met out of the assets attributable to other Class Funds. At 30 September 2019, the Company has only one Class Fund which offers four Share Classes.

### Objective and investment policy

The objective of the Global Equity Class is to provide investors with long term capital growth by investing primarily in quoted global equities, which will maximise investment returns in US Dollars (“USD”).

### Results and dividends

The Company does not intend to distribute income and capital gains realised by the Company on its investments by way of dividend. Accordingly, income on investments and increases in the capital value of the investments of the Company will be reflected in the value of the participating shares. The results for the year are disclosed in the Statement of Comprehensive Income.

### Directors

The directors of the Company during the year and subsequently are set out on page 2.

Graham Baillie is Chairman of Melville Douglas Investment Management (Proprietary) Limited. Oliver Sonnichler is an executive of Melville Douglas Investment Management (Proprietary) Limited and Michael Farrow is an independent non-executive director.

No director has a service contract with the Company or holds any interest in the capital of the Company.

### Registered Office

The registered office is as disclosed on page 2.

# Melville Douglas Select Fund Limited

## Report of the Directors (continued)

### Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable Jersey law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice "UK GAAP"), including Financial Reporting Standard ("FRS") 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102").

The Companies (Jersey) Law, 1991 requires the directors to prepare the financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that year. In preparing those financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The directors confirm that they have complied with all the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Connected Persons

The directors are satisfied that there are arrangements in place to ensure that transactions with connected persons entered into during the year were carried out as if negotiated at arm's length and were in the best interests of shareholders.

### Independent Auditors

PricewaterhouseCoopers Ireland have indicated their willingness to continue in office. A resolution to reappoint PricewaterhouseCoopers Ireland as independent auditors of the Company will be proposed at the annual general meeting. A copy of the Notice of the Annual Form of Proxy General Meeting is attached and forms part of these financial statements.

### Secretary

The Secretary of the Company during the year ended 30 September 2019 and subsequently was STANLIB Fund Managers Jersey Limited.

**By Order of the Board**  
**STANLIB Fund Managers Jersey Limited**

**Company Secretary**  
**13 January 2020**

# Melville Douglas Select Fund Limited

## Report of the Custodian

To the members of Melville Douglas Select Fund Limited.

The Custodian is responsible for the safekeeping of all the property of the Company which is entrusted to it, as prescribed in the Custodian Agreement.

Under the principles of the Guide to open-ended unclassified collective investment funds offered to the general public (the "OCIF Guide"), issued by the Jersey Financial Services Commission, the Custodian has a duty to take reasonable care to ensure that the methods adopted by the Company's Manager in respect to the pricing of, and dealing in, shares in the Company are compliant with the Company's principal documents.

It is the opinion of Apex Financial Services (Corporate) Limited in respect of the year ended 30 September 2019 that to the best of our information, knowledge and belief, that in all material respects, the Manager managed the Class Funds in that year:

- a) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Articles of Association and Prospectus and;
- b) otherwise in accordance with the provisions of the Management and Custodian Agreements.

**Apex Financial Services (Corporate) Limited**  
**Custodian**  
**13 January 2020**

# Melville Douglas Select Fund Limited

## Investment Manager's Report

For the year ended 30 September 2019

### Global Equity Class (the "Class Fund")

#### Class Fund Review

A combination of geopolitical tensions and slower macroeconomics stalled global equity returns over the reporting period. The silver lining was that the Class Fund A-Class (+3.3%), B-Class (+3.1%), C-Class (+3.5%) and X-Class (+4.7%) returns were above the MSCI All Country World index (+1.38%).

Stock selection was the primary reason for the Class Fund's outperformance. The Class Fund benefited from its skew to companies with superior through-the-cycle profitability and sustainable growth. Such stocks were in demand from investors amidst a slower and more uncertain macroeconomic growth backdrop.

Consumer discretionary was the largest contributing sector to the Class Fund outperformance. The Class Fund's investments benefited from positive spending patterns on eating out and take-aways (Yum Brands and Starbucks) as well as on high-end luxury (LVMH). Shares of Starbucks, the global café chain, saw a blistering rally from the mid-year depths of multiple woes in 2018. The strong performance was due to improvements in in-café working practices, robust demand for its new beverages and more customers signing up to its Rewards loyalty scheme. The holding in Yum Brands, the multinational fast food chain, saw its global same store sales grow at the fastest rate of growth since the group spun off its China business in 2016. A steady stream of quarterly results endorsed management's decision in 2016 to move to a 98% franchise business model, which is throwing off more than US\$1bn of free cash flow per annum and showing healthy organic growth.

Information technology was also a significant contributor, driven by the holdings in Microsoft and payment processors Visa and MasterCard. Microsoft, the largest holding in the Class Fund, was driven by the success of its commercial cloud offering, which now contributes a third to group sales and is growing at a rapid +40% rate. The shift to the cloud is a major secular trend where Microsoft is expected to gain a significant proportion of the larger and more strategic corporate cloud deals. Visa and MasterCard, the world's largest global card transaction processing firms, recorded robust revenue growth on healthy consumer spending, rising share of payments made on cards from 32% in 2001 to over 50%, and interchange price increases. We remain confident about the visibility of MasterCard's and Visa's expected mid-teens earnings growth, driven by the ongoing secular shift from cash and cheques to electronic means of payment and ecommerce.

Negative contribution to the Class Fund performance came from the Class Fund's exposure to a noisy political backdrop surrounding the US health insurance sector (UnitedHealth and Anthem). "Medicare-for-all" proposals by leading Democrat Presidential candidates would involve the federal government replacing private health insurance companies as the sole provider of most health care financing. This overhang is likely to persist for the next 12 months in the run-up to the November 2020 election. Nonetheless, significant valuation upside on relatively conservative assumptions infers the bad news is already in the price. "Medicare-for-all" is expected to have a very low chance of being enacted as it would require US\$28-32 trillion of funding (US GDP is US\$20 trillion) by the federal government over the next 10 years as well as large Democrat majorities in both Houses, including at least 60 seats in the Senate.

There was also a negative impact from some of the financials holdings, particularly Banco Santander and Prudential. Banco Santander was hit by the sharp decline in bond yields, which has negative implications for net interest margins as shorter-term deposit rates tend to take time to adjust downwards whilst longer term loans are more adjustable to current market rates. The mitigating factor is the share's compelling valuation, which provides a margin of safety and significant upside when rates and economic conditions eventually stabilise. Shares of Prudential, the multinational life insurance company, were hit by a confluence of negatives, including falling bond yields, the Hong Kong protests, the increasing prospect of a no-deal Brexit and a tough investment and competitive environment for asset management businesses. On a price to embedded value basis the shares trade on an unjustifiable discount of more than 20%, which we expect to narrow as and when the macro and political backdrop becomes a little less uncertainty.

# Melville Douglas Select Fund Limited

## Investment Manager's Report (continued)

### Global Equity Class (the "Class Fund") (continued)

#### Market Overview

Global equity markets made little progress over the 12 months to the end of September 2019. However, this point-to-point measure masks a volatile period interspersed by a sharp -15% sell-off in the final quarter of 2018 and an equally ferocious rally in the first quarter of 2019 before settling into a choppy trading range for the remaining six months.

Did this rollercoaster ride amount to much ado about nothing? Not quite, as it reflected a recalibration to slower economic growth. However, investors did become far too pessimistic in the fourth quarter of 2018 by starting to price in a painful recession. The turnaround in early 2019 only required "less bad than expected" economic data. Reports showed the consumer and services part of the economy remained in fine fettle, despite indications of near recession in manufacturing as global trade slumped in response to a slower China and the trade war. Most importantly, the Federal Reserve Chair Jerome Powell U-turned monetary policy from an overly hawkish stance amidst a slowing economy to a dovish setting. It effectively signalled the central bank would continue to underwrite asset prices.

Amidst this slower growth low inflation backdrop, high quality stocks with strong pricing power outperformed given they are not reliant on a strong economy to grow earnings. By contrast, cyclically sensitive sectors, such as materials and energy, and higher rate dependent financials were notable laggards.

#### Looking Ahead

The binary outlook accounts for the volatile market conditions. We are either experiencing a mid-cycle slowdown or a more sinister recession as we descend into a vicious spiralling of waning business and investor confidence. Our base case remains the former scenario, which is supported by increasingly attractive valuations, particularly outside the US. Apart from trade-war impacted "soft" business sentiment data, "hard" macroeconomic data shows little evidence that a US recession is an imminent event despite this long-tooth expansion phase in the business cycle. US unemployment is low, consumer sentiment and spending is strong and credit defaults continue to be rare. However, we keep a weather eye to ensure we are correctly positioned on the right side of events as the risk of a hard landing is not inconsequential. A further underpinning is our philosophy and process, which focuses on investing in businesses (rather than trading in stocks) that can reliably compound earnings growth through business cycles.

**Melville Douglas Investment Management (Proprietary) Limited**

**Investment Manager**

**30 October 2019**



# ***Independent auditors' report to the members of Melville Douglas Select Fund Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Melville Douglas Select Fund Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 30 September 2019; the Statement of Comprehensive Income, and the Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## Responsibilities for the financial statements and the audit

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority website at: [https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf)

This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## Other required reporting

### **Companies (Jersey) Law 1991 exception reporting**

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept; or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

for and on behalf of PricewaterhouseCoopers  
Chartered Accountants  
Dublin  
13 January 2020

# Melville Douglas Select Fund Limited

## Statement of Financial Position

As at 30 September 2019

(Comparatives as at 30 September 2018)

		<b>Global Equity Class 30 September 2019 USD</b>	<b>Global Equity Class 30 September 2018 USD</b>
	<b>Notes</b>		
<b>Assets</b>			
Financial assets at fair value through profit or loss	2(b), 7.4	390,406,588	361,167,807
Cash and cash equivalents	2(c)	8,595,625	7,589,323
Receivable for shares sold	2(f)	395,140	1,756,110
Income receivable	2(d)	17,936	7,306
Other receivables		–	1,305
<b>Total assets</b>		<b>399,415,289</b>	<b>370,521,851</b>
<b>Liabilities</b>			
Payable for shares redeemed	2(f)	709,117	630,498
Management fees payable	2(g)	293,518	210,888
Administration fees payable	2(g)	–	55,941
Custodian fees payable	2(g)	5,098	4,339
Sub-Custodian fees payable	2(g)	2,759	2,072
Performance fees payable	2(g)	198,276	–
Director fees payable	2(g)	9,400	9,100
Audit fees payable	2(g)	7,006	6,914
Other payables		3,391	7,207
<b>Total liabilities</b>		<b>1,228,565</b>	<b>926,959</b>
<b>Net assets attributable to holders of redeemable shares</b>		<b>398,186,724</b>	<b>369,594,892</b>
<b>Net asset value per share</b>			
Class A Shares		17.60	16.98
Class B Shares		13.99	13.52
Class C Shares		14.49	13.97
Class X Shares		14.57	13.87

The financial statements were approved by the Board on 13 January 2020 and signed on its behalf by:

## Director

The notes on pages 13 to 22 form an integral part of these financial statements.

# Melville Douglas Select Fund Limited

## Statement of Comprehensive Income

For the year 1 October 2018 to 30 September 2019  
(Comparatives are for the year 1 October 2017 to 30 September 2018)

		<b>Global Equity Class 30 September 2019 USD</b>	<b>Global Equity Class 30 September 2018 USD</b>
	<b>Notes</b>		
<b>Income</b>			
Dividend income	2(d)	5,936,225	5,285,476
Deposit interest	2(d)	51,516	10,112
Net gain on financial assets at fair value through profit or loss	2(h), 3	13,260,966	42,994,055
<b>Total net gain</b>		<u>19,248,707</u>	<u>48,289,643</u>
<b>Expenses</b>			
Management fees	2(g)	2,970,022	2,650,742
Custodian fees	2(g)	56,815	52,154
Sub-Custodian fees	2(g)	31,077	28,641
Administration fees	2(g)	343,274	642,114
Performance fees	2(g)	721,240	1,735,774
Directors' fees	2(g)	36,700	36,400
Audit fees	2(g)	7,006	6,914
Sundry expenses		36,023	27,565
<b>Total operating expenses</b>		<u>4,202,157</u>	<u>5,180,304</u>
<b>Net income before finance costs</b>		15,046,550	43,109,339
<b>Finance Costs:</b>			
Bank overdraft interest		(45)	(28)
<b>Total Finance Costs</b>		<u>(45)</u>	<u>(28)</u>
Taxation	2(i), 4	(1,250,345)	(1,214,769)
<b>Increase in net assets attributable to holders of redeemable shares from operations</b>		<u><u>13,796,160</u></u>	<u><u>41,894,542</u></u>

All of the above results are from continuing operations. There are no recognised gains or losses for the year other than those set out in the Statement of Comprehensive Income. There are no differences between the results above and those under historical cost.

The notes on pages 13 to 22 form an integral part of these financial statements.

# Melville Douglas Select Fund Limited

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the year 1 October 2018 to 30 September 2019

(Comparatives are for the year 1 October 2017 to 30 September 2018)

		<b>Global Equity Class 30 September 2019 USD</b>	<b>Global Equity Class 30 September 2018 USD</b>
	<b>Notes</b>		
Net assets attributable to holders of redeemable shares at the beginning of the year		369,594,892	258,044,692
Proceeds from the issue of shares	5	72,431,640	106,119,432
Payments on the redemption of shares	5	(57,635,968)	(36,463,774)
<b>Increase in net assets attributable to holders of redeemable shares from investment activities</b>		<u>13,796,160</u>	<u>41,894,542</u>
<b>Net assets attributable to holders of redeemable shares at the end of the year</b>		<u>398,186,724</u>	<u>369,594,892</u>

The notes on pages 13 to 22 form an integral part of these financial statements.

# Melville Douglas Select Fund Limited

## Notes to the Financial Statements

### 1. Incorporation

The Company was originally incorporated in the British Virgin Islands on 19 November 1998 and was incorporated in Jersey, Channel Islands by way of a continuance on 31 March 2003.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented unless otherwise stated. These financial statements have been prepared on a going concern basis under the historical cost convention as modified by the measurement at fair value of investments in accordance with applicable Jersey Law and United Kingdom Generally Accepted Accounting Practice (“UK GAAP”) including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (“FRS 102”). The Company is an open-ended investment company incorporated by way of a continuance in Jersey on 31 March 2003 under the provisions of the Companies (Jersey) Law 1991 as Melville Douglas European Fund Limited and holds a fund certificate issued pursuant to the Collective Investment Funds (Jersey) Law 1988 and is regulated by the Jersey Financial Services Commission (“JFSC”) as an unclassified fund. A summary of the more important accounting policies is set out below.

### 2. Accounting Policies

#### a. *Basis of Accounting*

These audited annual financial statements for the year ended 30 September 2019 have been prepared in accordance with FRS 102 as issued by the Financial Reporting Council (“FRC”).

The Directors of the Company have applied FRS 102 for its annual and FRS 104 “Interim Financial Reporting” for its unaudited interim financial statements effective 1 October 2014. The Company has also applied “Amendments to FRS 102 - Fair value hierarchy disclosures” which were issued in March 2016 and are applicable for accounting periods beginning on or after 1 January 2018 with early application permitted. The Company took the option to early adopt the amendments and initially implemented these amendments in the interim period ended 31 March 2016.

The information required by FRS 102, to be included in a single statement for the reporting period displaying all items of income and expenses recognised during the period including those items recognised in determining profit or loss and items of other comprehensive income and a Reconciliation of Movements in Shareholders’ Funds is, in the opinion of the directors, contained in the Statement of Comprehensive Income and Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares on pages 11 and 12. In arriving at the results for the period, all amounts in the Statement of Comprehensive Income on page 11 relate to continuing activities.

The Company has availed of the exemption available to open-ended investment funds under Section 7 “Statement of Cash Flows” of FRS 102 (Section 7.1a (c)), not to prepare a cash flow statement on the basis that substantially all of the Company’s investments are highly liquid and carried at fair value, and the Company provides a Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares.

#### b. *Investments*

Investments are recognised on the Statement of Financial Position at the date on which the Company becomes party to contractual provisions of the instruments. Investments are initially recognised at cost which is the fair value at date of recognition. Subsequent to initial recognition, equities held are valued at closing mid-market price. Exchange Traded Funds held are valued at exchange price. Gains or losses arising from revaluation are recognised in the Statement of Comprehensive Income.

On disposal of investments, gains and losses on sale of investments are calculated on an average cost basis and are taken to the Statement of Comprehensive Income in the year in which they arise.

On initial application of FRS 102, in accounting for all of its financial instruments, an entity is required to apply either (a) the full requirements of Sections 11 “Basic Financial Instruments” and Section 12 “Other Financial Instruments Issues” of FRS 102, (b) the recognition and measurement provisions of International Accounting Standards (“IAS”) 39 “Financial Instruments: Recognition and Measurement” (“IAS 39”) as adopted for use in the European Union and the disclosure requirements of Sections 11 and 12, or (c) the recognition and measurement provisions of International Financial Reporting Standards (“IFRS”) 9 “Financial Instruments” (“IFRS 9”) and the disclosure requirements of Sections 11 and 12. The Company has applied FRS 102 from the year ended 30 September 2015 and has elected to apply the full requirements of Sections 11 and Section 12 of FRS 102.

# Melville Douglas Select Fund Limited

## Notes to the Financial Statements (continued)

### 2. Accounting Policies (continued)

*c. Cash and cash equivalents*

Cash is valued at cost, which approximates fair value.

Cash is held in accounts at The Bank of New York Mellon SA/NV London Branch which allows the Class Fund instant access to its accounts.

*d. Income*

Interest income is accounted for on an accruals basis using the effective yield basis. Dividend income is accounted for on the ex-dividend date. Dividend income is reported gross of withholding tax deducted at source and the related withholding tax is disclosed separately as a tax charge in the Statement of Comprehensive Income.

Interest on deposit accounts is included on an accruals basis. Deposit interest and overdraft interest for the year is reported in the Statement of Comprehensive Income.

*e. Foreign currencies*

Transactions in foreign currencies are translated into the reporting currency of the Class Fund at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the reporting currency of the Class Fund at the rates of exchange ruling at the Statement of Financial Position date. The reporting currency of the Global Equity Class is US Dollars.

Differences arising on translation are included in the Statement of Comprehensive Income within income or expenses in the year in which they arise.

*f. Share issues and redemptions*

Shares in the Company may be issued at the issue price and redeemed at the redemption price on subscription days at the prices calculated in accordance with the Articles of Association and based on the value of the underlying investments held in the relevant Class Fund. The directors' present policy is that:

- i. On the issue of shares, the amount received is credited to the share capital account.
- ii. On redemption, the amount paid is debited to the share capital account. Should that account be fully utilised, the amount payable on redemption is debited to realised reserves.

Receivable for shares sold and payable for shares redeemed represent amounts that have been contracted for but not yet settled or delivered on the Statement of Financial Position date.

*g. Expenses*

The Company is responsible for the payment of management, custodian, sub-custodian, performance and administration fees, which are accrued for on each subscription day (see Note 6). The Company is also responsible for the payment of auditor's and directors' remuneration together with reporting expenses and operational costs in accordance with the prospectus. All expenses are accounted for on an accruals basis.

*h. Net gains/(losses) on financial assets at fair value through profit or loss*

This item includes changes in the fair value of financial assets held for trading and excludes interest and dividend income and expenses. Unrealised gains and losses comprise changes in the fair value of financial instruments for the year. Realised gains and losses on disposals are calculated using the average cost method and are reflected as net gains or losses on investments in the Statement of Comprehensive Income.

*i. Withholding taxes*

In some jurisdictions investment income is subject to withholding tax deducted at the source of the income. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income and is not significant for the Portfolio. Withholding tax is disclosed separately as a tax charge from the gross investment income in the Statement of Comprehensive Income.

*j. Distribution policy*

The Company's policy is to not distribute any income on its participating shares.

# Melville Douglas Select Fund Limited

## Notes to the Financial Statements (continued)

### 3. Gains and losses on financial assets at fair value through profit or loss

	Global Equity Class 30 September 2019 USD	Global Equity Class 30 September 2018 USD
Non-derivative securities:		
Net realised gain on investments	9,114,462	22,268,696
Net movement in unrealised investment schemes	4,145,177	20,731,890
	<u>13,259,639</u>	<u>43,000,586</u>
Derivative securities:		
Net realised gain/(loss) on foreign currency contracts	1,327	(6,531)
	<u>1,327</u>	<u>(6,531)</u>
<b>Net gain on financial assets at fair value through profit or loss</b>	<u><u>13,260,966</u></u>	<u><u>42,994,055</u></u>

### 4. Taxation

For the purposes of Jersey taxation, the Company will fall under Article 123C of the Income Tax (Jersey) Law 1961, as amended, as a Jersey resident Company which is neither a “utility company” nor a “financial services company” and as such will be charged to Jersey income tax at a rate of 0% on its income (other than on any rental income or property development profits arising in respect of Jersey situs real property or land). The Company will not be subject to tax in Jersey on any capital arising to it.

Under applicable foreign tax laws, withholding taxes may be deducted from interest, dividends and capital gains attributable to the Company, at various rates. The Company pays withholding tax on dividends, which is deducted at source. This is shown separately as a taxation charge in the Statement of Comprehensive Income.

Global Equity Class	30 September 2019 USD	30 September 2018 USD
Overseas tax - withholding tax on dividend income	1,250,345	1,214,769

### 5. Share capital

The Company is authorised to issue 100 management shares of USD1.00 each and an unlimited number of participating shares of no par value.

The management shares exist solely to comply with Companies (Jersey) Law 1991 which requires that participating redeemable preference shares (“participating shares”) must have a preference over another class of capital. The holders of the management shares are entitled to receive notice of general meetings of the Company and to attend and vote thereat. On a poll a holder of management shares is entitled to one vote for each management share held by him/her. Management shares carry no right to a dividend and are not redeemable. In a winding up, they rank only for a return of paid up nominal capital out of the assets of the Company (before the return of nominal capital paid up on participating shares).

Participating shares carry the right to a proportionate share in the assets of the relevant Class Fund and to any dividends that may be declared. Holders of the shares are entitled to receive notice of all general meetings of the Company and to attend and vote thereat. The holder of each share is entitled to one vote for each share of which he is a holder. Shares are redeemable by shareholders at prices based on the value of the net assets of the relevant Class Fund as determined in accordance with its Articles of Association.



# Melville Douglas Select Fund Limited

## Notes to the Financial Statements (continued)

### 5. Share capital (continued)

#### *Management shares*

The management shares have been issued to the Manager at par and the proceeds of the issue are represented by a separate management fund. Details of the management fund at the Statement of Financial Position date are as follows:

	30 September 2019	30 September 2018
	USD	USD
Current account	100	100
Management shares of USD1.00 each		
Authorised, issued and fully paid	100	100

The management fund is not reflected in the Statement of Financial Position.

#### *Movements of participating shares*

The following table shows the movement in participating shares during the year ended 30 September 2019.

	Number of shares at 30 September 2018	Issued during the year	Redeemed during the year	Number of shares at 30 September 2019
Global Equity Class - Class A Shares	14,539,760	398,740	(2,690,251)	12,248,249
Global Equity Class - Class B Shares	1,264,355	830,987	(174,889)	1,920,453
Global Equity Class - Class C Shares	246,548	262,569	(9,423)	499,694
Global Equity Class - Class X Shares	7,359,790	3,617,014	(783,830)	10,192,974

The following tables show the movement in participating shares during the year ended 30 September 2018.

	Number of shares at 30 September 2017	Issued during the year	Redeemed during the year	Number of shares at 30 September 2018
Global Equity Class - Class A Shares	15,323,737	831,698	(1,615,675)	14,539,760
Global Equity Class - Class B Shares	584,745	807,728	(128,118)	1,264,355
Global Equity Class - Class C Shares	105,416	256,392	(115,260)	246,548
Global Equity Class - Class X Shares	1,853,092	6,039,911	(533,213)	7,359,790

### 6. Related Party Transactions and Other Expenses

The following disclosures are made in accordance with the requirements of Section 33 “Related Party Disclosures” of FRS 102.

STANLIB Fund Managers Jersey Limited (the “Manager”), Melville Douglas Investment Management (Proprietary) Limited (the “Investment Manager”) and all non-independent directors are related parties of the Company.

The Manager is considered a related party by virtue of its contractual arrangements. The Investment Manager and the directors are considered related parties to the Company as they make key operating decisions for the Company.

The Manager has the primary responsibility for the management and administration of the Company.

The Manager has appointed the Investment Manager to provide it with investment management services in relation to the Company. The fees of the Investment Manager are paid by the Manager out of its fees.

# Melville Douglas Select Fund Limited

## Notes to the Financial Statements (continued)

### 6. Related Party Transactions and Other Expenses (continued)

The annual management fee payable to the Manager is calculated as 1% of the net asset value of the Class Fund for Class A Shares, 1.5% for Class B Shares and 1.2% for Class C Shares. There is no management fee charged in respect of the Class X Shares. The Manager remits the above fees in full to the Investment Manager as an investment management fee.

The Manager is entitled to an annual administration fee at a rate of 0.2% of the net asset value of the Class Fund, out of which the Administrator will be paid. The above amounts accrue on each subscription day and are payable to the Manager by monthly payments in arrears.

For the Class A Shares the Manager is also entitled to a performance fee of 5% of the increase in the net asset value per share payable quarterly, calculated and accrued on each subscription day if the net asset value per share on that day exceeds the highest net asset value per share as at any previous subscription day. The Manager remits the above fee in full to the Investment Manager as an investment management performance fee when they occur. There are no performance fees charged in respect of the Class B Shares, Class C Shares and Class X Shares.

The fees of the Custodian shall be calculated as follows, subject to an overall minimum fee in respect of each Class Fund of USD5,000 per annum (such minimum fee to be waived in respect of cash funds) (the “Minimum Fee”):

On amounts less than USD50 million 0.035%

On amounts of more than USD50 million, but less than USD100 million 0.025%

On amounts of more than USD100 million, but less than USD500 million 0.010%

On amounts over USD500 million 0.005%

Such fees shall accrue daily and shall be payable to the Custodian by monthly payments in arrears becoming due on the first business day of each month in respect of the preceding month.

The Custodian is also entitled to be reimbursed out of the Class Fund for charges and transaction fees levied on it by the Sub-Custodian and other sub-custodians which shall be at rates which have been negotiated on an arm’s length basis or are otherwise on commercial terms.

Michael Farrow is entitled to receive GBP5,000 per annum from the Company as director fees. Helen Holmes, Graham Baillie and Oliver Sonnichler are entitled to USD10,000 per director per annum from the Company. Directors fees incurred during the year ended 30 September 2019 amounted to USD36,700 (30 September 2018: USD36,400) with USD9,400 (30 September 2018: USD9,100) outstanding at the year end.

All transactions with the above related parties are at arm’s length.

The fees incurred during the year ended 30 September 2019 and 30 September 2018 are as disclosed in the Statement of Comprehensive Income with the amounts outstanding at the year end disclosed in the Statement of Financial Position.

### 7. Financial risk management

Consistent with the investment objectives, as noted in the Report of the Directors, the Company’s financial instruments comprise quoted securities. In addition, the Company holds cash and liquid assets and various items such as debtors and creditors that arise directly from its operations.

The main risks arising from the Company’s financial instruments are market risk (comprising market price risk, interest rate risk and currency risk), credit risk and liquidity risk. The Board reviews and agrees with the Manager and Investment Manager policies for managing each of these risks and they are summarised below.

#### 7.1. Market risk

Market risk is the risk that the fair value of, or future cash flows arising from, financial instruments will fluctuate because of the changes in market variables. Market risk comprises three types of risks: market price risk, interest rate risk and currency risk.

# Melville Douglas Select Fund Limited

## Notes to the Financial Statements (continued)

### 7. Financial risk management (continued)

#### 7.1. Market risk (continued)

##### Market price risk

Market price risk arises mainly from uncertainty about future prices of equity and equity-linked financial instruments. It represents the potential loss the Company may suffer due to movements in securities prices.

The Class Fund's exposure to market price arises from its equity investments with a maximum exposure at the year end of USD390,406,588 (30 September 2018: USD361,167,807). The exposure levels are in line with the Class Fund's investment objectives and market price risk is managed through prescribed investment restrictions. Full details regarding the investment restrictions can be obtained from the prospectus.

##### Sensitivity analysis

The table below summarises the sensitivity of the Class Funds' net assets attributable to holders of redeemable shares to market price movements. It shows the increase/(decrease) in the net assets attributable to holders of redeemable shares for the Class Fund given a 5% movement in the underlying investment prices at year end; all other variables remaining constant (5% is considered to be a reasonable possible change in price):

	30 September 2019 USD	30 September 2018 USD
Global Equity Class	19,520,329	18,058,390

##### Interest rate risk

Interest rate risk is the risk that the fair value of, or future cash flows arising from, the financial instruments will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk from cash held on deposit. Market forces (in terms of a general increase or decrease in interest rates in a particular currency) may therefore have a detrimental or positive effect on the cash flows from cash deposits. As cash deposits are available on demand, there is no fair value risk from interest rates.

The Company does not actively manage interest rate risk as it is considered insignificant.

##### Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, financial instruments will fluctuate because of changes in foreign exchange rates.

The Class Funds' assets and liabilities may be denominated in currencies other than the reporting currency of the Class Fund. Therefore the value of such assets and liabilities may be affected favourably or unfavourably by fluctuations in currency rates.

The Company may enter into derivative transactions for the purposes of hedging against currency risk on behalf of the Class Fund, subject to various maximum exposure limits.

A proportion of the net assets of the Global Equity Class is denominated in currencies other than US Dollars, the functional currency of the Class Fund. As a result, the performance of the Class Fund can be affected by currency movements relative to the US Dollar.

The tables overleaf show the currency exposure of the Class Fund as at 30 September 2019 and 30 September 2018.

# Melville Douglas Select Fund Limited

## Notes to the Financial Statements (continued)

### 7. Financial risk management (continued)

#### 7.1. Market risk (continued)

##### Currency risk (continued)

##### Global Equity Class

Exposure currency 30 September 2019	Investments USD	Cash USD	Other net liabilities USD	Total net assets USD	% of net assets
CHF	13,156,423	—	—	13,156,423	3.30
EUR	35,806,946	—	—	35,806,946	8.99
GBP	52,457,920	—	—	52,457,920	13.18
HKD	11,084,832	—	—	11,084,832	2.78
JPY	14,154,420	—	17,936	14,172,356	3.56
USD	263,746,047	8,595,625	(833,425)	271,508,247	68.19
	<u>390,406,588</u>	<u>8,595,625</u>	<u>(815,489)</u>	<u>398,186,724</u>	<u>100.00</u>

##### Global Equity Class

Exposure currency 30 September 2018	Investments USD	Cash USD	Other net assets USD	Total net assets USD	% of net assets
CHF	12,739,741	—	—	12,739,741	3.44
EUR	33,156,836	—	—	33,156,836	8.97
GBP	51,998,431	142,404	—	52,140,835	14.11
HKD	11,045,238	—	—	11,045,238	2.99
JPY	12,479,594	—	7,307	12,486,901	3.38
USD	239,747,967	7,446,919	830,455	248,025,341	67.11
	<u>361,167,807</u>	<u>7,589,323</u>	<u>837,762</u>	<u>369,594,892</u>	<u>100.00</u>

Currency risk is not managed actively in its separate form. Significant currency risk arises from the portfolio of investments denominated in foreign currencies and this affects the carrying value of the securities, hence is considered as part of price risk.

The following sensitivity analysis shows the change in the net assets of the Class Fund given a 5% increase or decrease in the value of a foreign currency relative to the Class Funds' reporting currency for all significant foreign currency positions of the Class Fund (5% is considered to be a reasonable possible change in foreign currency rates).

Global Equity Class		Change in net assets 30 September 2019 USD	Change in net assets 30 September 2018 USD
CHF	+/-5%	657,821	636,987
EUR	+/-5%	1,790,347	1,657,842
GBP	+/-5%	2,622,896	2,607,042
HKD	+/-5%	554,242	552,262
JPY	+/-5%	708,618	624,345

# Melville Douglas Select Fund Limited

## Notes to the Financial Statements (continued)

### 7. Financial risk management (continued)

#### 7.2. Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its liabilities as they fall due. This also relates to the risk that the Company may not be able to realise its investments at current market values in time to meet its obligations.

Shareholders have the right to redeem their shares in the Company at every subscription day. The Company therefore needs to have adequate liquid resources to meet these redemptions and the maturity profile of the Company's investments may affect the Company's liability to meet the redemptions if the weighted average days to maturity is longer than the weighted average days to redemption.

Full details regarding the redemption and investment restrictions can be obtained from the prospectus.

#### 7.3. Credit risk

Credit risk is the risk that the counterparties to the Company may be unable or unwilling to meet their obligations to the Company under the contractual or agreed terms. The Company's maximum exposure to credit risk is represented by the carrying value of cash and debtors.

The risk arising from deposits and debtors is considered minimal and therefore not actively managed. Significant debtors may arise from outstanding sales receipts. This is controlled by ensuring that securities are not transferred before settlement. Debtors arising from dividends and interest received are not considered material for the purpose of credit risk exposure.

Credit risks arising from cash at bank are mitigated by the investment restrictions as detailed in the prospectus. The Company seeks to engage with counterparties that are of an investment grade (at least BBB long term or A-2 short term) rating by S&P or an equivalent rating by Moody's or Fitch.

The Custodian, Apex Financial Services (Corporate) Limited is not rated with Standard & Poor's, Moody's or Fitch.

For the year ended 30 September 2019, the Sub-Custodian and Banker, The Bank of New York Mellon SA/NV London Branch has a credit rating of AA- (2018 : AA-) with Standard & Poor's, Aa2 (2018 : Aa2) with Moody's and AA- (2018 : AA-) with Fitch.

#### 7.4. Fair value hierarchy

The FRC issued "Amendments to FRS 102 - Fair value hierarchy disclosures", effective for accounting periods beginning on or after 1 January 2017, with early adoption permitted. FRED 62 proposed to amend paragraphs 34.22 and 34.42 of FRS 102 to require disclosure of financial instruments held at fair value on the basis of a fair value hierarchy consistent with EU-adopted IFRS based on Level 1, 2 and 3 classifications. The Company has availed of early adoption thus the financial statements and comparatives have been prepared in accordance with these amendments and fair value measurement is categorised based on Levels 1, 2 and 3. These amendments did not have any impact on the Funds' financial position or performance.

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted mid-market prices on the year end date or in the case of fund of funds, are based on the net asset value per unit.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

FRS 102 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

# Melville Douglas Select Fund Limited

## Notes to the Financial Statements (continued)

### 7. Financial risk management (continued)

#### 7.4. Fair value hierarchy (continued)

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

The fair value hierarchy has the following levels:

- Listed prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The Company’s financial assets measured at fair value as at 30 September 2019 and 30 September 2018 are all classified as Level 1 within the fair value hierarchy. There were no transfers between the levels during the reporting periods. There were no financial liabilities at 30 September 2019 or 30 September 2018.

### 8. Exchange rates

The following exchange rates at 30 September 2019 and 30 September 2018 were used to translate foreign currency assets and liabilities:

	30 September 2019	30 September 2018
USD/CHF	0.99716	0.97680
USD/EUR	0.91727	0.86093
USD/GBP	0.81149	0.76684
USD/HKD	7.83941	7.82489
USD/JPY	108.07498	113.58502

### 9. Significant events during the year

Further to an Australian Market (ASX) trading update issued 31 January 2019, Link Group announced its intention to sell its CPC business (which includes Link Corporate Services (Jersey) Limited (the Custodian)) to Apex Group Ltd by the end of September 2019, subject to regulatory approvals in the relevant jurisdictions. The deal completed on the 28 June 2019, with the Custodian changing its name to Apex Financial Services (Corporate) Limited.

There were no other significant events during the year that require disclosure in these financial statements.

# Melville Douglas Select Fund Limited

## Notes to the Financial Statements (continued)

### 10. Post statement of financial position events

From 1 October 2019, the management and administration fees on the Class C Shares were reduced to 1.00%.

On the 24 October 2019 Helen Holmes resigned as a Director of the Company.

There were no other significant post statement of financial position events that require disclosure in these financial statements.

### 11. Approval of financial statements

The financial statements were approved by the Board of Directors on 13 January 2020.

# Melville Douglas Select Fund Limited

## Fund Statistics (Unaudited)

<b>Global Equity Class – Class A Shares</b>	<b>Net asset value USD</b>	<b>Net asset value per share USD</b>	<b>% change in year**</b>	<b>Number of shares in issue</b>	<b>Highest Price* USD</b>	<b>Lowest Price* USD</b>
30 September 2012	40,962,494	10.13	1.30	4,045,144	10.28	9.45
30 September 2013	121,541,315	11.23	10.86	10,825,899	11.43	9.84
30 September 2014	153,916,966	12.12	7.93	12,694,370	12.73	10.94
30 September 2015	156,129,444	11.53	(4.87)	13,544,699	13.06	11.34
30 September 2016	171,840,280	12.52	8.59	13,730,332	12.60	11.10
30 September 2017	227,737,640	14.86	18.69	15,323,737	14.93	11.95
30 September 2018	246,939,029	16.98	14.27	14,539,760	17.18	14.90
30 September 2019	215,568,776	17.60	3.65	12,248,249	18.32	14.49

<b>Global Equity Class – Class B Shares</b>	<b>Net asset value USD</b>	<b>Net asset value per share USD</b>	<b>% change in year**</b>	<b>Number of shares in issue</b>	<b>Highest Price* USD</b>	<b>Lowest Price* USD</b>
At launch (9 September 2016)	128,601	9.82	-	13,094	-	-
30 September 2016	986,556	9.93	1.12	99,322	9.98	9.82
30 September 2017	6,905,958	11.81	18.93	584,745	11.86	9.48
30 September 2018	17,099,072	13.52	14.48	1,264,355	13.72	11.84
30 September 2019	26,865,557	13.99	3.48	1,920,453	14.58	11.52

<b>Global Equity Class – Class C Shares</b>	<b>Net asset value USD</b>	<b>Net asset value per share USD</b>	<b>% change in year**</b>	<b>Number of shares in issue</b>	<b>Highest Price* USD</b>	<b>Lowest Price* USD</b>
At launch (10 November 2016)	73,357	9.99	-	7,346	-	-
30 September 2017	1,282,174	12.16	21.72	105,416	12.22	9.90
30 September 2018	3,444,267	13.97	14.88	246,548	14.15	12.20
30 September 2019	7,242,664	14.49	3.72	499,694	15.09	11.91

<b>Global Equity Class – Class X Shares</b>	<b>Net asset value USD</b>	<b>Net asset value per share USD</b>	<b>% change in year**</b>	<b>Number of shares in issue</b>	<b>Highest Price* USD</b>	<b>Lowest Price* USD</b>
At launch (9 September 2016)	2,274,514	9.77	-	232,764	-	-
30 September 2016	2,154,526	9.89	1.23	217,870	9.93	9.77
30 September 2017	22,118,920	11.94	20.73	1,853,092	11.99	9.45
30 September 2018	102,112,524	13.87	16.16	7,359,790	14.02	11.97
30 September 2019	148,509,727	14.57	5.05	10,192,974	15.14	11.86

\* Prior to 30 September 2016 the highest price/lowest price was based on the reported net asset value for shareholder dealing which may be different from the financial statements.

\*\* Performance figures are based on the net asset value for financial reporting. This differs from the performance figures disclosed in the Investment Manager's Report, which are based on the net asset value for shareholders dealing.

The performance data in this table covers the year from incorporation by way of a continuance in Jersey to date. Performance data for previous years can be found in the fact sheets issued by the Investment Manager.



# Melville Douglas Select Fund Limited

## Other Information

### Total Expense Ratio (Unaudited)

The Total Expense Ratio (“TER”) is calculated and disclosed as per the guidelines issued by the Investment Management Association. The ratio expresses the sum of all costs charged on an ongoing basis to the Class Funds taken retrospectively as a percentage of the Class Fund’s average net assets. For clarity, when the Class Fund is investing in other funds, the ongoing cost of these funds is not incorporated in the calculation of the TER.

	30 September 2019	30 September 2018
Global Equity Class – Class A Shares (including performance fees)	1.57%	1.96%
Global Equity Class – Class A Shares (excluding performance fees)	1.24%	1.25%
Global Equity Class – Class B Shares	1.75%	1.75%
Global Equity Class – Class C Shares	1.45%	1.45%
Global Equity Class – Class X Shares	0.25%	0.25%

Please refer to the Statement of Comprehensive Income for performance fees incurred during the year .

TER percentages are annualised.

### Investment Purchases, Investment Sales and Commissions

Global Equity Class	30 September 2019 USD	30 September 2018 USD
Gross purchases in year including transaction costs	74,990,763	159,374,409
Commissions	(172,306)	(382,804)
Net purchases total	<u>74,818,457</u>	<u>158,991,605</u>
Gross sales in year including transaction costs	59,085,219	97,585,900
Commissions	(101,772)	(161,743)
Net sales total	<u>58,983,447</u>	<u>97,424,157</u>

# Melville Douglas Select Fund Limited

## Portfolio Statement (Unaudited)

### Global Equity Class

As at 30 September 2019

	Nominal Holding	Cost USD	Fair Value USD	% of Net Assets
<b>Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market</b>				
<b>Common Stock</b>				
<b>Cayman Islands</b>				
Tencent Holdings Ltd	263,249	9,282,057	11,084,832	2.78
<b>France</b>				
LVMH Moet Hennessy Louis Vuitton SE	33,609	7,867,914	13,356,308	3.35
<b>Germany</b>				
Brenntag AG	180,384	10,337,456	8,738,295	2.20
<b>India</b>				
HDFC Bank Ltd ADR	104,400	5,975,140	5,956,020	1.50
<b>Ireland</b>				
Linde Plc	74,460	11,393,070	14,421,413	3.62
<b>Japan</b>				
Keyence Corp	22,890	12,579,238	14,154,420	3.56
<b>Jersey</b>				
Experian Plc	543,370	11,639,245	17,399,422	4.37
<b>Spain</b>				
Banco Santander SA	3,366,000	19,173,579	13,712,343	3.44
<b>Switzerland</b>				
Partners Group Holding AG	17,120	10,043,207	13,156,423	3.30
<b>United Kingdom</b>				
Prudential Plc	942,380	20,919,634	17,126,196	4.30
Unilever Plc	297,600	16,904,461	17,932,302	4.51
			35,058,498	8.81
<b>United States</b>				
Alphabet Inc - Class A	13,310	13,200,917	16,250,844	4.08
Amazon.com Inc	3,811	3,444,851	6,614,467	1.66
Anthem Inc	55,130	13,548,433	13,241,675	3.33
Boston Scientific Corp	367,870	14,968,760	14,970,470	3.76
Johnson & Johnson	112,540	13,451,838	14,563,239	3.66
JPMorgan Chase & Co	98,850	10,549,450	11,632,668	2.92
Mastercard Inc	57,170	6,953,541	15,509,363	3.90
Microsoft Corp	175,910	12,160,127	24,455,008	6.14
NIKE Inc	160,300	12,849,003	15,053,773	3.78
PepsiCo Inc	122,050	13,290,106	16,737,327	4.20
Snap-on Inc	69,985	10,596,875	10,960,001	2.75

# Melville Douglas Select Fund Limited

## Portfolio Statement (Unaudited) (continued)

### Global Equity Class (continued)

As at 30 September 2019 (continued)

	Nominal Holding	Cost USD	Fair Value USD	% of Net Assets
<b>Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market (continued)</b>				
<b>Common Stock (continued)</b>				
<b>United States (continued)</b>				
Starbucks Corp	164,340	9,512,954	14,532,586	3.65
UnitedHealth Group Inc	70,930	12,861,105	15,415,217	3.87
Visa Inc - Class A	87,480	7,086,833	15,116,544	3.80
Yum! Brands Inc	135,293	8,877,970	15,343,579	3.85
			220,396,761	55.35
<b>Total Common Stock</b>			<b>367,434,735</b>	<b>92.28</b>
<b>Investment Companies</b>				
<b>Ireland</b>				
iShares Core MSCI EM IMI UCITS ETF	377,740	11,002,082	10,198,980	2.56
iShares Core MSCI Japan IMI UCITS ETF	305,425	12,315,426	12,772,873	3.21
			22,971,853	5.77
<b>Total Investment Companies</b>			<b>22,971,853</b>	<b>5.77</b>
<b>Total Investments</b>		<b>322,785,272</b>	<b>390,406,588</b>	<b>98.05</b>
<b>Total Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market</b>			<b>390,406,588</b>	<b>98.05</b>
Net current assets			7,780,136	1.95
<b>Total net assets</b>			<b>398,186,724</b>	<b>100.00</b>

# Melville Douglas Select Fund Limited

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN pursuant to the Articles of Association of Melville Douglas Select Fund Limited (the “Company”) that the Annual General Meeting of the Company will take place on 3 February 2020 at Standard Bank House, 47-49 La Motte Street, St. Helier, Jersey, Channel Islands at 10.15 a.m. for the purpose of considering and, if thought fit, passing the following Resolutions:

### Ordinary resolution

1. That the financial statements for the year ended 30 September 2019 be approved and adopted.
2. That directors fees in the sum of USD30,000 and GBP5,000 for the year ended 30 September 2019 be approved.
3. That PricewaterhouseCoopers Ireland, be reappointed auditors of the Company to hold office until the conclusion of the next general meeting at which the accounts are laid before the Company and that their remuneration be fixed by the directors.

### By order of the board

**STANLIB Fund Managers Jersey Limited**

**Secretary**

**13 January 2020**

### Notes

1. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote in his stead a proxy need not be a member of the Company.
2. To be valid this proxy form must be completed and deposited at the registered office of the Company not less than 48 hours before the time fixed for the meeting.
3. If the shareholder is a corporation the form must be executed either under its common seal or under the hand of an officer or attorney so authorised.
4. In the case of joint holders, the signature of any one joint holder will be sufficient, but the names of all joint holders should be stated.

**The Secretary  
Melville Douglas Select Fund Limited  
Standard Bank House  
47-49 La Motte Street  
St. Helier  
Jersey  
JE2 4SZ**

**Melville Douglas Select Fund Limited (the “Company”)**

**Form of Proxy**

*Please complete in  
block capitals*

I/We .....

*Complete only if  
Special proxy desired.  
(See Note a. below)*

being a holder(s) of.....Participating shares in the capital of the Company hereby  
appoint the Chairman of the Meeting or failing him:

---

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the  
Company to be held on 3 February 2020 at 10.15 a.m. and at any adjournments thereof, in  
the following manner:

*Resolutions  
\*Strike out whatever is  
not desired*

Ordinary Resolution	No 1	For/Against*
	No 2	For/Against*
	No 3	For/Against*

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Signature \_\_\_\_\_

- |   |  |
|---|--|
| a. If you desire to appoint a proxy other than indicated above, please delete the appropriate words and insert the name and address of your proxy | b. Unless otherwise instructed, the proxy will vote or abstain from voting as he thinks fit in relation to the resolutions referred to above |
| c. To be valid, the proxy must be lodged with the secretary of the Company 48 hours prior to the time of the meeting                              | d. A corporation should complete this form under its common seal or under the hand of a duly authorised officer or attorney                  |