# Melville Douglas Income Fund Limited
# US Dollar Bond Class

Fund information update at 30 September 2026

## What is the fund's objective?

The objective of the Class Fund is to provide a return in excess of its benchmark in US Dollars, whilst seeking to maintain a high degree of capital preservation.

## What does the fund invest in?

The Class Fund invests primarily in quality global fixed interest securities, and, where in the opinion of the Investment Manager, direct investment in fixed interest securities will not achieve sufficient diversification to achieve the Class Fund's objective, in other collective investment schemes, money market instruments and cash that will maximise total returns in US Dollars.

## 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 |

## What is the suggested investment period for this fund?

| Minimum period | | | | | |
|---|---|---|---|---|---|
| 1 Month | 6 Months | 1 Year | **3 Years** | 5 Years | 7 Years |

## Who should consider investing in this fund?

This fund is suitable for investors who wish to avoid the volatility and risks associated with higher risk asset classes, and are looking for a return over and above that of cash. Investment will be via highly liquid sovereign and investment grade corporate debt, with a focus on capital preservation.

## Income

**Distribution** Dividends may be declared from time to time in accordance with the provisions of Companies (Jersey) Law, 1991 (as amended). Currently, income available for distribution attributable to the Class X Shares of the Fund may be distributed; there is no intention to distribute income on the Class A Shares, Class B Shares, Class C Shares or Class P Shares.

**Declaration** 31 March, 30 September

## General fund information

**Manager(s)** Karl Holden and Simon Bradbury

**Size (NAV)** $ 171.61 million

**Peer group** EAA Fund USD Diversified Bond

**Benchmark** BB/EFFAS Bond US Govt 1-10 yr 60%
BB US Corporate TR Value UH USD 20%
BB Glbl Aggr Treasuries TR Value UH USD 20%

**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** | 28 February 2018 | 03 June 2020 |
| **ISIN number** | JE00BF1CWN63 | JE00BK987R02 |
| **SEDOL code** | BF1CWN6 | BK987R0 |
| **Bloomberg** | MDIUSDB JY | MDIUSDC JY |
| **Minimum investment requirements -** | | |
| 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)** | 1.050% | 0.750% |
| **Annual fee (adviser)** | 0.300% | 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 30 September 2026 | Class B | Class C |
|---|---|---|
| **Based on period from:** | 01/10/2023 | 01/10/2023 |
| **Total Expense** | 1.14% | 0.83% |
| **Transaction Costs** | 0.00% | 0.00% |
| **Total Investment Charge** | 1.14% | 0.84% |
| **1 Year Total Expense** | 1.13% | 0.83% |

**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.

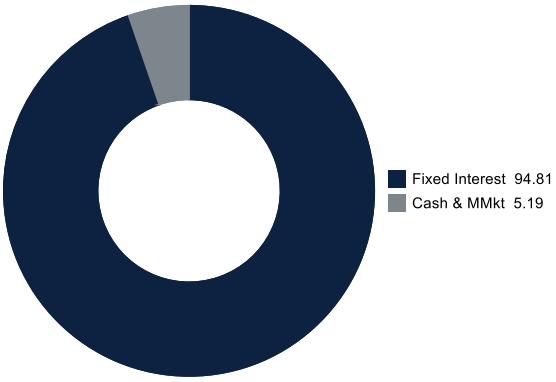
**Total Investment Charges (TIC):** This ratio is simply the sum of the TER and TC, showing the percentage of the value of the fund incurred as costs relating to the investment of the fund. It should be noted that performance figures account for all costs included in the TIC ratio, so you should not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

# Melville Douglas Income Fund Limited
# US Dollar Bond Class

Monthly update at 30 September 2026

## Holdings

### Asset class (%)

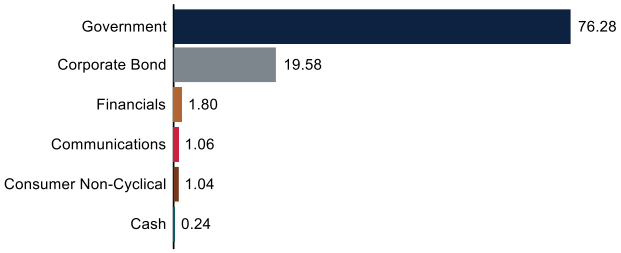



### Top holdings (%)

| | |
|---|---|
| US TSY Note/Bond 1.875% 15/02/2032 | 22.54 |
| US TSY Note/Bond 3.5% 15/02/2033 | 21.46 |
| US TSY Note/Bond 1.75% 15/11/2029 | 12.24 |
| iShares $ Corp Bond UCITS ETF USD (Dist) | 9.81 |
| iShares $ Short Dur Corp Bond UCITS ETF USD (Dist) | 6.26 |
| US TSY Note/Bond 2.25% 15/02/2027 | 4.95 |
| European Investment Bank 4% 15/02/2029 | 4.86 |
| US TSY Note/Bond 2.625% 15/02/2029 | 4.69 |
| Inter-American Dev Bank 1.125% 13/01/2031 | 3.77 |
| iShares iBoxx $ High Yield Corporate Bond ETF USD NPV | 3.51 |

### Country (%)

### Category (%)




## Performance and Income

Class B Launch: 28 February 2018 Class C Launch: 03 June 2020

Benchmark: From 01/08/24: BB/EFFAS Bond US Govt 1-10 yr 60%; BB US Corporate TR Value UH USD 20%; BB Glbl Aggr Treasuries TR Value UH USD 20%. Formerly: BB US Gvt 1-10 yrs (80% from launch to 30/04/20) 60%; iBoxx USD Corp 20%; JPM Glbl Gvt Bd USD (from 01/05/20) 20%.

Peer group: EAA Fund USD Diversified Bond

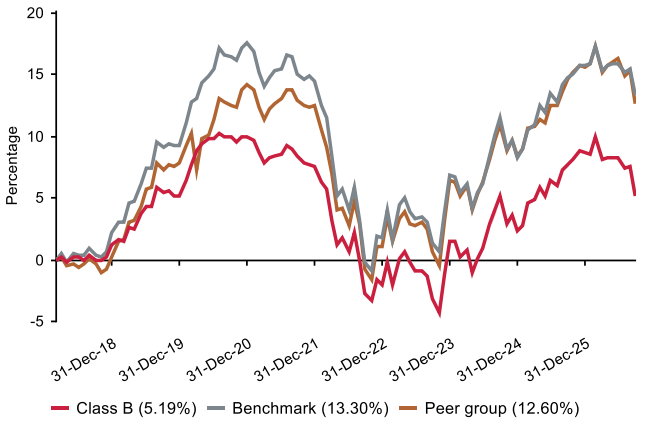
| Returns (%) | 1yr | 3yrs | 5yrs | 7yrs | Launch |
|---|---|---|---|---|---|
| **Class B** | | | | | |
| Class | -2.40 | 2.82 | -0.59 | -0.03 | 0.59 |
| Benchmark | -1.33 | 3.77 | -0.32 | 0.55 | 1.47 |
| Peer group | -1.83 | 3.80 | -0.05 | 0.69 | 1.39 |
| **Class C** | | | | | |
| Class | -2.10 | 3.11 | -0.29 | | -0.38 |
| Benchmark | -1.33 | 3.77 | -0.32 | | -0.22 |
| Peer group | -1.83 | 3.80 | -0.05 | | 0.36 |

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

| Statistics (%) | 1yr | 3yrs | 5yrs | 7yrs | Launch |
|---|---|---|---|---|---|
| **Class B** | | | | | |
| Positive Months | 6 | 23 | 29 | 43 | 53 |
| Max Gain | 2.01 | 14.91 | 14.91 | 14.91 | 14.91 |
| Max Drawdown | -4.32 | -4.32 | -11.70 | -13.27 | -13.27 |
| Highest | 6.16 | 8.67 | 8.67 | 8.67 | 8.67 |
| Lowest | -2.40 | -2.40 | -10.29 | -10.29 | -10.29 |
| **Class C** | | | | | |
| Highest | 6.48 | 8.96 | 8.96 | | 8.96 |
| Lowest | -2.10 | -2.10 | -10.00 | | -10.00 |

Highest - this reflects the highest 12 month return during the period.
Lowest - this reflects the lowest 12 month return during the period.

### Cumulative performance (%) from Launch



# Melville Douglas Income Fund Limited
# US Dollar Bond Class

Quarterly update at 30 September 2026

## Who are the investment managers?

**Karl Holden**
FCSI, Chartered Wealth Manager
Head of International Fixed Interest and Currency Strategy

Karl joined Standard Bank in 1991 and specialises in global fixed income and currency markets. He is lead manager of the Melville Douglas Bond Funds and also manages the investments of a number of high-net-worth clients. Karl is a Chartered Wealth Manager, Fellow of the Chartered Institute for Securities and Investment and holds the Private Client Investment Advice and Management Certificate. Karl is based in Jersey.

**Simon Bradbury**
FCSI, Chartered Wealth Manager
Fixed Income and Currency Strategy

Simon joined Standard Bank in 2002, with over 30 years' experience in the industry. He has built up extensive knowledge of global wealth management solutions, specialising in international fixed income and currency markets. He is co-manager of the Melville Douglas Bond and Enhanced Income Funds, whilst he also manages the investments of a number of high-net-worth clients. Simon is a Chartered Wealth Manager and a Fellow of the Chartered Institute for Securities and Investment.

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.

## Fund review

The objective of the Class Fund is to provide a return in excess of its benchmark in US Dollars, whilst seeking to maintain a high degree of capital preservation, by investing primarily in quality global fixed interest securities, and, where in the opinion of the Investment Manager, direct investment in fixed interest securities will not achieve sufficient diversification to achieve the Class Fund's objective, in other collective schemes, money market instruments and cash that will maximise total returns in US Dollars.

The Fund posted a negative return in the third quarter, underperforming its benchmark.

## Market overview

The third quarter's surge in the oil price has again heightened inflationary concerns, pushing global government bond yields to fresh multi-year highs with the US treasury 10-year yield breaching the key resistance level of 5% for the first time since 2007. Forecasting over the short-term remains incredibly difficult as the ongoing war in Iran and intrinsically linked moves in the oil price remain highly unpredictable, at best. Many major central banks have been forced to respond to markedly higher energy prices with tighter monetary policy, notably the US Federal Reserve (Fed) and the European Central Bank (ECB), the latter of which has now hiked by a total of 50 basis points since June. Although we have our doubts that higher interest rates will do little to move the dial on the oil price. Despite the current 'inflation angst', the market's longer-term outlook remains more positive with US five-year inflation expectations below 2.5% and the oil futures curve in backwardation (downward sloping) suggesting a retracement to roughly $80 a barrel a year from now. Time will tell if either are correct, if they are then yields at current levels are becoming increasingly attractive on a medium to long-term outlook, even if economic growth remains strong.

## Looking ahead

As widely expected, the US Federal Reserve (Fed) raised interest rates in September by 0.25% to 4% (upper bound). History suggests Fed tightening cycles are almost never 'one and done' so a further hike, probably in December, appears highly likely although currently we expect this hiking cycle to be fairly shallow. Ongoing evidence of US economic resilience is reinforcing the view that current monetary policy has not been sufficiently restrictive and with hindsight, the 0.75% of easing in 2025 was premature, particularly as inflation has remained stubbornly above the Fed's target rate for over five years. Fundamentally, the unemployment rate remains low, and 'nominal' GDP hasn't been much higher since the 1980's (excluding the post-COVID rebound). Recently appointed Fed Chair Warsh has made it clear that inflation is top of his agenda and stipulated that the target rate is not changing – hawkish comments that seal the deal for tighter monetary policy. However, higher interest rates do not necessarily have to translate into much higher government bond yields as this year's spike in ten-year yields (over 100 basis points since late February) has arguably 'priced-in' a lot of rate and inflation/oil price uncertainty. Counterintuitively, raising interest rates is probably the best course of action to stem the rise in government bond yields (perceived as growth-negative and inflation-positive). Admittedly, while oil prices (aka inflation) have dominated the spike in government yields this year, other ongoing factors such as fiscal and debt concerns have contributed to the negative backdrop for fixed income markets and these factors together with a buoyant economy are likely to persist.

The Fund's duration exposure in the AAA/government space has been maintained at mildly underweight relative to benchmark in the quarter. The Fund has no exposure to ten-year maturing government bonds which has added value given the approximate 100 basis-point yield spike since the onset of the war in Iran. However, some relative and absolute value has been lost by the Fund's low exposure to ultra short-dated bonds which have outperformed on the curve. Investment Grade (IG) corporate debt exposure, predominantly via highly liquid Exchange Traded Funds (ETFs), has been held in line with the composite benchmark, although still underweight duration on a relative basis. We continue to wait for a more attractive opportunity to increase both the overall weighting and duration as credit spreads remain at or near the lower end of a multi-year range. The Fund's 'off benchmark' weighting to High Yield (HY) debt delivered returns in excess of the corporate benchmark in the quarter following a meaningful outperformance over previous years. Although the inflation (oil) outlook remains uncertain and the Fed are tightening monetary policy, we believe the spike in longer-dated yields since end-February has already discounted much of this. On a risk/reward basis and taking a medium to long-term view, ten-year yields around 5% are beginning to look attractive and the manager is considering extending the duration of the government debt exposure in the fourth quarter.

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 | Q3 2026 | Q2 2026 | Change |
|---|---|---|---|
| Cash & MMkt | 5.19 | 7.45 | -2.26 |
| Fixed Interest | 94.81 | 92.55 | 2.26 |

The portfolio adhered to its portfolio objective over the quarter.

## Fund classes

| Class | Type | Price ($) | Shares | NAV ($) |
|---|---|---|---|---|
| B | Retail | 10.52 | 55,571.35 | 584,527.46 |
| C | Retail | 9.76 | 12,984.51 | 126,778.70 |

All data as at 30 September 2026.
Shares - the amount of Participating Shares in issue in each relevant class.

# Melville Douglas Income Fund Limited
# US Dollar Bond Class

MelvilleDouglas
Standard Bank Group

Important information at 30 September 2026

## 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 US Dollar Bond Class is a class fund of the Melville Douglas Income 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 30 September 2026, 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

M.Laws, M.Farrow, D.Jardine and O.Sonnbichler.

### Trustee/Custodian

Apex Financial Services (Corporate) Limited
Reg. No. 702
IFC 5, JE1 1ST
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