



**Melville Douglas Balanced Fund Limited
Unaudited Interim Report and Financial Statements
For the period 1 October 2022 to 31 March 2023**

Melville Douglas Balanced Fund Limited

Unaudited Interim Report and Financial Statements

For the period 1 October 2022 to 31 March 2023

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Melville Douglas Balanced Fund Limited

Administration

Directors

Graham Baillie (South African/British)
Michael Farrow* (British) (Chairman) (Jersey Resident)
Oliver Sonnbichler (South African/Austrian)
Robert Stewart (South African) (Jersey Resident)

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.

Melville Douglas Balanced Fund Limited

Report of the Directors

The directors submit their unaudited interim report and financial statements for the period 1 October 2022 to 31 March 2023.

Incorporation

Melville Douglas Balanced 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. 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 31 March 2023 there is only one Class Fund available – USD Balanced 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 31 March 2023, the Company has only one Class Fund.

Objective and investment policy

The objective of the Class Fund is to provide long-term capital growth by investing in a well-diversified portfolios comprising quoted global equities, global fixed income securities including government and corporate bonds and money market instruments which will maximise investment returns in USD. For the avoidance of doubt the Class Fund may also invest in collective investment schemes and make other investments which are not prohibited by the investment restrictions set out in the Prospectus.

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 period are disclosed in the Statement of Comprehensive Income.

Directors

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

Graham Baillie is non-executive Chairman of Melville Douglas Investment Management (Proprietary) Limited. Oliver Sonnbichler is an executive of Melville Douglas Investment Management (Proprietary) Limited, Robert Stewart is an employee of Standard Bank Jersey 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.

Melville Douglas Balanced Fund Limited

Report of the Directors (continued)

Registered Office

The registered office is as disclosed on page 2.

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") 104 "The Interim Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 104").

The Companies (Jersey) Law, 1991 requires the directors to prepare the financial statements for each financial period, 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 period. 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.

Connected Persons

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

Secretary

The Secretary of the Company during the period ended 31 March 2023, and subsequently was STANLIB Fund Managers Jersey Limited.

By Order of the Board
STANLIB Fund Managers Jersey Limited

Company Secretary
9 August 2023

Melville Douglas Balanced Fund Limited

Statement of Financial Position

As at 31 March 2023

(Comparatives as at 30 September 2022)

	Notes	USD Balanced Class 31 March 2023	USD Balanced Class 30 September 2022
Assets			
Financial assets at fair value through profit or loss	2(b), 7.4	10,685,223	9,663,820
Cash and cash equivalents	2(c)	99,351	639,893
Income receivable	2(d)	26,589	25,057
Total assets		10,811,163	10,328,770
Liabilities			
Management fees payable	2(g)	8,531	8,351
Custodian fees payable	2(g)	425	411
Sub-Custodian fees payable	2(g)	279	472
Director fees payable	2(g)	9,225	9,374
Audit fees payable	2(g)	2,712	6,004
Other payables		1,588	1,371
Total liabilities		22,760	25,983
Net assets attributable to holders of redeemable shares		10,788,403	10,302,787
Net asset value per share			
Class C Shares		205.21	186.99

The Class Fund amounts disclosed above represent the total amounts for the Company.

The financial statements were approved by the Board on 9 August 2023.

The notes on pages 8 to 18 form an integral part of these financial statements.

Melville Douglas Balanced Fund Limited

Statement of Comprehensive Income

For the period 1 October 2022 to 31 March 2023

(Comparatives are for the period 1 October 2021 to 31 March 2022)

	Notes	USD Balanced Class 31 March 2023	USD Balanced Class 31 March 2022
Income			
Dividend income	2(d)	26,179	26,479
Interest income	2(d)	79,679	15,212
Deposit interest	2(d)	1,487	10
Net gain/(loss) on financial assets at fair value through profit or loss	2(h), 3	960,280	(291,357)
Total net gain/(loss)		1,067,625	(249,656)
Expenses			
Management fees	2(g)	49,948	60,013
Custodian fees	2(g)	2,493	2,493
Sub-Custodian fees	2(g)	1,592	2,028
Directors' fees	2(g)	18,243	18,576
Audit fees	2(g)	2,712	2,778
Sundry expenses		2,894	3,159
Total operating expenses		77,882	89,047
Net income/(expense) before finance costs		989,743	(338,703)
Finance Costs:			
Total Finance Costs		—	—
Taxation	2(i), 4	(6,554)	(6,322)
Increase/(Decrease) in net assets attributable to holders of redeemable shares from operations		983,189	(345,025)

All of the above results are from continuing operations. There are no recognised gains or losses for the period 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 Class Fund amounts disclosed above represent the total amounts for the Company.

The notes on pages 8 to 18 form an integral part of these financial statements.

Melville Douglas Balanced Fund Limited

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

For the period 1 October 2022 to 31 March 2023

(Comparatives are for the period 1 October 2021 to 31 March 2022)

	Notes	USD Balanced Class 31 March 2023	USD Balanced Class 31 March 2022
Net assets attributable to holders of redeemable shares at the beginning of the period		10,302,787	13,190,898
Proceeds from the issue of shares	5	—	258,914
Payments on the redemption of shares	5	(497,573)	(1,242,770)
Increase/(Decrease) in net assets attributable to holders of redeemable shares from investment activities		983,189	(345,025)
Net assets attributable to holders of redeemable shares at the end of the period		10,788,403	11,862,017

The Class Fund amounts disclosed above represent the total amounts for the Company.

The notes on pages 8 to 18 form an integral part of these financial statements.

Melville Douglas Balanced Fund Limited

Notes to the Financial Statements (continued)

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 periods 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 104 "The Interim Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 104"). 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 unaudited interim financial statements for the period ended 31 March 2023 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 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 6 and 7. In arriving at the results for the period, all amounts in the Statement of Comprehensive Income on page 6 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, bonds and 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 period in which they arise.

Melville Douglas Balanced Fund Limited

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

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.

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 recognised using the effective interest rate method. 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 period 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 USD Balanced Class is US Dollars.

Differences arising on translation are included in the Statement of Comprehensive Income within income or expenses in the period 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 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 period. Realised gains and losses on disposals are calculated using the

Melville Douglas Balanced Fund Limited

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

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.

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

	USD Balanced Class 31 March 2023 USD	USD Balanced Class 31 March 2022 USD
Non-derivative securities:		
Net realised gain on investments	201,168	367,140
Net movement in unrealised investment schemes	759,112	(658,497)
Net gain/(loss) on financial assets at fair value through profit or loss	<u>960,280</u>	<u>(291,357)</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.

USD Balanced Class	31 March 2023	31 March 2022
	USD	USD
Overseas tax - withholding tax on dividend income	6,554	6,322

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.

Melville Douglas Balanced Fund Limited

Notes to the Financial Statements (continued)

5. Share capital (continued)

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.

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:

	31 March 2023	30 September 2022
	USD	USD
Current account	100	100
Management shares of USD1.00 each	100	100
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 period ended 31 March 2023.

	Number of shares at 30 September 2022	Issued during the period	Redeemed during the period	Number of shares at 31 March 2023
USD Balanced Class	55,097	-	(2,525)	52,572

The following table shows the movement in participating shares during the year ended 30 September 2022.

	Number of shares at 30 September 2021	Issued during the year	Redeemed during the year	Number of shares at 30 September 2022
USD Balanced Class	60,427	50	(5,380)	55,097

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 of the Company are related parties of the Company.

Melville Douglas Balanced Fund Limited

Notes to the Financial Statements (continued)

6. Related Party Transactions and Other Expenses (continued)

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.

The annual management fee payable is calculated as 0.95% of the net asset value of the USD Balanced Class Fund for Class C 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:

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 up to GBP23,000 per annum from the Company as director fees. Graham Baillie, Oliver Sonnbichler and Robert Stewart are entitled to receive up to USD10,000 per director per annum from the Company. Directors fees incurred during the period ended 31 March 2023 amounted to USD18,243 (31 March 2022: USD18,576) with USD9,225 (30 September 2022: USD9,374) outstanding at the period end.

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

The fees incurred during the period ended 31 March 2023 and 31 March 2022 are as disclosed in the Statement of Comprehensive Income with the amounts outstanding at the period end disclosed in the Statement of Financial Position.

As at 31 March 2023 the USD Balanced Class Fund held 40,735 shares (31 March 2022: 40,735 shares) in the Melville Douglas Select Fund Limited – Global Impact Class Fund, a related party which have appointed the same Manager, Investment Manager and Directors as the Fund.

7. Financial risk management

Consistent with the investment objectives, as noted in the Report of the Directors, the Company holds a number of financial instruments principally comprising of equity shares, debt and fixed income securities and collective investment securities. In addition, the Company holds cash, 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.

Melville Douglas Balanced Fund Limited

Notes to the Financial Statements (continued)

7. Financial risk management (continued)

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.

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.

Market price risk is mainly reduced through diversification. The Class Funds' investments are in collective investment funds which achieve the diversification. These are usually the relevant matching class funds of other Melville Douglas Funds. Investments restrictions are in place to ensure that the impact of market price risk is minimised. 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 period end; all other variables remaining constant (5% is considered to be a reasonable possible change in price):

	31 March 2023	30 September 2022
	USD	USD
USD Balanced Class	534,261	483,191

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 significant fair value risk from interest rates.

In accordance with the Class Funds' policy, the Investment Manager and Board of Directors monitor the Class Funds' overall interest sensitivity on a regular basis.

The breakdown of the Class Funds' assets as at 31 March 2023 and 30 September 2022 is detailed in the Portfolio Statement.

USD Balanced Class

31 March 2023

	Fixed rate financial assets	Floating rate financial assets	Net assets not carrying interest	Total
USD	4,897,080	396,961	5,494,362	10,788,403
	<u>4,897,080</u>	<u>396,961</u>	<u>5,494,362</u>	<u>10,788,403</u>

Melville Douglas Balanced Fund Limited

Notes to the Financial Statements (continued)

7. Financial risk management (continued)

7.1. Market risk (continued)

Interest rate risk (continued)

USD Balanced Class
30 September 2022

	Fixed rate financial assets	Floating rate financial assets	Net assets not carrying interest	Total
USD Balanced Class				
30 September 2022				
	Fixed rate financial assets	Floating rate financial assets	Net assets not carrying interest	Total
USD	4,204,327	392,901	5,705,559	10,302,787
	<u>4,204,327</u>	<u>392,901</u>	<u>5,705,559</u>	<u>10,302,787</u>

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.

The following tables show the currency exposure of the Class Fund as at 31 March 2023 and 30 September 2022.

USD Balanced Class

Exposure currency 31 March 2023	Investments USD	Cash USD	Other net assets USD	Total net assets USD	% of net assets
CHF	116,312	—	—	116,312	1.08
DKK	89,960	—	—	89,960	0.83
EUR	345,251	28	—	345,279	3.20
GBP	109,970	—	—	109,970	1.02
HKD	170,180	—	—	170,180	1.58
JPY	171,547	—	338	171,885	1.59
USD	9,682,003	99,323	3,491	9,784,817	90.70
	<u>10,685,223</u>	<u>99,351</u>	<u>3,829</u>	<u>10,788,403</u>	<u>100.00</u>

Melville Douglas Balanced Fund Limited

Notes to the Financial Statements (continued)

7. Financial risk management (continued)

7.1. Market risk (continued)

Currency risk (continued)

USD Balanced Class

Exposure currency 30 September 2022	Investments USD	Cash USD	Other net liabilities USD	Total net assets USD	% of net assets
CHF	113,598	—	—	113,598	1.10
DKK	83,735	—	—	83,735	0.81
EUR	282,753	25	—	282,778	2.75
GBP	99,195	—	—	99,195	0.96
HKD	110,011	—	—	110,011	1.07
JPY	131,392	—	232	131,624	1.28
USD	8,843,136	639,868	(1,158)	9,481,846	92.03
	<u>9,663,820</u>	<u>639,893</u>	<u>(926)</u>	<u>10,302,787</u>	<u>100.00</u>

Currency risk is not managed 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).

USD Balanced Class		Change in net assets	Change in net assets
		31 March 2023	30 September 2022
CHF	+/-5%	5,816	5,680
DKK	+/-5%	4,498	4,187
EUR	+/-5%	17,264	14,139
GBP	+/-5%	5,499	4,960
HKD	+/-5%	8,509	5,501
JPY	+/-5%	8,594	6,581

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.

Liquidity risk in relation to funding of redemptions is managed by receiving daily notifications of forthcoming redemption notices and ensuring sufficient liquidity within the portfolio. Although substantial redemptions of shares in the Class Funds could require the Class Funds to liquidate their investments more rapidly than otherwise desirable in order to raise cash for the redemptions, the Directors may restrict redemption of shares to no more than 20% of the issued shares of any Share Class on any Dealing Day, with excess

Melville Douglas Balanced Fund Limited

Notes to the Financial Statements (continued)

7. Financial risk management (continued)

7.2. Liquidity risk (continued)

requests being scaled back on a pro-rata basis, with the balance being carried forward to the next Dealing Day and so on until all the Shares concerned have been redeemed.

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 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.

Each Class Fund is restricted to investing no more than 10% of its net asset value in any one issuer and to investing in no more than 10% of the total nominal amount of all issued securities of the same class in the invested corporation. These limits are tested on a daily basis by the Administrator, on a monthly basis by the Manager and confirmation of adherence is received by the Board of Directors on a quarterly basis, in order to demonstrate effective control. The credit ratings of the investments are disclosed in Portfolio Statements.

The Class Funds are not exposed to significant credit risk from the Custodian, Sub-Custodian and banker as all investments of the Class Funds are maintained in a segregated account, which are designated as client assets and are not co-mingled with any proprietary assets of the Custodian. The Class Funds will, however, be exposed to the credit risk of the Custodian, or any depositary used by the Custodian, in relation to the Class Fund's cash held by the Custodian. In event of the insolvency or bankruptcy of the Custodian, the Class Funds will be treated as a general creditor of the Custodian in relation to cash holdings of the Class Funds.

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

For the period ended 31 March 2023 the Sub-Custodian and Banker, The Bank of New York Mellon SA/NV London Branch has a credit rating of AA- (2022 : AA-) with Standard & Poor's, Aa2 (2022 : Aa2) with Moody's and AA (2022 : 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 period 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.

Melville Douglas Balanced Fund Limited

Notes to the Financial Statements (continued)

7. Financial risk management (continued)

7.4. Fair value hierarchy (continued)

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.

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 tables below analyse within the fair value hierarchy the Company's financial assets measured at fair value at 31 March 2023 and 30 September 2022 in accordance with FRS 102.

31 March 2023

USD Balanced Class	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Investment Companies	563,940	—	—	563,940
Common Stock	4,827,242	—	—	4,827,242
Corporate Bonds	—	3,513,166	—	3,513,166
Government Bonds	1,780,875	—	—	1,780,875
Total Assets	7,172,057	3,513,166	—	10,685,223

30 September 2022

USD Balanced Class	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Investment Companies	512,045	—	—	512,045
Common Stock	4,554,547	—	—	4,554,547
Corporate Bonds	—	3,120,948	—	3,120,948
Government Bonds	1,182,032	294,248	—	1,476,280
Total Assets	6,248,624	3,415,196	—	9,663,820

There were no transfers between the levels during the reporting periods.

Melville Douglas Balanced Fund Limited

Notes to the Financial Statements (continued)

8. Exchange rates

The following exchange rates at 31 March 2023 and 30 September 2022 were used to translate foreign currency assets and liabilities:

	31 March 2023	30 September 2022
USD/CHF	0.91354	0.98428
USD/DKK	6.85657	7.58990
USD/EUR	0.92046	1.02078
USD/GBP	0.80877	0.89582
USD/HKD	7.84993	7.84991
USD/JPY	133.08998	144.74501
USD/ZAR	17.74253	-

9. Significant events during the period

In February 2023 an updated prospectus of the Fund was issued.

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

10. Post statement of financial position events

There were no 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 9 August 2023.

Melville Douglas Balanced Fund Limited

Portfolio Statement

USD Balanced Class

As at 31 March 2023

	Nominal Holding	Cost USD	Fair Value USD	% of Net Assets
Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market				
Common Stock				
Cayman Islands				
Alibaba Group Holding Ltd ADR	713	166,862	72,837	0.67
Meituan '144A'	333	9,692	6,085	0.06
Tencent Holdings Ltd	3,338	183,292	164,095	1.52
			243,017	2.25
Denmark				
Orsted AS '144A'	1,058	129,044	89,960	0.83
			89,960	0.83
France				
LVMH Moet Hennessy Louis Vuitton SE	184	133,457	168,726	1.56
			168,726	1.56
Germany				
Brenntag SE	2,346	154,530	176,525	1.64
			176,525	1.64
India				
HDFC Bank Ltd ADR	2,785	174,083	185,634	1.72
			185,634	1.72
Ireland				
ICON Plc	601	106,046	128,370	1.19
Linde Plc	663	130,393	235,511	2.18
			363,881	3.37
Japan				
Keyence Corp	354	141,186	171,547	1.59
			171,547	1.59
Jersey				
Experian Plc	3,343	97,807	109,970	1.02
			109,970	1.02
Switzerland				
Partners Group Holding AG	124	109,168	116,312	1.08
			116,312	1.08
United States				
Alphabet Inc - Class A	2,008	139,136	208,179	1.93

Melville Douglas Balanced Fund Limited

Portfolio Statement (Continued)

USD Balanced Class (continued)

As at 31 March 2023 (continued)

	Nominal Holding	Cost USD	Fair Value USD	% of Net Assets
Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market (continued)				
Common Stock (continued)				
United States (continued)				
Amazon.com Inc	1,272	162,808	131,378	1.22
Amphenol Corp - Class A	2,772	172,732	226,375	2.10
Boston Scientific Corp	4,680	177,489	234,071	2.18
Ecolab Inc	529	106,868	87,568	0.81
Elevance Health Inc	214	68,743	98,349	0.91
Estee Lauder Cos Inc/The - Class A	525	134,277	129,347	1.20
Johnson & Johnson	1,158	177,322	179,415	1.66
JPMorgan Chase & Co	1,233	145,474	160,629	1.49
Mastercard Inc	580	176,465	210,729	1.95
Meta Platforms Inc - Class A	843	217,525	178,670	1.65
Microsoft Corp	1,094	155,349	315,335	2.92
NIKE Inc	1,061	100,997	130,063	1.21
PepsiCo Inc	679	91,460	123,761	1.15
Starbucks Corp	1,617	159,652	168,386	1.56
Thermo Fisher Scientific Inc	173	91,795	99,687	0.92
UnitedHealth Group Inc	408	133,077	192,733	1.79
Verisk Analytics Inc - Class A	619	112,027	118,721	1.10
Visa Inc - Class A	924	168,511	208,274	1.93
			3,201,670	29.68
Total Common Stock			4,827,242	44.74
Investment Companies				
Ireland				
iShares USD Short Duration Corp Bond UCITS ETF	1,420	148,800	137,655	1.28
			137,655	1.28
Jersey				
Melville Douglas Select Fund Limited-Global Impact Class	40,735	409,003	383,210	3.55
			383,210	3.55
United States				
iShares iBoxx High Yield Corporate Bond ETF	570	48,418	43,075	0.40
			43,075	0.40

Melville Douglas Balanced Fund Limited

Portfolio Statement (Continued)

USD Balanced Class (continued)

As at 31 March 2023 (continued)

	Nominal Holding	Cost USD	Fair Value USD	% of Net Assets
Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market (continued)				
Investment Companies (continued)				
United States (continued)				
Total Investment Companies			563,940	5.23
Corporate Bonds				
Cayman Islands				
Alibaba Group Holding Ltd 2.800% 06/06/2023	200,000	200,661	198,501	1.84
Germany				
Kreditanstalt fuer Wiederaufbau 2.625% 28/02/2024	250,000	254,140	245,464	2.27
Kreditanstalt fuer Wiederaufbau 0.250% 19/10/2023	150,000	146,288	146,302	1.36
Kreditanstalt fuer Wiederaufbau FRN 5.704% 12/02/2024	200,000	201,641	201,550	1.87
Kreditanstalt fuer Wiederaufbau 1.250% 31/01/2025	255,000	240,143	242,040	2.24
			835,356	7.74
International				
Asian Development Bank 'GMTN' 4.125% 27/09/2024	300,000	297,322	298,873	2.77
Asian Development Bank 'GMTN' 0.250% 06/10/2023	120,000	117,194	117,231	1.09
European Investment Bank 'GMTN' 2.875% 15/08/2023	300,000	299,300	297,706	2.76
European Investment Bank 2.250% 24/06/2024	225,000	229,048	219,172	2.03
Inter-American Development Bank 0.500% 24/05/2023	375,000	373,897	372,741	3.45
Inter-American Development Bank 0.250% 15/11/2023	275,000	267,581	267,428	2.48
Inter-American Development Bank 3.250% 01/07/2024	100,000	97,440	98,598	0.91
International Bank for Reconstruction & Development 1.750% 19/04/2023	340,000	339,904	339,458	3.15
			2,011,207	18.64

Melville Douglas Balanced Fund Limited

Portfolio Statement (Continued)

USD Balanced Class (continued)

As at 31 March 2023 (continued)

	Nominal Holding	Cost USD	Fair Value USD	% of Net Assets
Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market (continued)				
Corporate Bonds (continued)				
South Africa				
Standard Bank Group Ltd FRN 5.950% 31/05/2029	200,000	207,575	195,411	1.81
United States				
JPMorgan Chase & Co 3.375% 01/05/2023	125,000	125,018	124,715	1.16
Wells Fargo & Co 'MTN' 3.750% 24/01/2024	150,000	148,461	147,976	1.37
			272,691	2.53
Total Corporate Bonds			3,513,166	32.56
Government Bonds				
Netherlands				
United States				
United States Treasury Bill (Zero Coupon) 0.000% 06/07/2023	80,000	79,004	79,022	0.73
United States Treasury Note/Bond 2.500% 15/08/2023	220,000	219,184	218,111	2.02
United States Treasury Note/Bond 1.250% 31/07/2023	420,000	417,418	415,073	3.85
United States Treasury Note/Bond 2.125% 30/11/2023	250,000	247,947	245,852	2.28
United States Treasury Note/Bond 0.125% 31/08/2023	200,000	197,016	196,285	1.82
United States Treasury Note/Bond 1.125% 15/01/2025	300,000	280,289	284,420	2.64

Melville Douglas Balanced Fund Limited

Portfolio Statement (Continued)

USD Balanced Class (continued)

As at 31 March 2023 (continued)

	Nominal Holding	Cost USD	Fair Value USD	% of Net Assets
Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market (continued)				
Government Bonds (continued)				
United States (continued)				
United States Treasury Note/Bond 2.500% 31/05/2024	350,000	341,816	<u>342,112</u> 1,780,875	<u>3.17</u> 16.51
Total Government Bonds			<u>1,780,875</u>	<u>16.51</u>
Total Investments		10,161,775	10,685,223	99.04
Total Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market			<u>10,685,223</u>	<u>99.04</u>
Total Investments			10,685,223	99.04
Net current assets			<u>103,180</u>	<u>0.96</u>
Total net assets			<u>10,788,403</u>	<u>100.00</u>

Melville Douglas Balanced Fund Limited

Fund Statistics

USD Balanced Class - Class C	Net asset value USD	Net asset value per Share USD	% change in period	Number of shares in issue	Highest Price* USD	Lowest Price* USD
30 September 2013	16,919,878	147.24	5.72	114,911	148.38	136.25
30 September 2014	16,772,290	154.50	4.93	108,556	157.97	144.97
30 September 2015	16,990,947	148.83	(3.67)	114,167	161.93	148.84
30 September 2016	13,392,780	153.82	3.35	87,068	156.26	143.81
30 September 2017	11,407,710	169.03	9.89	67,491	169.48	150.15
30 September 2018	10,806,521	181.64	7.46	59,495	183.55	169.30
30 September 2019	10,250,867	185.50	2.13	55,260	189.83	167.96
30 September 2020	12,619,857	198.57	7.05	63,554	203.29	161.17
30 September 2021	13,190,898	218.30	9.94	60,427	227.83	196.94
30 September 2022	10,302,787	186.99	(14.34)	55,097	228.45	186.99
31 March 2023	10,788,403	205.21	9.74	52,572	206.30	186.15

* 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.

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

Melville Douglas Balanced Fund Limited

Other Information

Total Expenses Ratio

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 Fund 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.

USD Balanced Class

	31 March 2023	31 March 2022
Total Expense Ratio – Class C Shares	1.48%	1.40%
Investment Purchases, Investment Sales and Commissions		
USD Balanced Class	31 March 2023	31 March 2022
USD	USD	USD
Gross purchases in period including transaction costs	2,653,610	2,715,079
Commissions	(250)	(500)
Net purchases total	<u>2,653,360</u>	<u>2,714,579</u>
Gross sales in period including transaction costs	2,616,601	3,677,180
Commissions	(50)	(50)
Net sales total	<u>2,616,551</u>	<u>3,677,130</u>