



Melville Douglas Income Fund Limited
Annual Report and Audited Financial Statements
Year ended 30 September 2021

Melville Douglas Income Fund Limited

Annual Report and Audited Financial Statements

For the year ended 30 September 2021

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Melville Douglas Income 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)

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

Registered Office

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

Administrator

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

Manager and Secretary

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

Independent Auditors

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Investment Manager

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

Legal Adviser

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

Custodian

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

*Independent Non-Executive Director.

Melville Douglas Income Fund Limited

Report of the Directors

The directors submit their annual audited report and financial statements for the year 30 September 2021.

Incorporation

Melville Douglas Income Fund Limited (the "Company") is an open-ended investment company incorporated by way of a continuance in Jersey on 31 March 2003 with limited liability under the provisions of the Companies (Jersey) Law 1991 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. 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 2021 there are three Class Funds (the US Dollar Income Class, the Sterling Income Class and the US Dollar Enhanced Income Class). A separate Class Fund is established for each class of participating shares and each Class Fund is managed separately and independently.

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 its liabilities attributable to any particular Class Fund out of the assets of such Class Funds, the excess liabilities may have to be met out of the assets attributable to other Class Funds.

Objective and investment policy

The objective of the Class Funds is to provide a return in excess of its benchmark in US Dollars and Sterling respectively, 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 investment schemes, money market instruments and cash that will maximise total returns in Base Currency. For the avoidance of doubt the Class Fund may also invest in collective investment schemes investing in real estate (including buildings) or interests in real estate (including options or rights in respect of real estate) and make other investments which are not prohibited by the investment restrictions set out in the prospectus.

Results and dividends

The Company currently 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 Statements of Comprehensive Income.

Directors

The directors of the Company during the year 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 Income 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") 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 2021 and subsequently was STANLIB Fund Managers Jersey Limited.

By Order of the Board
STANLIB Fund Managers Jersey Limited

Company Secretary
12 January 2022

Melville Douglas Income Fund Limited

Report of the Custodian

To the members of Melville Douglas Income 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 2021 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
12 January 2022**

Melville Douglas Income Fund Limited

Investment Manager's Report

For the year ended 30 September 2021

US Dollar Income Class (the "Class Fund")

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's performance for the 12 month period was -1.37% (A Class) and -0.58% (X Class) versus the Fund's benchmark return of -1.11%.

Market Overview

Longer-dated US government bond yields have risen sharply over the 12 month period under review with the 10-year benchmark yield climbing from 0.68% to 1.49%. A number of domestic and global factors have combined to pressure yields higher. Notably, a material rise in domestic economic growth conditions as the economy recovers from pandemic lockdowns and a sharp rise in inflation. More recently, the Federal Reserve's rhetoric moved more hawkish in September, indicating that a reduction in monthly bond purchases (tapering) may commence in November and half of Fed officials now see the first increase in interest rates by the end of next year. These forecasts are not written in stone and clearly, the Fed will evaluate the economic landscape 'post-quantitative easing' (QE) before committing to any tightening in monetary policy but it is evident that there are firm intentions to begin unwinding emergency pandemic policies and the bond market is once again taking note.

Looking Ahead

We see many pillars of support that should ensure economic conditions remain above trend over the medium term. Notably, fiscal support measures should continue to aid growth and as above, barring a policy error, the withdrawal of easy monetary conditions will be sanctioned at a gradual pace ensuring ongoing accommodative support relative to the economic backdrop. In addition, consumers' 'pent-up demand' is not necessarily yesterday's story and is emboldened by the positive wealth effect from asset price inflation. Employment trends remain constructive with job openings at record levels and resultant supply/demand forces are pushing wage negotiations in favour of the employee in many areas.

Elevated inflation has proved to be a lot more problematic than the Fed envisaged when it pre-emptively calmed markets with its 'run hot' mantra last year. Strong demand met by ongoing supply chain issues and bottlenecks have allowed inflation to remain somewhat 'stickier' than anticipated and earlier forecasts for a short-lived rise and fall have not yet materialised. Without doubt, US headline inflation will not remain above 5% in the coming quarters but it has to fall precipitously to re-visit the Fed's comfort level and ongoing strength in many key commodity prices and liquidity rich consumer demand may just keep it 'running hot' for a while longer.

With the above in mind, we believe the US government bond market continues to under-price the risk of the Fed's willingness to reign in emergency policies in an environment which currently justifies it. Relative to current growth and inflation, yields are clearly out of sync but we think relative to where both will settle after the storm in coming quarters, they still appear rich. The Fund's strategy remains defensively positioned from a duration perspective which has, and continues to add relative value this year.

Investment grade (IG) corporate bond spreads tightened significantly in Q4 2020 but have remained almost unchanged in 2021. New issuance and subsequent investor buying both remain strong as the rush for cheap borrowing costs continues to be met by demand for every additional basis point in the ongoing low yield environment.

Melville Douglas Income Fund Limited

Investment Manager's Report (continued)

US Dollar Income Class (the "Class Fund") (continued)

Looking Ahead (continued)

We continue to believe that longer-dated IG bonds remain exposed given (near) historically tight spread levels and our view that US Treasury yields at the ten-year area of the curve will test 2% in the coming quarters – in effect we do not expect spreads to tighten more than government bond yields will rise. Whilst we retain an overweight allocation in this space, exposure is predominantly targeted at the shorter end of the maturity.

High yield (HY) spreads tightened further in the period under review although have remained almost unchanged over the past six months. More recently, the lack of further significant spread compression indicates to us that the early July historical low for spreads may have been set as a firm resistance level. The yield pick-up in HY markets remains a draw in the current environment but perhaps the exceptionally strong performance from these markets in recent quarters has factored in a lot of the good news and some attention may now be paid to the upcoming removal of ultra-easy monetary conditions. Unless an unknown 'risk off' event disturbs markets we remain constructive and subsequently overweight HY for yield enhancement but we are mindful that most of the capital gains in the current cycle may be in the rear view mirror.

The sharp fall in the US Dollar in the fourth quarter of last year has been recouped in 2021 with the currency now sitting close to its highest level for the period under review. The US economy may have experienced 'peak growth' but the outlook remains sufficiently firm for the Federal Reserve to consider tapering QE purchases before year-end, opening the prospect of a tightening in monetary policy in 2022. In this respect, the US also holds an advantage from not only a current but also forward looking 'carry' perspective. It is plausible that other developed nations enjoy periods of economic outperformance versus the US which may lead to bouts of strength for the likes of the Euro and Sterling. However, for now the United States remains the front runner and until the yield and growth outlook turns in favour of other major economies, we maintain our overweight allocation.

Melville Douglas Income Fund Limited

Investment Manager's Report (continued)

For the year ended 30 September 2021

Sterling Income Class (the "Class Fund")

Fund Review

The objective of the Class Fund is to provide a return in excess of its benchmark in Sterling, 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 Sterling.

The Fund's performance for the 12 month period was -2.33% (A Class) and -1.55% (X Class) versus the Fund's benchmark return of -3.03%.

Market Overview

Longer-dated UK government bond yields have risen sharply over the 12 month period under review with the 10-year benchmark yield climbing from 0.23% to 1.02%. Following the recent central bank meeting bond yields rose quite significantly across the maturity spectrum as the market further discounts tighter monetary policy in the months ahead. The two-year benchmark Gilt yield rose to 0.41%, which is a marked change from where it stood on 30th September 2020 at a negative -0.02%, with the ten-year benchmark yield breaching 1%, a level not seen since the pandemic induced turmoil in March 2020.

Looking Ahead

The outcome from the Bank of England's (BoE) meeting in September was more hawkish than expected, and whilst there was no change to current policy there is the prospect of an interest rate hike as early as November led by a surge in inflation and also stronger-than-expected jobs data with unemployment peaking well below worst-case scenarios predicted at the onset of the pandemic. The MPC also agreed that any future tightening should start with an interest rate rise, even if that "became appropriate" before its bond buying (QE) program ends in December.

Headline inflation (CPI) rose to 3.2% in August. Elevated inflationary pressures are set to persist and may temporarily exceed 4% in the final quarter of 2021 driven by rising consumer goods' prices as supply chain issues persist and the recent spike in energy prices. The northern hemisphere is about to enter the cooler winter months, further increasing demand on energy at a time when it is already running ahead of supply. Specific to the UK, a lack of qualified tanker drivers has caused "panic" buying of petrol/diesel in recent weeks as consumers try to stock pile on fears of supply shortages at the pumps.

Following strong economic growth in the second quarter of 5.5%, the pace of growth is set to fall in the third quarter as the economic recovery has shown signs of losing momentum and may undershoot the MPC's target of 2.1%. Staff shortages from the rise in COVID cases and the 'Pandemic' have left many sectors unable to meet demand. However one must put this into context, yes the economy has slowed, but the most recent services and manufacturing data releases confirm that the economy is still in expansive territory. In addition, with the final payments of the governments Furlough scheme now paid, this should aide the recovery in the labour market.

There is no doubt that the recent rise in government bond yields appears dramatic, but given the high inflation and strong growth backdrop, an upward adjustment to yields was inevitable. The Fund has remained defensively positioned to interest rate sensitivity (duration) which has led to solid relative outperformance over the period under review.

Investment grade (IG) corporate bond spreads tightened significantly in Q4 2020 but have remained almost unchanged in 2021. New issuance and subsequent investor buying both remain strong as the rush for cheap borrowing costs continues to be met by demand for every additional basis point in the ongoing low yield environment.

Melville Douglas Income Fund Limited

Investment Manager's Report (continued)

Sterling Income Class (the "Class Fund") (continued)

Looking Ahead (continued)

We continue to believe that longer-dated IG bonds remain exposed given (near) historically tight spread levels and our view that UK Gilt yields will continue to climb – in effect we do not expect spreads to tighten more than government bond yields will rise. Whilst we retain an overweight allocation in this space, exposure is predominantly targeted at the shorter end of the maturity.

High yield (HY) spreads tightened further in the period under review although have remained almost unchanged over the past six months. More recently, the lack of further significant spread compression indicates to us that the early July historical low for spreads may have been set as a firm resistance level. The yield pick-up in HY markets remains a draw in the current environment but perhaps the exceptionally strong performance from these markets in recent quarters has factored in a lot of the good news and some attention may now be paid to the upcoming removal of ultra-easy monetary conditions. Unless an unknown 'risk off' event disturbs markets we remain constructive and subsequently overweight HY for yield enhancement but we are mindful that most of the capital gains in the current cycle may be in the rear view mirror.

Sterling has gained circa 4% against the US Dollar during the period but has recently succumbed to some selling pressure. The catalyst for the recent weakness has been down to rising concerns of 'stagflation'. The UK economy is battling with higher inflation predominantly from the spike in fuel prices and structural transportation issues highlighted by the recent fuel crisis sweeping across the country raising concerns that growth could be impacted in the short term. The MPC have signalled that an early rate hike is in the offing, and this too could have implications for the UK's growth prospects. We have retained a relative overweight to the currency in the Fund, as we view these structural transportation issues as a transitory.

Melville Douglas Income Fund Limited

Investment Manager's Report (continued)

For the year ended 30 September 2021

US Dollar Enhanced Income (the "Class Fund")

Fund Review

The objective of the Class Fund is to provide a return in excess of the Barclays Benchmark Overnight USD Cash Index, whilst seeking to maintain a high degree of capital preservation. Investment will primarily be in quality fixed, floating and inflation linked interest bearing securities, and, where in the opinion of the Investment Manager, direct investment in direct securities will not achieve sufficient diversification to achieve the Class Fund's objective, the fund may also invest in other collective investment schemes.

The Fund's performance for the 12 month period was + 0.31% versus the Fund's benchmark return of + 0.08%.

Market Overview

Ultra-short dated US government bonds yields (sub 1 year) have remained anchored to cash rates, however medium to long-dated yields have risen sharply leading to the steepening of the yield curve over the 12 month period under review with the 10-year benchmark yield climbing from 0.68% to 1.49%. A number of domestic and global factors have combined to pressure yields higher. Notably, a material rise in domestic economic growth conditions as the economy recovers from pandemic lockdowns and a sharp rise in inflation. More recently, the Federal Reserve's rhetoric moved more hawkish in September, indicating that a reduction in monthly bond purchases (tapering) may commence in November and half of Fed officials now see the first increase in interest rates by the end of next year. These forecasts are not written in stone and clearly, the Fed will evaluate the economic landscape 'post-quantitative easing' (QE) before committing to any tightening in monetary policy but it is evident that there are firm intentions to begin unwinding emergency pandemic policies and the bond market is once again taking note.

Looking Ahead

We see many pillars of support that should ensure economic conditions remain above trend over the medium term. Notably, fiscal support measures should continue to aid growth and as above, barring a policy error, the withdrawal of easy monetary conditions will be sanctioned at a gradual pace ensuring ongoing accommodative support relative to the economic backdrop. In addition, consumers' 'pent-up demand' is not necessarily yesterday's story and is emboldened by the positive wealth effect from asset price inflation. Employment trends remain constructive with job openings at record levels and resultant supply/demand forces are pushing wage negotiations in favour of the employee in many areas.

Elevated inflation has proved to be a lot more problematic than the Fed envisaged when it pre-emptively calmed markets with its 'run hot' mantra last year. Strong demand met by ongoing supply chain issues and bottlenecks have allowed inflation to remain somewhat 'stickier' than anticipated and earlier forecasts for a short-lived rise and fall have not yet materialised. Without doubt, US headline inflation will not remain above 5% in the coming quarters but it has to fall precipitously to re-visit the Fed's comfort level and ongoing strength in many key commodity prices and liquidity rich consumer demand may just keep it 'running hot' for a while longer.

With the above in mind, we believe the US government bond market continues to under-price the risk of the Fed's willingness to reign in emergency policies in an environment which currently justifies it. Relative to current growth and inflation, yields are clearly out of sync but we think relative to where both will settle after the storm in coming quarters, they still appear rich. The recent steepening of the yield curve is starting to offer opportunities to slightly increase duration within the Fund, although the Fund's positioning remains very defensive from a duration perspective, which has added both absolute and relative outperformance over the reporting period.

Melville Douglas Income Fund Limited

Investment Manager's Report (continued)

US Dollar Enhanced Income (the "Class Fund") (continued)

Looking Ahead (continued)

Investment grade (IG) corporate bond spreads tightened significantly in Q4 2020 but have remained almost unchanged in 2021. New issuance and subsequent investor buying both remain strong as the rush for cheap borrowing costs continues to be met by demand for every additional basis point in the ongoing low yield environment. We continue to believe that longer-dated IG bonds remain exposed given (near) historically tight spread levels and our view that US Treasury yields at the ten-year area of the curve will test 2% in the coming quarters – in effect we do not expect spreads to tighten more than government bond yields will rise. Whilst we retain a modest overweight allocation to quality investment grade credit, exposure is via the shorter end of the maturity spectrum.

High yield (HY) spreads tightened further in the period under review although have remained almost unchanged over the past six months. More recently, the lack of further significant spread compression indicates to us that the early July historical low for spreads may have been set as a firm resistance level. The yield pick-up in HY markets remains a draw in the current environment but perhaps the exceptionally strong performance from these markets in recent quarters has factored in a lot of the good news and some attention may now be paid to the upcoming removal of ultra-easy monetary conditions. Unless an unknown 'risk off' event disturbs markets we remain constructive and subsequently overweight HY for yield enhancement but we are mindful that most of the capital gains in the current cycle may be in the rear view mirror.

Melville Douglas Investment Management (Proprietary) Limited

Investment Manager

5 November 2021

Independent auditors' report to the members of Melville Douglas Income Fund Limited

Report on the audit of the financial statements

Opinion

In our opinion, Melville Douglas Income Fund Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its results 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 properly 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, which comprise:

- the Statements of Financial Position as at 30 September 2021;
- the Statements of Comprehensive Income for the year then ended;
- the Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares for the year then ended;
- the Portfolio Statement as at 30 September 2021; and
- the notes to the financial statements, which include a description of the significant accounting policies.

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.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report and Audited Financial Statements 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 of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at: 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. may come save where expressly agreed by our prior consent in writing.

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 and returns. We have no exceptions to report arising from this responsibility.

Patrick Glover
for and on behalf of PricewaterhouseCoopers
Chartered Accountants
Dublin
12 January 2022

Melville Douglas Income Fund Limited

Statements of Financial Position

As at 30 September 2021

(Comparatives as at 30 September 2020)

	Notes	US Dollar Income Class 30 September 2021	US Dollar Income Class 30 September 2020	Sterling Income Class 30 September 2021	Sterling Income Class 30 September 2020
		USD	USD	GBP	GBP
Assets					
Financial assets at fair value through profit or loss	2(b), 7.4	73,432,794	72,108,898	16,691,756	13,672,485
Cash and cash equivalents	2(c)	1,205,572	610,767	518,485	395,379
Receivable for shares sold	2(f)	390,331	227,742	—	143,000
Income receivable	2(d)	334,539	340,630	84,151	81,053
Total assets		75,363,236	73,288,037	17,294,392	14,291,917
Liabilities					
Payable for shares redeemed	2(f)	—	617,555	—	—
Management fees payable	2(g)	33,436	40,075	4,915	5,902
Custodian fees payable	2(g)	1,969	2,103	507	380
Sub-Custodian fees payable	2(g)	811	693	214	165
Director fees payable	2(g)	4,264	5,207	1,007	975
Audit fees payable	2(g)	6,645	6,233	1,421	953
Other payables		1,897	2,726	449	526
Total liabilities		49,022	674,592	8,513	8,901
Net assets attributable to holders of redeemable shares		75,314,214	72,613,445	17,285,879	14,283,016
Net asset value per share					
Class A Shares		177.62	180.10	119.28	122.13
Class B Shares*		10.83	11.00	9.76	10.00
Class C Shares**		9.91	10.03	—	9.97
Class X Shares		11.10	11.16	10.31	10.47

*On 12 May 2020, Sterling Income Class Fund - Class B Shares launched.

**On 2 June 2020, the US Dollar Income Class Fund - Class C Shares launched and on 14 September 2020, Sterling Income Class Fund - Class C Shares launched and on 2 September 2021 the share class was terminated.

The notes on pages 20 to 35 form an integral part of these financial statements.

Melville Douglas Income Fund Limited

Statements of Financial Position (continued)

As at 30 September 2021

(Comparatives as at 30 September 2020)

	Notes	US Dollar Enhanced Income Class 30 September 2021	US Dollar Enhanced Income Class 30 September 2020	Total 30 September 2021	Total 30 September 2020
		USD	USD	USD	USD
Assets					
Financial assets at fair value through profit or loss	2(b), 7.4	60,581,303	48,627,632	156,520,426	138,412,319
Cash and cash equivalents	2(c)	483,680	5,055,943	2,388,351	6,177,856
Receivable for shares sold	2(f)	9,000	193,500	399,331	606,112
Income receivable	2(d)	271,884	260,861	719,888	706,276
Total assets		61,345,867	54,137,936	160,027,996	145,902,563
Liabilities					
Payable for investments purchased		–	1,240,035	–	1,240,035
Payable for shares redeemed	2(f)	5,995	–	5,995	617,555
Management fees payable	2(g)	7,582	6,663	47,645	54,368
Custodian fees payable	2(g)	1,675	1,545	4,328	4,139
Sub-Custodian fees payable	2(g)	1,143	644	2,242	1,550
Director fees payable	2(g)	3,650	2,778	9,272	9,246
Audit fees payable	2(g)	5,139	3,269	13,700	10,734
Other payables		1,556	1,716	4,058	5,122
Total liabilities		26,740	1,256,650	87,240	1,942,749
Net assets attributable to holders of redeemable shares		61,319,127	52,881,286	159,940,756	143,959,814
Net asset value per share					
Class X Shares		<u>10.30</u>	<u>10.26</u>	<u>–</u>	<u>–</u>

The financial statements were approved by the Board on 12 January 2022 and signed on its behalf by.

Director

The notes on pages 20 to 35 form an integral part of these financial statements.

Melville Douglas Income Fund Limited

Statements of Comprehensive Income

For the year 1 October 2020 to 30 September 2021

(Comparatives are for the year 1 October 2019 to 30 September 2020)

	Notes	US Dollar Income Class	US Dollar Income Class	Sterling Income Class	Sterling Income Class
		30 September 2021 USD	30 September 2020 USD	30 September 2021 GBP	30 September 2020 GBP
Income					
Dividend income	2(d)	294,956	212,926	68,358	29,897
Interest income	2(d)	1,135,503	1,291,062	98,971	91,349
Deposit interest	2(d)	83	1,385	18	164
Net (loss)/gain on financial assets at fair value through profit or loss	2(h), 3	(1,642,537)	2,527,736	(389,255)	72,380
Total net (loss)/gain		(211,995)	4,033,109	(221,908)	193,790
Expenses					
Management fees	2(g)	423,900	454,003	60,047	56,381
Custodian fees	2(g)	23,553	23,056	5,390	3,487
Sub-Custodian fees	2(g)	8,711	7,511	2,835	1,921
Directors' fees	2(g)	17,396	18,581	3,761	2,926
Audit fees	2(g)	6,644	6,233	1,421	952
Sundry expenses		10,308	9,887	2,263	1,602
Total operating expenses		490,512	519,271	75,717	67,269
Net (expense)/income before finance costs		(702,507)	3,513,838	(297,625)	126,521
Finance Costs:					
Bank interest	2(d)	(133)	—	(1,209)	(2,032)
Total Finance Costs		(133)	—	(1,209)	(2,032)
Taxation	2(i), 4	(44,754)	(18,685)	(1,577)	(3,256)
(Decrease)/Increase in net assets attributable to holders of redeemable shares from operations		(747,394)	3,495,153	(300,411)	121,233

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 Statements of Comprehensive Income. There are no differences between the results above and those under historical cost.

The notes on pages 20 to 35 form an integral part of these financial statements.

Melville Douglas Income Fund Limited

Statements of Comprehensive Income (continued)

For the year 1 October 2020 to 30 September 2021

(Comparatives are for the year 1 October 2019 to 30 September 2020)

	Notes	US Dollar Enhanced Income Class 30 September 2021 USD	US Dollar Enhanced Income Class 30 September 2020 USD	Total 30 September 2021 USD	Total 30 September 2020 USD
Income					
Dividend income	2(d)	81,893	12,231	470,356	263,259
Interest income	2(d)	259,786	580,476	1,530,672	1,987,958
Deposit interest	2(d)	106	1,526	214	3,120
Net gain/(loss) on financial assets at fair value through profit or loss	2(h), 3	19,895	(23,543)	(2,155,106)	2,596,437
Total net gain/(loss)		361,680	570,690	(153,864)	4,850,774
Expenses					
Management fees	2(g)	93,630	59,431	599,669	585,289
Custodian fees	2(g)	20,603	13,857	51,529	41,357
Sub-Custodian fees	2(g)	11,420	7,243	24,009	17,202
Directors' fees	2(g)	14,355	9,847	36,896	32,157
Audit fees	2(g)	5,139	3,269	13,727	10,715
Sundry expenses		8,731	5,481	22,134	17,410
Total operating expenses		153,878	99,128	747,964	704,130
Net income/(expense) before finance costs		207,802	471,562	(901,828)	4,146,644
Finance Costs:					
Bank interest	2(d)	(42)	—	(1,829)	(2,590)
Total Finance Costs		(42)	—	(1,829)	(2,590)
Taxation	2(i), 4	(15,743)	23,320	(62,654)	486
Increase/(Decrease) in net assets attributable to holders of redeemable shares from operations		192,017	494,882	(966,311)	4,144,540

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 Statements of Comprehensive Income. There are no differences between the results above and those under historical cost.

The notes on pages 20 to 35 form an integral part of these financial statements.

Melville Douglas Income Fund Limited

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

For the year 1 October 2020 to 30 September 2021

(Comparatives are for the year 1 October 2019 to 30 September 2020)

Notes	US Dollar Income Class 30 September 2021 USD	US Dollar Income Class 30 September 2020 USD	Sterling Income Class 30 September 2021 GBP	Sterling Income Class 30 September 2020 GBP
Net assets attributable to holders of redeemable shares at the beginning of the year	72,613,445	68,452,438	14,283,016	9,107,332
Proceeds from the issue of shares	5	16,000,911	11,566,597	6,579,898
Payments on the redemption of shares	5	(12,552,748)	(10,900,743)	(3,276,624)
(Decrease)/Increase in net assets attributable to holders of redeemable shares from investment activities	(747,394)	3,495,153	(300,411)	121,233
Net assets attributable to holders of redeemable shares at the end of the year	75,314,214	72,613,445	17,285,879	14,283,016

The notes on pages 20 to 35 form an integral part of these financial statements

Melville Douglas Income Fund Limited

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares (continued)

For the year 1 October 2020 to 30 September 2021
(Comparatives are for the 1 October 2019 to 30 September 2020)

Notes	US Dollar Enhanced Income Class 30 September 2021 USD	US Dollar Enhanced Income Class 30 September 2020 USD	Total 30 September 2021 USD	Total 30 September 2020 USD
Net assets attributable to holders of redeemable shares at the beginning of the year	52,881,286	35,482,312	143,959,814	115,157,715
Proceeds from the issue of shares 5	32,783,457	20,232,182	57,785,044	38,883,465
Payments on the redemption of shares 5	(24,537,633)	(3,328,090)	(41,572,491)	(14,871,888)
Translation Adjustment*	—	—	734,700	645,982
Increase/(Decrease) in net assets attributable to holders of redeemable shares from investment activities	192,017	494,882	(966,311)	4,144,540
Net assets attributable to holders of redeemable shares at the end of the year	61,319,127	52,881,286	159,940,756	143,959,814

*The translation adjustment arises from the translation of opening net assets translated at financial year end 30 September 2020 rates, from the Statement of Comprehensive Income being translated at average rates with the closing assets and liabilities translated at the rates of exchange ruling at 30 September 2021.

The notes on pages 20 to 35 form an integral part of these financial statements.

Melville Douglas Income 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 2021 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 "The Financial Reporting Standard" for its annual and FRS 104 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 16 to 19. In arriving at the results for the period, all amounts in the Statement of Comprehensive Income on pages 16 and 17 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 held are valued at closing mid-market price. Funds held are valued at Net Asset Value per unit apart from Exchange Traded Funds held which 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 Income 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 Funds instant access to their 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 Statements 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 Statements of Comprehensive Income.

e. *Foreign currencies*

Transactions in foreign currencies are translated into the reporting currency of the Class Funds at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the currency of the Class Funds at the rates of exchange ruling at the Statements of Financial Position date. The functional and reporting currencies of the Class Funds are US Dollars for the US Dollar Income Class and the US Dollar Enhanced Income Class and Sterling for the Sterling Income Class.

Differences arising on translation are included in the Statements 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 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 Statements 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 Statements of Comprehensive Income.

j. *Distribution policy*

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

Melville Douglas Income Fund Limited

Notes to the Financial Statements (continued)

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

	US Dollar Income Class 30 September 2021 USD	US Dollar Income Class 30 September 2020 USD	Sterling Income Class 30 September 2021 GBP	Sterling Income Class 30 September 2020 GBP	US Dollar Enhanced Income Class 30 September 2021 USD	US Dollar Enhanced Income Class 30 September 2020 USD	Total 30 September 2021 USD	Total 30 September 2020 USD
Non-derivative securities:								
Net realised gain/(loss) on investments	787,946	295,100	39,665	(12,677)	(685)	7,173	841,519	286,116
Net movement in unrealised investment schemes	(2,430,483)	2,232,636	(428,798)	85,167	20,580	(30,716)	(2,996,458)	2,310,461
	<u>(1,642,537)</u>	<u>2,527,736</u>	<u>(389,133)</u>	<u>72,490</u>	<u>19,895</u>	<u>(23,543)</u>	<u>(2,154,939)</u>	<u>2,596,577</u>
Derivative securities:								
Net movement in unrealised foreign currency	—	—	(122)	(110)	—	—	(167)	(140)
	<u>—</u>	<u>—</u>	<u>(122)</u>	<u>(110)</u>	<u>—</u>	<u>—</u>	<u>(167)</u>	<u>(140)</u>
Net (loss)/gain on financial assets at fair value through profit or loss	<u>(1,642,537)</u>	<u>2,527,736</u>	<u>(389,255)</u>	<u>72,380</u>	<u>19,895</u>	<u>(23,543)</u>	<u>(2,155,106)</u>	<u>2,596,437</u>

Melville Douglas Income Fund Limited

Notes to the Financial Statements (continued)

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 Statements of Comprehensive Income.

	30 September 2021 USD	30 September 2020 USD
US Dollar Income Class		
Overseas tax - withholding tax on dividend income	44,754	18,685
Sterling Income Class		
Overseas tax - withholding tax on dividend income	1,577	3,256
US Dollar Enhanced Income Class		
Overseas tax - withholding tax on dividend income	15,743	(23,320)
Total		
Overseas tax - withholding tax on dividend income	62,654	(486)

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.

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 Statements of Financial Position date are as follows:

Melville Douglas Income Fund Limited

Notes to the Financial Statements (continued)

5. Share capital (continued)

	30 September 2021 USD	30 September 2020 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 Statements of Financial Position.

Movements of participating shares

The following table shows the movement in participating shares during the year ended 30 September 2021.

	Number of shares at 30 September 2020	Issued during the year	Redeemed during the year	Number of shares at 30 September 2021
US Dollar Income Class - Class A Shares	220,400	7,619	(40,233)	187,786
US Dollar Income Class - Class B Shares	137,826	273,185	(137,506)	273,505
US Dollar Income Class - Class C Shares	14,905	11,806	(26,390)	321
US Dollar Income Class - Class X Shares	2,799,487	1,036,461	(322,888)	3,513,060
Sterling Income Class - Class A Shares	44,308	724	(12,723)	32,309
Sterling Income Class - Class B Shares	10,935	23,627	(3,486)	31,076
Sterling Income Class - Class C Shares*	8,194	—	(8,194)	—
Sterling Income Class - Class X Shares	828,962	600,078	(155,601)	1,273,439
US Dollar Enhanced Income Class - Class X Shares	5,152,593	3,189,417	(2,385,875)	5,956,135

* On 2 September 2021, Class C Shares were fully redeemed.

The following table shows the movement in participating shares during the year ended 30 September 2020.

	Number of shares at 30 September 2019	Issued during the year	Redeemed during the year	Number of shares at 30 September 2020
US Dollar Income Class - Class A Shares	257,144	12,209	(48,953)	220,400
US Dollar Income Class - Class B Shares	9,505	136,558	(8,237)	137,826
US Dollar Income Class - Class C Shares**	—	14,905	—	14,905
US Dollar Income Class - Class X Shares	2,275,322	724,219	(200,054)	2,799,487
Sterling Income Class - Class A Shares	35,855	10,217	(1,764)	44,308
Sterling Income Class - Class B Shares*	—	10,935	—	10,935
Sterling Income Class - Class C Shares***	—	8,194	—	8,194
Sterling Income Class - Class X Shares	459,480	397,506	(28,024)	828,962
US Dollar Enhanced Income Class - Class X Shares	3,503,203	1,975,029	(325,639)	5,152,593

* On 12 May 2020, the Class B Shares launched.

** On 2 June 2020, the Class C Shares launched.

*** On 14 September 2020, Class C Shares launched.

Melville Douglas Income Fund Limited

Notes to the Financial Statements (continued)

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.

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.

For the US Dollar Income Class and the Sterling Income Class, the annual management fee payable to the Manager monthly in arrears is calculated as 0.95% of the net asset value of each Class A Shares, 1.25% for the Class B Shares, 0.95% for Class C Shares and 0.15% for Class X Shares. For the US Dollar Enhanced Income Class, the annual management fee payable to the Manager monthly in arrears is calculated as 0.15% of the net asset value of the Class X Shares.

The above amounts accrue on each subscription day and are payable to the Manager by monthly payments in arrears.

The Custodian has agreed with the Company that it will be paid a fee at the following rates, 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 Funds 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 GBP20,000 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.

For the US Dollar Income Class directors fees incurred during the year ended 30 September 2021 amounted to USD17,396 (30 September 2020: USD18,581) with USD4,264 (30 September 2020: USD5,207) outstanding at the year end.

For the Sterling Income Class directors fees incurred during the year ended 30 September 2021 amounted to GBP3,761 (30 September 2020: GBP2,926) with GBP1,007 (30 September 2020: GBP975) outstanding at the year end.

For the US Dollar Enhanced Income Class directors fees incurred during the year ended 30 September 2021 amounted to USD14,355 (30 September 2020: USD9,847) with USD3,650 (30 September 2020: USD2,778) outstanding at the year end.

The fees incurred during the year ended 30 September 2021 and 30 September 2020 are as disclosed in the Statements of Comprehensive Income with the amounts outstanding at the year end disclosed in the Statements of Financial Position.

Melville Douglas Income Fund Limited

Notes to the Financial Statements (continued)

7. Financial risk management

Consistent with the investment objectives, as noted in the Report of the Directors, the Company's financial instruments comprise mainly 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.

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 financial instruments used in the Class Funds' business. It represents the potential loss the Company may suffer due to price movements in securities prices.

Market price risk is mainly reduced through diversification. Investment restrictions are in place to ensure that the impact of market price risk is minimised. Full details of the investment restrictions are set out in 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 Funds' 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 2021 USD	30 September 2020 USD
US Dollar Income Class	3,671,640	3,605,445
Sterling Income Class	834,588	683,624
US Dollar Enhanced Income Class	3,029,065	2,431,382

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, as the instruments held comprise short and long term fixed and floating rate interest investments. 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 carrying value of its financial instruments and income generated thereon, depending upon the average maturity of the portfolio held.

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 30 September 2021 and 30 September 2020 is detailed in Note 7.4 Fair Value Hierarchy.

Melville Douglas Income Fund Limited

Notes to the Financial Statements (continued)

7. Financial risk management (continued)

7.1. Market risk (continued)

Interest rate risk (continued)

The tables below indicate the weighted average interest received on fixed rate financial assets and the weighted average period for which the rate is fixed:

30 September 2021		
Programme	Fixed rate financial assets Weighted average interest rate	Fixed rate financial assets weighted average period for which rate is fixed
US Dollar Income Class	2.19%	4 years 2 months

30 September 2020		
Programme	Fixed rate financial assets Weighted average interest rate	Fixed rate financial assets weighted average period for which rate is fixed
US Dollar Income Class	2.22%	3 years 7 months

30 September 2021		
Programme	Fixed rate financial assets Weighted average interest rate	Fixed rate financial assets weighted average period for which rate is fixed
Sterling Income Class	1.59%	4 years 5 months

30 September 2020		
Programme	Fixed rate financial assets Weighted average interest rate	Fixed rate financial assets weighted average period for which rate is fixed
Sterling Income Class	1.78%	4 years 4 months

30 September 2021		
Programme	Fixed rate financial assets Weighted average interest rate	Fixed rate financial assets weighted average period for which rate is fixed
US Dollar Enhanced Income Class	2.31%	10 months

30 September 2020		
Programme	Fixed rate financial assets Weighted average interest rate	Fixed rate financial assets weighted average period for which rate is fixed
US Dollar Enhanced Income Class	2.03%	7 months

The below tables show the split between fixed rate financial assets and floating rate financial assets.

US Dollar Income Class

30 September 2021

	Fixed rate financial assets	Floating rate financial assets	Net assets not carrying interest	Total
USD	58,802,957	2,071,224	14,440,033	75,314,214
	<u>58,802,957</u>	<u>2,071,224</u>	<u>14,440,033</u>	<u>75,314,214</u>

Melville Douglas Income Fund Limited

Notes to the Financial Statements (continued)

7. Financial risk management (continued)

7.1. Market risk (continued)

Interest rate risk (continued)

US Dollar Income Class

30 September 2020

	Fixed rate financial assets	Floating rate financial assets	Net assets not carrying interest	Total
USD	60,759,210	779,122	11,075,113	72,613,445
	<u>60,759,210</u>	<u>779,122</u>	<u>11,075,113</u>	<u>72,613,445</u>

Sterling Income Class

30 September 2021

	Fixed rate financial assets	Floating rate financial assets	Net assets not carrying interest	Total
GBP	13,229,308	158,435	3,898,136	17,285,879
	<u>13,229,308</u>	<u>158,435</u>	<u>3,898,136</u>	<u>17,285,879</u>

Sterling Income Class

30 September 2020

	Fixed rate financial assets	Floating rate financial assets	Net assets not carrying interest	Total
GBP	11,700,285	—	2,582,731	14,283,016
	<u>11,700,285</u>	<u>—</u>	<u>2,582,731</u>	<u>14,283,016</u>

US Dollar Enhanced Income Class

30 September 2021

	Fixed rate financial assets	Floating rate financial assets	Net assets not carrying interest	Total
USD	53,323,518	3,762,329	4,233,280	61,319,127
	<u>53,323,518</u>	<u>3,762,329</u>	<u>4,233,280</u>	<u>61,319,127</u>

US Dollar Enhanced Income Class

30 September 2020

	Fixed rate financial assets	Floating rate financial assets	Net assets not carrying interest	Total
USD	46,115,178	—	6,766,108	52,881,286
	<u>46,115,178</u>	<u>—</u>	<u>6,766,108</u>	<u>52,881,286</u>

Melville Douglas Income Fund Limited

Notes to the Financial Statements (continued)

7. Financial risk management (continued)

7.1. Market risk (continued)

Interest rate risk (continued)

Total

30 September 2021

	Fixed rate financial assets	Floating rate financial assets	Net assets not carrying interest	Total
USD	132,765,224	3,246,167	23,929,365	159,940,756
	<u>132,765,224</u>	<u>3,246,167</u>	<u>23,929,365</u>	<u>159,940,756</u>

Total

30 September 2020

	Fixed rate financial assets	Floating rate financial assets	Net assets not carrying interest	Total
USD	121,792,751	986,888	21,180,175	143,959,814
	<u>121,792,751</u>	<u>986,888</u>	<u>21,180,175</u>	<u>143,959,814</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 Funds, subject to various maximum exposure limits.

The tables below show the currency exposure of each Class Fund as at 30 September 2021 and 30 September 2020.

US Dollar Income Class

Exposure currency 30 September 2021	Investments USD	Cash USD	Other net assets USD	Total net assets USD	% of net assets
USD	73,432,794	1,205,572	675,848	75,314,214	100.00
	<u>73,432,794</u>	<u>1,205,572</u>	<u>675,848</u>	<u>75,314,214</u>	<u>100.00</u>

US Dollar Income Class

Exposure currency 30 September 2020	Investments USD	Cash USD	Other net liabilities USD	Total net assets USD	% of net assets
USD	72,108,898	610,767	(106,220)	72,613,445	100.00
	<u>72,108,898</u>	<u>610,767</u>	<u>(106,220)</u>	<u>72,613,445</u>	<u>100.00</u>

Melville Douglas Income Fund Limited

Notes to the Financial Statements (continued)

7. Financial risk management (continued)

7.1. Market risk (continued)

Currency risk (continued)

Sterling Income Class

Exposure currency 30 September 2021	Investments GBP	Cash GBP	Other net assets GBP	Total net assets GBP	% of net assets
EUR	325,687	130,681	—	456,368	2.64
GBP	15,455,230	350,774	70,834	15,876,838	91.85
USD	910,839	37,030	4,804	952,673	5.51
	<u>16,691,756</u>	<u>518,485</u>	<u>75,638</u>	<u>17,285,879</u>	<u>100.00</u>

Sterling Income Class

Exposure currency 30 September 2020	Investments GBP	Cash GBP	Other net assets GBP	Total net assets GBP	% of net assets
EUR	235,879	164,590	—	400,469	2.80
GBP	12,556,077	217,793	210,290	12,984,160	90.91
USD	880,529	12,996	4,862	898,387	6.29
	<u>13,672,485</u>	<u>395,379</u>	<u>215,152</u>	<u>14,283,016</u>	<u>100.00</u>

US Dollar Enhanced Income Class

Exposure currency 30 September 2021	Investments USD	Cash USD	Other net assets USD	Total net assets USD	% of net assets
USD	60,581,303	483,680	254,144	61,319,127	100.00
	<u>60,581,303</u>	<u>483,680</u>	<u>254,144</u>	<u>61,319,127</u>	<u>100.00</u>

US Dollar Enhanced Income Class

Exposure currency 30 September 2020	Investments USD	Cash USD	Other net liabilities USD	Total net assets USD	% of net assets
USD	48,627,632	5,055,943	(802,289)	52,881,286	100.00
	<u>48,627,632</u>	<u>5,055,943</u>	<u>(802,289)</u>	<u>52,881,286</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 a 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). US Dollar Income Class and US Dollar Enhanced Income Class have no foreign currency exposure for the year ended 30 September 2021 and year ended 30 September 2020.

Melville Douglas Income Fund Limited

Notes to the Financial Statements (continued)

7. Financial risk management (continued)

7.1. Market risk (continued)

Currency risk (continued)

Sterling Income Class	Change in net assets		Change in net assets	
	30 September 2021	GBP	30 September 2020	GBP
EUR	+/-5%	22,818	20,023	
USD	+/-5%	47,634	44,919	

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 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 counterparties will be unable or unwilling to meet commitments they have entered into with the Class Funds under the contractual or agreed terms. The Class Funds' main credit risk derives from its investments in bonds, term deposits and cash and cash equivalents. The risk mainly arises from the possibility of default from the institutions in paying interest and capital when due and also the inability by the custodians of cash and cash equivalents to make available the cash to the Class Funds on demand.

The risk arising from debtors is considered minimal and therefore not actively managed. Significant debtors 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 (Unaudited).

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.

Melville Douglas Income Fund Limited

Notes to the Financial Statements (continued)

7. Financial risk management (continued)

7.3. Credit risk (continued)

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

For the year ended 30 September 2021 the Sub-Custodian and Banker, The Bank of New York Mellon SA/NV London Branch has a credit rating of AA- (2020 : AA-) with Standard & Poor's, Aa2 (2020 : Aa2) with Moody's and AA- (2020 : 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.

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.

Melville Douglas Income Fund Limited

Notes to the Financial Statements (continued)

7. Financial risk management (continued)

7.4. Fair value hierarchy (continued)

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 following tables analyse within the fair value hierarchy the Companies financial assets measured at fair value at 30 September 2021 and 30 September 2020 in accordance with FRS 102.

30 September 2021

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
US Dollar Income Class				
Investment Companies	12,558,613	—	—	12,558,613
Corporate Bonds	—	28,984,241	—	28,984,241
Government Bonds	31,889,940	—	—	31,889,940
Total Assets	44,448,553	28,984,241	—	73,432,794

30 September 2020

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
US Dollar Income Class				
Investment Companies	10,570,566	—	—	10,570,566
Corporate Bonds	—	25,434,495	—	25,434,495
Government Bonds	29,108,271	6,995,566	—	36,103,837
Total Assets	39,678,837	32,430,061	—	72,108,898

30 September 2021

	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Sterling Income Class				
Investment Companies	3,304,013	—	—	3,304,013
Corporate Bonds	—	7,861,992	—	7,861,992
Government Bonds	5,525,751	—	—	5,525,751
Total Assets	8,829,764	7,861,992	—	16,691,756

30 September 2020

	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Sterling Income Class				
Investment Companies	1,972,200	—	—	1,972,200
Corporate Bonds	—	5,656,810	—	5,656,810
Government Bonds	—	6,043,475	—	6,043,475
Total Assets	1,972,200	11,700,285	—	13,672,485

30 September 2021

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
US Dollar Enhanced Income Class				
Investment Companies	3,495,456	—	—	3,495,456
Corporate Bonds	—	52,718,221	—	52,718,221
Government Bonds	—	4,367,626	—	4,367,626
Total Assets	3,495,456	57,085,847	—	60,581,303

Melville Douglas Income Fund Limited

Notes to the Financial Statements (continued)

7. Financial risk management (continued)

7.4. Fair value hierarchy (continued)

30 September 2020

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
US Dollar Enhanced Income Class				
Investment Companies	2,512,454	—	—	2,512,454
Corporate Bonds	—	37,380,543	—	37,380,543
Government Bonds	4,198,699	4,535,936	—	8,734,635
Total Assets	6,711,153	41,916,479	—	48,627,632

For all Class Funds other than Sterling Income Class and US Dollar Income Class, there were no other transfers between Level 1 and Level 2 during the year ended 30 September 2021 and 30 September 2020. For US Dollar Income Class, two government bonds with market value USD 7,317,079 (30 September 2020: USD Nil) were transferred from Level 2 to Level 1 during the year ended 30 September 2021. For Sterling Income Class, four government bonds with market value of USD 5,252,751 (30 September 2020: USD Nil) were transferred from Level 2 to Level 1 during the year ended 30 September 2021.

8. Exchange rates

The following exchange rates at 30 September 2021 and 30 September 2020 were used to translate foreign currency assets and liabilities.

US Dollar Income Class and US Dollar Enhanced Income Class

	Year End Exchange Rates		Annual Average Exchange Rates	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
USD/EUR	0.86287	0.85276	0.83659	0.89361
USD/GBP	0.74165	0.77351	0.73061	0.78465

Sterling Income Class

	Year End Exchange Rates		Annual Average Exchange Rates	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
GBP/EUR	1.16345	1.10245	1.14453	1.13837
GBP/USD	1.34835	1.29280	1.36791	1.27445

9. Significant events during the year

The Sterling Income C Class share class was fully redeemed on 2 September 2021.

Since the start of January 2020, global financial markets have been monitoring and reacting to the novel coronavirus (Covid-19). The virus has spread across the world with major outbreaks across Europe, America and the Middle East, resulting in widespread restrictions on the ability of people to travel, socialise and leave their homes. Global financial markets have reacted sharply to this news, with concerns regarding the economic impact this may have on a global scale. The eventual impact on the global economy and markets will largely depend upon the scale and the duration of the outbreak. All of which may negatively impact the performance of the Melville Douglas Income Fund Limited. However the board of directors, the investment manager and all other service providers have enacted their respective business continuity plans and the board of directors will continue to monitor this situation closely.

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

Melville Douglas Income Fund Limited

Notes to the Financial Statements (continued)

10. Post statement of financial position events

A new prospectus was issued in November 2021. As part of the prospectus update the US Dollar Income Class Fund was renamed as the US Dollar Bond Class Fund and the Sterling Income Class Fund was renamed as the Sterling Bond Class Fund. There is no change in the risk profile or investment mandate of the Class Funds as a result of the changes.

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

11. Contingent Liabilities

There were no contingent liabilities as at 30 September 2021 or as at 30 September 2020.

12. Approval of financial statements

The financial statements were approved by the Directors on 12 January 2022.

Melville Douglas Income Fund Limited

Portfolio Statement

US Dollar Income Class

As at 30 September 2021

	Nominal Holding	Cost USD	Fair Value USD	% of Net Assets	Credit Rating
Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market					
Investment Companies					
Ireland					
iShares USD Corp Bond UCITS ETF	8,310	1,051,494	1,052,378	1.40	NR
iShares USD Short Duration Corp Bond UCITS ETF	76,450	7,843,418	7,916,780 8,969,158	10.51 11.91	NR
United States					
iShares iBoxx High Yield Corporate Bond ETF	41,020	3,433,229	3,589,455	4.77	NR
Total Investment Companies			12,558,613	16.68	
Corporate Bonds					
Cayman Islands					
Alibaba Group Holding Ltd 3.125% 28/11/2021	950,000	952,432	952,012	1.26	A1
Tencent Holdings Ltd 'REGS' 2.985% 19/01/2023	708,000	721,048	726,610 1,678,622	0.97 2.23	A1
Germany					
Kreditanstalt fuer Wiederaufbau 'EMTN' 2.125% 07/08/2023	4,775,000	4,870,541	4,935,297	6.55	Aaa
International					
European Investment Bank 2.500% 15/10/2024	6,450,000	6,582,445	6,827,619	9.06	Aaa
Inter-American Development Bank 'GMTN' 1.125% 13/01/2031	4,750,000	4,611,983	4,592,958	6.10	Aaa
International Bank for Reconstruction & Development 1.500% 28/08/2024	4,190,000	4,293,870	4,306,884 15,727,461	5.72 20.88	Aaa
South Africa					
Standard Bank Group Ltd FRN 5.950% 31/05/2029	1,000,000	1,041,836	1,068,130	1.42	B1
United Kingdom					
BAT International Finance Plc 'REGS' 3.250% 07/06/2022	862,000	862,711	877,248	1.17	Baa2
GlaxoSmithKline Capital Plc 2.875% 01/06/2022	500,000	508,057	507,760 1,385,008	0.67 1.84	A2
United States					
JPMorgan Chase & Co FRN 0.697% 16/03/2024	1,000,000	1,003,446	1,003,094	1.33	A2

Melville Douglas Income Fund Limited

Portfolio Statement (continued)

US Dollar Income Class (continued)

As at 30 September 2021 (continued)

		Nominal Holding	Cost USD	Fair Value USD	% of Net Assets	Credit Rating
Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market (continued)						
Corporate Bonds (continued)						
United States (continued)						
Nestle Holdings Inc 'EMTN' 3.125% 22/03/2023	1,500,000	1,501,799	1,560,668	2.07	Aa3	
Reynolds American Inc 4.850% 15/09/2023	500,000	539,254	541,467	0.72	Baa2	
Visa Inc 3.150% 14/12/2025	1,000,000	1,029,307	1,084,494	1.44	Aa3	
			4,189,723	5.56		
Total Corporate Bonds			28,984,241	38.48		
Government Bonds						
United States						
United States Treasury Note/Bond 2.125% 30/06/2022	5,700,000	5,700,439	5,787,497	7.68	Aaa	
United States Treasury Note/Bond 2.250% 15/02/2027	8,460,000	8,449,554	8,988,797	11.94	Aaa	
United States Treasury Note/Bond 2.875% 31/10/2023	3,760,000	3,794,622	3,960,740	5.26	Aaa	
United States Treasury Note/Bond 2.625% 15/02/2029	5,350,000	5,538,627	5,835,827	7.75	Aaa	
United States Treasury Note/Bond 1.750% 15/11/2029	4,500,000	4,658,770	4,626,031	6.14	Aaa	
United States Treasury Note/Bond 0.250% 15/03/2024	2,700,000	2,695,401	2,691,048	3.57	Aaa	
			31,889,940	42.34		
Total Government Bonds			31,889,940	42.34		
Total Investments			71,684,283	73,432,794	97.50	
Total Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market				73,432,794	97.50	
Total Investments			73,432,794	97.50		
Net current assets			1,881,420	2.50		
Total net assets			75,314,214	100.00		

Melville Douglas Income Fund Limited

Portfolio Statement (continued)

Sterling Income Class

As at 30 September 2021

	Nominal Holding	Cost GBP	Fair Value GBP	% of Net Assets	Credit Rating
Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market					
Investment Companies					
Ireland					
iShares EUR High Yield Corp Bond UCITS ETF	3,710	333,046	325,687	1.88	NR
iShares GBP Corp Bond 0-5yr UCITS ETF	22,185	2,369,833	2,346,951	13.58	NR
iShares USD High Yield Corp Bond UCITS ETF	129,010	604,317	<u>631,375</u> 3,304,013	<u>3.65</u> 19.11	NR
Total Investment Companies			3,304,013	19.11	
Corporate Bonds					
Germany					
Kreditanstalt fuer Wiederaufbau 'EMTN' 1.000% 15/12/2022	330,000	333,072	332,835	1.93	Aaa
Kreditanstalt fuer Wiederaufbau 'EMTN' 0.875% 15/09/2026	510,000	526,596	512,958	2.97	Aaa
Kreditanstalt fuer Wiederaufbau 'EMTN' 1.250% 29/12/2023	400,000	405,525	<u>406,918</u> 1,252,711	<u>2.35</u> 7.25	Aaa
International					
European Bank for Reconstruction & Development 'GMTN' 1.875% 23/02/2022	340,000	265,788	253,901	1.47	NR
European Investment Bank 2.250% 15/08/2022	660,000	532,718	498,503	2.88	Aaa
European Investment Bank 'EMTN' 0.750% 15/11/2024	1,150,000	1,163,840	1,155,347	6.68	Aaa
Inter-American Development Bank 0.500% 15/09/2026	1,620,000	1,637,668	1,596,607	9.24	Aaa
International Bank for Reconstruction & Development 1.000% 21/12/2029	1,575,000	1,599,120	<u>1,569,157</u> 5,073,515	<u>9.08</u> 29.35	Aaa
Luxembourg					
Nestle Finance International Ltd 'EMTN' 2.250% 30/11/2023	200,000	203,539	207,814	1.20	Aa3
Netherlands					
Roche Finance Europe BV 'EMTN' 5.375% 29/08/2023	155,000	166,590	168,371	0.97	Aa3
South Africa					
Standard Bank Group Ltd FRN 5.950% 31/05/2029	200,000	161,713	158,435	0.92	B1

Melville Douglas Income Fund Limited

Portfolio Statement (continued)

Sterling Income Class (continued)

As at 30 September 2021 (continued)

	Nominal Holding	Cost GBP	Fair Value GBP	% of Net Assets	Credit Rating
Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market (continued)					
Corporate Bonds (continued)					
United Kingdom					
BAT International Finance Plc 'EMTN' 6.000% 29/06/2022	50,000	51,915	51,965	0.30	Baa2
BAT International Finance Plc 'EMTN' 2.250% 26/06/2028	100,000	100,789	99,077	0.57	Baa2
GlaxoSmithKline Capital Plc 'EMTN' 3.375% 20/12/2027	200,000	218,692	224,548	1.30	A2
Next Group Plc 5.375% 26/10/2021	100,000	100,207	100,212	0.58	Baa2
Prudential Plc 6.875% 20/01/2023	300,000	323,273	324,275	1.88	A2
			800,077	4.63	
United States					
Nestle Holdings Inc 'EMTN' 0.625% 18/12/2025	100,000	99,972	98,842	0.57	Aa3
PepsiCo Inc 'EMTN' 2.500% 01/11/2022	100,000	99,349	102,227	0.59	A1
			201,069	1.16	
Total Corporate Bonds			7,861,992	45.48	
Government Bonds					
United Kingdom					
United Kingdom Gilt 1.750% 07/09/2022	1,587,900	1,601,764	1,611,194	9.32	Aa3
United Kingdom Gilt 1.500% 22/07/2026	1,187,200	1,249,721	1,239,793	7.17	Aa3
United Kingdom Gilt 1.625% 22/10/2028	1,840,000	1,942,036	1,949,314	11.28	Aa3
United Kingdom Gilt 0.875% 22/10/2029	725,000	763,908	725,450	4.20	Aa3
			5,525,751	31.97	
Total Government Bonds			5,525,751	31.97	
Total Investments		16,854,991	16,691,756	96.56	
Total Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market			16,691,756	96.56	
Total Investments		16,691,756	96.56		
Net current assets		594,123	3.44		
Total net assets		17,285,879	100.00		

Melville Douglas Income Fund Limited

Portfolio Statement (continued)

US Dollar Enhanced Income Class

As at 30 September 2021

	Nominal Holding	Cost USD	Fair Value USD	% of Net Assets	Credit Rating
Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market					
Investment Companies					
Ireland					
iShares USD Short Duration Corp Bond UCITS ETF	22,085	2,310,711	2,287,012	3.73	NR
United States					
iShares iBoxx High Yield Corporate Bond ETF	13,810	1,151,634	1,208,444	1.97	NR
Total Investment Companies			3,495,456	5.70	
Corporate Bonds					
Cayman Islands					
Alibaba Group Holding Ltd 3.125% 28/11/2021	2,100,000	2,106,300	2,104,449	3.43	A1
Tencent Holdings Ltd 'REGS' 2.985% 19/01/2023	2,000,000	2,053,400	<u>2,052,570</u> 4,157,019	<u>3.35</u> 6.78	A1
Germany					
Kreditanstalt fuer Wiederaufbau 2.625% 28/02/2024	2,550,000	2,687,558	2,682,908	4.37	Aaa
Kreditanstalt fuer Wiederaufbau 2.625% 25/01/2022	2,744,000	2,765,779	<u>2,765,214</u> 5,448,122	<u>4.51</u> 8.88	Aaa
International					
Asian Development Bank 'GMTN' 0.625% 07/04/2022	1,500,000	1,503,672	1,504,106	2.45	Aaa
Asian Development Bank 'GMTN' 1.875% 18/02/2022	3,000,000	3,019,454	3,019,967	4.92	Aaa
Asian Development Bank 1.625% 24/01/2023	1,000,000	1,019,258	1,018,645	1.66	Aaa
European Bank for Reconstruction & Development 'GMTN' 1.500% 02/11/2021	2,400,000	2,402,862	2,402,779	3.92	Aaa
European Bank for Reconstruction & Development 'GMTN' 1.875% 23/02/2022	700,000	704,796	704,832	1.15	NR
European Investment Bank 2.250% 15/03/2022	2,100,000	2,120,293	2,120,313	3.46	Aaa
European Investment Bank 2.125% 15/10/2021	3,000,000	3,002,273	3,001,904	4.90	Aaa
European Investment Bank 2.250% 24/06/2024	700,000	734,878	733,480	1.20	Aaa
Inter-American Development Bank FRN 0.146% 15/03/2022	2,300,000	2,300,451	2,300,712	3.75	Aaa
Inter-American Development Bank 'GMTN' FRN 0.194% 15/07/2022	500,000	500,236	500,300	0.82	Aaa

Melville Douglas Income Fund Limited

Portfolio Statement (continued)

US Dollar Enhanced Income Class (continued)

As at 30 September 2021 (continued)

	Nominal Holding	Cost USD	Fair Value USD	% of Net Assets	Credit Rating
Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market (continued)					
Corporate Bonds (continued)					
International (continued)					
Inter-American Development Bank 'GMTN' 1.750% 14/04/2022	2,500,000	2,521,478	2,521,945	4.11	Aaa
International Bank for Reconstruction & Development 1.500% 28/08/2024	1,300,000	1,340,098	1,336,265	2.18	Aaa
International Bank for Reconstruction & Development 1.625% 10/02/2022	2,150,000	2,161,141	2,161,735	3.52	Aaa
International Bank for Reconstruction & Development 2.125% 13/12/2021	713,000	715,763	715,791	1.17	Aaa
International Bank for Reconstruction & Development 2.125% 01/07/2022	900,000	913,403	913,466	1.49	Aaa
			24,956,240	40.70	
Mauritius					
MTN Mauritius Investments Ltd 'REGS' 5.373% 13/02/2022	2,000,000	2,024,388	2,020,000	3.29	Ba2
South Africa					
Standard Bank Group Ltd FRN 5.950% 31/05/2029	900,000	936,232	961,317	1.57	B1
United Kingdom					
Anglo American Capital Plc 'REGS' 4.125% 27/09/2022	1,500,000	1,553,182	1,553,437	2.53	Baa2
BAT International Finance Plc 'REGS' 3.250% 07/06/2022	2,200,000	2,236,203	2,238,916	3.65	Baa2
GlaxoSmithKline Capital Plc 2.875% 01/06/2022	1,500,000	1,524,401	1,523,281	2.49	A2
Vodafone Group Plc 2.500% 26/09/2022	2,300,000	2,347,181	2,347,334	3.83	Baa2
			7,662,968	12.50	
United States					
McDonald's Corp 'MTN' 2.625% 15/01/2022	1,000,000	1,006,558	1,007,127	1.64	Baa1
Nestle Holdings Inc 'EMTN' 2.375% 18/01/2022	400,000	402,418	402,536	0.66	Aa3
Starbucks Corp 1.300% 07/05/2022	1,000,000	1,006,091	1,006,366	1.64	Baa1
Starbucks Corp 2.700% 15/06/2022	1,661,000	1,686,218	1,683,325	2.75	Baa1
TWDC Enterprises 18 Corp 'EMTN' 2.125% 13/09/2022	1,350,000	1,371,863	1,372,511	2.24	A2
UnitedHealth Group Inc 3.350% 15/07/2022	500,000	512,075	512,320	0.84	A3

Melville Douglas Income Fund Limited

Portfolio Statement (continued)

US Dollar Enhanced Income Class (continued)

As at 30 September 2021 (continued)

	Nominal Holding	Cost USD	Fair Value USD	% of Net Assets	Credit Rating
Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market (continued)					
Corporate Bonds (continued)					
United States (continued)					
Wells Fargo & Co 'MTN' 2.625% 22/07/2022	1,500,000	1,527,491	1,528,370 7,512,555	2.49 12.26	A1
Total Corporate Bonds			52,718,221	85.98	
Government Bonds					
Netherlands					
BNG Bank NV 'REGS' 1.500% 06/09/2022	4,000,000	4,049,370	4,052,238	6.61	Aaa
BNG Bank NV 'REGS' 2.625% 27/02/2024	300,000	315,855	315,388 4,367,626	0.51 7.12	Aaa
Total Government Bonds			4,367,626	7.12	
Total Investments		60,534,964	60,581,303	98.80	
Total Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market					
			60,581,303	98.80	
Total Investments			60,581,303	98.80	
Net current assets			737,824	1.20	
Total net assets			61,319,127	100.00	

Melville Douglas Income Fund Limited

Fund Statistics (Unaudited)

US Dollar Income Class	Net asset value	Net asset value per share	% change in year**	Number of shares in issue	Highest* price	Lowest* price
Class A Shares	USD	USD			USD	USD
30 September 2005	65,743,734	143.16	3.87	459,218	151.04	137.66
29 September 2006	71,766,123	149.62	4.51	479,646	157.87	143.22
28 September 2007	81,571,623	155.20	3.73	525,574	163.81	149.85
26 September 2008	98,564,907	160.24	3.25	615,089	168.62	155.52
30 September 2009	71,358,146	160.03	(0.13)	445,918	160.43	157.19
30 September 2010	64,947,357	161.71	1.05	401,620	161.74	160.28
30 September 2011	54,499,755	161.29	(0.26)	337,889	162.50	161.63
30 September 2012	47,144,365	162.10	0.50	290,828	162.59	161.42
30 September 2013	53,445,275	162.17	0.04	329,555	162.46	161.25
30 September 2014	45,496,949	162.32	0.09	280,287	163.05	161.83
30 September 2015	42,502,879	163.53	0.75	259,915	163.83	162.30
30 September 2016	60,525,172	165.53	1.22	365,634	165.79	162.95
30 September 2017	56,088,297	165.20	(0.20)	339,521	166.54	163.13
30 September 2018	48,438,116	162.82	(1.44)	297,488	165.41	161.64
30 September 2019	44,264,784	172.14	5.72	257,144	173.30	162.23
30 September 2020	39,693,089	180.10	4.62	220,400	180.79	171.27
30 September 2021	33,354,382	177.62	(1.38)	187,786	180.22	176.74
US Dollar Income Class	Net asset value	Net asset value per share	% change in year**	Number of shares in issue	Highest* price	Lowest* price
Class B Shares	USD	USD			USD	USD
At launch (1 March 2018)	16,698	10.00	-	1,667	-	-
30 September 2018	33,287	10.00	-	3,329	10.05	9.94
30 September 2019	100,177	10.54	5.40	9,505	10.61	9.96
30 September 2020	1,515,654	11.00	4.36	137,826	11.04	10.48
30 September 2021	2,963,379	10.83	(1.55)	273,505	11.00	10.79
US Dollar Income Class	Net asset value	Net asset value per share	% change in year**	Number of shares in issue	Highest* price	Lowest* price
Class C Shares	USD	USD			USD	USD
At launch (2 June 2020)	2,809	10.00	-	281	-	-
30 September 2020	149,428	10.03	0.40	14,905	10.06	9.96
30 September 2021	3,182	9.91	(1.20)	321	10.04	9.85
US Dollar Income Class	Net asset value	Net asset value per share	% change in year**	Number of shares in issue	Highest* price	Lowest* price
Class X Shares	USD	USD			USD	USD
At launch (17 October 2017)	19,991	10.00	-	2,000	-	-
30 September 2018	2,423,942	9.93	(0.67)	244,024	10.01	9.83
30 September 2019	24,087,477	10.59	6.65	2,275,322	10.65	9.90
30 September 2020	31,255,274	11.16	5.38	2,799,487	11.19	10.54
30 September 2021	38,993,271	11.10	(0.54)	3,513,060	11.19	11.00

Melville Douglas Income Fund Limited

Fund Statistics (Unaudited) (continued)

Sterling Income Class	Net asset value	Net asset value per share	% change in year**	Number of shares in issue	Highest* price	Lowest* price
Class A Shares	GBP	GBP			GBP	GBP
30 September 2005	21,472,212	108.15	5.00	198,532	114.11	103.08
29 September 2006	28,874,318	112.27	3.81	257,188	118.46	108.25
28 September 2007	36,573,190	116.19	3.49	314,773	123.71	112.31
26 September 2008	24,579,655	118.35	1.86	207,686	125.82	116.90
30 September 2009	16,287,966	116.19	(1.83)	140,179	118.73	114.22
30 September 2010	10,997,350	118.20	1.73	93,037	118.23	116.42
30 September 2011	8,605,906	118.94	0.63	72,356	119.15	118.02
30 September 2012	5,906,035	117.51	(1.20)	50,259	119.65	117.25
30 September 2013	5,590,371	115.88	(1.39)	48,241	117.60	115.86
30 September 2014	4,379,848	115.56	(0.28)	37,901	116.09	114.48
30 September 2015	3,380,232	116.09	0.46	29,118	117.86	115.78
30 September 2016	4,423,035	120.59	3.88	36,678	120.87	115.83
30 September 2017	3,981,347	119.01	(1.31)	33,453	121.01	118.94
30 September 2018	3,961,270	117.91	(0.92)	33,597	119.55	116.70
30 September 2019	4,357,568	121.53	3.07	35,855	121.98	117.35
30 September 2020	5,411,332	122.13	0.49	44,308	122.79	119.42
30 September 2021	3,853,915	119.28	(2.33)	32,309	122.65	119.28
Sterling Income Class	Net asset value	Net asset value per share	% change in year**	Number of shares in issue	Highest* price	Lowest* price
Class B Shares	GBP	GBP			GBP	GBP
At launch (12 May 2020)	42,955	10.0	-	4,292	-	-
30 September 2020	109,404	10.00	-	10,935	10.06	9.97
30 September 2021	303,356	9.76	(2.40)	31,076	10.04	9.76
Sterling Income Class	Net asset value	Net asset value per share	% change in year**	Number of shares in issue	Highest* price	Lowest* price
Class C Shares***	GBP	GBP			GBP	GBP
At launch (14 September 2020)	(14	81,887	10.00	-	8,194	-
30 September 2020		81,682	9.97	(0.20)	8,194	10.00
At redemption (2 September 2021)	(2	80,669	9.84	(1.30)	8,194	10.01
Sterling Income Class	Net asset value	Net asset value per share	% change in year**	Number of shares in issue	Highest* price	Lowest* Price
Class X Shares	GBP	GBP			GBP	GBP
At launch (28 August 2018)		654,322	10.00	-	65,460	-
30 September 2018		776,389	9.95	(0.50)	78,041	10.00
30 September 2019		4,749,764	10.34	3.92	459,480	10.37
30 September 2020		8,680,598	10.47	1.26	828,962	10.51
30 September 2021		13,128,608	10.31	(1.53)	1,273,439	10.53

Melville Douglas Income Fund Limited

Fund Statistics (Unaudited) (continued)

US Dollar Enhanced Income Class	Net asset value	Net asset value per share	% change in year**	Number of shares in issue	Highest* price	Lowest* Price
Class X Shares	USD	USD			USD	USD
At launch (14 March 2019)	30,286,472	10.00	-	3,028,647	-	-
30 September 2019	35,482,312	10.13	1.30	3,503,203	10.13	9.99
30 September 2020	52,881,286	10.26	1.28	5,152,593	10.27	10.13
30 September 2021	61,319,127	10.30	0.39	5,956,135	10.30	10.26

*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.

***Share class was fully redeemed on 2 September 2021.

The performance data in this table covers the year 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 Income Fund Limited

Other Information (Unaudited)

Total Expense Ratios (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 2021	30 September 2020
US Dollar Income Class - Class A Shares	1.04 %	1.04 %
US Dollar Income Class - Class B Shares	1.14 %	1.26 %
US Dollar Income Class - Class C Shares**	0.84 %	0.85 %
US Dollar Income Class - Class X Shares	0.24 %	0.24 %
Sterling Income Class - Class A Shares	1.05 %	1.05 %
Sterling Income Class - Class B Shares*	1.15 %	1.24 %
Sterling Income Class - Class C Shares***	-	0.85 %
Sterling Income Class - Class X Shares	0.25 %	0.25 %
US Dollar Enhanced Income Class - Class X Shares	0.25 %	0.25 %

* Class Fund launched on 12 May 2020.

** Class Fund launched on 2 June 2020.

*** Class Fund launched on 14 September 2020 and terminated on 2 September 2021.

TER percentages are annualised.

Investment Purchases, Investment Sales and Commissions (Unaudited)

US Dollar Income Class	30 September 2021	30 September 2020
	USD	USD
Gross purchases in year including transaction costs	24,665,483	18,922,357
Commissions	(1,200)	(1,000)
Net purchases total	<u>24,664,283</u>	<u>18,921,357</u>
Gross sales in year including transaction costs	21,572,669	17,369,680
Commissions	(600)	(950)
Net sales total	<u>21,572,069</u>	<u>17,368,730</u>
Sterling Income Class	30 September 2021	30 September 2020
	GBP	GBP
Gross purchases in year including transaction costs	6,781,878	6,180,729
Commissions	(1,260)	(1,347)
Net purchases total	<u>6,780,618</u>	<u>6,179,382</u>
Gross sales in year including transaction costs	3,280,437	1,255,292
Commissions	(182)	(117)
Net sales total	<u>3,280,255</u>	<u>1,255,175</u>

Melville Douglas Income Fund Limited

Other Information (Unaudited) (continued)

Investment Purchases, Investment Sales and Commissions (Unaudited) (continued)

	30 September 2021	30 September 2020
	USD	USD
US Dollar Enhanced Income Class		
Gross purchases in year including transaction costs	62,778,491	116,772,044
Commissions	(4,500)	(8,400)
Net purchases total	<u>62,773,991</u>	<u>116,763,644</u>
Gross sales in year including transaction costs	49,864,979	103,148,453
Commissions	(550)	(450)
Net sales total	<u>49,864,429</u>	<u>103,148,003</u>

Melville Douglas Income Fund Limited

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN pursuant to the Articles of Association of Melville Douglas Income Fund Limited (the "Company") that the Annual General Meeting of the Company will take place on 31 January 2022 at Standard Bank House, 47-49 La Motte Street, St. Helier, Jersey, Channel Islands at 10.30 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 2021 be approved and adopted.
2. That directors fees in the sum of USD30,000 and GBP5,000 for the year ended 30 September 2021 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

12 January 2022

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 Income Fund Limited
Standard Bank House
47-49 La Motte Street
St. Helier
Jersey
JE2 4SZ**

Melville Douglas Income Fund Limited (the “Company”)

Form of Proxy

Please complete in I/We
block capitals

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 31 January 2022 at 10.30 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 _____ 2022

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