Melville Douglas Select Fund Limited
Global Impact Class

MelvilleDouglas
A Member of Standard Bank Group

Fund information update at 31 December 2022

What is the fund's objective?

The objective is to provide long term capital growth by investing in companies where the business model is highly aligned to achieving a positive impact on society and the environment. This is achieved by investing in a globally diversified universe of companies.
The strategy is actively managed and will seek to achieve its objective on an active basis, without reference to a benchmark.
The objective is not to track the performance of an index or benchmark as these are not aligned with the specific impact investment objectives.

What does the fund invest in?

The fund invests in global companies that are positively exposed to sustainable investment themes, which includes investing in quality companies that are leading sustainable change for society and the environment thus taking advantage of the link between sustainable development, innovation and long-term compounding growth. The percentage of companies in the fund that are analysed for sustainability characteristics will always be between 90%-100%. There is no alignment to a specific taxonomy.

What possible risks are associated with this fund?

The risk rating seen below is designed to give an indication of the level of risk, measured by volatility, associated with this specific portfolio. In order to arrive at the specific risk rating of the portfolio in question, Melville Douglas measures the volatility of the fund, in the form of standard deviation, over a three year rolling period, and compares the result to internal risk parameters. Please note that these risk ratings are designed as a guide only.

Risk rating

Conservative	Moderately conservative	Moderate	Moderately aggressive	Aggressive

What is the suggested investment period for this fund?

Minimum period

1 Month	6 Months	1 Year	3 Years	5 Years	7 Years

Who should consider investing in this fund?

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

Income

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

General information

Size (NAV) $ 60.70 million
Section 65 Approved
This Class Fund is approved for sale in South Africa under Section 65 of the Collective Investment Schemes Control Act, 2002 (CISCA).

	Class A
Launch	13 May 2022
ISIN number	JE00BN4NB467
SEDOL code	BN4NB46
Bloomberg	MDSGIGA JY

Minimum investment requirements -

New business	Open
Initial	$ 15,000
Subsequent	$ 1,000

What are the costs to invest in this fund?

Maximum charges

	Class A
Initial fee (manager)	0.000%
Initial fee (adviser)	3.000%
Annual fee (manager)	1.200%
Annual fee (adviser)	0.000%
Performance fee	N/A

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

Cost ratios (annual) including VAT as at 31 December 2022

	Class A
Based on period from:	13/05/2022
Total Expense	1.30%
Transaction Costs	0.00%
Total Investment Charge	1.30%
1 Year Total Expense	1.30%

Total Expense (TER): This ratio shows the charges, levies and fees relating to the management of the portfolio and is expressed as a percentage of the average net asset value of the portfolio, calculated over the period shown and annualised to the most recently completed quarter. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER should not be regarded as an indication of future TERs.
Transaction Costs (TC): This ratio shows the percentage of the value of the fund incurred as costs relating to the buying and selling of the fund's underlying assets. TC are a necessary cost in administering the fund and impacts fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, investment decisions of the investment manager and the TER.
Total Investment Charges (TIC): This ratio is simply the sum of the TER and TC, showing the percentage of the value of the fund incurred as costs relating to the investment of the fund. It should be noted that performance figures account for all costs included in the TIC ratio, so you should not deduct the TIC from performance figures, the performance is already net of the TIC.
The TER, TC & TIC cannot be determined accurately for portfolios/portfolio classes that are not yet 1 year old because of the short life span of the portfolio/portfolio class. Calculations in this instance are based on actual data where possible and best estimates where actual data is not available.

Who are the investment managers?

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

Rob Stewart
B.Sc (Hons), PDM, CFA®, CFP™
Fund Manager

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

Derinia Mathura
BBusSci (Hons) Finance, CFA®
Fund Manager

Derinia joined Melville Douglas in 2013 as the lead analyst for a range of global equity holdings within the consumer discretionary sector. She is the co-manager of the Melville Douglas Select Global Equity Fund. Prior to joining, she worked for RMB Morgan Stanley as a sell-side equity research analyst covering financials. Derinia has a BBusSci (Hons) degree in Finance and is also a CFA® Charterholder.

Melville Douglas Select Fund Limited
Global Impact Class

MelvilleDouglas
A Member of Standard Bank Group

Monthly update at 31 December 2022

Performance

Class A Launch: 13 May 2022

Returns (%)	1m	3m	6m	9m	Launch
Class A					
Class	-5.34	7.22	2.77		3.32
Benchmark	-3.93	9.76	2.28		-0.49

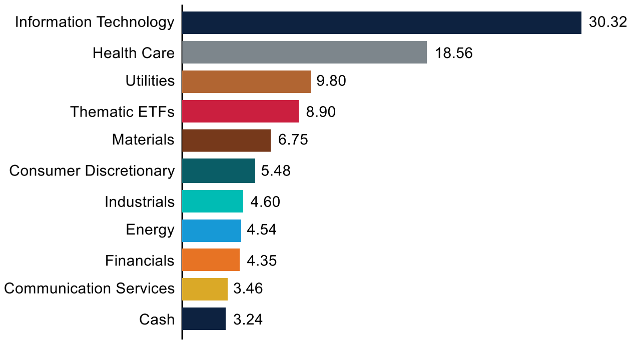
Returns (%) shown are cumulative for all periods shorter than or equal to 1 year and annualised for all periods greater than 1 year.

Benchmark: MSCI ACWI NR USD

Cumulative performance (%) from Launch

Holdings

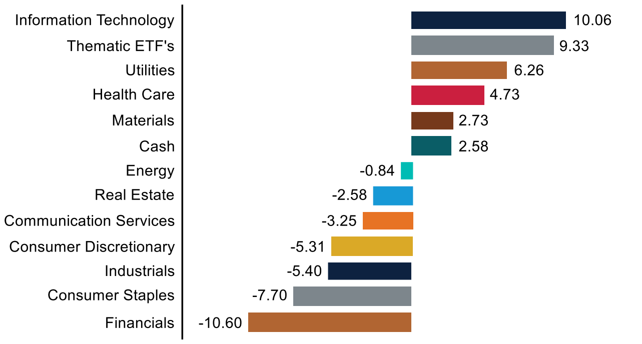
Sector (%)



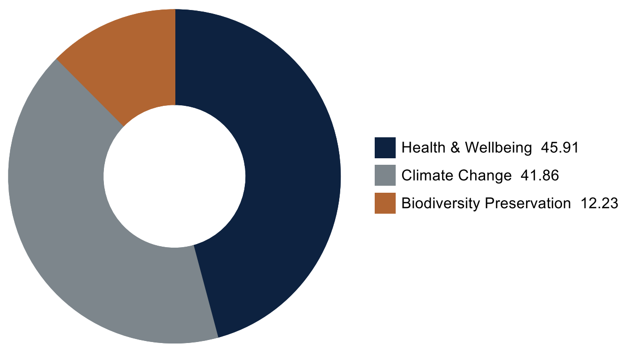
Top holdings (%)

Iberdrola SA	5.21
Microsoft Corp	5.14
Boston Scientific Corp	4.94
Enphase Energy Inc	4.64
iShares Self-Driving EV and Tech ETF	4.50
Neste Oyj	4.47
Ørsted A/S	4.45
Mastercard Inc A	4.44
Visa Inc A	4.35
HDFC Bank Ltd Sp ADR	4.29

Active weights (%) as at Q4 2022



Themes (%) as at Q4 2022



Environmental, Social and Governance (ESG) information at 31 December 2022

Investment approach

The Investment approach aims to identify long term sustainable growth themes and then find quality companies which are leading the way within these themes, often in nascent industries and showing high growth potential. Alignment to the United Nations Sustainable Development Goals (UN SDG's) is determined by proprietary impact analysis, in-house Environmental, Social and Governance (ESG) process and active engagement with the portfolio companies.

Sustainable growth themes and Impact assessment

The Investment Manager uses both a top down and bottom-up investment approach. From a top-down perspective, the Investment Manager identifies long term sustainable growth investment themes that will shape the future economy and environment. The sustainable investment themes are aligned with the UN SDG's. The Investment Manager focuses on what they believe will be the key investment themes that will create a more sustainable future and seek to find companies that drive these themes and avoid those that are not consistent with a sustainable economy. The Investment Manager regularly reviews and evaluates these themes, as such these themes will evolve over time as new trends emerge. Aiding this thematic research, the Investment Manager utilizes sell-side reports, industry publications, meeting company management, attending global thought leadership conferences, engaging with a global network of industry experts to explore areas of interest, and cross sector input from the analyst team.

The bottom-up investment approach begins with determining where companies fit in within the sustainable themes via our Impact Assessments. An Impact Assessment Score determines the degree to which the delivery of positive impact is core to the business model now and/or in the future, in line with the UN SDG's. In determining an Impact Assessment Score, the Investment Manager looks at the extent to which the company's business model is contributing to the UN SDG's through both a quantitative and qualitative analysis by evaluating whether; the delivery of a positive impact to society and the environment is core to the business model now and/or in the future and if there is a favorable balance between the company's positive and negative impacts on society and the environment. The percentage of revenue and profitability aligned to the respective UN SDG's is considered both on a current and forward-looking basis. The Investment Manager will invest in businesses that are making a meaningful impact as measured by their impact assessment score. Companies that have high impact scores are considered for inclusion on the fund.

By focusing on SDG aligned opportunities it not only aligns the fund to sustainable businesses that will outperform in a rapidly changing world, but also contributes to value creation for society, the environment, and underlying investors. The Investment Manager performs a full fundamental review of all companies under consideration. that focuses on ESG credentials; sustainable and recurring revenue growth; the ability to capture this growth profitably; the robustness of the business model, the economic moat; superior cash flows, returns above the cost of capital through a business cycle; appropriate financing structure through a business cycle and management who are effective custodians of shareholder capital.

The ESG Assessment gives rise to an ESG Score, which is aligned with the Melville Douglas ESG policy. The ESG assessment uses the Sustainable Accounting Standards Board (SASB) framework in considering what are the material ESG factors to consider for each company, in line with best practice. All material issues are then scored according to the underlying companies' performance.

Quarterly update at 31 December 2022

Fund review

As at the end of December 2022, the team continues to identify key global Impact Themes, which encompass what it believes to be are the world's most pressing challenges. Current Impact Themes within the Fund include Climate Change, Health & Wellbeing, and Biodiversity Preservation. The team selects high-quality businesses whose impact thesis places them within one of these themes, and through their business operations or supply chain management, are driving a positive, tangible impact on society and the environment. The proprietary Impact Assessment framework ensures a detailed due diligence of the sustainability criteria and key metrics that demonstrate a firm commitment towards delivering impact and is the initial filter for a company's eligibility for inclusion into the Fund.

The fund had a good quarter on an absolute performance basis, returning 7.49%, but lost some ground relative to the benchmark, which returned 9.76%. Industrials (-18.79%) and Communication Services (-7.76%) were the sectors that detracted most from the fund's absolute performance over the quarter. Within Industrials, Plug Power was the largest detractor, down 41% over the quarter, on the back of disappointing Q3 results and guidance, impacted by supply chain issues pushing back the completion date of some large projects into 2023, resulting in full year revenue guidance being 5-10% lower than prior expectations. The stock was further pressured in December on hawkish commentary from the Fed, with higher for longer discount rates hurting high growth companies such as Plug Power. On the positive side, the company announced significantly higher revenue targets for 2026 and 2030, well above previous guidance, however, this has largely been overlooked by the market. Within Communication Services, the weakness was driven by the Fund's exposure to Alphabet, which reported disappointing Q3 results significantly below consensus. Revenue growth decelerated, driven by a stronger US Dollar and economic uncertainty, which increased hesitancy in customer advertising spend. Cloud revenue growth, however, was robust, and management is confident of strong top-line growth in this segment going forward. Information technology (+9.24%) and Health Care (+12.39%) were the biggest sector contributors to the Fund's absolute performance. Within Information Technology, Mastercard was the largest stock contributor, returning 22.49% over the quarter, as it reported solid Q3 results, slightly above consensus, benefitting from higher cross-border fees as international travel recovered. In Health Care, Boston Scientific was the largest contributor with a return of 19.47% over the quarter, boosted by slightly higher full year organic growth guidance at its Q3 results presentation.

In news particularly relevant to the Fund's Impact Themes of Climate Change and Biodiversity Preservation, two key United Nations 'Conference of the Parties' took place during the quarter, those being the COP 27 climate change conference held in Sharm el-Sheikh, Egypt in November, and the COP 15 biodiversity summit held in Montreal, Canada in December.

For COP 27 in general, the tone of the conference appeared to reflect a gradual breakdown in trust between developed and emerging economies, as the global north has not yet managed to meet its target of $100bn per year in climate finance for developing economies. The credibility of new commitments has been damaged by past failures to see climate commitments through. Nonetheless, the conference ended with the Drafting of the 'Sharm-el-Sheikh Implementation Plan', with the following high-level observations:

Disappointingly, the plan does not represent an increased climate mitigation ambition versus the Glasgow Pact and Paris Agreement, and merely reiterates that the impacts of climate change will be much lower at the temperature increase of 1.5o C (higher ambition of the Paris Agreement) compared with 2o C, and 'resolves' to pursue further efforts to limit the temperature increase to 1.5o C. Any progress on climate action all but stalled in the face of an energy crisis, rampant food inflation, looming recession, and geopolitical tension.

Reaching the goal of a 1.5o C temperature increase would require a 43% reduction of emissions by 2030 vs 2019 levels, and that "about $4 trillion per year needs to be invested in renewable energy through to 2030 to reach net zero emissions by 2050. Furthermore, a global transformation to a low-carbon economy is expected to require investment of at least $4-6 trillion per year".

Failed to increase the ambition of the Glasgow Pact in phasing down fossil fuel use and kept the objective of a "phasedown of unabated coal power and phase-out of inefficient fossil fuel subsidies", in spite of some countries proposing to extend the wording to a "phase down of all fossil fuels". This faced opposition from fossil fuels producing countries.

Emphasis on a 'Just Transition', whereby effective climate action should be implemented in a manner that is just and inclusive while minimising negative social or economic impacts that may arise from climate action. Several 'Just Transition' Partnerships were strengthened, most notably for South Africa and Indonesia, where developed country governments have pledged $8.5bn and $20bn respectively to assist with energy transition projects in those countries.

Biggest success of the conference is the political agreement reached on the creation of a "Loss & Damages" mechanism to address climate justice, which involves a commitment to set up a financial support structure for the most vulnerable nations within the next 12 months. No further details were provided on who will pay what, and to whom, with a transitional committee having been established to work on recommendations for COP 28.

COP 15 resulted in the passing of the 'Kunming-Montreal' Global biodiversity framework, with the following high-level outcomes:

The 30 x 30 pledge is the central pillar to this agreement - countries agreeing to protecting 30% of land and 30% of coastal and marine areas by 2030, up from the current 17% and 10% respectively.

There will also be targets for protecting vital ecosystems such as rainforests and wetlands and the rights of indigenous peoples.

Aspiration to restore 30% of degraded lands and waters throughout the decade and bring species losses 'close to zero by 2030'.

Signatories aim to ensure $200bn per year is channelled into conservation initiatives, with wealthier countries contributing at least $20bn of this every year by 2025, and at least $30bn a year by 2030.

Push for companies to analyse and report how their operations affect, and are affected by, biodiversity issues.

Countries committed to identify subsidies that deplete biodiversity by 2025, and then eliminate, phase out, or reform them. Agreement to slash those incentives by at least $500bn a year by 2030.

Pledge to reduce risks associated with pesticides and hazardous chemicals by 'at least half'.

National action plans will be set and reviewed to monitor progress and hold countries accountable.

Reporting of the total impact delivered by investee companies in the Fund is aligned with key UN Sustainable Development Goals (SDGs) which broadly reflect the Impact Themes of the Fund. The total impact delivered by companies in the Fund, during the course of their most recent financial year, include: 68 million people provided with new access to financial services; 243 million patients provided with access to healthcare treatment; 96,328 GWh of renewable energy generated, equivalent to the electricity use of 8.6 million homes for one year; 489,870 new jobs created; 272.6 million metric tons of CO2e emissions avoided, equivalent to removing 58 million gasoline powered passenger vehicles for 1 year; and a 27% YoY decrease in average water use intensity. The weighted average carbon intensity of the Fund, incorporating Scope 1 and Scope 2 emissions, is 96.9 Tons CO2e/$m of revenue, which decreased 21% YoY, and is 37% lower than the weighted average carbon intensity of the Fund's benchmark, the MSCI ACWI.

Market overview

Risk assets made a comeback during the fourth quarter of 2022, despite global central banks best efforts to rein in inflation by way of slowing demand growth with much tighter monetary policy. Several factors contributed to the bounce from the October lows, with one of them being investors focusing on the improved outlook for inflation as consumer goods, food, and energy prices all eased, leading to predictions that inflation had peaked. This was an important development, as high and stubborn inflation, coupled with a vibrant labour market, have resulted in one of the most aggressive interest rate hiking cycles in recent history. With a disinflationary trend in sight, central banks have indicated their preference to slow down the pace of monetary tightening and follow a "wait and see approach", suggesting that interest rates will probably peak towards the end of the first quarter of 2023. As a result, and not for the first time during the year, we saw that a lower-than-expected inflation print in the US resulted in lower bond yields and a rerating in equity markets, an indication of just how sensitive equity valuations and risk appetite have become to changes in the outlook for interest rates.

Additional factors that contributed to the bounce in equity markets over the quarter were the prospect of less restrictive COVID-19 measures in China, and a significant decline in the price of natural gas in Europe as gas storage levels have been adequately increased to cater for the colder winter months in the Northern hemisphere.

Looking ahead

The outlook for macroeconomic conditions, monetary policy, and geopolitics remains highly uncertain, and as such, investors should expect volatility to remain elevated and very much data dependent as the global economy enters a period of below-trend growth or, even worse, a recession. However, lower starting valuations, coupled with declining inflation, a peaking interest rate cycle, and defensive positioning by market participants, do provide the necessary backdrop for investors to look forward to a year of improved investment returns. Volatility and cheaper valuations provide opportunities that should be welcomed by patient investors that focus on long-term fundamentals. Many high-quality stocks with strong balance sheets, and structural growth tailwinds linked to the Fund's Impact Themes, have become more attractively valued and provide suitable margins of safety for long-term investors.

The commentary gives the views of the portfolio manager at the time of writing. Any forecasts or commentary included in this document are not guaranteed to occur.

Change in allocation of the fund over the quarter

Asset type	Q4 2022	Q3 2022	Change
Cash & MMkt	3.20	3.21	-0.02
Equity	96.80	96.79	0.02

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	Price ($)	Units	NAV ($)
A	Institutional	10.33	62,939.22	650,292.84

All data as at 31 December 2022.
Units – amount of participatory interests (units) in issue in relevant class.

Melville Douglas Select Fund Limited
Global Impact Class

MelvilleDouglas
A Member of Standard Bank Group

Important information at 31 December 2022

Disclosures

Collective Investment Funds (CIF) are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to future performance. CIF are traded at ruling prices and can engage in borrowing and scrip lending.
The Global Impact Class is a class fund of the Melville Douglas Select Fund Limited (the Fund). The Fund is an 'umbrella fund' and an open-ended investment fund company registered by way of continuation in Jersey under a certificate of continuance dated 31 March 2003 with limited liability under the Law as a no par value company. The Fund is regulated as a Collective Investment Fund by the Jersey Financial Services Commission. The manager of the Fund is STANLIB Fund Managers Jersey Limited (the Manager). The Manager is 100% owned by STANLIB Limited, which is wholly owned by Liberty Holdings Limited. Liberty is a full member of the Association for Savings and Investments of South Africa (ASISA). The manager has a right to close a portfolio to new investors in order to manage the portfolio more efficiently in accordance with its mandate. The Manager does not provide any guarantee either with respect to the capital or the return of the class fund. A schedule of fees and charges and maximum commissions is available on request from the Manager. The custodian/trustee of the Fund is Apex Financial Services (Corporate) Limited (the Custodian). The Fund, the Manager and the Custodian are regulated by the Jersey Financial Services Commission.
The investments of this class fund are managed, on behalf of the Manager, by Melville Douglas Investment Management (Pty) Ltd (the Investment Manager), an authorised financial services provider (FSP), FSP No. 595, under the Financial Advisory and Intermediary Services Act (FAIS), Act No. 37 of 2002. The Investment Manager, pursuant to a distribution agreement made between it and the Manager, acts as distributor to the class fund in South Africa.
STANLIB Collective Investments (RF) (Pty) Limited is the appointed Fund's representative in the RSA, by the Manager, in respect of the Fund. The RSA Representative is responsible for assisting the Fund with compliance with RSA regulatory requirements in respect of certain Classes to be marketed to investors in the RSA.
Prices are calculated and published on each working day, these prices are available on the Manager's website (www.stanlib.com). This portfolio is valued at 23h59 (GMT). Forward pricing is used. Investments and repurchases will receive the price of the next day if received prior to 14h30 (GMT). Settlement must be made in the relevant class fund's base currency.
This portfolio is permitted to invest in foreign securities. Should the portfolio include any foreign securities these could expose the portfolio to any of the following risks: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information.
All return figures quoted are in USD, as at 31 December 2022, based on data sourced from Morningstar.
Annualised return figures are the compound annualised growth rate (CAGR) calculated from the cumulative return for the period being measured. These annualised returns provide an indication of the annual return achieved over the period had an investment been held for the entire period. Actual annual figures are available on request from the Manager.
Fund performance figures are calculated for the relevant class of the Fund, for a lump sum investment, on a NAV-NAV basis, with income reinvested on the ex-dividend date. Individual investor performance may differ due to initial fees, actual investment date, date of reinvestment of income and dividend withholding tax. Fund performance figures account for all costs that contribute to the calculation of the cost ratios quoted, all fund returns quoted are therefore after these costs have been accounted for.
Statistics - Positive Months: the number of individual 1 month periods during the specified time period where the return was not negative; Max Gain: the maximum gain in a trough-to-peak incline before a new trough is attained, quoted as the percentage between the trough and the peak. It is an indicator of upside risk over a specified time period (quoted for all periods of 1 year or longer); Max Drawdown: the maximum loss in a peak-to-trough decline before a new peak is attained, quoted as the percentage between the peak and the trough. It is an indicator of downside risk over a specified time period (quoted for all periods of 1 year or longer, where blank no loss was experienced); Highest and Lowest: the highest and the lowest 1 year return (%) that occurred during the specified time period (quoted for all relevant classes launched 1 year or more prior to current month end date).
Additional information about this product including, but not limited to, brochures, application forms and annual or quarterly reports, can be obtained free of charge, from the Investment Manager and from the Investment Manager's website (www.melvilledouglas.co.za).
This document does not constitute an offer of sale. Investors are requested to view the latest Prospectus and Minimum Disclosure Document for information pertaining to this product, as well as seeking professional advice, should they be considering an investment in this product. The Manager provides no guarantee or warranty as to the accuracy of the content of this document. Every effort has been made to ensure that the content is accurate at time of issue. This document is not advice, as defined under FAIS. Please be advised that there may be a representative acting under supervision.
Trail fees are paid inclusive of VAT meaning, where a South African adviser is registered for VAT, the VAT levied is included in the fee payable to the adviser out of the fund's annual management charge. Initial fees are also paid inclusive of VAT.

Contact details

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

Fund Directors
GS.Baillie, M.Farrow, O.Sonnbichler and R Stewart

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

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

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

RAGING BULL AWARDS
WINNER
2021
BEST OFFSHORE MANAGEMENT COMPANY