

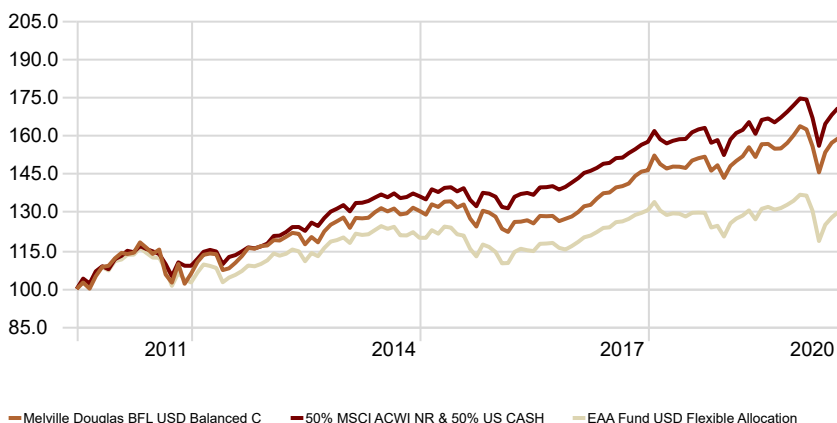
Melville Douglas Balanced Fund Ltd

USD Balanced Class (the "Fund")

Minimum Disclosure Document as at 30 June 2020



Investment Growth***



Trailing Returns***

	1 Month	YTD	1 Year	3 Years	5 Years	10 Years
Melville Douglas BFL USD Balanced C	1.1	-2.9	1.4	4.9	3.8	4.8
50% MSCI ACWI NR & 50% US CASH	1.6	-2.2	2.8	4.6	4.3	5.5
EAA Fund USD Flexible Allocation	1.6	-5.0	-1.0	1.6	1.4	2.7

Risk Matrix *

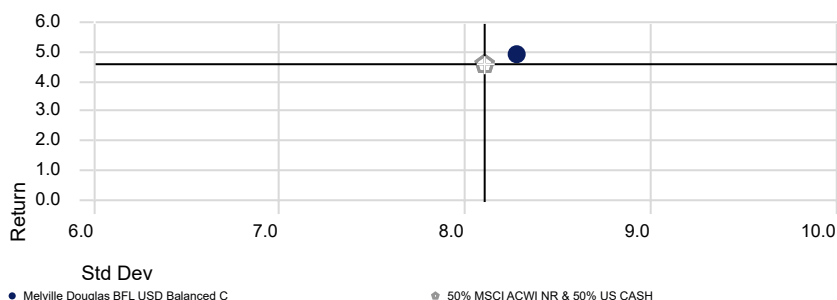
	Class C	Benchmark	Cat Avg
Information Ratio (arith)	-0.4		-1.8
Std Dev	8.3	10.9	9.1
Sharpe Ratio **	0.4	0.5	0.0

Highest and lowest 12 month rolling returns since inception

Monthly Returns***

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2020	-0.8	-4.1	-6.6	5.4	2.4	1.1							
2019	3.2	1.3	1.2	2.3	-2.5	3.3	0.1	-1.2	0.1	1.4	1.9	2.2	14.1
2018	3.9	-2.2	-1.2	0.5	0.0	-0.3	2.0	0.6	0.4	-3.6	1.5	-3.3	-2.0
2017	1.4	1.7	0.4	1.9	1.6	0.2	1.4	0.4	0.7	2.1	1.2	0.4	14.1
2016	-3.7	-1.0	3.2	0.1	0.4	-1.0	2.3	-0.1	0.1	-1.6	0.7	0.7	0.1
2015	-1.1	3.1	-0.8	1.6	0.1	-1.8	0.9	-4.2	-2.5	5.0	-0.6	-1.2	-1.7

Risk-Reward *



Not to be distributed outside of Jersey.

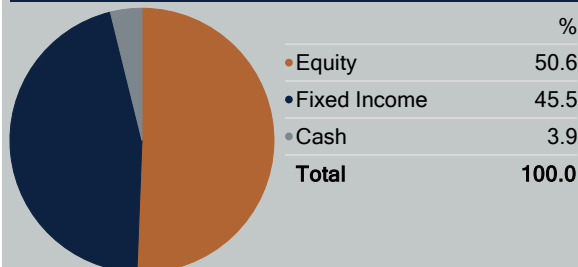
Investment Objective

The objective is to provide long term capital growth in US Dollar terms by investing in a balanced portfolio of globally diversified equity and fixed income.

Top Holdings

	Portfolio Weighting %
US Treasury 0.0	22.3
Microsoft Corp	3.7
International BK 1.625	3.3
Tencent Holdings Ltd	2.7
Alphabet Inc A	2.6
UnitedHealth Group Inc	2.4
Amazon.com Inc	2.4
US Treasury 2.75 (30NOV20)	2.3
Kreditanstalt 2.75	2.2
Johnson & Johnson	2.1

Asset Allocation



Operations

Name	Melville Douglas BFL USD Balanced C
Month End Price Class C	\$190.19
Total Fund Value	\$12.09 Million

Fund Managers

Bernard Drotschie

Bernard is the Chief Investment Officer. He holds a B.Com (Hons) degree in Econometrics, is a CFA® Charterholder, and is a Certified Financial Planner™ professional.

Portfolio Risk

LOW

MEDIUM

HIGH

* Data is displayed over a 3 year rolling period

** Risk free rate = US Treasury T-Bill 3 Months

*** Class C since inception. Information compiled using Morningstar based on the most recent published information available to Morningstar at the end of the relevant period. This information is for illustrative purposes only.

Benchmark change on 1 May 2020 to 50% MSCI ACWI & 50% US CASH

Source: Morningstar Direct, Melville Douglas Investment Management

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Additional Risk Information

Where foreign securities are included in the portfolio there may be additional risks, such as potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, tax risks, settlement risks, interest rate and potential limitations on the availability of market information.

The risk rating seen on page 1 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.

Other Fund Facts

Manager	STANLIB Fund Managers Jersey Limited
Investment Manager	Melville Douglas Investment Management (Pty) Ltd
Custodian	Apex Financial Services (Corporate) Limited
Auditors	PwC, Ireland
Fund Directors	GS.Baillie, M.Farrow, O.Sonnichler & R Stewart
Registered Office	47-49 La Motte Street, St Helier, Jersey
Publication Date	16 July 2020
Share Class ISIN	JE00B504TG57
Minimum Investment	\$10 000
Launch Date	16 February 1999

Fund Costs- 12 months

Fee Class	Management Fee*	TER	TC	TIC
Class C	0.95%	1.47%	0.03%	1.50%
TER = (Total Expense Ratio), TC = (Transaction Costs), TIC = (Total Investment Cost ; TER + TC = TIC)				
Where a transaction cost is not readily available, a reasonable best estimate has been used. TER reflected is 1 month in arrears. Estimated transaction costs may include Bond, Money Market and FX Costs (where applicable).				
*Management fee includes fee payable to Manco				

Fund Costs- 36 months

Fee Class	Management Fee*	TER	TC	TIC
Class C	0.95%	1.20%	0.03%	1.23%
TER = (Total Expense Ratio), TC = (Transaction Costs), TIC = (Total Investment Cost ; TER + TC = TIC)				
Where a transaction cost is not readily available, a reasonable best estimate has been used. TER reflected is 1 month in arrears. Estimated transaction costs may include Bond, Money Market and FX Costs (where applicable).				
*Management fee includes fee payable to Manco				

Contact Details

Melville Douglas Investment Management (Pty) Ltd
 8th Floor West Wing, 30 Baker Street, Rosebank, 2196. PO Box 411184, Craighall 2024, South Africa
 Telephone: +27 (11) 721 7964 Fax: +27(0)86202 7235
www.melvilledouglas.co.za

Statutory Disclosure and General terms and Conditions

This document does not constitute an offer to buy or a solicitation of an offer to buy or sell shares of the Fund in any jurisdiction in which an offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer of solicitation and is for information purposes only. Subscriptions will only be received and shares issued on the basis of the current prospectus and prospective investors should carefully consider the risk warnings and disclosures for the Fund set out therein. The value of shares may go down as well as up and investors may get back less cash than originally invested. Performance is calculated for the portfolio, as well as that the individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Past performance is not necessarily a guide to future performance. An investment in the shares of the Fund is not the same as a deposit with a banking institution. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Please refer to the prospectus for more details on the charges and expenses that may be recovered from the Fund. Shares are valued on a daily basis using 23:59 (UK Time) prices. Transaction requests received before 14h30 (UK Time) will receive the following valuation point share price. This is an accumulation portfolio and does not distribute income. Telephone calls may be recorded. Apex Financial Services (Corporate) Limited, STANLIB Fund Managers Jersey Limited and Melville Douglas Balanced Fund Limited are regulated by the Jersey Financial Services Commission.

Prices are available from the Manager on request.

Performance figures are calculated for the relevant class on a NAV basis.

Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending. Collective Investment Schemes are generally medium to long-term investments.

An investment management agreement exists between the Fund, the Manager and Melville Douglas Investment Management (Pty) Ltd appointing Melville Douglas Investment Management (Pty) Ltd as the sole representative for the investment management functions performed in South Africa. Melville Douglas Investment Management (Pty) Ltd is a company registered in South Africa with company number 1987/05041/07, and a subsidiary of Standard Bank Group Limited. Melville Douglas Investment Management (Pty) Ltd is licensed as a financial services provider in terms of Section 8 of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002). The appointed representative for the Fund in South Africa is STANLIB Collective Investments (RF) Pty Ltd.

The manager does not provide any guarantee either with respect to the capital or the return of the portfolio.

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Quarterly Commentary

Fund Review

Over the quarter, the fund returned 9.1% compared to a benchmark return of 9.5%. The underperformance can be attributed to an underweight position in global equities over the quarter. Global risk assets, including equities have staged a strong comeback since March. The equity component has contributed positively, partly due to a positive contribution from stock selection, but also due to style effect. Growth/Quality has outperformed Value significantly this year. The overweight position in cash detracted from performance.

Overview

The 'Punch Bowl' has been swiftly topped up!

The first half of the year was truly a "tale of two halves". During the first quarter investors endured significant volatility as Covid-19 concerns resulted in global risk assets such as equities suffering one of the fastest and sharpest declines in history. The impact of the deadly virus on the global economy became a reality for many as governments enforced lockdown measures in order to stem contagion. However, equally impressive has been the sharp recovery in investment markets during the second quarter of the year as policy makers calmed investors by providing the sugar rush or 'punch bowl' via truly massive amounts of monetary and fiscal stimulus; multiples of what was experienced in the aftermath of the 2008 Global Financial Crisis. However, it wasn't just the magnitude of the stimulus that surprised everyone but also the swiftness in which decisions were taken globally.

As we head into the second half of the year, economies are starting to recover from very depressed levels as the world once again gradually opens its doors for business and the stimulus measures take hold. The initial rate of recovery is likely to look powerful as base effects are expected to amplify economic numbers. Despite evidence of a second wave of COVID-19 infections in the US as mobility returns (people returning to their workplaces, visiting shopping malls and eating out at restaurants etc.) the rate of infections on a global basis has stabilised and they are now trending lower in most countries. Further reoccurrence or secondary waves of COVID-19 remain highly probable, but we do not expect country wide lockdown measures to be re-introduced again (given the economic costs), rather more measured and targeted restrictions. Globally, healthcare organisations are also better equipped to respond to the pandemic and are making significant progress in finding more successful treatment plans for patients who have been hospitalised or ended up in ICU, though it will only be the discovery of a vaccine that will ultimately lead to the return of 'normality', speed up the global economic recovery process and ensure the sustainability of it.

Risks remain

Uncertainty and risks to the improved outlook remain as the world returns to some form of normality. The full consequences of the crisis will only likely reveal themselves in time and it seems unlikely that the recovery in corporate profits, personal income and production output will be complete by the end of 2021. Consumer behaviour after COVID-19 anxiety remains uncertain and the decline in unemployment could be more sluggish than expected due to obsolete businesses. Fiscal support packages in the form of income transfers have played an important role in keeping many companies and households solvent during these trying times. However, debt accumulation by companies has increased exponentially while their revenue intake came to a complete standstill, which is one of the key reasons why we would expect the pace of recovery to be gradual after the initial uptick as many of these indebted companies will not be in a position to fully participate in the cyclical upswing as fiscal programmes cease in the not too distant future. Any disappointment in the pace and sustainability of global recovery is likely to result in a significant increase in defaults leading to considerable headwinds for the financial system and asset prices. Yet not all risks are linked to the developments surrounding COVID-19. The US presidential election still needs to play out, while trade and political tensions between the US and China will continue to linger. Furthermore, the UK still needs to negotiate the terms of their exit from the EU before year end.

Have global equity markets run ahead of themselves?

In the short-term the answer is probably a resounding yes as unprecedented stimulus by monetary and fiscal authorities globally have resulted in a sharp rebound in risk asset prices since the lows of March. This may be understandable, now that economies are re-opening and infection rates have stabilised, but what has been surprising has been the extent and pace at which prices have increased. Furthermore, asset valuations did not reach the lows usually associated with deep recessions; unusual given that the costs to the global economy from COVID-19 are expected to be significantly worse than any other period of economic decline since WWII.

The divergence between the strong recovery in asset prices and ongoing challenging economic fundamentals has been a topical debate, with many investors pointing to the dilemma of "where else can I invest" given that cash and bond income returns have become so unattractive. Even so, cash allocations in multi-asset portfolios around the world are high by historical measures and in the US are sitting at around 25%, a level last seen during the 2008 Global Financial Crisis. Historically, it has been proven that valuation metrics on their own have not been an important driver of near-term performances but over the long run they remain an important determinant of longer term expected returns. And while valuations for global equities, credit and high yield debt have recovered most of their losses, the outlook for corporate profits has deteriorated considerably since the beginning of this year and are pointing to only a gradual recovery over the next two years. Any further downside to the growth outlook or a slower than expected economic rebound will result in only mediocre equity returns from present levels.

Outlook

Economic indicators have stabilised, and the recovery has generally surprised to the upside as policymakers were extremely quick off the mark to prevent a prolonged recession or even a depression – which is encouraging. High frequency data and economic surveys are now pointing to a much improved environment during the second half of this year. Although this year's global recession has been the deepest for many decades it also looks set to be one of the shortest and most memorable in recent history. The pace of recovery will to a large extent be determined by the severity of re-infections and the effects on consumer behaviour. The bounce in investment markets has played an important role in "protecting" consumers wealth (and confidence), even though dividend-and-interest income has been decimated as companies withhold dividend payments and interest rates have been driven to new lows. Furthermore, consumer spending and confidence will also be influenced by the pace of job creation after a period of large-scale layoffs. Without a continued improvement in employment momentum, a gap will be left in personal income once the temporary stimulus programs come to an end, leaving the economic recovery, alongside the recent uptrend in investment markets, vulnerable.

The fund is well positioned and have been adequately diversified to navigate through this global crisis. Within equity, we remain focused on investing in great quality businesses with secular and/or structural growth drivers and strong balance sheets, which allows them to continuously invest and generate attractive and sustained growth for shareholders. Unfortunately, some of these shares are currently trading either at or above their long-term fair values and hence our defensive and underweight positioning to global equities. The underweight position in equities have resulted in a temporary overweight position in cash, which will be immediately redeployed once investment opportunities present themselves again.

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.