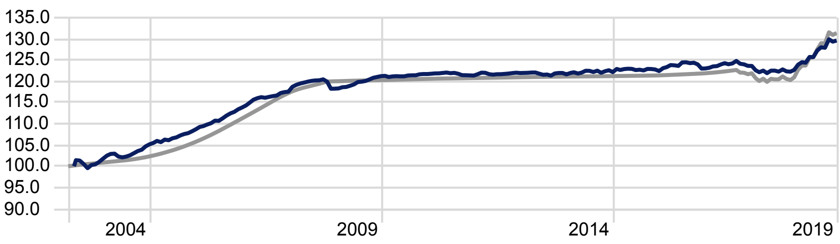
Melville Douglas Income Fund Ltd
US Dollar Class (the "Fund")

Minimum Disclosure Document as at 31 October 2019

MelvilleDouglas
A Member of Standard Bank Group

Investment Growth***



—Melville Douglas IFL USD Income Acc A —80% US Gvt 1-10yrs, 20% US Corporate

Trailing Returns

	1 Month	YTD	1 Year	3 Years	5 Years	10 Years
Melville Douglas IFL USD Income Acc A	0.2	4.6	6.0	1.5	1.2	0.7
Melville Douglas IFL USD Income Acc B	0.2	4.3	5.7			
80% US Gvt 1-10yrs, 20% US Corporate	0.3	7.0	9.2	2.6	1.6	0.9

Risk Matrix *

	Class A	Benchmark
Information Ratio (arith)	-1.2	
Std Dev	1.8	2.3
Sharpe Ratio **	-0.2	-0.1

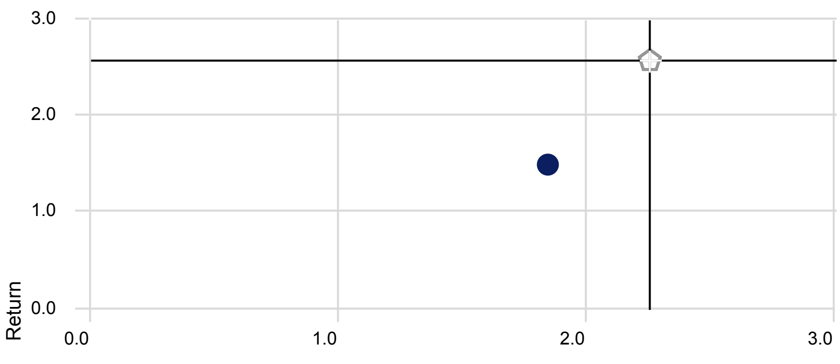
Highest & Lowest 12 Month Rolling Return

Highest 12 Month Rolling Return	5.78
Lowest 12 Month Rolling Return	-1.65

Monthly Returns***

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	0.5	-0.1	1.1	0.0	1.2	0.6	-0.1	1.6	-0.4	0.2			
2018	-0.8	-0.3	0.3	-0.5	0.5	0.0	-0.2	0.4	-0.4	-0.1	0.3	1.0	0.2
2017	0.1	0.3	0.1	0.3	0.3	-0.2	0.2	0.5	-0.5	-0.1	-0.3	0.0	0.5
2016	0.6	0.2	0.4	0.0	-0.1	0.7	0.0	-0.2	0.1	-0.3	-0.8	0.0	0.5
2015	0.6	-0.2	0.2	0.1	0.0	-0.2	0.1	-0.1	0.3	0.0	-0.1	-0.3	0.2
2014	0.3	0.1	-0.2	0.2	0.4	0.0	-0.2	0.3	-0.4	0.3	0.2	-0.4	0.4

Risk-Reward *



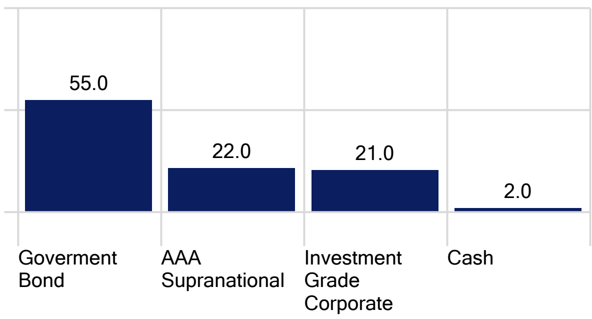
● Melville Douglas IFL USD Income Acc A ✩ 80% US Gvt 1-10yrs, 20% US Corporate

Not to be distributed outside of Jersey and South Africa

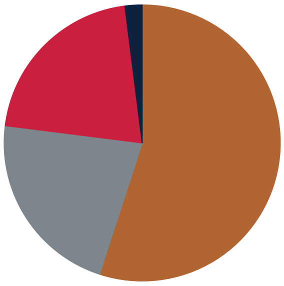
Investment Objective

To provide a return in excess of the benchmark in US Dollars, whilst maintaining a high degree of capital preservation by investing in quality fixed interest securities, selected collective investment vehicles, money market instruments and cash in order to maximise investment returns in US Dollars.

Supplementary Data



Asset Allocation



	%
Goverment Bond	55.0
AAA Supranational	22.0
Investment Grade Corporate	21.0
Cash	2.0
Total	**100.0**

Operations

Name	Melville Douglas IFL USD Income Acc A
Month End Price (Current Class)	$172.5
Total Fund Value	$69.1 Million

Fund Managers

Karl Holden
Karl specialises in global fixed income and currency markets. He is also a co-manager of the Melville Douglas Balanced Fund. Karl is a Chartered Wealth Manager, Fellow of the Chartered Institute for Securities and Investment and holds the Private Client Investment Advice and Management Certificate.

Simon Bradbury
Simon has built up extensive knowledge of global wealth management solutions, specialising in international fixed income and currency markets, and is the co-manager of the Melville Douglas Income and Enhanced Income funds. Simon is a Chartered Fellow of the Chartered Institute For Securities and Investment, and has been awarded Chartered Wealth Manager status.

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

Portfolio Risk

* Data is displayed over a 3 year rolling period
** Risk free rate = US Treasury T-Bill 3 Months
*** Class A 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. The benchmark of the fund at launch was 100% USD Libor Overnight. This was changed on 31 August 2017 to 80% US Govt 1-10 years/ 20% US Corporate Bond

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, and O.Sonnbichler
Registered Office	47-49 La Motte Street, St Helier, Jersey
Publication Date	12 November 2019
Compliance No.	M0O065

Share Class ISIN

Class A	JE00B54RMC79
Class B	JE00BF1CWN63

Minimum Investment

Class A	Closed to new investments
Class B	USD 2 500

Launch Date

Class A	March 2003
Class B	01 September 2017

Fund Costs- 12 months

Fee Class	Current Management Fee*	TER	TC	TIC
Class A	0.95%	1.07%	0.00%	1.07%
Class B	1.25%	1.37%	0.00%	1.37%

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). Where a Share Class has been in existence for less than 12 months, no TER is reflected.

* Management Fee includes fee payable to Manco

Fund Costs- 36 months

Fee Class	Current Management Fee*	TER	TC	TIC
Class A	0.95%	0.94%	0.00%	0.95%
Class B	1.25%	1.38%	0.00%	1.38%

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). Where a Share Class has been in issue for less than 36 months, no TER is reflected.

* 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 Income Fund Limited are regulated by the Jersey Financial Services Commission.

Prices are calculated and published daily and 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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US Dollar Class

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Quarterly Commentary

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 maximize total returns in US Dollars.

The Fund's performance for the period was 1.04% versus the Fund's benchmark return of 1.51%.

Market Overview

Approximately 25% of the global bond market now offers investors a yield of less than zero, and that's before inflation. Multiple events have unfolded to get us to this bizarre state of play but in the main, a healthy mix of global protectionism (trade wars and subsequent manufacturing slump), quantitative easing (printed money buying bonds) and search for yield have driven bond market yields to what will either be dubbed crazy or the new norm in years to come – for now we are inclined towards the former. A consequence of this dramatic decline in yields is a sharp rise in the embedded risk of global bond markets. Put simply, low yields equal potential high volatility and this is particularly evident in longer dated bonds where any retracement higher in yield levels will be met with significant downward price adjustments. Given the current heightened levels of uncertainty thanks to issues such as trade wars, BREXIT, sustainability of the long US economic expansion etc. it is not that difficult to understand why bond markets have performed well. But, we think they have performed too well, in fact by some margin given the economic backdrop. It is easy to use the US economy as an example given its ongoing strength but even applying some global statistics, something doesn't look right. As above, a decent chunk of the global bond market is charging 'you' to buy its debt however, the OECD estimate that global growth will average 2.9% this year and 3% next, while global inflation is running at approximately 1.9%. A great time to be a borrower, not a long-term investor but how long can it last? To complicate matters, it is clear that risk assets are becoming increasingly wedded to the prospect of low rates and ever more accommodative central banks. Nowhere is this clearer than in the US where the US Federal Reserve completely turned around their interest rate outlook from hawkish (igniting an equity sell off in late 2018) to dovish (subsequent equity market rally in early 2019). Clearly the pressure is on to keep global money cheap and this has had a profound effect on both the bond and equity markets. So, any pick up in global activity is going to prove challenging for the central banks as turning off the monetary tap may potentially provoke a rapid repricing of global bond yields, triggering significant bond losses. On this note, it has become clear that more and more central banks are calling upon the governments to dial up fiscal easing given the diminishing positive effects of lower and lower (or more negative) risk free rates. This we believe will mark the next stage in this lengthy hangover from the credit crisis and one that may have more widespread benefits to global growth conditions, and in some areas, it may just be financed by a bit more of that 'free' printed money. In summary, global bond markets remain very expensive on most measures and whilst we cannot dismiss the probability that this continues for some time to come, as long-term investors focused on the preservation of capital, we are reluctant to join the party when it may be approaching midnight.

Looking Ahead

The US Federal Reserve sanctioned two interest rate cuts in the quarter in response to an ongoing slowdown in 'global' economic conditions. Importantly, we view these policy moves as pre-emptive in nature and a safeguard against a further deterioration in trade war talks and therefore, global growth. To put this into context, the domestic US economy remains buoyant with consumption holding up, supported by a strong employment market, muted inflationary pressures and now, easier monetary conditions. Understandably, manufacturing indicators have slowed but we are minded that this accounts for a relatively small portion of the economy's output and the mainstay of GDP growth, namely the services industry, remains firm. Despite this positive economic backdrop, US government bond yields have frustratingly fallen in the quarter, but we view these moves as mainly sentiment driven (i.e. trade war uncertainty) rather than based on fundamentals. As such, the bond market is acutely at risk of a reversal if the US and China can agree on a mutually beneficial outcome which would do much to boost sentiment. Given events so far, this may appear to be a big ask but it is in neither nation's interests to escalate the situation given the contagion effect on an already slower global economy. We cannot predict the outcome, but only attempt to evaluate how much negativity is priced into the bond market and on many measures, it appears extreme and therefore warrants our defensive strategy.

The Fund's high conviction and long held bias to the US Dollar continues to add value with the currency gaining, in general terms, over 3% in the quarter. Whilst much of this upside can be attributed to the relative strength of the US economy and subsequent favourable yield and interest rate differentials, more recently, it has also benefited from its reserve currency status given the ongoing disruptions from trade war uncertainty. Weaker growth conditions in the Eurozone and the continuous BREXIT saga have only added to the allure of the US Dollar as both are delaying any prospect of monetary tightening this side of the Atlantic. Despite weaker global growth, we see few signs of an impending US recession given the resilience of the economy which should be further supported by 'pre-emptive' monetary easing by the Federal Reserve. We remain cognisant that on many measures the currency remains overvalued but given the myriad of global economic and political issues currently at play, it can remain expensive for some time yet and as such, the Fund remains overweight with a 100% allocation.

In respect of duration and given our thoughts above, the Fund remains underweight relative to benchmark although we have been closing the gap throughout the year given the slowdown in 'global' economic conditions. Whilst the Fund has delivered solid absolute returns over and above both cash and inflation in 2019, this defensive strategy has resulted in some relative underperformance to benchmark. However, if our fundamental bearish outlook for bonds is correct and some of the negative geo-political influences currently disrupting sentiment can be at least partially resolved, then we believe the Fund is best positioned to re-coup any relative underperformance accrued this year.