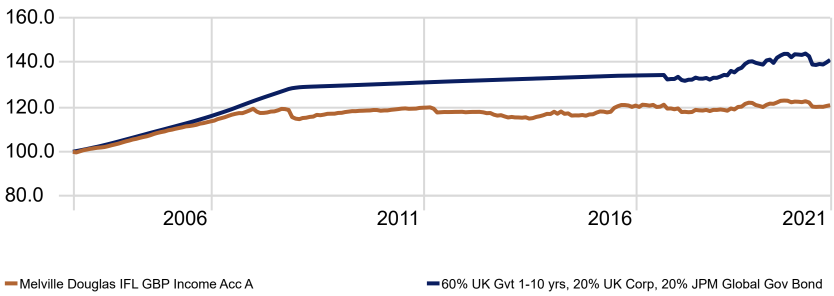
Melville Douglas Income Fund Ltd
Sterling Class

Minimum Disclosure Document as at 31 July 2021

Investment Growth***



Trailing Returns***

	1 Month	YTD	1 Year	3 Years	5 Years	10 Years
Melville Douglas IFL GBP Income Acc A	0.3	-1.5	-1.6	0.7	0.1	0.1
Melville Douglas IFL GBP Income Acc B	0.3	-1.5	-1.7			
Melville Douglas IFL GBP Income Acc C	0.3	-1.3				
Melville Douglas IFL GBP Income Acc X	0.3	-1.0	-0.9			
60% UK Gvt 1-10 yrs, 20% UK Corp, 20% JPM Global Gov Bond	0.8	-2.0	-1.9	2.1	1.0	0.8

Risk Matrix *

	Class A	Benchmark
Information Ratio (arith)	-1.0	
Std Dev	1.8	2.9
Sharpe Ratio **	0.0	0.1

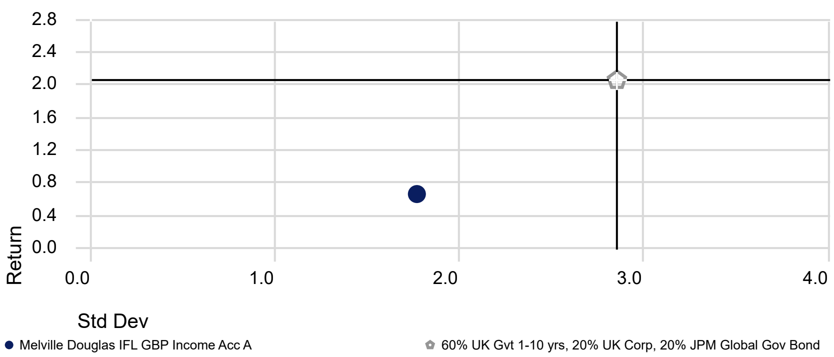
Highest & Lowest 12 Month Rolling Return

Highest 12 Month Rolling Return	5.00
Lowest 12 Month Rolling Return	-3.71

Monthly Returns***

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2021	-0.4	-1.5	-0.1	0.1	0.0	0.3	0.3						
2020	0.8	0.4	-0.1	0.5	0.6	0.1	-0.1	-0.6	0.3	-0.1	-0.1	0.3	2.2
2019	-0.2	-0.3	0.9	-0.4	0.9	0.1	1.0	0.4	-0.1	-0.8	-0.3	-0.4	0.9
2018	-1.4	0.1	-0.1	0.1	0.8	-0.2	-0.1	0.3	-0.4	0.4	0.0	0.2	-0.4
2017	-0.5	0.8	-0.1	-0.2	0.3	-0.8	0.1	0.7	-1.4	0.1	-0.3	0.3	-1.0
2016	0.6	0.4	-0.1	-0.3	0.2	1.5	0.6	0.4	0.0	-0.2	-0.5	0.5	3.3

Risk-Reward *

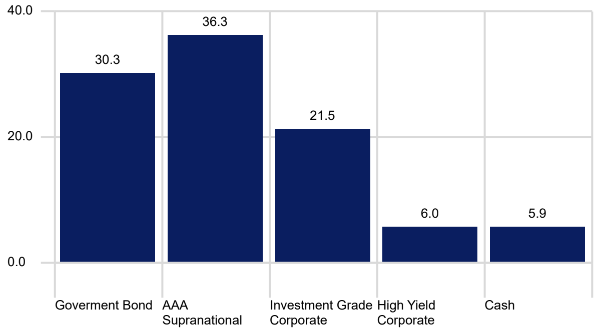


Not to be distributed outside of Jersey & South Africa

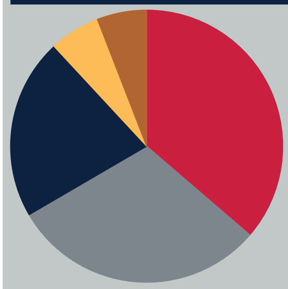
Investment Objective

To provide a return in excess of the benchmark in Sterling, 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 Sterling.

Security Sector



Asset Allocation



	%
AAA Supranational	36.3
Goverment Bond	30.3
Investment Grade Corporate	21.5
High Yield Corporate	6.0
Cash	5.9
Total	**100.0**

Operations

Name	Melville Douglas IFL GBP Income Acc A
Month End Price (Current Class)	GBP 120.51
Total Fund Value	GBP 18.10 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% GBP Libor Overnight. This was changed on 31 August 2017 to 80% GBP Govt 1-10 years/ 20% UK Corporate Bond

Benchmark changed on the 1 May 2020 to 60% UK Gvt 1-10 yrs, 20% UK Corp, 20% JPM Global Gov Bond

Source: Morningstar Direct, Melville Douglas Investment Management

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MelvilleDouglas
A Member of Standard Bank Group

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.Sonnbichler & R Stewart
Registered Office	47-49 La Motte Street, St Helier, Jersey
Publication Date	16 August 2021
Compliance No.	D8849R

Share Class ISIN

Class A	JE00B4ZCW915
Class B	JE00BF1CX551
Class C	JE00BK987S19
Class X	JE00BF1CX668

Minimum Investment

Class A	Closed to new investments
Class B	GBP 1 500
Class C	GBP 1 500
Class X	GBP 1 000 000

Launch Date

Class A	25 September 2003
Class B	01 September 2017
Class C	19 September 2020
Class X	24 August 2018

Fund Costs- 12 months

Fee Class	Management Fee*	TER	TC	TIC
Class A	0.95%	1.05%	0.00%	1.07%
Class B**	1.05%	1.15%	0.00%	1.17%
Class C	0.75%	0.85%	0.00%	0.87%
Class X	0.15%	0.25%	0.00%	0.27%

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.

**Class B management fee includes 0.30% rebate payable to adviser

Fund Costs- 36 months

Fee Class	Management Fee*	TER	TC	TIC
Class A	0.95%	1.06%	0.00%	1.09%
Class B**	1.05%	1.15%	0.00%	1.17%
Class C	0.75%	0.85%	0.00%	0.87%
Class X	0.15%	0.25%	0.00%	0.27%

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.

**Class B management fee includes 0.30% rebate payable to adviser

Contact Details

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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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Sterling Class

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Quarterly Commentary (30 June 2021)

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 period was +0.35% (A Class) and +0.55%% (X Class) versus the Fund's benchmark return of +0.85%. Year-to-date the Fund has delivered -1.73% (A Class) and -1.34% (X Class) versus the benchmark return of -2.74%.

Market Overview

The sharp rise in medium to long-dated yields that characterised the first quarter, came to an abrupt end as yields drifted slightly lower over the quarter, unwinding some of the previous rise. Developed market sovereign yield curves bear flattened in June as the spectra of the end of ultra-loose monetary policy came into focus following the above consensus inflation data in both the UK and US. Short-dated yields however, rose in the month after an uneventful April and May, particularly in the US following June's Federal Reserve Open Market (FOMC) meeting where they indicated that interest rates could start to rise in 2023, with the committee starting to "talk about talking about" tapering in 2022. But it was not only short yields that moved, longer-dated yields drifted lower on the prospect that central banks will tighten monetary policy to ensure their economies don't overheat. The economic recovery momentum is firmly in place with growth forecasts revised higher for 2021. However, it's possible that growth has peaked for this cycle, and although economic data releases remain solid, they do appear to be rolling over as the base effects are falling away. The "known unknown" is of course the pandemic, and whilst the recovery has been very strong, any further extended lockdown measures would put downside risk to this year's global growth projections. In the first half of 2021, bond yields have generally risen across the maturity spectrum , more pronounced in longer-dated bonds which have lost significant value.

Looking Ahead

At the most recent Monetary Policy Committee (MPC) meeting there was no change in policy, UK base rates remain at a record low of 0.1% and quantitative easing (QE) target at £895 billion, which at the current monthly pace of £3.4 billion will end in December 2021. The committee warned against "premature tightening" and pushed back on speculation that given the surge in inflationary pressures, they are preparing to remove current monetary stimulus, saying the UK economy still requires support to recover from the pandemic. Inflation has picked up recently, driven by not only base effects, but rising price pressures from continued supply chain disruptions, the re-opening of the economy, and also from BREXIT related issues, something which is unique to the UK following the end of trading agreements earlier in the year. Unemployment remains above pre-pandemic levels, although the true reflection of unemployment does not show in the data with many employees still on "Furlough" as the hospitality sector remains under pressure from government restrictions following the third wave of COVID-19. The government has stepped up the vaccination program following the introduction of the more contagious Delta variant in an effort to reduce the chance of extending the re-opening deadline further. Whilst this is good news for sectors which have been hit the hardest (services/hospitality etc), the country faces significant labour and skills shortages which could ultimately feed through to higher wage inflation, therefore adding additional inflationary pressure into the system. The burning question, will the Bank of England lift rates before the Fed?, this is of course possible, but for now the MPC have made it clear that they are in no hurry to remove monetary stimulus.

In line with the US Treasury market, long-dated UK sovereign (Gilt) bond yields have fallen over the quarter leading to a flattening of the yield curve. This has been driven by a repricing of reflation expectations and timing of the eventual pullback in central bank stimulus with the 30 year Gilt yield falling 16 basis points to end the month at 1.23% However, 2 year yields have barely moved, currently 0.05% as the BOE rhetoric is still firmly supportive, confirming stimulus measures will remain in place. The prospect of elevated inflation in the months ahead, which could rise as the removal of lockdown measures are relaxed further in July, may force the MPC to re-assess their current policy stance and ultimately prompt the bond market to discount interest rate rises ahead. We remain positive on the outlook for the UK economic recovery and forecast the 10-year Gilt yield to resume its upward path in the second half of the year and as such, the Fund remains defensively positioned with respect to duration.

Investment grade (IG) spreads have continued to trade within a tight range, with the 10 year US 'BBB' spread ending the quarter at a mere 104 basis points pick up over the comparable US Treasury, setting a new record low. The IG market has been supported by a fall in longer-dated sovereign bonds yields, but also positive momentum from investor's 'demand for yield' even at the these lofty valuation levels. Similarly in the High Yield (HY) market where yield spreads remain at historically tight levels, investor demand for new issues remains strong and with central bank policy likely to remain accommodative, yield spread differentials should remain supported. Indeed data from Moody's the rating agency recently confirmed that the ratio of credit upgrades to downgrades is moving higher particularly in the US, where in April and May 2021, there were 3.8 upgrades for every downgrade. The Fund has retained a slight overweight to IG corporate credit and overweight to HY credit as the positive carry remains attractive in the current environment. However, we are reluctant to increase exposure as valuations remain expensive with limited further spread compression unlikely to compensate for rising government bond yields.

Sterling has recently surrendered some of its strength versus the US Dollar but is still holding onto gains of circa 1.2% year-to-date. The currency enjoyed something of a sugar rush up until the end of May as rising UK government yields, less BREXIT distraction and a successful vaccination roll-out bolstered optimism. More recently however a combination of a strong US Dollar and rises in COVID-19 (Delta variant) cases in the UK delaying the full re-opening of the economy have prompted a mild reversal in Sterling, however, we remain constructive over the longer-term and the Fund retains an overweight to Sterling.

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.