

Melville Douglas Global Growth Fund Limited

USD Global Growth Class

Fund information update at 31 August 2021

What is the fund's objective?

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

What does the fund invest in?

The Class Fund invests in a well-diversified portfolio comprising quoted global equities, global fixed income securities including government and corporate bonds and money market instruments which will maximise investment returns in USD.

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
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What is the suggested investment period for this fund?

Minimum period

1 Month	6 Months	1 Year	3 Years	5 Years	7 Years
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Who should consider investing in this fund?

The fund is suitable for investors with above average risk profiles given the benchmark of 65% Global Equity and 35% Global Fixed Income. The risk in the fund is balanced through active asset allocation between equity, fixed income and interest bearing money market securities.

Income

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

General fund information

Manager(s) Bernard Drottschie, Karl Holden and Prandhana Naidu

Size (NAV) \$ 274.97 million

Peer group EAA Fund USD Flexible Allocation

Benchmark MSCI ACWI 65%

JPM Global Agg (unhedged) 35%

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 B

Launch 17 May 2017

Class C 27 July 2017

ISIN number JE00BD2X3T71

JE00BD2X3V93

SEDOL code BD2X3T7

BD2X3V9

Bloomberg MDGGUBB JY

MDGGUBC JY

Minimum investment requirements -

New business Open

Open

Initial \$ 2,500

\$ 2,500

Subsequent \$ 1,000

\$ 1,000

What are the costs to invest in this fund?

Maximum charges

	Class B	Class C
Initial fee (manager)	0.000%	0.000%
Initial fee (adviser)	3.000%	3.000%
Annual fee (manager)	1.650%	0.950%
Annual fee (adviser)	0.000%	0.000%
Performance fee	N/A	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 30 June 2021

	Class B	Class C
Based on period from:	01/07/2018	01/07/2018
Total Expense	1.73%	1.05%
Transaction Costs	0.01%	0.01%
Total Investment Charge	1.73%	1.06%
1 Year Total Expense	1.72%	1.02%

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.

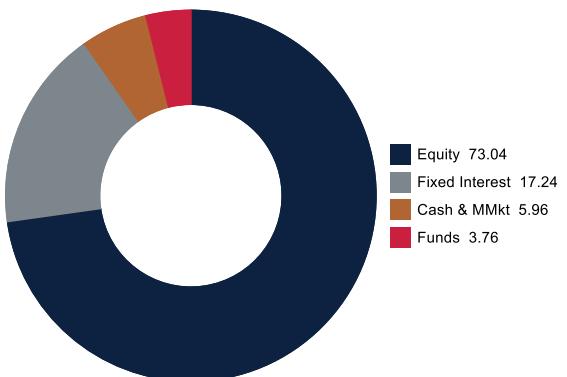
Melville Douglas Global Growth Fund Limited

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Monthly update at 31 August 2021

Holdings

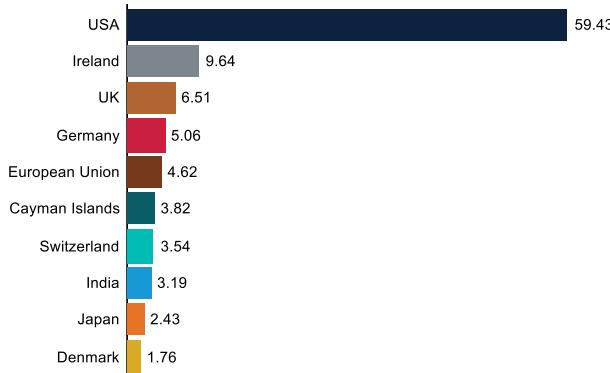
Asset class (%)



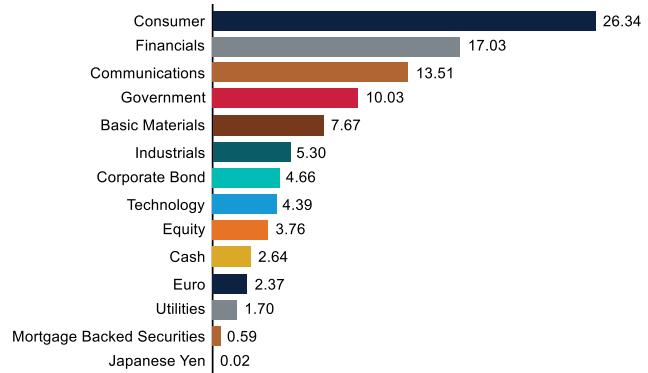
Top holdings (%)

US TSY Note/Bond 2.625% 15/02/2029	4.72
Microsoft Corp	4.39
Melville Douglas SFL Global Impact	3.76
Alphabet Inc A	3.59
Facebook Inc A	3.45
Partners Group Holding AG	3.41
iShares \$ Corp Bond UCITS ETF USD (Dist)	3.25
Brenntag SE	3.11
HDFC Bank Ltd Sp ADR	3.07
Boston Scientific Corp	3.00

Country (%)



Category (%)



Performance and Income

Class B Launch: 17 May 2017

Class C Launch: 27 July 2017

Benchmark: MSCI ACWI NR (MSCI World NR from launch to 30/04/20) 65%; JPM Global Aggr Bond TRT (JPM Global Agg (unhedged) from launch to 30/04/21) 35%
Peer group: EAA Fund USD Flexible Allocation

Returns (%)	1yr	2yrs	3yrs	4yrs	Launch
Class B					
Class	15.11	14.97	11.37	10.67	11.13
Benchmark	19.14	15.90	11.32	10.91	10.98
Peer group	14.22	9.76	6.63	5.66	5.85
Class C					
Class	15.92	15.75	11.99	11.23	11.11
Benchmark	19.14	15.90	11.32	10.91	10.57
Peer group	14.22	9.76	6.63	5.66	5.49

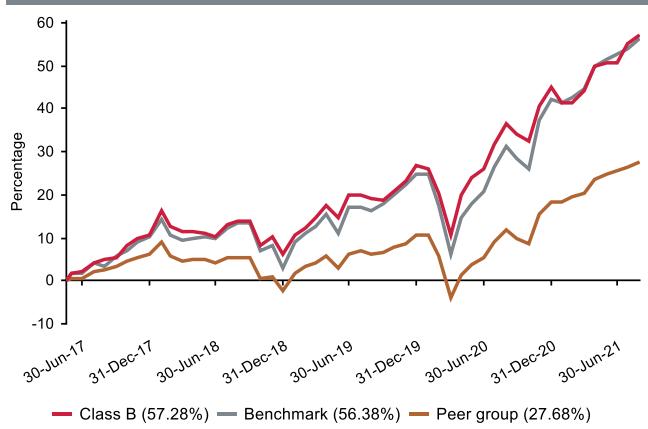
Returns (%) shown are cumulative for all periods shorter than or equal to 1 year and annualised for all periods greater than 1 year.

Statistics (%)	1yr	2yrs	3yrs	4yrs	Launch
Class B					
Positive Months	9	17	24	32	35
Max Gain	18.87	42.12	48.31	50.01	58.50
Max Drawdown	-3.16	-12.62	-12.62	-12.62	-23.88
Highest	30.39	30.39	30.39	30.39	30.39
Lowest	9.57	-3.41	-4.79	-4.79	-4.79
Class C					
Highest	31.30	31.30	31.30	31.30	31.30
Lowest	10.33	-2.92	-4.51	-4.51	-4.51

Highest - this reflects the highest 12 month return during the period.

Lowest - this reflects the lowest 12 month return during the period.

Cumulative performance (%) from Launch



Melville Douglas Global Growth Fund Limited

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Quarterly update at 30 June 2021

Who are the investment managers?



Bernard Drotchie
BCom (Hons), CFA, CFP
Chief Investment Officer



Karl Holden

Head of International Fixed Interest and Currency Strategy



Prandhana Naidu
BBusSci (Hons) degree in Finance, CFA
Fund manager

Bernard joined Melville Douglas in 2002 as a portfolio manager and analyst, prior to which he worked for Absa Asset Management. He is the lead manager on the Melville Douglas Global Growth Fund (USD) and co-manages the Melville Douglas Balanced Fund (USD) and the Melville Douglas Income Funds. He holds a BCom (Hons) degree in Econometrics, is a CFA® Charterholder and a Certified Financial Planner™ professional.

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.

Karl joined Standard Bank in 1991 and specialises in global fixed income and currency markets. He is lead manager of the Melville Douglas Income funds and also manages the investments of a number of high-net-worth clients. 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. Karl is based in Jersey.

Prandhana joined Melville Douglas in 2014. She is the co-manager of the Melville Douglas Select Global Equity Fund. Prandhana also covers the global consumer staples sector. Prior to joining the company, she was a portfolio manager at Sasfin Securities. She holds a BBusSci (Hons) degree in Finance from the University of Cape Town, and is a CFA® Charterholder.

Fund review

Over the quarter, the fund returned 4.5% compared to a benchmark return of 5.5%. Relative performance lagged due to the underperformance from equity over the period, with stock selection detracting from performance. Although an overweight position in the USD assisted the relative returns within fixed income, a defensive and underweight position resulted in some underperformance as global bond yields rallied on growth momentum concerns. From an asset allocation perspective, the overweight position to global equities contributed positively to performance.

Market overview

Global equity returns have continued to please this year aided by strong underlying growth in company earnings and improving economic fundamentals as vaccination programmes are progressing and allowing for increased liftings of economically harmful restrictions. At the same time monetary and fiscal policies around the world have been exceptionally accommodative over the past year and played an important part in supporting valuations across asset classes, including commodity prices. On the face of it a favourable backdrop, but growth momentum is about to slow as positive base effects and policy support measures start to fade, whilst inflationary pressures have become a much larger factor for central banks to contend with. At the same time the full impact on economic growth from the new Delta strain of COVID still needs to be revealed.

Back to Basics – Fundamentals remain supportive

The underlying growth outlook for many economies remains encouraging. COVID-19 and its effects are not going to disappear any time soon, but countries, companies and households have learned to adapt to a new environment. The successes achieved from the vaccination programmes have been well documented and alongside technological innovation, has led to the strong rebound in economic activity as pent-up end demand is now starting to be unlocked. The evidence thus far has been positive, and the vaccinations have allowed economies, particularly developed economies, to ease the restrictions that were enforced on mobility during the height of the pandemic. It is interesting to note that global mobility has recovered to such an extent that it now stands only 12% below pre-pandemic levels.

Now that economies are reopening consumers are and will be looking to deploy their excess savings which have been built up due to forced isolations. Industries that had been most negatively affected from the pandemic such as leisure, travel, restaurants and other non-tradeable services sectors look set to benefit the most as we exit from the pandemic. Demand looks to remain strong as the year progresses leading to inventories across many product categories to either be run down to historically low levels or in some cases depleted, causing supply bottlenecks. In time manufacturers will certainly catch up with demand again, but until markets are in equilibrium the excess demand over supply will result in higher prices for perhaps longer than what was originally thought. The inventory rebuilding process will however be an important contributor and underpin to the cyclical rebound in global growth over the medium term.

In addition, policy makers have once again been successful in rebuilding business and consumer confidence through unorthodox (whatever it takes) and unprecedented monetary and fiscal support measures, such as “handing out” cash to individuals, households and companies to support them during these surreal and challenging times. The Biden administration have asked for an additional \$4tn to be spent over the next decade on further income support initiatives; social upliftment, education, and infrastructure programmes with a focus on supporting environmentally friendly projects. Europe is about to embark on their own Recovery Plan which is also primarily focused on infrastructure spending with significant benefits for several Eastern European countries. These spending plans will in the immediate future provide an underpin to economic growth and while there will be a bill to be repaid in time as government balance sheets expand, policy makers are adamant not to repeat the same mistakes made in the aftermath of the Global Financial Crisis when fiscal support was pulled back too early and left the task of supporting economic growth squarely on the shoulders of Central Banks.

Looking ahead

The outlook for economic growth remains robust. The US has been one of best performing economies this year but as restrictions are lifted across Europe and other emerging markets, growth is expected to broaden more widely. Significant consumer led pent up demand exists. The recovery in services is expected to outweigh consumer spending given the supply constraints which have affected the demand for new vehicles and houses. The supply bottlenecks have not only held back the recovery in industrial production but have also resulted in much higher prices and inflation expectations, even though this is expected to be transitory.

Policy makers are in no rush to withdraw the excess liquidity created over the past year. Monetary accommodation will however become less supportive for financial assets and the real economy as the growth rate in money supply and credit extension starts to slow. Without credit neither inflation nor growth are possible. The same holds true for fiscal support. In time, government bond yields will reflect this reality and perhaps at the same time when economic growth and earnings momentum peak. Growth momentum is expected to turn down as base effects start to wear off. That doesn't mean that corporates earnings are expected to decline but it does indicate that investors should expect lower returns than what have been achieved during the past 12 months and that the strong outperformance from cyclical sectors such as materials and financials (from oversold levels) are perhaps behind us. In other words, investors will be entering a phase where stock selection backed by fundamental research will play a more important role in achieving outperformance than simply investing in the cheapest stocks and benefitting from a re-rating. Another headwind for investors to consider is valuations which appear to have run ahead of themselves given the magnitude of monetary stimulus. Both monetary and fiscal stimulus have either reached or will very soon reach a negative inflection point given that the magnitude of stimulus has started to decline from the extreme levels seen earlier this year.

Portfolio Positioning

From an asset allocation perspective, we remain comfortable with the maximum overweight position to equities that we introduced in the quarter even though returns are expected to moderate. Earnings growth remains strong and is expected to offset a derating in the asset class as excess public liquidity rolls over and the discount rate adjusts higher. As growth normalises over the next year investors need to be more selective and circumspect in their approach. Companies with secular growth drivers, strong balance sheets and pricing power tend to do well in this environment. We continue to find government bonds and cash unattractive given the low yields on offer and remain underweight. In addition, higher growth and inflation pose a significant risk and headwinds to fixed income securities.

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.

Melville Douglas Global Growth Fund Limited

USD Global Growth Class



Change in allocation of the fund over the quarter

Asset type	Q2 2021	Q1 2021	Change
Cash & MMkt	4.90	6.30	-1.39
Equity	72.34	66.53	5.80
Fixed Interest	18.98	23.65	-4.67
Funds	3.78	3.52	0.26

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	Price (\$)	Units	NAV (\$)
B	Retail	14.91	1,604,209.72	23,925,765.13
C	Retail	14.73	956,767.22	14,092,425.91

All data as at 30 June 2021.

Units – amount of participatory interests (units) in issue in relevant class.

Important information at 31 August 2021

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 USD Global Growth Class is a class fund of the Melville Douglas Global Growth 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 Asset Management (Pty) Limited, which is wholly 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 August 2021, 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.

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