Melville Douglas Balanced Fund Limited
USD Balanced Class

MelvilleDouglas
A Member of Standard Bank Group

Fund information update at 31 August 2022

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

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?

The fund is aligned to investors who require a real return on their capital over time. The fund is suited to investors with a moderate risk profile.

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 Drotschie
Size (NAV)	$ 10.82 million
Peer group	EAA Fund USD Flexible Allocation
Benchmark	MSCI ACWI NR 50% US Cash 50%
Section 65	Not Approved
	Class C
Launch	16 May 2003
ISIN number	JE00B504TG57
SEDOL code	B504TG5
Bloomberg	MDBLBLC JY

Minimum investment requirements -

New business	Open
Initial	$ 2,500
Subsequent	$ 1,000

What are the costs to invest in this fund?

Maximum charges

	Class C
Initial fee (manager)	0.000%
Initial fee (adviser)	3.000%
Annual fee (manager)	0.950%
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 30 June 2022

	Class C
Based on period from:	01/07/2019
Total Expense	1.41%
Transaction Costs	0.02%
Total Investment Charge	1.43%
1 Year Total Expense	1.42%

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.

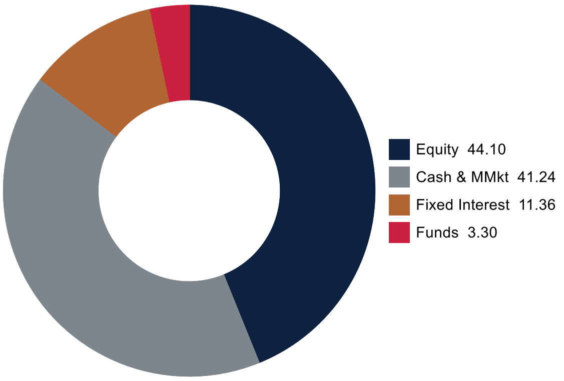
Melville Douglas Balanced Fund Limited
USD Balanced Class

MelvilleDouglas
A Member of Standard Bank Group

Monthly update at 31 August 2022

Holdings

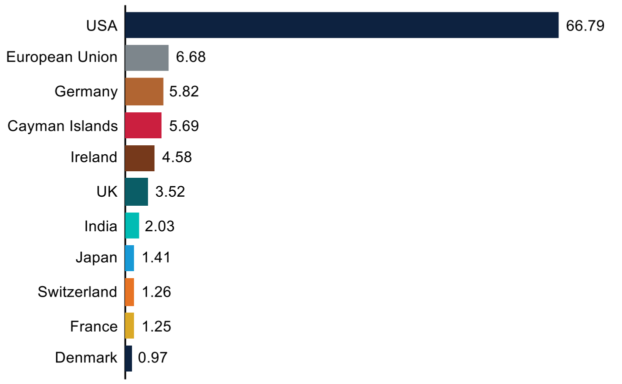
Asset class (%)



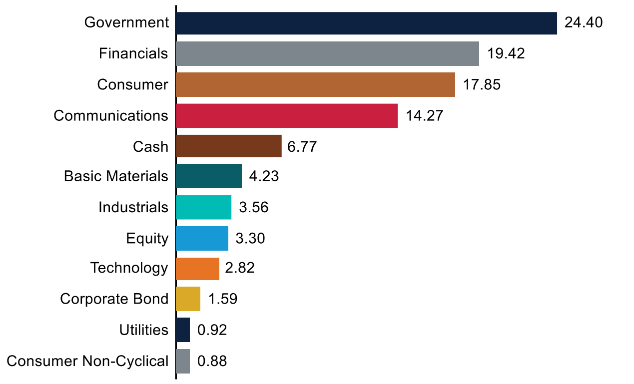
Top holdings (%)

US TSY Note/Bond 1.25% 31/07/2023	3.62
US TSY Bill 0% 29/09/2022	3.51
Melville Douglas SFL Global Impact	3.30
Inter-American Dev Bank 0.5% 24/05/2023	3.24
Intl Bank for Recon & Dev 1.75% 19/04/2023	2.96
Microsoft Corp	2.82
European Investment Bank 2.875% 15/08/2023	2.63
BNG Bank N.V. 0.75% 17/04/2023	2.59
Vodafone Group plc 2.5% 26/09/2022	2.41
UnitedHealth Group Inc	2.36

Country (%)



Category (%)



Performance and Income

Class C Launch: 16 May 2003

Benchmark: MSCI ACWI NR (MSCI World NR from launch to 30/04/20) 50%; US Cash 50%

Peer group: EAA Fund USD Flexible Allocation

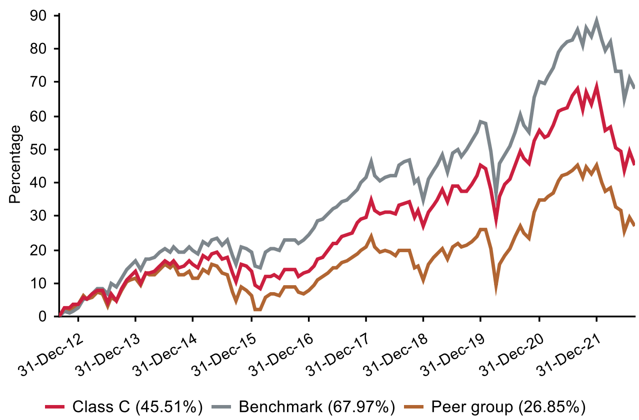
Returns (%)	1yr	3yrs	5yrs	7yrs	10yrs
Class C					
Class	-13.36	1.95	3.20	3.67	3.82
Benchmark	-9.52	4.34	4.52	5.16	5.32
Peer group	-12.71	1.69	1.70	2.40	2.41

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	3yrs	5yrs	7yrs	10yrs
Class C					
Positive Months	4	22	38	54	76
Max Gain	4.15	30.46	35.47	55.39	68.42
Max Drawdown	-14.77	-14.77	-14.77	-14.77	-14.77
Highest	14.54	21.84	21.84	21.84	21.84
Lowest	-13.36	-13.36	-13.36	-13.36	-13.36

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

Cumulative performance (%) over 10 Years



Melville Douglas Balanced Fund Limited
USD Balanced Class

MelvilleDouglas
A Member of Standard Bank Group

Quarterly update at 30 June 2022

Who are the investment managers?

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

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.

Fund review

Over the quarter, the fund returned -8.5% compared to a benchmark return of -9.4%. The outperformance was the result of positive relative performance from the equities held in the fund, with stock selection contributing positively. An overweight position in global equity detracted from asset allocation.

The fund's equity holdings have outperformed the MSCI All Country index over the quarter as a result of stock selection, despite the continuing underperformance of quality-growth stocks. Notable contributors to the fund's outperformance included a rebound in Chinese Big Tech (particularly Alibaba) and resilient performance by the healthcare holdings (including Johnson & Johnson and US health insurers Elevance and UnitedHealth). The sell-off provided an opportunity to add JPMorgan Chase to the fund holdings. As one of the world's largest and best managed financial institutions, it has a competitive edge through economies of scale and scope, including a sizeable technology budget to counter disruption. There is also a near term kicker resulting from sharply higher US rates, which will boost its net interest margin.

The cash (enhancement) component in the fund has a large amount of liquidity with approximately 60% of the assets set to mature over the coming nine months. Short rates have risen significantly during the quarter as central banks have become more hawkish, and this will provide an opportunity to reinvest and lock into higher yields, something we have been patiently waiting for.

Market overview

Equity markets experienced their worst start to the year since 1970 as stagflation fears set in and central banks signalled a much firmer stance in bringing inflation under control. Global equity markets have officially entered a bear market after declines of more than 20% from the peak reached in January this year. Defensive stocks have held up reasonably well, but at the end of the first half of the year, the energy sector was the only sector that printed a positive return on the back of materially higher oil prices. Growth stocks in particular (IT and discretionary) came under significant pressure against a background of higher interest rates and elevated valuations. Outside of cash, oil and gold there was nowhere to hide for investors. Global fixed income investors also experienced pain as the capital losses for the year have wiped out nearly 10 years' worth of income, and investors that chanced their arm at speculative cryptocurrencies will be feeling severely bruised after very sharp selloffs in their prices. Stagflation is categorised as a period of persistently high inflation and low or stagnant growth, both of which have historically been headwinds to investment markets. Although the sharp increase in inflation, caused by a combination of strong demand and supply disruptions during the pandemic and more recently by the war in Ukraine will ease as commodity prices stabilise, production lines and supply logistics adjust and supply bottlenecks ease, investors have become increasingly concerned about the expected slowdown in economic growth, or even worse the next recession. In our opinion these uncertainties translate into a need for balance in portfolios, and why we think a more neutral allocation to risk assets currently makes sense.

Looking ahead

Investment markets this year have been taken by surprise by what was supposed to be a gradual tightening in monetary policy. The terminal rate across central banks (peak in expected policy/interest rates) has increased significantly; on average by 200 basis points since the beginning of the year as inflation turned both higher and more entrenched than what was previously expected. It is this sharply higher movement in interest rate expectations that have caused a sudden change in the discount rate used to value the future cash flows of stocks and debt/fixed income instruments. Equity market valuations have adjusted to this new reality and almost all the derating in valuations this year can be explained by higher interest rates rather than a shift in earnings expectations, which has continued to be supportive. The same way that equity markets and other risk assets benefited from abnormally low interest rates and unprecedented monetary support since March 2020, the opposite has been experienced throughout the course of this year and can continue if inflation expectations do not moderate as expected or if the outlook for earnings growth deteriorates.

Our base case is that global economic growth will slow to below trend over the next year, but that a deep and prolonged recession will be avoided given fiscal support, strong household and corporate balance sheets, pent up demand as the world re-opens from Covid restrictions, a buoyant job market and well capitalised financial institutions. In addition, China is expected to support growth as policy restrictions ease after several months of intense Omicron related lockdowns. We are however acutely aware that the environment remains fluid and that forecasting at present is exceptionally difficult given the flurry of potential outcomes. As a result, we remain steadfast in our approach to invest in high quality companies with secular growth profiles, supported by strong balance sheets and to ensure that we don't overpay for assets. The current environment is sure to provide opportunities for companies with strong pricing power, unique offerings and wide moats to increase their market share and competitive position as many of the less established unprofitable companies will fall by the wayside as funding becomes more challenging and top line growth starts to slow.

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	Q2 2022	Q1 2022	Change
Cash & MMkt	39.90	35.23	4.67
Equity	47.46	52.24	-4.78
Fixed Interest	9.49	9.00	0.49
Funds	3.15	3.53	-0.38

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	Price ($)	Units	NAV ($)
C	Retail	193.77	55,171.01	10,690,317.02

All data as at 30 June 2022.
Units – amount of participatory interests (units) in issue in relevant class.

MelvilleDouglas
A Member of Standard Bank Group

Important information at 31 August 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 USD Balanced Class is a class fund of the Melville Douglas Balanced 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 August 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