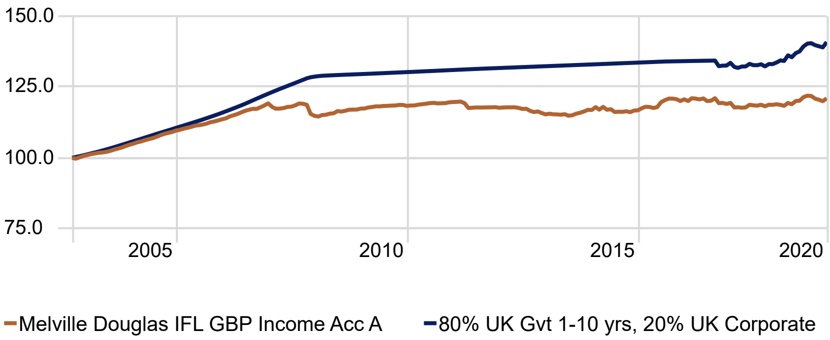
Melville Douglas Income Fund Ltd
Sterling Class

MelvilleDouglas
A Member of Standard Bank Group

Minimum Disclosure Document as at 31 January 2020

Investment Growth***



Trailing Returns***

	1 Month	YTD	1 Year	3 Years	5 Years	10 Years
Melville Douglas IFL GBP Income Acc A	0.8	0.8	1.9	0.3	0.5	0.3
80% UK Gvt 1-10 yrs, 20% UK Corporate	1.3	1.3	4.8	1.6	1.2	0.8

Risk Matrix *

	Class A	Benchmark
Information Ratio (arith)	-1.2	
Std Dev	2.0	2.1
Sharpe Ratio **	-0.1	-0.1

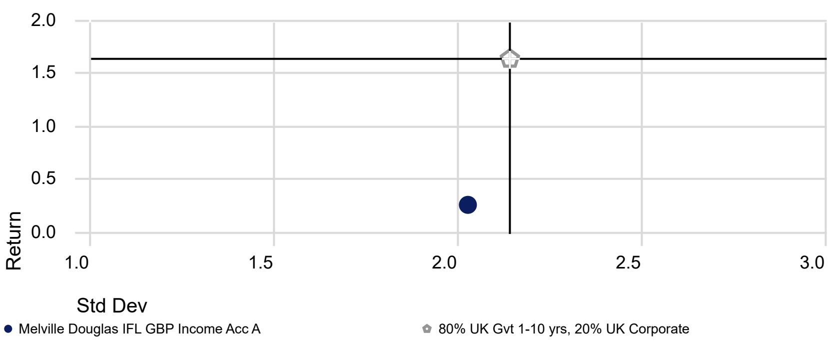
Highest & Lowest 12 Month Rolling Return

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
2020	0.8												
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
2015	0.9	-0.8	0.8	-0.9	0.2	-0.8	0.1	0.0	0.2	-0.3	0.5	0.1	-0.1

Risk-Reward *

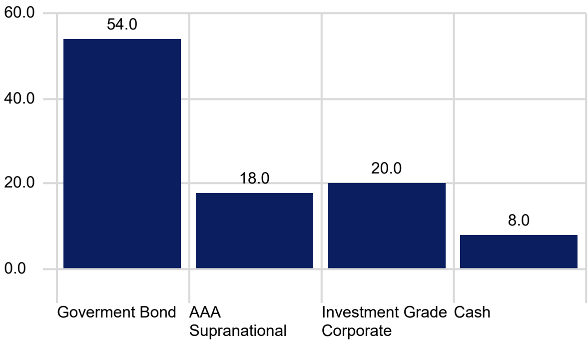


Not to be distributed outside of Jersey & South Africa

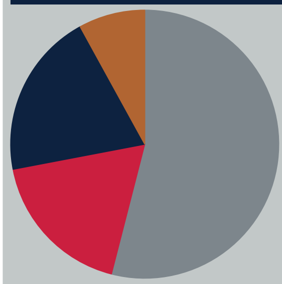
Investment Objective

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



	%
Goverment Bond	54.0
AAA Supranational	18.0
Investment Grade Corporate	20.0
Cash	8.0
Total	**100.0**

Operations

Name	Melville Douglas IFL GBP Income Acc A
Month End Price (Current Class)	GBP 120.7
Total Fund Value	GBP 10.4 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

Source: Morningstar Direct, Melville Douglas Investment Management

Melville Douglas Income Fund Ltd
Sterling Class
Minimum Disclosure Document as at 31 January 2020

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 February 2020
Compliance No.	MOO044

Share Class ISIN

Class A	JE00B4ZCW915
Class B	JE00BF1CX551

Minimum Investment

Class A	Closed to new investments
Class B	GBP 1 500

Launch Date

Class A	25 September 2003
Class B	01 September 2017

Fund Costs- 12 months

Fee Class	Management Fee*	TER	TC	TIC
Class A	0.95%	1.09%	0.02%	1.11%

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 A	0.95%	1.09%	0.02%	1.11%

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 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.

Quarterly Commentary

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 -1.51% versus the Fund's benchmark return of -1.06%.

Market Overview

Developed market government yields have been rising since early September, in line with the fade in some factors that have helped support bond markets over recent quarters. It appears, for now at least, that worst case scenarios for both trade wars (phase one) and BREXIT have been avoided although both will remain important factors in the year ahead. The positive sentiment from recent news flow on these events has been married with some more encouraging global manufacturing data and importantly, confirmation that the US, Germany and UK have avoided recessions – the former convincingly so. Deeper, and potentially less effective, negative interest rates in the Eurozone seem to be off the cards for now amid mounting speculation that some fiscal assistance is on the horizon thanks to the affordability offered by ultra—low and often negative yields. The US Federal Reserve are telling investors that three 'insurance' interest rate cuts this year are more than enough given the ongoing broad strength in the US economy and as a result, the dreaded inversion of the yield curve (recession indicator) appears behind us for now. The direction for government yields in 2020 remains a difficult call thanks to the ever increasing geo-political influence, but fundamentally we still view global bond markets as expensive. As above, some uncertainties (trade wars/BREXIT) have eased and global central banks have loosened policy further, all whilst economic growth conditions have fared better than many expected. The icing on the cake in the period ahead could be some co-ordinated fiscal easing which would support economies without the need for even deeper interest rate cuts. The last few months has brought us encouraging signs that some key global economic data points are bouncing off their lows and a continuation of this theme in the New Year should be justification enough for yields to trend higher in the months ahead.

Looking Ahead

UK government bond yields have risen in tandem with other developed markets in recent months, now pricing in a less pessimistic outlook for the economy. Economic data emanating out of the UK has been slightly better than forecast, and the outcome from the recent general election where the Conservative party led by Boris Johnson won an emphatic victory, has reduced short term political uncertainty . Whilst this has provided clarity that the UK will leave the EU with a transition deal in place by the 31st January, the next deadline in the BREXIT saga will be the 31 December 2020 for a trade deal between the UK and EU, which could provide further uncertainty and volatility over the year. Hopefully in the months ahead we start to see an increase in business investment, something that has been on hold for some time and a significant drag on economic growth with the only pillar of support coming from the consumer, aided by wage inflation and low unemployment.

The Monetary Policy Committee (MPC) left rates unchanged over the year, but there has been a marked change recently with two dissenters in the committee who are pushing for an imminent interest rate cut to provide support for the economy. One could argue that this would be little more than an "insurance cut" or "downside risk management" should fundamentals in the economy deteriorate. However, with little room for monetary support, the economy will require a loosening in fiscal policy, something the Conservatives are planning predominantly via investment spending to the tune of approximately 1% of GDP. At this stage it is difficult to predict how the UK bond market will perform throughout 2020 but if the government can successfully navigate the next round of BREXIT trade negotiations whilst benefiting from the planned fiscal stimulus, we see no reason why yields cannot continue to rise in anticipation of an improved economic climate in the years ahead.

Having been plagued by BREXIT uncertainty for a prolonged period, Sterling rebounded strongly in the final few months of 2019 as the Conservative's convincing election win meaningfully reduces the odds of Britain crashing out of the bloc with a 'no-deal'. However, and as we have alluded to in earlier strategy notes, BREXIT has taken its toll on the economy and a swift recovery to above trend growth conditions may be wishful thinking. That said, economic conditions have held up better than many forecast in the aftermath of the 2016 vote and a recession has been avoided, albeit narrowly. Focus now will be on the tight timeframe to negotiate trade deals and whilst PM Johnson appears optimistic, it is hard not to expect another 'can to be kicked down the road' at some stage. In this environment, we doubt the Bank of England will be able to lift interest rates but earlier forecasts of cuts to the zero-bound now seem less likely and therefore supportive for the currency. Ultimately, the worst case scenario may now be (almost) behind us and Sterling has reacted positively more recently but direction over the coming year will not be a one way street. Taking a long-term view, we remain positive on Sterling but are cognisant that its recovery could be a long and winding road and for now the Fund continues to hold some foreign currency exposure as a hedge in the event of more BREXIT related volatility.

Given our ongoing negative outlook for both the UK and global bond markets and almost non-existent yield pick-up in riskier longer-dated issues, the Fund remains underweight duration relative to benchmark. Our defensive strategy has resulted in relative underperformance to benchmark in 2019 although the Fund has delivered a positive return over the period. The Fund continues to allocate to investment grade corporate debt with a mild overweight position but these holdings are directed at the shorter-end of the maturity spectrum as we remain mindful that credit spreads have tightened to near historically low levels. In addition, we continue to allocate to highly rated supranational debt over UK government issues given the additional yield advantage.