Melville Douglas STANLIB Global Equity Feeder Fund

Fund information update at 28 February 2021

MelvilleDouglas
A Member of Standard Bank Group

What is the fund's objective?

The objective of the fund is to provide long-term capital growth by investing in quoted global equities and maximising investment returns in USD.

What does the fund invest in?

The fund is a feeder fund which, apart from assets in liquid form, consists solely of participatory interests of the Melville Douglas Select Global Equity Fund – a high conviction, actively managed global securities fund. The fund consists of 25-35 high quality multi-national companies from around the world. Each company must comply with our stringent requirements for quality, growth and attractive valuation.

What possible risks are associated with this fund?

General market risks include a rise or volatility in bond yields, rising interest rates, economic and political risk, inflation uncertainty and duration risk. Where foreign securities are included in the portfolio there may be additional risks, such as potential constraints on liquidity and the repatriation of funds, macro-economic risks, political risks, tax risks, settlement risks, and potential limitations on the availability of market information.

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 investment strategy is suitable for investors looking for long term capital appreciation. The fund objective is to deliver strong risk adjusted returns over time. Risk is mitigated through holding a range of highly profitable and proven franchises diversified across multiple sectors and geographies.

Income

Distribution Net income is calculated and accrued daily and is declared and distributed semi-annually.
Due to the nature of this portfolio it is unlikely that any net income will be available for distribution.

Declaration 30 June, 31 December

General fund information

Manager(s)	Justin Maloney and Prandhana Naidu
Size (NAV)	R 562.07 million
Classification	Global - Equity - General
Benchmark	MSCI AC World Net
Regulation 28	Does not apply
	Class B1
Launch	07 November 2016
ISIN number	ZAE000227815
JSE code	MDGB1
Minimum investment requirements -	
Lump sum	R 10,000
Monthly	R 500

What are the costs to invest in this fund?

Maximum charges including VAT	
	Class B1
Initial fee (manager)	0.000%
Initial fee (adviser)	3.450%
Annual fee (manager)	1.495%
Annual fee (adviser)	0.000%
Performance fee	N/A
Adviser fee	1.150%

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.
Adviser fee - this is the maximum annual service fee (% based) an adviser can charge on the value of your portfolio. It is calculated and accrued daily and recovered monthly by means of a redemption of your units. It is not included in the **Annual fee**.

Cost ratios (annual) including VAT as at 31 December 2020	
	Class B1
Based on period from:	01/01/2018
Total Expense	1.51%
Transaction Costs	0.05%
Total Investment Charge	1.56%
1 Year Total Expense	1.58%

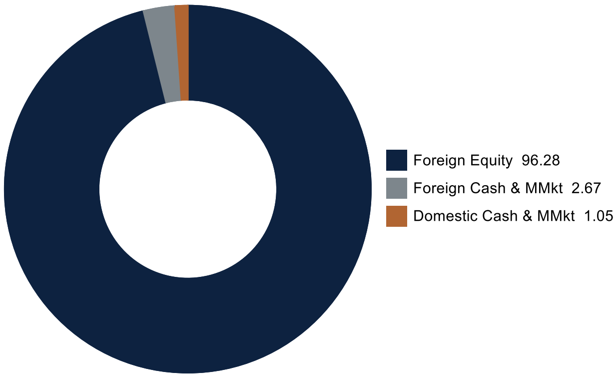
Total Expense (TER): This ratio shows the charges, levies and fees relating to the management of the portfolio and is expressed as a percentage of the average net asset value of the portfolio, calculated over the period shown and annualised to the most recently completed quarter. A higher TER does not 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.

Holdings

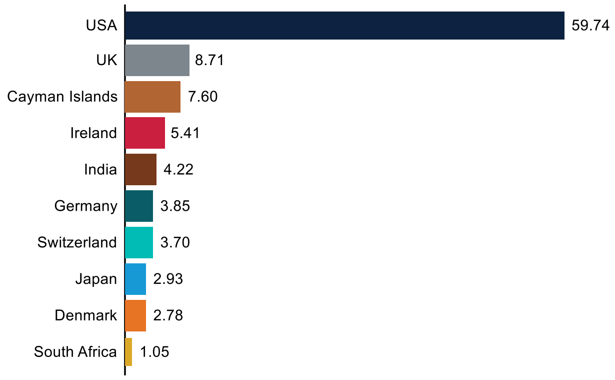
Holdings (%)

Melville Douglas SFL Global Equity X	97.96
Domestic Cash	1.05
Foreign Cash	0.99

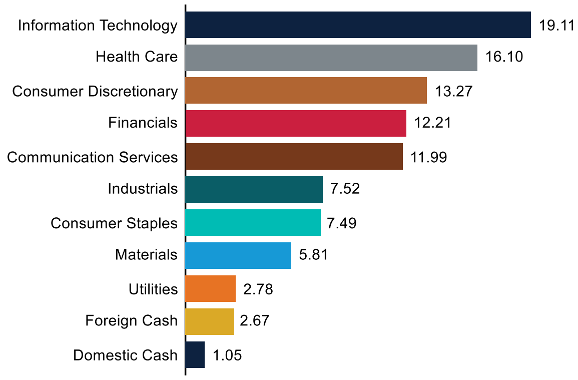
Asset class (look through) (%)



Country (look through) (%)



Sector (look through) (%)



Performance and Income

Class B1 Launch: 07 November 2016

Benchmark: MSCI AC World Net from 23/01/2017, previously MSCI AC World TR from launch.

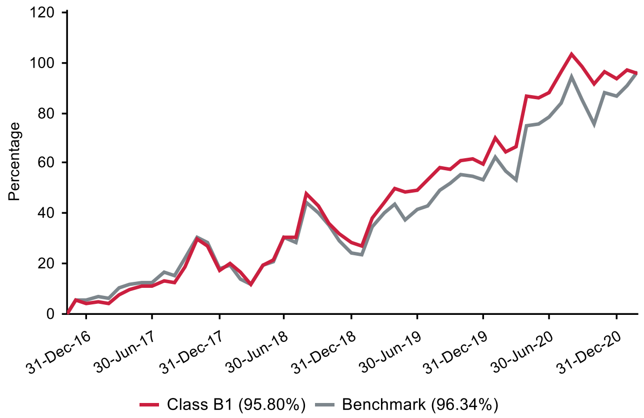
Returns (%)	1yr	2yrs	3yrs	4yrs	Launch
Class B1					
Class	18.78	19.20	18.89	17.04	16.86
Rank/Out of	50/56	29/45	13/37	8/34	9/32
Sector Average	23.45	18.54	16.35	13.90	14.17
Benchmark	25.40	20.73	19.85	16.56	16.94

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 B1					
Positive Months	7	15	20	27	28
Max Gain	23.49	47.71	82.24	95.05	107.81
Max Drawdown	-5.86	-5.86	-14.36	-14.36	-22.01
Highest	28.83	33.95	33.95	33.95	33.95
Lowest	15.35	6.79	3.78	3.78	3.78

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



Amount declared (cents per unit)

	Class B1
30 June 20	0.00
31 December 20	0.00
In last 12 months	0.00
In 2020	0.00

Melville Douglas STANLIB Global Equity Feeder Fund

Quarterly update at 31 December 2020

MelvilleDouglas
A Member of Standard Bank Group

Who are the investment managers?

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.

Justin Maloney
BSc (Hons), CFA, Chartered FCSI
Fund Manager

Justin joined Melville Douglas in 2014 and has over 26 years' experience of managing global equity funds. He co-manages the Melville Douglas Select Global Equity Fund and covers a range of sub-sectors for the team. Prior to joining the company, he was a global equity fund manager in London for Sanlam and F&C Asset Management. He holds a BSc (Hons) degree in Business from Cass Business School, University of London. He is also a CFA® Charterholder and a Chartered Wealth Manager. Justin is based in Jersey.

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

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

The fund benefited from a sharp vaccine-inspired rally which lifted all boats. Attractive fund returns over the final quarter of 2020 lagged an even stronger advance by the MSCI All Country World index as investors rotated out of stable growth stocks and into those with higher sensitivity to the business cycle. Notable contributions came from ongoing strength in wind-farm operator Ørsted, Indian bank HDFC and multinational life insurer Prudential. Chinese ecommerce giant Alibaba detracted from performance as a result of intensifying regulatory pressure and the cancellation of the $37bn public offering of its fintech carve-out Ant Group.

Market overview

At last there was something tangible to celebrate this year. Rather like buses, the good news came in twos (and threes if one counts the down-to -the wire hard Brexit trade deal).

The first and foremost shot in the arm came with the announcement of three efficacious COVID vaccines based on preliminary trial results. There is light at the end of a dark tunnel beyond a bleak winter of surging COVID cases and rolling lockdowns. Second, investors were relieved by a clear US election result, despite President Trump's increasingly desperate interventions to stay in power.

The vaccine news was the silver bullet for the previously neglected "re-opening" sectors, such as hospitality, airlines and energy. The sharp upward spike in the share prices of these stocks in November fueled one of the best months on record for global equity indices. Unsurprisingly, the fund lagged the bounce given its style bias to companies with stable earnings growth and strong balance sheets. The fund typically underperforms when the shares of lower quality businesses rebound coming out of recessions. We remind ourselves that our time horizon is longer than a year. As such, we will stay true to our investment process, which is to select great franchises at reasonable valuations and patiently let the power of compounding run its course.

Facebook was added to the fund. As well as the Facebook social media platform, the company also owns Instagram and WhatsApp. A key part of the business model is that its users provide content for free by willingly sharing everything about themselves. This is gold dust for advertisers, who use the data to precisely target customers. The sheer size and stickiness of Facebook's user base (a third of the world's population) acts as a magnet for more people and businesses to join and interact.

Amidst a sluggish global macroeconomic backdrop, Facebook is still expected to grow its earnings by over +20% per annum over the next few years, driven by market share gains from traditional advertisers. There is also plenty of growth potential outside North America, which accounts for around 90% of the user base but only 50% of revenue. Furthermore, the Instagram and WhatsApp platforms have yet to be fully monetised.

The main bone of contention is the political backlash against Big Tech. Facebook's attractive valuation already accounts for much of the worst-case scenario legal and regulatory remedies (despite the thinness of many of these challenges) whilst not fully reflecting the rapid growth. As long-term investors we have time on our side to ride out the headlines and capture the attractive returns from this compelling investment.

Looking ahead

Last year was a good reminder of the perils of putting all your eggs in one basket on a particular outcome. This time last year most economists were expecting an acceleration in the global economy. Three months later we were plunged into a deep recession.

To ensure a harmonious balance, our clients' portfolios consist of our best ideas across a wide range of industries, countries and investment themes. Some will be the current flavour-of-the-month and some will not. It is not contradictory for us to own stakes in some companies labelled "COVID-beneficiaries" and some labelled "re-opening stories". They can both be great long-term investments well beyond the pandemic and this economic cycle.

The fund's competitive edge is a process and philosophy focused on capturing the magnifying effect of consistent compound returns for our clients' savings rather than chasing every trend that may or may not work out. To do so, the fund will continue to own a diversified range of the most compelling compounders across the globe and across sectors, regularly kick the tires on their investment cases and then let time do the rest.

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	Q4 2020	Q3 2020	Change
Domestic Cash & MMkt	1.43	2.62	-1.18
Foreign Cash & MMkt	3.08	3.80	-0.72
Foreign Equity	95.48	93.58	1.91

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
B1	Retail	193.90	112,152,057.06	217,461,328.76

All data as at 31 December 2020.
Units – amount of participatory interests (units) in issue in relevant class.

STANLIB

Disclosures

Collective Investment Schemes in Securities (CIS) 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. CIS are traded at ruling prices and can engage in borrowing and scrip lending.

The Melville Douglas STANLIB Global Equity Feeder Fund is a portfolio of the STANLIB Collective Investment Scheme (the Scheme).

The manager of the Scheme is STANLIB Collective Investments (RF) (Pty) Limited (the Manager). The Manager is authorised in terms of the Collective Investment Schemes Control Act, No. 45 of 2002 (CISCA) to administer Collective Investment Schemes (CIS) in Securities. Liberty is a full member of the Association for Savings and Investments of South Africa (ASISA). The Manager is a member of the Liberty Group of Companies. 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 a CIS portfolio. A schedule of fees and charges and maximum commissions is available on request from the Manager.

The trustee of the Scheme is Standard Chartered Bank.

The investments of this portfolio are managed, on behalf of the Manager, by Melville Douglas Investment Management (Pty) Ltd, an authorised financial services provider (FSP), FSP No. 595, under the Financial Advisory and Intermediary Services Act (FAIS), Act No. 37 of 2002.

Prices are calculated and published on each working day, these prices are available on the Manager's website (www.stanlib.com) and in South African printed news media. This portfolio is valued at 15h00. Forward pricing is used. Investments and repurchases will receive the price of the same day if received prior to 15h00.

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.

This portfolio is a Feeder Fund portfolio. A Feeder Fund portfolio is a portfolio that invests in a single portfolio of a collective investment scheme, that levies its own charges, which could result in a higher fee structure for the Feeder Fund.

This portfolio is a third party named, co-named portfolio. The Manager retains full legal responsibility for this portfolio. A third party named, co-named portfolio is a portfolio bearing the name of both the Manager and the financial services provider (FSP) where the FSP, under an agreement with the Manager, undertakes financial services of a discretionary nature, as contemplated in the Financial Advisory and Intermediary Services Act, Act No. 37 of 2002 (FAIS), in relation to the assets of the portfolio. Melville Douglas Investment Management (Pty) Ltd, an authorised FSP, FSP No. 595, FAIS, is the third party manager of this portfolio.

The FSP is a related party to the Manager, the FSP may earn additional fees other than those charged by the Manager. It is the responsibility of the FSP to disclose additional fees to the investor. This document is not advice, as defined under FAIS. Please be advised that there may be representatives acting under supervision.

All performance returns and ranking figures quoted are shown in ZAR and are based on data sourced from Morningstar or Statpro and are as at 28 February 2021.

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.

Portfolio performance figures are calculated for the relevant class of the portfolio, 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. Portfolio performance accounts for all costs that contribute to the calculation of the cost ratios quoted, all returns quoted are 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 periods of 1 year or longer, where no value is shown 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 Manager and from the Manager's website (www.stanlib.com).

Contact details

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