Melville Douglas Global Growth Fund Limited
USD Global Growth Class

MelvilleDouglas
A Member of Standard Bank Group

Fund information update at 31 July 2023

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 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 Drotschie, Karl Holden and Derinia Mathura
Size (NAV)	$ 208.63 million
Peer group	EAA Fund USD Flexible Allocation
Benchmark	MSCI ACWI 65% JPM Global Agg Bond TR 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	**Class C**
Launch	17 May 2017	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)	0.500%	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 2023		
	Class B	**Class C**
Based on period from:	01/07/2020	01/07/2020
Total Expense	1.72%	1.02%
Transaction Costs	0.00%	0.00%
Total Investment Charge	1.72%	1.02%
1 Year Total Expense	1.73%	1.03%

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.

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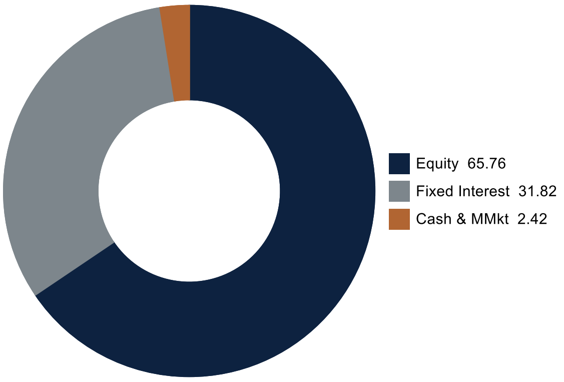
Monthly update at 31 July 2023

Holdings

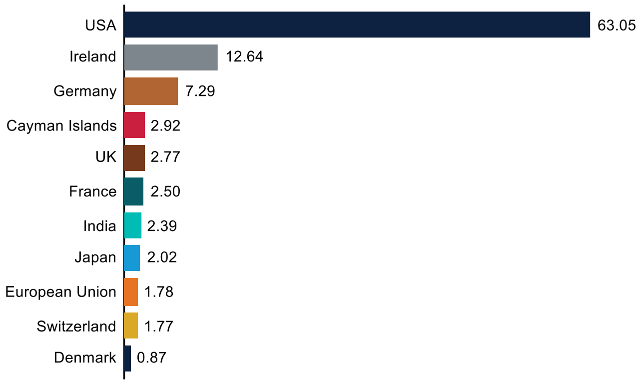
Asset class (%)



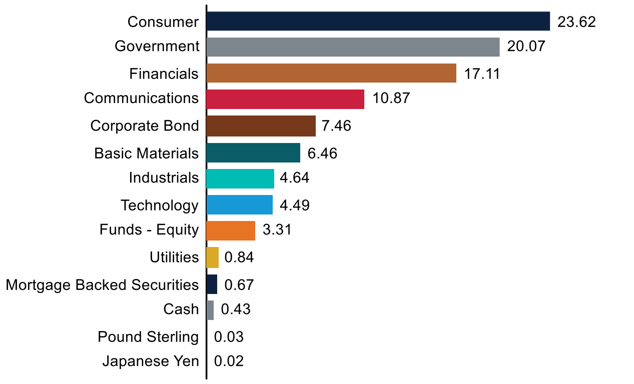
Top holdings (%)

US TSY Note/Bond 1.875% 15/02/2032	5.83
iShares $ Corp Bond UCITS ETF USD (Dist)	5.42
US TSY Note/Bond 2.625% 15/02/2029	5.24
KfW 0.75% 15/01/2029	4.83
Microsoft Corp	4.49
Melville Douglas SFL - Global Impact USD Class X	3.31
Meta Platforms Inc	3.26
Boston Scientific Corp	2.96
Linde plc	2.84
Amphenol Corp	2.70

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 TR (JPM Global Agg (unhedged) from launch to 30/04/21) 35%

Peer group: EAA Fund USD Flexible Allocation

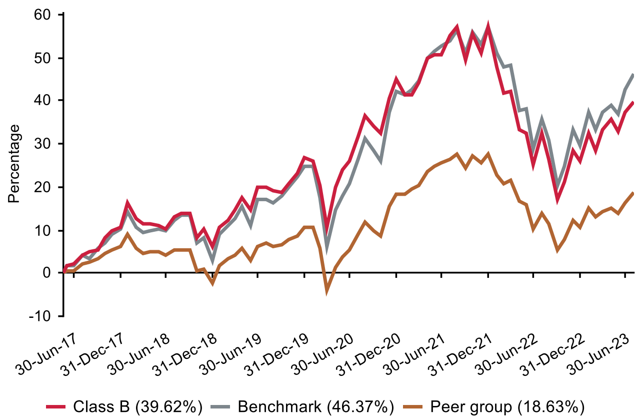
Returns (%)	1yr	2yrs	3yrs	5yrs	Launch
Class B					
Class	5.43	-5.18	1.94	4.32	5.53
Benchmark	7.81	-2.51	5.06	5.44	6.33
Peer group	4.19	-3.09	2.92	2.42	2.77
Class C					
Class	6.17	-4.52	2.66	4.95	5.57
Benchmark	7.81	-2.51	5.06	5.44	5.92
Peer group	4.19	-3.09	2.92	2.42	2.43

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	5yrs	Launch
Class B					
Positive Months	7	12	21	36	46
Max Gain	19.24	19.24	19.35	48.31	59.37
Max Drawdown	-11.59	-25.56	-25.56	-25.56	-26.65
Highest	9.73	17.59	30.39	30.39	30.39
Lowest	-22.15	-22.15	-22.15	-22.15	-22.15
Class C					
Highest	10.50	18.42	31.30	31.30	31.30
Lowest	-21.60	-21.60	-21.60	-21.60	-21.60

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



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Quarterly update at 30 June 2023

Who are the investment managers?

Bernard Drotschie
BCom (Hons), CFA®, CFPTM
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.

Karl Holden

Head of International Fixed Interest and Currency Strategy

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.

Derinia Mathura
BBusSci (Hons) Finance, CFA®
Fund Manager

Derinia joined Melville Douglas in 2013 as the lead analyst for a range of global equity holdings within the consumer discretionary sector. She is the co-manager of the Melville Douglas Select Global Equity Fund. Prior to joining, she worked for RMB Morgan Stanley as a sell-side equity research analyst covering financials. Derinia has a BBusSci (Hons) degree in Finance and is also a CFA® Charterholder.

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 3.1% (Class A), 3.0% (Class B), 3.2% (Class C) and 3.4% (Class X) behind a benchmark return of 3.8%.

The underperformance was the result of a tactical underweight position in equity alongside an underperformance from the equity component over the period under review.

The fixed income allocation within the Fund performed in line with its benchmark both in the quarter and year-to-date. We believe longer-dated yields peaked in October last year and have been constructively locking into higher yields and increasing the overall duration of the fixed income weighting which is now only marginally below its benchmark - we intend to close this gap further in the period ahead, potentially to overweight. The ongoing overweight exposure to the US Dollar added value in the quarter, particularly against the Japanese Yen which fell approximately 8.60% in the period. Exposure to investment grade corporate debt has been maintained at a marginal underweight but we have constructively increased the duration of this exposure.

Equity market performance has been narrow led by large cap tech. The AI theme is a key focus, with lots of hype surrounding the theme. Year to date, the Nasdaq has posted its best ever 1st half with a 32% return. In addition to IT, the consumer discretionary and communications services sector were also strong over the quarter. The more defensive sectors, staples, healthcare, and utilities all underperformed. Our overweight to healthcare hurt from a sector allocation perspective with our underweight to energy and overweight to consumer discretionary helping. We were also hurt by our underweight to IT. Stock selection contributed positively. Notable contributors included Meta, Amazon and Microsoft (beneficiaries of the AI rally). Our China exposed names Estee Lauder, Alibaba, Tencent and Nike disappointed over the quarter as the China reopening story has underwhelmed investors. The waxing and waning of sector and regional performance is why it pays to be diversified with the fund well balanced across sectors.

Market overview

Global equity markets have not disappointed this year. At the end of June, the MSCI ACWI had returned +14% in US dollar terms and +7.5% in sterling, and, in dollar terms, is now up a little over 25% since the market bottomed in October last year. Slightly surprising, given that interest rates have not yet peaked, and central banks have once again turned more hawkish in their guidance in a concerted effort to bring inflation under control. At the same time, the outlook for the global economy and corporate profits remains lacklustre, after a period of stronger than expected growth. Offsetting these concerns is the disinflationary trend that is in place. Headline inflation has fallen sharply in most economies as energy, metal and soft commodity prices are significantly lower than a year ago, but core inflation has remained stickier, given ongoing strong employment markets that have driven wages higher, supporting services driven economies and the housing/rental market. Lower inflation, if sustained, does however provide a glimmer of hope that the end of the monetary tightening cycle is in sight and that policy interest rates could move materially lower next year.

The strong correlation between global bonds, which have been range bound this year, and global equity markets, also appears to be broken. Fixed income investors are perhaps less bullish on the outlook for inflation due to central banks' previous willingness to stimulate while labour markets remain tight, and consumption being underpinned by fiscal support measures, excess savings, and positive wealth effects.

Beneath the surface, equity leadership has been incredibly narrow. It is worth noting that the strong returns from global equities are attributed to a significant rerating in valuations across mega cap tech stocks that stand to benefit from the rapid developments surrounding Artificial Intelligence (AI), as well as an improvement in risk appetite as investors position portfolios for the next upturn in the earnings cycle. The S&P 500 index has returned around +17% this year of which c. +14% can be explained by the performance of the top 10 (mostly mega cap IT) stocks as such this has certainly not been a healthy broad-based rally that lifts most sectors and investment styles.

We believe that it is too soon to celebrate the death knell of inflation accompanied by only a slowdown in economic growth given that significant headwinds lie ahead from the lagged effects of higher for longer interest rates on consumption, investment spending and credit extension. Equity markets are positioned and priced for a "soft landing", an environment of lower trending inflation without any significant disruption to the economy and employment market caused by the lagged effects from central banks' monetary tightening. While such an outcome is certainly possible and some say probable, current valuations for risk assets provide little margin of safety should the economic cycle or core inflationary trends disappoint as we head into the second half of the year.

Looking ahead

Global financial markets this year have been underpinned by better than feared economic and corporate earnings growth, and a decline in global inflation which has resulted in an improvement in real disposable income and a rerating in equity valuations. This is despite liquidity being drained from the global economy and declining money supply across developed economies. While some of the leading economic indicators are pointing to softness ahead, actual fundamental data has remained reasonably robust and is showing little sign of weakness at present. In addition, earnings revisions have turned positive, albeit marginal. Central banks' rhetoric remains decisively hawkish as inflation continues to be above targeted levels and as wage inflation drives consumption higher in real terms. Investors should be positioned for further interest rate hikes this year – global bond markets already are. Higher interest rates and a tightening in credit conditions will weigh on the economy. The IMF and World Bank are forecasting below trend growth for 2023/2024. The good news for investors is that although there maybe recessions in some economies a global recession is not currently expected given the strength in household balance sheets and robust labour markets. A benign or "soft landing" outlook, by implication also means that investors should not expect a sharp recovery in economic momentum in the near term, as this would require a recession and/or sharply lower interest rates over the next year.

Equity valuations are discounting a good outcome and an upturn in corporate earnings. Risks are tilted to the downside given the magnitude and pace of interest rate increases since last year, and any disappointment in expectations could result in below par returns. While cash and fixed income are providing attractive yields in the short term, we remain defensively positioned and underweight global equity on a risk adjusted basis, despite expecting a positive return over the next 12 months. The higher yields in the bond market have allowed us to lock in attractive inflation adjusted yields by extending duration, and we have been following a similar strategy across our short duration cash enhancement strategies. We will continue to monitor the global economic environment while keeping a close eye on valuations across asset classes and will continue to adjust the asset allocation appropriately as the environment dictates.

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.

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Change in allocation of the fund over the quarter

Asset type	Q2 2023	Q1 2023	Change
Cash & MMkt	3.73	3.83	-0.11
Equity	64.45	63.89	0.56
Fixed Interest	31.82	32.28	-0.46

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	Price ($)	Units	NAV ($)
B	Retail	13.60	1,711,217.72	23,278,411.88
C	Retail	13.62	1,302,417.38	17,744,253.00

All data as at 30 June 2023.
Units – amount of participatory interests (units) in issue in relevant class.

Important information at 31 July 2023

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 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 July 2023, 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