

# Melville Douglas Select Fund Ltd

## Global Equity Class

Minimum Disclosure Document as at 30 June 2021

### Investment Growth\*\*\*



### Trailing Returns\*\*\*

	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Melville Douglas SFL Global Equity A \$	0.22	7.39	30.12	15.23	15.30	10.18
Melville Douglas SFL Global Equity B \$	0.21	7.55	30.80	15.35		
Melville Douglas SFL Global Equity C \$	0.28	7.92	31.71	15.97		
MSCI ACWI NR USD	1.32	12.30	39.26	14.56	14.62	10.86

### Risk Matrix \*

	Class A	Benchmark
Information Ratio (arith)	0.2	
Std Dev	16.9	18.0
Sharpe Ratio **	0.7	0.6
Best Month (In Last 3 Years)	12.6	12.3
Worst Month (In Last 3 Years)	-11.8	-13.5

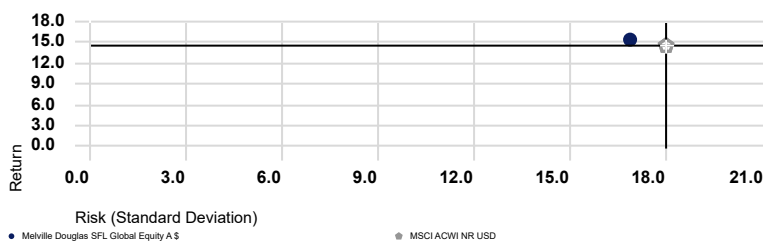
### Highest & Lowest 12 Month Rolling Return

Highest 12 Month Rolling Return	31.93
Lowest 12 Month Rolling Return	-10.11

### Monthly Returns\*\*\*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2021	-3.0	1.1	3.8	4.8	0.5	0.2							7.4
2020	-1.4	-7.3	-11.8	12.6	4.9	2.2	5.9	6.0	-2.9	-1.6	8.8	3.8	17.9
2019	6.6	2.6	2.5	4.2	-4.7	6.2	0.2	-2.2	0.2	2.5	3.4	3.9	27.7
2018	7.0	-3.9	-2.1	1.1	-0.1	-0.6	4.0	1.2	0.8	-7.1	2.9	-6.6	-4.4
2017	2.4	3.0	0.8	3.1	2.6	0.5	2.5	0.7	1.4	3.7	2.1	0.7	26.2
2016	-4.4	-2.1	6.0	0.0	1.3	-1.6	3.8	0.0	0.2	-3.0	1.8	1.6	3.4

### Risk-Reward \*



Not to be distributed outside of Jersey and South Africa

### Investment Objective

To deliver attractive risk-adjusted returns over the long term. This is achieved by investing in the publicly traded shares of a diversified selection of robust, growing and shareholder-friendly businesses. The fund seeks best ideas across the globe, and is not restricted to any specific local stock market

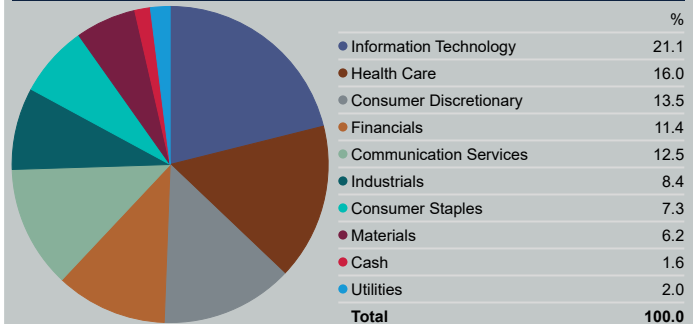
### Top 10 Holdings

	Weighting %
Microsoft Corp	6.1
Alphabet Inc Class A	4.7
Facebook Inc Class A	4.5
Amphenol Corp Class A	4.3
Amazon.com Inc	4.2
Brenntag SE	4.1
Prudential PLC	4.1
Visa Inc Class A	4.0
Linde PLC	3.9
Partners Group Holding AG	3.9

### Asset Allocation

Cash	1.6
Equity	98.4

### Sector Allocation



### Operations

Name	Melville Douglas SFL Global Equity A \$
Month End Price (Current Class)	\$24.51
Total Fund Value	\$892.62 Million

### Fund Managers

#### Justin Maloney

Justin has over 25 years' experience of managing global equity funds. Before joining Melville Douglas in 2014, 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 and is also a CFA® Charterholder.

#### Prandhana Naidu

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.

### Portfolio Risk

LOW MEDIUM HIGH

\* 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.

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### 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 risk 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

<b>Manager</b>	STANLIB Fund Managers Jersey Limited
<b>Investment Manager</b>	Melville Douglas Investment Management (Pty) Ltd
<b>Custodian</b>	Apex Financial Services (Corporate) Limited
<b>Auditors</b>	PwC, Ireland
<b>Fund Directors</b>	GS.Baillie, M.Farrow, O.Sonnichler & R Stewart
<b>Registered Office</b>	47-49 La Motte Street, St Helier, Jersey
<b>Publication Date</b>	16 July 2021
<b>Compliance No.</b>	D2450R

#### Share Class ISIN

Class A	JE00B6VH9P99
Class B	JE00BYD6X79
Class C	JE00BYD6Y86

#### Minimum Investment

Class A	Closed to new investments
Class B	\$ 2 500
Class C	\$ 2 500

#### Launch Date

Class A	30 March 2012
Class B	01 September 2016
Class C	01 September 2016

### Fund Costs - 12 months

Fee Class	Management Fee*	Performance Fee	TER	TC	TIC
<b>Class A</b>	1.20%	5% above HWM	2.26%	0.00%	2.26%
<b>Class B**</b>	1.70%	NIL	1.74%	0.00%	1.74%
<b>Class C</b>	1.00%	NIL	1.04%	0.00%	1.04%

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

\*\*Class B management fee includes 0.50% rebate payable to adviser

### Fund Costs - 36 months

Fee Class	Management Fee*	Performance Fee	TER	TC	TIC
<b>Class A</b>	1.20%	5% above HWM	1.88%	0.00%	1.89%
<b>Class B**</b>	1.70%	NIL	1.74%	0.00%	1.75%
<b>Class C</b>	1.00%	NIL	1.11%	0.00%	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

\*Management fee includes fee payable to Manco

\*\*Class B management fee includes 0.50% rebate payable to adviser

### Contact Details

#### Melville Douglas Investment Management (Pty) Ltd

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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 Select 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.

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### Quarterly Commentary (30 June 2021)

#### Fund Review

The fund price hit new highs, propelled by the broad uplift in global equity markets on better than expected earnings results, robust economic data and relatively benign bond markets. Although the fund delivered an attractive absolute return over the quarter, it trailed the MSCI AC World index. Notable laggards included Chinese internet companies Tencent and Alibaba as the domestic regulator sought to curb their dominance, wind farm developer Ørsted on mixed corporate results, and multinational insurer Prudential on a delay to the spin-off of its US business. These negatives were partly offset by Nike, Facebook and Alphabet which rallied on blowout earnings results. As a reminder, the fund holdings are limited to 25 to 35 names to ensure only the highest conviction ideas are owned to achieve a competitive long-term risk-adjusted return. The quid pro quo of a concentrated portfolio is that this will enable performance to deviate, as a result of stock specifics, from the MSCI AC World index composed of 3,000 constituents.

#### Market Overview

The glass remained half full rather than half empty in the second quarter of 2021. Contrary to the perceived laws of market physics, bond and global equity markets advanced in tandem in reaction to the sharpest rise in core US inflation since 1992. Wishful thinking or not, investors and central bankers viewed the inflation data as transitory given the year-over-year starting point was from the exceptionally low base set during last year's draconian lockdowns.

Underpinning the stock market rally was the announcement of strong corporate earnings results as pent-up consumer demand kicked in. Contagious new COVID variants and a worrying pickup in new cases (most notably in Africa), has had little impact on developed economies as hospitalization levels have remained low given the virus has been pushed down to the unvaccinated but more resilient young.

#### Looking ahead

We expect outsized positive earnings surprises for the rest of the year as there remains a disconnect between "top down" projections by macro-economists and "bottom up" forecasts by company analysts. The recovery in developed economies has been further underpinned by accelerated COVID vaccination programmes and by the Biden Administration's gargantuan spending packages.

There is enough earnings growth momentum to make up for the countervailing impact on valuations as monetary support is gradually wound down. There will be bumps along the road (e.g. inflation, COVID and trade war scares) but the path of least resistance is for equity markets to grind higher off conservative earnings expectations.

Beyond this year's economic rebound we expect the global economy to revert to its pre-COVID sluggish growth trend. Our investment strategy is well suited to this backdrop as it is centred around selecting companies that can grow under their own steam rather than being dependent on a robust economy to drive sales. To reiterate, our approach is to:

1. Pay a fair price for a concentrated and diversified portfolio of profitable and growing businesses.
2. Closely watch the holdings for any changes to competitive advantages and addressable markets.
3. Let patience and time do the heavy lifting, rather than seek to time markets.

**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.**