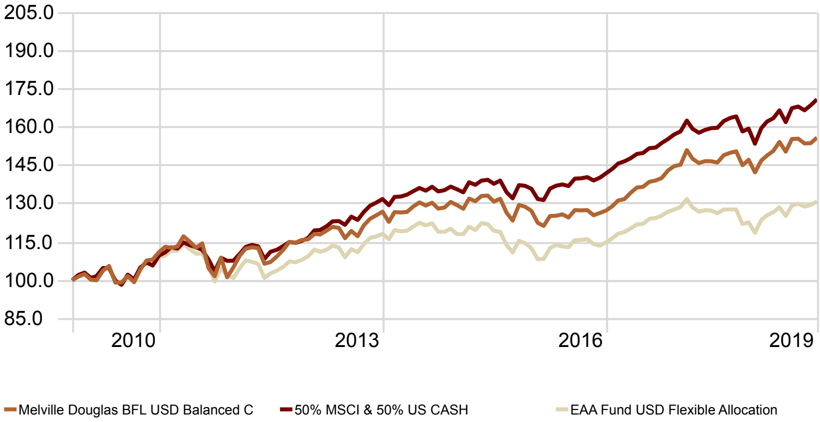
Melville Douglas Balanced Fund Ltd
USD Balanced Class (the "Fund")

Minimum Disclosure Document as at 31 October 2019

MelvilleDouglas
A Member of Standard Bank Group

Investment Growth***



Investment Objective

The objective is to provide long term capital growth in US Dollar terms by investing in a balanced portfolio of globally diversified equity and fixed income.

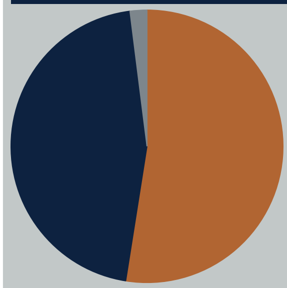
Top Holdings

	Portfolio Weighting %
US Treasury 1.0	23.5
Microsoft Corp	3.3
Kreditanstalt 2.75	3.0
European Invt Bank 1.25	2.9
International Bank 1.125	2.9
US Treasury 2.25	2.7
US Treasury 2.75	2.7
Unilever PLC	2.4
UnitedHealth Group Inc	2.4
US Treasury 1.75	2.4

Trailing Returns***

	1 Month	YTD	1 Year	3 Years	5 Years	10 Years
Melville Douglas BFL USD Balanced C	1.4	9.6	7.5	7.5	3.9	4.6
50% MSCI & 50% US CASH	1.4	11.3	8.0	7.1	4.8	5.5
EAA Fund USD Flexible Allocation	1.0	10.3	7.2	4.6	1.9	2.7

Asset Allocation



	%
Equity	52.5
Fixed Income	45.5
Cash	2.0
Total	100.0

Risk Matrix *

	Class C	Benchmark	Cat Avg
Information Ratio (arith)	-0.6		-2.2
Std Dev	5.8	7.6	5.9
Sharpe Ratio **	1.0	1.0	0.5

Highest and lowest 12 month rolling returns since inception

Highest 12 Month Rolling Return	20.92
Lowest 12 Month Rolling Return	-25.99

Operations

Name	Melville Douglas BFL USD Balanced C
Month End Price (Current Class)	$188.1
Fund Value (USD)	$10.4 Million

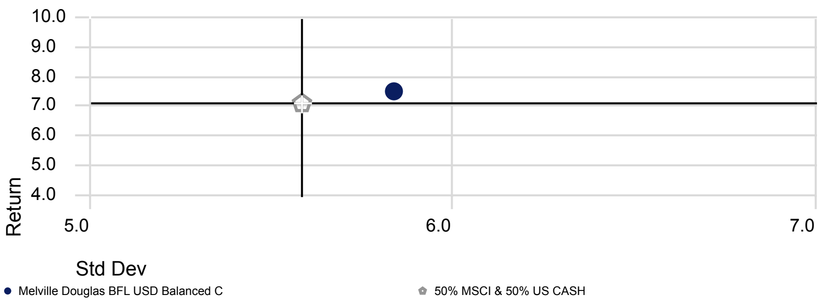
Monthly Returns***

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	3.2	1.3	1.2	2.3	-2.5	3.3	0.1	-1.2	0.1	1.4			
2018	3.9	-2.2	-1.2	0.5	0.0	-0.3	2.0	0.6	0.4	-3.6	1.5	-3.3	-2.0
2017	1.4	1.7	0.4	1.9	1.6	0.2	1.4	0.4	0.7	2.1	1.2	0.4	14.1
2016	-3.7	-1.0	3.2	0.1	0.4	-1.0	2.3	-0.1	0.1	-1.6	0.7	0.7	0.1
2015	-1.1	3.1	-0.8	1.6	0.1	-1.8	0.9	-4.2	-2.5	5.0	-0.6	-1.2	-1.7
2014	-3.2	3.1	-0.1	0.2	1.7	1.2	-1.0	0.9	-1.8	0.3	1.7	-1.0	2.0

Fund Managers

Bernard Drotschie
Bernard is the Chief Investment Officer. He holds a B.Com (Hons) degree in Econometrics, is a CFA® Charterholder, and is a Certified Financial Planner™ professional.

Risk-Reward *



Not to be distributed outside of Jersey.

* Data is displayed over a 3 year rolling period
** Risk free rate = US Treasury T-Bill 3 Months
*** Class C 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.

Source: Morningstar Direct, Melville Douglas Investment Management

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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 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 Nobember 2019
Share Class ISIN	JE00B504TG57
Minimum Investment	$10 000
Launch Date	16 February 1999

Fund Costs- 12 months

Fee Class	Management Fee*	TER	TC	TIC
Class C	0.95%	1.39%	0.00%	1.39%

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. With effect from the 01 October 2019, the Company reduced the Management and Investment Management Fee from 1.15% to 0.95% in respect of the USD Balanced Class C.

Fund Costs- 36 months

Fee Class	Management Fee*	TER	TC	TIC
Class C	0.95%	1.05%	0.00%	1.05%

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 arears.Estimated transaction costs may include Bond, Money Market and FX Costs (where applicable). Share classes in issue for less than 36 months is not disclosed.

*Management fee includes fee payable to Manco. With effect from the 01 October 2019, the Company reduced the Management and Investment Management Fee from 1.15% to 0.95% in respect of the USD Balanced Class C.

Contact Details

Melville Douglas Investment Management (Pty) Ltd

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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 Balanced Fund Limited are regulated by the Jersey Financial Services Commission.

Prices 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

Fund Review

Over the quarter, the fund returned -1.1% compared to a benchmark return of 0.7%. The underperformance over the period under review was largely attributable to an underperformance from the global equity component in the fund during September as a turn in sentiment triggered a sharp rotation out of the stable growth stocks and into previously neglected cyclicals. The cash component delivered returns which were in line with its benchmark.

Overview

Slower growth and inflated valuations = lower expected returns.

Investment returns from all major asset classes have held up exceptionally well this year considering the current uncertain geopolitical and macro backdrop. Last year's interest rate hikes in the US in an attempt to "normalise" interest rates, combined with the fading benefits from lower taxes and a period of deleveraging in China has resulted in a cyclical slowdown globally. Furthermore, with President Trump on a mission to make "America great again", heightened trade tensions between the US and the rest of the world have amplified the pace of slowdown as the private sector has pulled back investment spending plans resulting in the contraction of global trade-and-manufacturing activities. Global central banks are aware of these economic dangers and have been coming to the rescue (again) by injecting monetary stimulus through interest rate cuts. Pressure is mounting, especially within Europe, for governments to do more through fiscal measures such as committing more capital to infrastructure projects and/or reducing taxes in an effort to lift investment. Lower interest rates have played an important role in supporting asset prices this year, but without an improvement in the outlook for growth, investors should expect lower returns accompanied by higher levels of volatility going forward.

Which has it right: Equities or Bonds?

This year's rally in global bonds has reduced yields to historic lows, signalling little in the way of inflationary risks and very weak nominal economic growth which traditionally has been a headwind for equity investors. However, risk assets such as equity valuations have also rallied despite a sharp slowdown in economic growth and corporate earnings.

Clearly the "market" is aware that the slowdown in economic activity has been centred around global industrial production and manufacturing, not (consumer) services which is by far the largest contributor to the global economy and equity bourses, particularly in the US where 74% of the US gross value added is in services. As such, revenues in consumer sectors have thus far been resilient and it is not apparent that consumer spending has been overly influenced by the slowdown in global trade. Additionally, investors are expecting that a combination of lower interest rates and fiscal stimulus will support global economic growth in 2020 and in-turn provide for a pick-up in earnings growth for corporates in the year ahead. Earnings growth for listed equities is forecast to be in the region of 10% next year which although not impossible is certainly not a foregone conclusion. Unemployment levels and interest rates are already extremely low (compared to history), wage growth elevated and consumer spending robust. Equity markets would therefore appear to be already largely discounting better times ahead and therefore future returns are reliant on the delivery of more favourable economic data.

Bond valuations are very sensitive to the outlook for inflation and central banks response to changes in prices. Inflation in developed economies has consistently tracked below the levels targeted by central banks, hence the abnormally low level of policy interest rates. Additionally, the trade war has impacted goods sectors such as Materials, Industrials and Energy more than other sectors and has had a significant influence on inflation expectations, the future path of interest rates and ultimately bond yields. We appreciate why government bond yields are low but with large parts of the global economy still looking healthy and resilient we find current bond valuations unattractive and do not believe that it makes sense to allocate significant capital to an asset class with income yields well below inflation and in many cases negative in absolute terms.

Fiscal stimulus to the rescue?

During July, the White House and Democratic party leaders in Congress reached a deal on the US debt ceiling which allows for stronger federal spending. It also means that there will be no big budgetary stand-off until after next year's presidential election which is an important development in terms of supporting the growth momentum through 2020. The UK administration is also ready to provide fiscal support if needed. Boris Johnson has promised GBP30bn of tax cuts and government spending initiatives.

In Europe after an extended period of fiscal austerity, the French have lowered taxes and pressure is mounting for Germany, whose economy has probably already entered a technical recession, to follow suit. In Holland, the Dutch announced that they are looking to spend more on infrastructure projects and lower taxes, a tonic designed to lift the economy - encouraging news for the periphery. National debt levels have improved to such an extent that these governments are better able to deal with economic setbacks.

It has become clear that monetary policy alone will not be enough to provide the necessary impetus to economic growth for many economies against the backdrop of heightened trade uncertainty and a slump in global manufacturing.

Although pressure is mounting to do more, it is unlikely that a significant shift in fiscal policy from Western Europe's largest economies is on the cards, particularly while monetary policy remains so accommodative, but at the margin, there appears to be some traction and the markets may force them to do more in the coming months.

Outlook

The global economy has entered a period of below trend growth. The slowdown in global economic activity and corporate profits makes the whole financial system more vulnerable to an unexpected and exogenous shock which would likely result in a global recession. This risk is well understood by many central banks who have sanctioned a wave of interest rate cuts. In addition, fiscal easing looks increasingly likely in many parts of the world in the year ahead which, if seen, could provide some much-needed support for investment spending.

Going forward, investment returns will very much depend on the path of global growth. The geopolitical backdrop has become increasingly uncertain and remains the single largest risk to the future pace of economic expansion, something that investors do not have much control over. The key to successful investing during these more challenging times is to focus on fundamentals and adequate diversification. We maintain our neutral exposure to equities and underweight position to long dated fixed income assets.