

Melville Douglas STANLIB Global Equity Feeder Fund

Fund information update at 31 August 2020

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 will invest solely of participatory interests of the Melville Douglas Select Global Equity Fund. This is 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 493.15 million
Classification Global - Equity - General
Benchmark MSCI AC World Net
Regulation 28 Does not apply

| | Class A | Class B1 |
|--|------------------|------------------|
| Launch | 07 November 2016 | 07 November 2016 |
| ISIN number | ZAE000227823 | ZAE000227815 |
| JSE code | MDGEA | MDGB1 |
| Minimum investment requirements - | | |
| Lump sum | R 10,000 | R 10,000 |
| Monthly | R 500 | R 500 |

What are the costs to invest in this fund?

Maximum charges including VAT

| | Class A | Class B1 |
|------------------------------|---------|----------|
| Initial fee (manager) | 0.000% | 0.000% |
| Initial fee (adviser) | 3.450% | 3.450% |
| Annual fee (manager) | 2.070% | 1.495% |
| Annual fee (adviser) | 0.575% | 0.000% |
| Performance fee | N/A | N/A |
| Adviser fee | N/A | 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 30 June 2020

| | Class A | Class B1 |
|--------------------------------|------------|------------|
| Based on period from: | 01/07/2017 | 01/07/2017 |
| Total Expense | 2.22% | 1.61% |
| Transaction Costs | 0.06% | 0.06% |
| Total Investment Charge | 2.28% | 1.67% |
| 1 Year Total Expense | 2.22% | 1.59% |

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.

Melville Douglas STANLIB Global Equity Feeder Fund

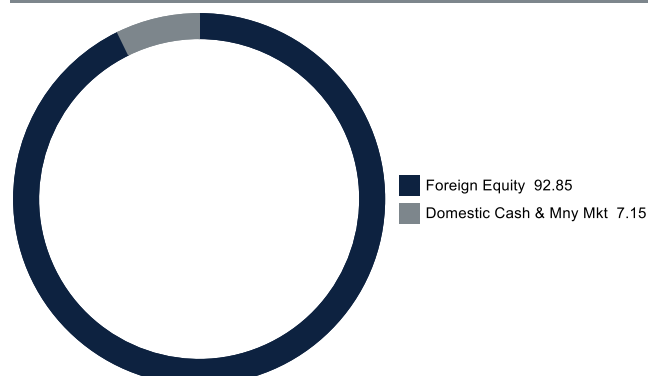
Monthly update at 31 August 2020

Holdings

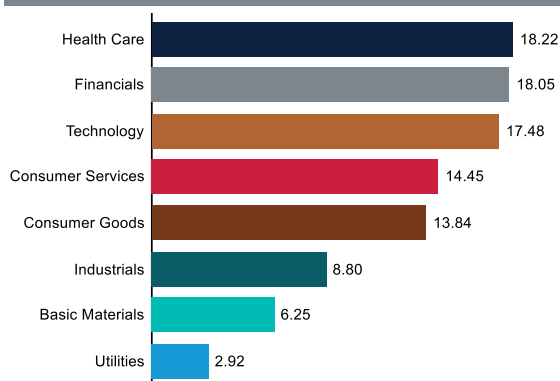
Holdings (%)

| | |
|--------------------------------------|-------|
| Melville Douglas SFL Global Equity X | 95.02 |
| Domestic Cash | 3.42 |
| Foreign Cash | 1.56 |

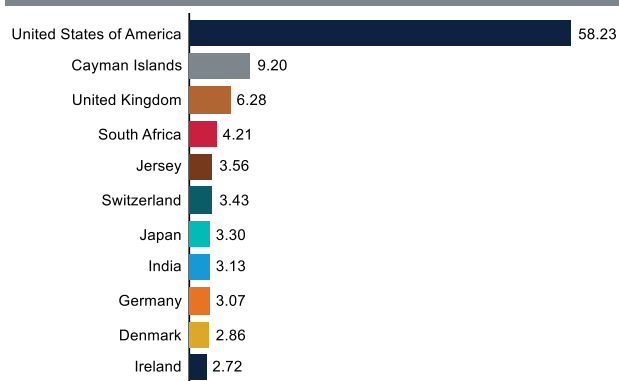
Asset allocation (look through) (%)



Equity allocation (Industry) (look through) (%)



Country allocation (look through) (%)



Performance and Income

Class A Launch: 07 November 2016

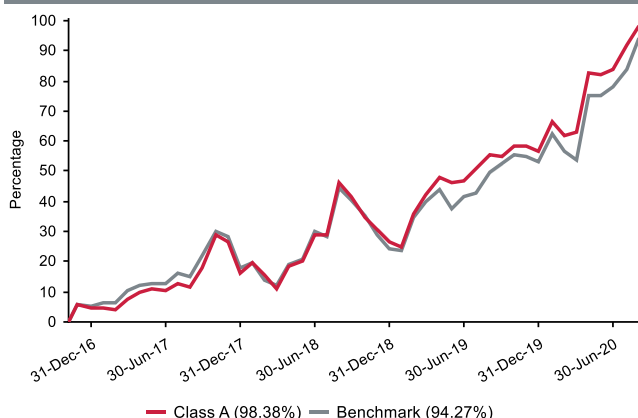
Class B1 Launch: 07 November 2016

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

| Returns (%) | YTD | 1yr | 2yrs | 3yrs | Launch |
|-----------------|-------|-------|-------|-------|--------|
| Class A | | | | | |
| Class | 26.59 | 27.66 | 16.40 | 21.11 | 19.66 |
| Rank/Out of | 25/68 | 29/66 | 11/54 | 9/50 | 10/45 |
| Sector Average | 24.78 | 27.60 | 12.41 | 15.42 | 15.79 |
| Benchmark | 26.90 | 30.01 | 15.91 | 19.05 | 19.01 |
| Class B1 | | | | | |
| Class | 27.48 | 28.83 | 17.29 | 21.96 | 20.47 |

Returns (%) shown are cumulative for all periods shorter than or equal to 1 year and annualised for all periods greater than 1 year.

Cumulative performance (%) from Launch



| Statistics (%) | 1yr | 2yrs | 3yrs | Launch |
|-----------------|-------|--------|--------|--------|
| Class A | | | | |
| Positive Months | 8 | 14 | 21 | 26 |
| Max Gain | 28.25 | 58.63 | 79.08 | 102.04 |
| Max Drawdown | -2.93 | -14.58 | -14.58 | -22.06 |
| Highest | 33.13 | 33.13 | 33.13 | 33.13 |
| Lowest | 9.20 | 3.17 | 3.17 | 3.17 |
| Class B1 | | | | |
| Highest | 33.95 | 33.95 | 33.95 | 33.95 |
| Lowest | 9.88 | 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.

Amount declared (cents per unit)

| | Class A | Class B1 |
|-------------------|---------|----------|
| 31 December 19 | 0.00 | 0.00 |
| 30 June 20 | 0.00 | 0.00 |
| In last 12 months | 0.00 | 0.00 |
| In 2019 | 0.00 | 0.00 |

Melville Douglas STANLIB Global Equity Feeder Fund

Quarterly update at 30 June 2020

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, CWM
Fund Manager

Justin joined Melville Douglas in 2014 and has over 24 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 charterholder
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 first six months of 2020 can best be described as a "tale of two halves". The first quarter experienced one of the fastest declines in equity markets as economies around the world went into lockdown in attempts to prevent the spread of the coronavirus. Governments adopted a "whatever-it-takes" approach to help soften the blow to corporates and individuals. Massive stimulus packages through both fiscal and monetary support have provided a safety net, and as a result, the second quarter recovered most of the prior quarter's losses. The underlying offshore fund outperformed its benchmark over the quarter. In Rand terms, the feeder fund lagged the benchmark. The A-class, B1-class, B3-class returned +12.71%, +12.88% and +12.99% respectively, compared to the MSCI All Country World Index returning +15.98%. All sectors and regions delivered positive returns over the quarter, although the magnitude differed significantly. The best performers were information technology (+30%), consumer discretionary (+29%) and materials (+26%). By contrast, significant laggards included defensive sectors (i.e. consumer staples +9% and utilities +7%), interest rate impacted financials (+12%) and social distancing constrained real estate (+11%). The quarter experienced a strong risk-on rally as the rate of change in macroeconomic data points turned positive. While the actual numbers continue to be dire, the change in direction from artificially depressed levels was sufficient to drive positive investor sentiment. The fund's stock selection drove the outperformance. Low exposure to traditional "bond proxy" sectors like real estate and utilities also contributed. The lower financials weighting versus the benchmark – a decision we took during March – also helped drive the outperformance. The sector lagged the overall market on concerns that non-performing loans will rise amidst the tough economic backdrop and low rates will squeeze net interest margins. Similar to the previous quarter, the top positive contributors over the quarter were Microsoft, Tencent and Brenntag. There were no stocks that detracted from performance as all holdings delivered a positive return. The bottom performers were therefore the holdings that lagged the benchmark over the quarter, namely Unilever, Starbucks and Boston Scientific.

Market overview

The corona-crisis can be described as two crises wrapped into one. The first is a relatively short, but very deep, supply-shock as government action to stem infections halted businesses. The recent improvement in economic data – the driver behind the sharp recovery in equity markets over the second quarter – is off a very low base of inactivity. We are already seeing the supply-side shock dissipate as social distancing and supply-chain disruptions ease. This optical bounce has bolstered sentiment, but one must be wary about over-extrapolating the positive recovery trendline. The second crisis is longer lasting and is centred around demand. Recessions are seldom painless. High unemployment and a more uncertain world will impact consumer demand and businesses' willingness to invest in big long-term projects. Unhelpfully, the cost of doing business could also rise as a result of protectionist supply-chain disruptions and trade tariffs. Companies may need to pay higher taxes to pay for huge government budget deficits. As investors warmed up to an economic recovery in the hope of having come through the worst, we saw a sharp rotation out of growth style investments into the more value, cyclically orientated sectors. The rotation however was not limited to cyclical sectors. Stocks across all sectors that had been beaten down in the first quarter sell-off also caught a bid in the rally. A sustained leadership change in favour of cyclicals would require higher bond yields, GDP growth surprising to the upside, and higher inflation. While we understand the drivers responsible for the rotation, it is too early to view them as sustainable. Our investment philosophy and process skews in favour of quality and growth stocks, and as a result, the fund is likely to lag the market over short periods where there is a sharp style rotation into more value orientated sectors. However, over the longer-term, focusing on sustainable businesses that consistently grow earnings in a responsible manner is expected to drive outperformance.

Looking ahead

Although this year's global recession has been the deepest for many decades it also looks set to be one of the shortest and most memorable in recent history. The pace of recovery will to a large extent be determined by the severity of re-infections and the effects on consumer behaviour. The bounce in investment markets has played an important role in "protecting" consumers wealth (and confidence), even though dividend-and-interest income has been decimated. Consumer spending and confidence will also be influenced by the pace of job creation after a period of large-scale layoffs. Without a continued improvement in employment momentum, a gap will be left in personal income once the temporary stimulus programs come to an end, leaving the economic recovery, alongside the recent uptrend in investment markets, vulnerable. Despite improving trends in leading indicators that have propped equity markets higher, there is limited margin of safety in that valuations are expensive relative to history. In addition to the recessionary risks, other risks include geopolitics and a resurgence in infections that have the potential to derail the recovery we have seen of late. It is for the reasons above that we adopt a more conservative outlook for equities as an asset class. The fund is well positioned and remains adequately diversified to navigate through the crisis. Our balanced, high conviction approach ensures we are not carrying undue risks from a valuation or earnings perspective. We remain focused on investing in quality businesses with structural growth drivers and strong balance sheets that allows them to continuously invest and generate attractive and sustained growth for shareholders.

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 | Q2 2020 | Q1 2020 | Change |
|-------------------------|---------|---------|--------|
| Domestic Cash & Mny Mkt | 6.05 | 4.15 | 1.90 |
| Foreign Equity | 93.95 | 95.85 | -1.90 |

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

| Class | Type | Price (cpu) | Units | NAV (Rand) |
|-------|--------|-------------|---------------|----------------|
| A | Retail | 183.80 | 23,792,020.88 | 43,729,689.13 |
| B1 | Retail | 187.86 | 74,329,764.75 | 139,634,613.77 |

All data as at 30 June 2020.

Units – amount of participatory interests (units) in issue in relevant class.

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Melville Douglas STANLIB Global Equity Feeder Fund

Important information update at 31 August 2020



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 31 August 2020.

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

Manager

STANLIB Collective Investments (RF) (Pty) Limited
Reg. No. 1969/003468/07
17 Melrose Boulevard, Melrose Arch, 2196
Telephone: 0860 123 003
Email: contact@stanlib.com
Website: www.stanlib.com

Trustee

Standard Chartered Bank
Reg. No. 2003/020177/10
2nd Floor, 115 West Street, Sandton, 2196
Telephone: +27 (0)11 217 6600

Third Party Manager

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

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