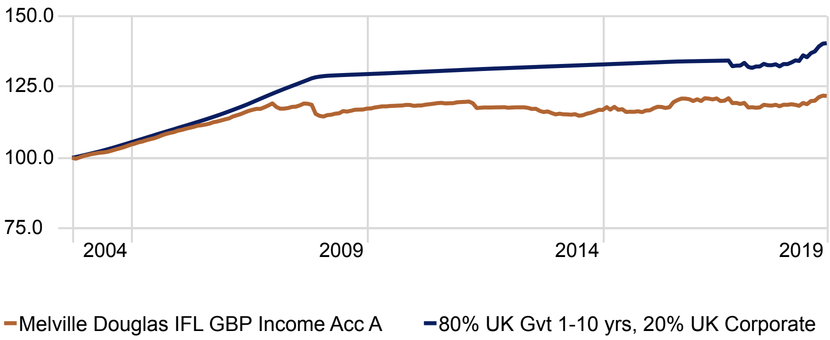
Melville Douglas Income Fund Ltd
Sterling Class (the "Fund")

Minimum Disclosure Document as at 30 September 2019

Investment Growth***



Trailing Returns***

	1 Month	YTD	1 Year	3 Years	5 Years	10 Years
Melville Douglas IFL GBP Income Acc A	-0.1	2.5	3.1	0.3	1.0	0.4
80% UK Gvt 1-10 yrs, 20% UK Corporate	0.1	5.1	6.2	1.6	1.1	0.8

Risk Matrix *

	Class A	Benchmark
Information Ratio (arith)	-1.1	
Std Dev	2.0	2.0
Sharpe Ratio **	-0.4	-0.3

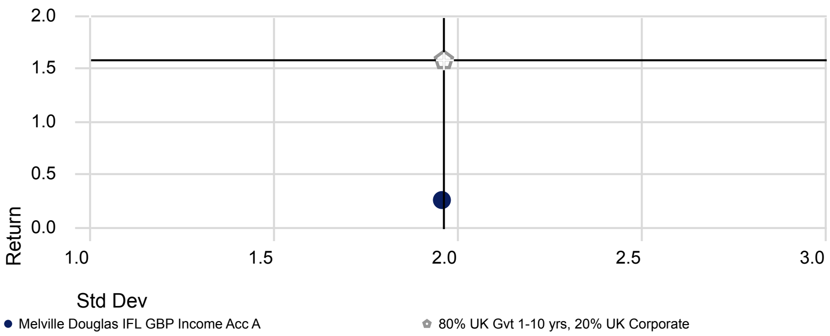
Highest & Lowest 12 Month Rolling Return

Highest 12 Month Rolling Return	5.00
Lowest 12 Month Rolling Return	-3.71

Monthly Returns***

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	-0.2	-0.3	0.9	-0.4	0.9	0.1	1.0	0.4	-0.1				
2018	-1.4	0.1	-0.1	0.1	0.8	-0.2	-0.1	0.3	-0.4	0.4	0.0	0.2	-0.4
2017	-0.5	0.8	-0.1	-0.2	0.3	-0.8	0.1	0.7	-1.4	0.1	-0.3	0.3	-1.0
2016	0.6	0.4	-0.1	-0.3	0.2	1.5	0.6	0.4	0.0	-0.2	-0.5	0.5	3.3

Risk-Reward *

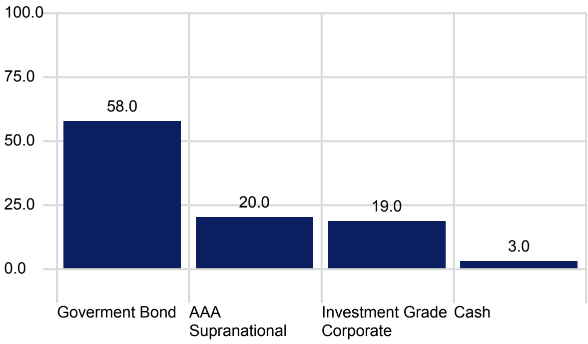


Not to be distributed outside of Jersey & South Africa

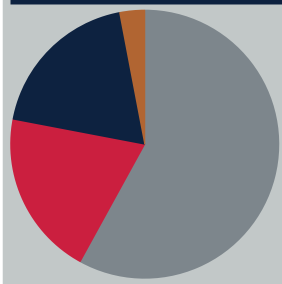
Investment Objective

To provide a return in excess of the benchmark in Sterling, whilst maintaining a high degree of capital preservation by investing in quality fixed interest securities, selected collective investment vehicles, money market instruments and cash in order to maximise investment returns in Sterling.

Security Sector



Asset Allocation



	%
Goverment Bond	58.0
AAA Supranational	20.0
Investment Grade Corporate	19.0
Cash	3.0
Total	**100.0**

Operations

Name	Melville Douglas IFL GBP Income Acc A
Month End Price (Current Class)	GBP 121.5
Total Fund Value	GBP 9.1 Million

Fund Managers

Karl Holden
Karl specialises in global fixed income and currency markets. He is also a co-manager of the Melville Douglas Balanced Fund. 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.

Simon Bradbury
Simon has built up extensive knowledge of global wealth management solutions, specialising in international fixed income and currency markets, and is the co-manager of the Melville Douglas Income and Enhanced Income funds. Simon is a Chartered Fellow of the Chartered Institute For Securities and Investment, and has been awarded Chartered Wealth Manager status.

Bernard Drotschie
Bernard is the Deputy Chief Investment Officer and is head of the SA fixed income strategy. He holds a B.Com (Hons) degree in Econometrics, is a CFA® Charterholder, and is a Certified Financial Planner™ profession...

Portfolio Risk

* 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. The benchmark of the fund at launch was 100% GBP Libor Overnight. This was changed on 31 August 2017 to 80% GBP Govt 1-10 years/ 20% UK Corporate Bond

Source: Morningstar Direct, Melville Douglas Investment

MelvilleDouglas
A Member of Standard Bank Group

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	H.Holmes, GS.Baillie, M.Farrow, and O.Sonnbichler
Registered Office	47-49 La Motte Street, St Helier, Jersey
Publication Date	21 October 2019
Compliance No.	8765MO

Share Class ISIN

Class A	JE00B4ZCW915
Class B	JE00BF1CX551

Minimum Investment

Class A	Closed to new investments
Class B	GBP 1 500

Launch Date

Class A	25 September 2003
Class B	01 September 2017

Fund Costs- 12 months

Fee Class	Management Fee*	TER	TC	TIC
Class A	0.95%	1.10%	0.01%	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).

Where the Share Class has been in existence for less than 12 months, no TER is reflected.

* Management Fee includes fee payable to Manco.

Fund Costs- 36 months

Fee Class	Management Fee	TER	TC	TIC
Class A	0.95%	1.08%	0.01%	1.09%

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).

Where the Share Class has been in existence for less than 36 months, no TER is reflected.

* Management Fee includes fee payable to Manco.

Contact Details

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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 Income 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

Fund Review

The objective of the Class Fund is to provide a return in excess of its benchmark in Sterling, whilst seeking to maintain a high degree of capital preservation, by investing primarily in quality global fixed interest securities, and, where in the opinion of the Investment Manager, direct investment in fixed interest securities will not achieve sufficient diversification to achieve the Class Fund's objective, in other collective schemes, money market instruments and cash that will maximise total returns in Sterling.

The Fund's performance for the period was 1.41% versus the Fund's benchmark return of 2.13%.

Market Overview

Approximately 25% of the global bond market now offers investors a yield of less than zero, and that's before inflation. Multiple events have unfolded to get us to this bizarre state of play but in the main, a healthy mix of global protectionism (trade wars and subsequent manufacturing slump), quantitative easing (printed money buying bonds) and search for yield have driven bond market yields to what will either be dubbed crazy or the new norm in years to come – for now we are inclined towards the former. A consequence of this dramatic decline in yields is a sharp rise in the embedded risk of global bond markets. Put simply, low yields equal potential high volatility and this is particularly evident in longer dated bonds where any retracement higher in yield levels will be met with significant downward price adjustments. Given the current heightened levels of uncertainty thanks to issues such as trade wars, BREXIT, sustainability of the long US economic expansion etc. it is not that difficult to understand why bond markets have performed well. But, we think they have performed too well, in fact by some margin given the economic backdrop. It is easy to use the US economy as an example given its ongoing strength but even applying some global statistics, something doesn't look right. As above, a decent chunk of the global bond market is charging 'you' to buy its debt however, the OECD estimate that global growth will average 2.9% this year and 3% next, while global inflation is running at approximately 1.9%. A great time to be a borrower, not a long-term investor but how long can it last? To complicate matters, it is clear that risk assets are becoming increasingly wedded to the prospect of low rates and ever more accommodative central banks. Nowhere is this clearer than in the US where the US Federal Reserve completely turned around their interest rate outlook from hawkish (igniting an equity sell off in late 2018) to dovish (subsequent equity market rally in early 2019). Clearly the pressure is on to keep global money cheap and this has had a profound effect on both the bond and equity markets. So, any pick up in global activity is going to prove challenging for the central banks as turning off the monetary tap may potentially provoke a rapid repricing of global bond yields, triggering significant bond losses. On this note, it has become clear that more and more central banks are calling upon the governments to dial up fiscal easing given the diminishing positive effects of lower and lower (or more negative) risk free rates. This we believe will mark the next stage in this lengthy hangover from the credit crisis and one that may have more widespread benefits to global growth conditions, and in some areas, it may just be financed by a bit more of that 'free' printed money. In summary, global bond markets remain very expensive on most measures and whilst we cannot dismiss the probability that this continues for some time to come, as long-term investors focused on the preservation of capital, we are reluctant to join the party when it may be approaching midnight.

Looking Ahead

The Bank of England sorely want to lift interest rates, but the fate of upcoming monetary policy remains firmly in the hands of BREXIT. The market is forecasting a very dim view of the BREXIT outcome, evident in the meagre 0.30% yield on UK gilts maturing between three and five years. Of course, all options remain in play, but the last three years has been a lesson in the futility of attempting to second guess political outcomes. However, even in the event of a 'no deal' we struggle to find yields at current severely depressed levels a compelling medium to long term investment. We have moderately extended the overall maturity of the Fund in response to weaker 'global' economic conditions, but relative to benchmark the Fund remains defensively positioned.

Sterling still cannot break from the shackles of BREXIT and despite some brief periods of hope that a 'deal' will be forthcoming, the sheer level of uncertainty is keeping the currency under pressure. Whilst undoubtedly undervalued, it would be remis not to hold some foreign currency exposure as a hedge in the event of a 'no deal' at the end of October and the Fund has retained some exposure to both the US Dollar and Euro. Whilst economic fundamentals are being somewhat overlooked in the current environment, under the circumstances the economy is holding up better than many had forecast thanks to a buoyant employment market. However, despite some pockets of resilience in the economy, an interest rate hike appears a distant prospect. A positive resolution to this saga would certainly lift sentiment, potentially kick-start some hawkish rhetoric from the Bank of England and Sterling would certainly rally – we just need to get there first!

In respect of duration and given our thoughts above, the Fund remains underweight relative to benchmark although we have been closing the gap throughout the year given the slowdown in 'global' economic conditions. Whilst the Fund has delivered solid absolute returns over and above both cash and inflation in 2019, this defensive strategy has resulted in some relative underperformance to benchmark. However, if our fundamental bearish outlook for bonds is correct and some of the negative geo-political influences currently disrupting sentiment can be at least partially resolved, then we believe the Fund is best positioned to re-coup any relative underperformance accrued this year.