

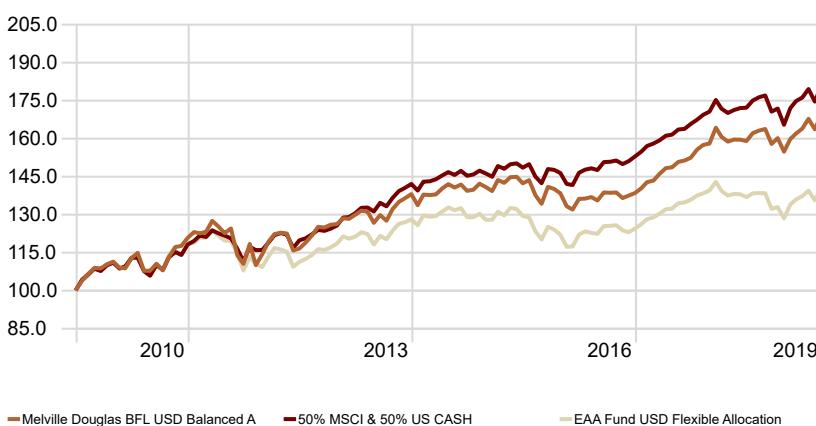
Melville Douglas Balanced Fund Ltd

USD Balanced Class (the "Fund")

Minimum Disclosure Document as at 30 June 2019



Investment Growth***



Trailing Returns***

	1 Month	YTD	1 Year	3 Years	5 Years	10 Years
Melville Douglas BFL USD Balanced A	3.3	9.2	6.3	7.6	3.6	5.4
50% MSCI & 50% US CASH	3.4	9.1	4.8	7.0	4.2	6.1
EAA Fund USD Flexible Allocation	3.2	9.0	2.3	4.6	1.1	3.4

Risk Matrix *

	Class A	Benchmark	Cat Avg
Information Ratio (arith)	-0.3		-1.8
Std Dev	6.0	7.8	6.1
Sharpe Ratio **	1.0	0.9	0.5

Highest and lowest 12 month rolling returns since inception

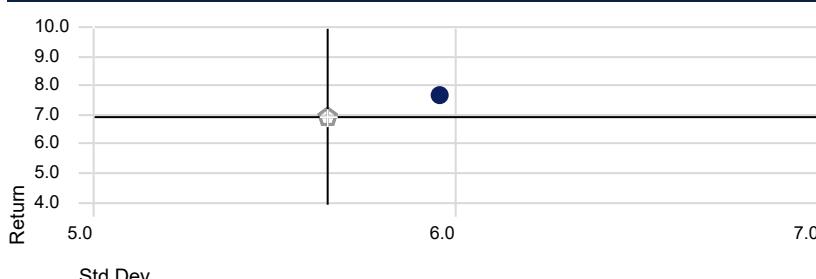
Highest 12 month rolling return 24.9

Lowest 12 month rolling return -25.4

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							
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

Risk-Reward *



Not to be distributed outside of Jersey.

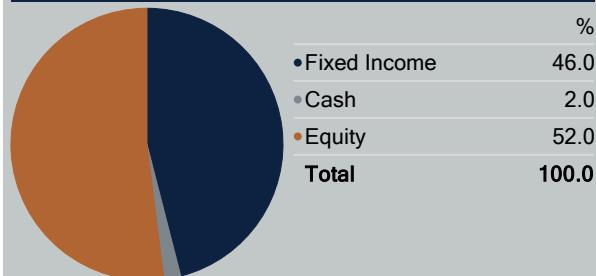
Investment Objective

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 1.25	23.1
Microsoft Corp	3.5
European Bank 1.75	2.8
International Bank 1.125	2.8
Kreditanstalt 2.75	2.8
Experian PLC	2.6
Mastercard Inc A	2.6
Starbucks Corp	2.6
US Treasury 2.25	2.5
US Treasury 2.75	2.5

Asset Allocation



Operations

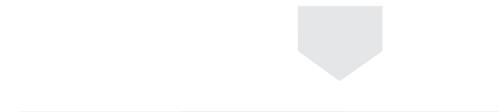
Name	Melville Douglas BFL USD Balanced A
Month end price (USD)	\$ 187.5
Total fund AUM (m)	\$ 10.8

Fund Managers

Bernard Drotchie

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.

Portfolio Risk



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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	Link Corporate Services (Jersey) Limited
Auditors	PwC, Ireland
Fund Directors	H.Holmes, GS.Baillie, M.Farrow, and O.Sonnichler
Registered Office	47-49 La Motte Street, St Helier, Jersey
Publication Date	15 July 2019
Share Class ISIN	JE00B504TG57
Minimum Investment	\$10 000
Launch Date	16 February 1999

Fund Costs- 12 months

Fee Class	TER	TC	TIC
Class A	1.20%	0.00%	1.20%

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).

Fund Costs- 36 months

Fee Class	TER	TC	TIC
Class A	0.97%	0.00%	0.97%

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). Share classes in issue for less than 36 months is not disclosed.

Contact Details

Melville Douglas Investment Management (Pty) Ltd

8th Floor West Wing, 30 Baker Street, Rosebank, 2196. PO Box 411184, Craighall 2024, South Africa

Telephone: +27 (11) 721 7964 Fax: +27(0)86202 7235

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 or 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) on a Thursday will receive the following valuation point unit price. This is an accumulation portfolio and does not distribute income. Telephone calls may be recorded. Link Corporate Services (Jersey) 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 exists 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 3.11% compared to a benchmark return of 2.43%. The outperformance over the period under review was attributable to another pleasing performance from the global equity component in the fund, which benefited from Melville Douglas style bias towards growth/quality and good stock picking over the period. The cash component delivered returns which were very much in line with its benchmark.

Overview

Investors have enjoyed what has turned out to be the strongest and broadest rally across every major asset class seen during the first six months of any year during the past decade. These returns have been achieved despite an environment where the global economic backdrop has softened, and geo-political tensions have escalated. Cross-asset valuations have re-rated to levels that now look fair-to-expensive as central banks have vowed to stimulate by as much as needed to keep the global economy from slipping into recession. Fixed Interest bonds rallied as yields plummeted with the cheaper cost of borrowing also providing a very favourable tonic for global equities.

Jerome Powell's put

The US Federal Reserve (Fed), chaired by Jerome Powell, has made a complete about turn in its guidance for the path of future interest rates. At the beginning of the year consensus was that interest rates in the US would continue to move higher, but that is no longer the case. Fixed interest markets are now discounting an interest rate cut at the next Federal Open Market Committee (FOMC) meeting in July, with more expected to follow suit. It is not only the Federal Reserve that has become more dovish. The President of the European Central Bank (ECB), Mario Draghi surprised investors in a recent speech where he indicated that the ECB stand ready to provide additional (and unorthodox) monetary support to the European economy should the outlook for growth deteriorate.

We are not convinced that the Fed is about to embark on a full-blown easing cycle but rather attempting to keep things ticking over whilst the uncertainty from trade wars drags on. The Fed will not want to use up too much of its monetary ammunition at a time when the US economy still looks reasonably resilient. The full extent of how fast and by how much interest rates will be cut is unknown, but the point is that interest rates for this economic cycle have peaked and at much lower levels than has historically been the case. Cheap funding is therefore here for longer.

Market reaction

Investment markets took their cue from the change in rhetoric by Global central banks and are now discounting four interest rate cuts by the US Federal Reserve before the end of 2020, with the potential of additional monetary support from the ECB. Global bonds reacted sharply and staged a strong recovery from the losses incurred for most of last year as yields adjusted lower. Equity markets followed suit given the assurance from central banks, with share prices finding favour from a combination of lower discount rates and the prospect of an improvement in economic activity down the line. The strong and unexpected performance from global bonds which started towards the latter part of last year, has also necessitated many multi-asset fund managers to realign their portfolios by increasing exposure to equities, thus providing additional support to the asset class. The correlation between both fixed interest and equity markets looks set to continue if the current downturn in the global economy remains only a slowdown in growth rather than a recession.

The last time cross-assets performed this strongly was in 2009/2010, but then asset prices were cheap, and the global economy was recovering from post-Lehman with the help of aggressive quantitative easing by the Fed. That is not currently the case. Cross-asset valuations are fair-to-expensive and require either an improvement in growth momentum and/or for interest rate cuts to materialise as expected to justify current prices. Investors will also need to keep a watchful eye on the usual suspects that have been plaguing investment markets during the past year: a stalemate in US-China trade negotiations resulting in higher tariffs and reciprocal technology bans; the risk of a poor corporate earnings season; a disorderly Brexit; and an escalation in geopolitical tensions. Some improvement in the above should however be positive for risk assets, though investors should expect returns for the remainder of the year to be more moderate than what has been experienced thus far.

Outlook

Since the beginning of the year global government bond yields have fallen considerably and equity prices have risen sharply. These market movements are a result of the rapid re-pricing in monetary policy expectations which, given their magnitude, are effectively pushing the Fed into a corner where if it does not sanction a cut in interest rates in the third quarter it threatens to disrupt the continuing resilience of risk assets.

We cannot profess to know the outcome of the trade war negotiations, the exact path for monetary policy or whether the UK will exit the European Union with or without a deal, but we understand the current economic expansion, which began in the aftermath of the Global Financial Crisis, is the longest and slowest on record. Despite the prospect of further central bank injections of liquidity in the months ahead, investors should not expect much of an acceleration in growth momentum as unemployment is already very low and so are interest-and-tax rates, while debt levels are at record highs. We therefore continue to position portfolios in such a way that clients long term investment objectives are achieved through diversification and patience without taking undue risks. We maintain our neutral exposure to equities and underweight position to long dated fixed income assets.