

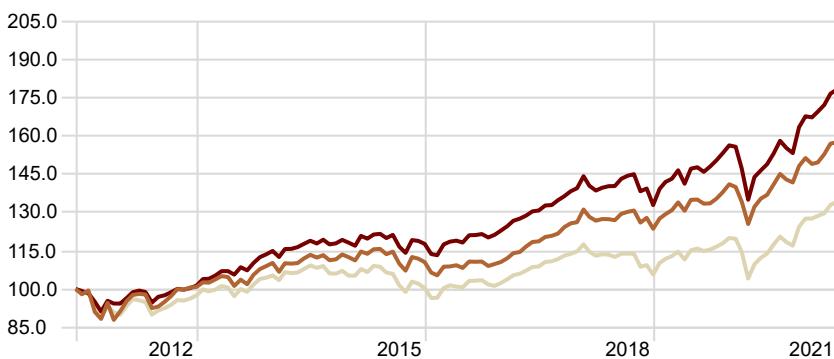
Melville Douglas Balanced Fund Ltd

USD Balanced Class (the "Fund")

Minimum Disclosure Document as at 31 May 2021



Investment Growth***



Trailing Returns***

	1 Month	YTD	1 Year	3 Years	5 Years	10 Years
Melville Douglas BFL USD Balanced C	0.35	4.10	16.34	7.35	7.60	4.66
50% MSCI ACWI NR & 50% US CASH	0.93	6.28	21.67	8.31	8.43	5.96
EAA Fund USD Flexible Allocation	0.94	5.17	19.64	5.76	5.87	2.99

Risk Matrix *

	Class C	Benchmark	Cat Avg
Information Ratio (arith)	-0.8		-1.6
Std Dev	8.7	12.8	10.0
Sharpe Ratio **	0.7	0.8	0.5

Highest and lowest 12 month rolling return since inception

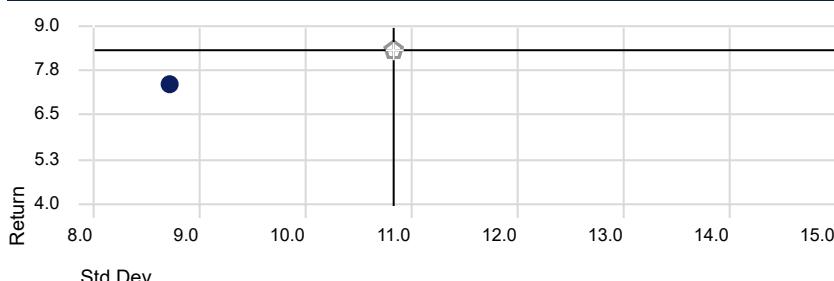
Highest 12 Month Rolling Return 20.92

Lowest 12 Month Rolling Return -25.99

Monthly Returns***

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2021	-1.5	0.4	2.2	2.7	0.3								
2020	-0.8	-4.1	-6.6	5.4	2.4	1.1	3.0	2.9	-1.5	-0.8	4.6	2.1	7.3
2019	3.2	1.3	1.2	2.3	-2.5	3.3	0.1	-1.2	0.1	1.4	1.9	2.2	14.1
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

Risk-Reward *



Not to be distributed outside of Jersey.

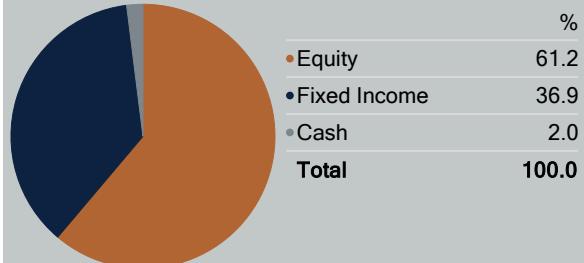
Investment Objective

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 %
Microsoft Corp	3.1
Melville Douglas Slct Ltd Glb Impct X	2.8
Facebook Inc	2.5
HDFC Bank Ltd	2.5
Alphabet Inc	2.5
Partners Group Holding AG	2.5
Brenntag SE	2.5
Prudential PLC	2.5
Anthem Inc	2.4
UnitedHealth Group Inc	2.4

Asset Allocation



Operations

Name	Melville Douglas BFL USD Balanced C
Month End Price Class C	\$218.88
Total Fund Value	\$13.75 Million

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



Melville Douglas Balanced Fund Ltd

USD Balanced Class

Minimum Disclosure Document as at 31 May 2021



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, O.Sonnichler & R Stewart
Registered Office	47-49 La Motte Street, St Helier, Jersey
Publication Date	14 June 2021
Share Class ISIN	JE00B504TG57
Minimum Investment	\$10 000

Launch Date	16 February 1999
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Fund Costs- 12 months

Fee Class	Management Fee*	TER	TC	TIC
Class C	0.95%	1.37%	0.03%	1.40%

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

Fund Costs- 36 months

Fee Class	Management Fee*	TER	TC	TIC
Class C	0.95%	1.33%	0.03%	1.36%

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

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 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 (31 March 2021)

Fund Review

Over the quarter, the fund returned 1% compared to a benchmark return of 2.7%. Relative performance lagged due to the considerable market rotation away from large cap growth companies in favour of value securities and more cyclical sectors with Energy, Financials and Industrials which have outperforming handsomely. Value as an Investment style has outperformed Growth by more than 9% this year. From an asset allocation perspective, the overweight position to global equities contributed positively to performance.

Overview

It has been just over a year since global equity markets reached their lows on 23rd March 2020. A period when the outlook for not only global growth but also humanity was extremely uncertain and difficult to quantify. Companies around the world swiftly laid off employees in the tens of millions as lockdown measures were enforced to contain one of the worst humanitarian crises since the 1930s as COVID-19 became a global pandemic. Commodity prices collapsed whilst companies' capital expenditure programs were shelved as access to funding at one stage became near impossible before central banks stepped in. Over this period companies had to rapidly adapt to a very fast changing environment as consumers changed their spending patterns and priorities and supply disruptions became the order of the day. The burden of the health crisis has fallen unevenly across sectors, with the non-tradable services sector most negatively affected – tourism, hospitality and the high street bricks and mortar retail trade. The impact on vulnerable income groups (women, the informal sector, young workers, migrant workers and less well-educated segment) has also been significant as poverty levels have sadly increased.

Investment markets have quickly turned their attention to the change in the growth and inflation outlook and many are starting to be concerned that central banks might be behind the curve, meaning that interest rates and quantitative easing programs are perhaps too loose and accommodative at this stage of the economic cycle. This debate is not going to disappear any time soon; inflation is bound to increase significantly over the next few months partly due to supply constraints / bottlenecks (COVID-19 restrictions and more recently the Suez Canal traffic jam), but mostly due to base effects. From the lows reached a year ago, the price of oil has more than tripled and industrial commodity prices have also reached new highs. Furthermore, the price of certain goods such as apparel, as well as non-tradable services, are expected to bounce back to pre-crisis levels once mobility restrictions have been fully relaxed.

Investment markets have become more concerned that excessive growth fueled by overly high levels of monetary injections and fiscal support may at some stage lead to an inflation problem that needs to be addressed by tighter monetary conditions (higher real interest rates) than expected - something markets haven't really had to contend with for quite some time. Evidence of how markets might react to a less supportive monetary policy environment is clear and in line with previous cycles. Stocks that have run ahead of themselves and especially those whose share prices have benefited from increased speculation on the back of cheap financing and easy access to online trading and derivative platforms have experienced larger drawdowns than the rest of the market. The same holds true for Emerging Market equities which have until recently benefitted from the "risk-on" cyclical trade, and although these corrections are trivial compared to the gains over the past few years, they are starting to reconfirm a familiar dynamic – central bank and, in particular, US Fed interest rate normalisation rarely unfolds without meaningful asset price disruption somewhere.

Outlook

The rebound in global economic activity is expected to be strong for 2021. A continuation of loose monetary and fiscal policies will underpin growth and together with the re-opening of economies provide a backdrop that is conducive for real (risk) assets. Inflation is sure to increase from recessionary lows and is expected to overshoot in the near term, which is likely to result in some volatility along the way as investors reposition their portfolios. Investors are concerned that increased inflation will result in higher interest rates and a less supportive monetary environment. While this is possible, central banks have been communicating a much more patient approach given the severity of, and uncertainties related to, last year's pandemic crisis. Higher global bond yields (discount rates) will be a headwind for equity valuations, but this is expected to be more than offset by accelerating earnings growth.

Our approach is to continue backing quality companies with secular and structural growth drivers, supported by strong balance sheets, while ensuring that we do not overpay for them. In addition, these companies tend to have pricing power given the uniqueness of their offering, something that will become very important once higher costs start to surface or in the (unexpected) event of an economic downswing. Many other companies do not have the same ability to weather the storm from higher inflation (and interest rates) and will thus find it difficult to maintain their profit margins and dividend growth.

We cannot be exactly sure when interest rates will normalise given that the US Federal Reserve (FOMC), along with many other central banks, are adamant that monetary conditions will remain 'ultra-loose' for the foreseeable future, but we do expect lower investment returns and perhaps more volatility in future for multi-asset mandates and have positioned the fund accordingly.

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.