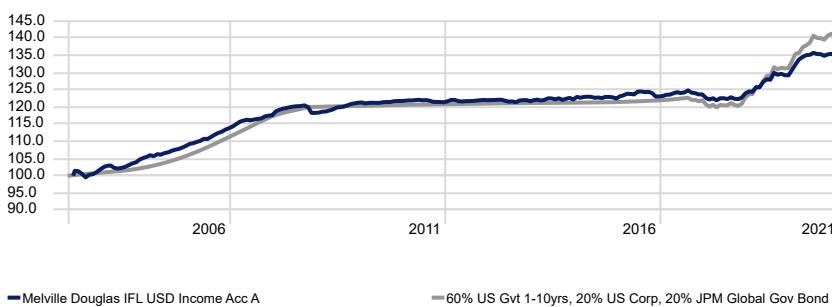


Melville Douglas Income Fund Ltd

US Dollar Class (the "Fund")

Minimum Disclosure Document as at 28 February 2021

Investment Growth***



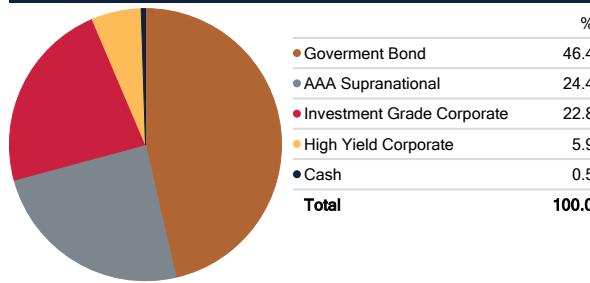
Investment Objective

To provide a return in excess of the benchmark in US Dollars, 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 US Dollars.

Supplementary Data



Asset Allocation



Trailing Returns

| | 1 Month | YTD | 1 Year | 3 Years | 5 Years | 10 Years |
|--|---------|------|--------|---------|---------|----------|
| Melville Douglas IFL USD Income Acc A | -0.9 | -1.2 | 1.1 | 3.1 | 1.6 | 0.9 |
| Melville Douglas IFL USD Income Acc B | -0.9 | -1.2 | 0.9 | 2.8 | | |
| Melville Douglas IFL USD Income Acc C | -0.8 | -1.2 | | | | |
| Melville Douglas IFL USD Income Inc X | -0.8 | -1.1 | 1.9 | 3.9 | | |
| 60% US Gvt 1-10yrs, 20% US Corp, 20% JPM Global Gov Bond | -1.4 | -2.0 | 2.2 | 4.8 | 2.6 | 1.4 |

Risk Matrix *

| | Class A | Benchmark |
|---------------------------|---------|-----------|
| Information Ratio (arith) | -1.5 | |
| Std Dev | 2.0 | 2.7 |
| Sharpe Ratio ** | 0.3 | 0.4 |

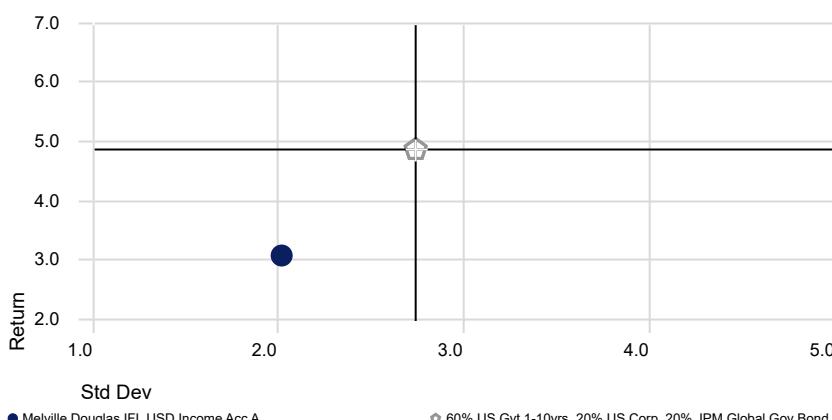
Highest & Lowest 12 Month Rolling Return

| | |
|---------------------------------|-------|
| Highest 12 Month Rolling Return | 5.78 |
| Lowest 12 Month Rolling Return | -1.65 |

Monthly Returns***

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Year |
|------|------|------|-----|------|------|------|------|------|------|------|------|------|------|
| 2021 | -0.3 | -0.9 | | | | | | | | | | | |
| 2020 | 1.2 | 1.2 | 1.1 | 0.5 | 0.4 | 0.1 | 0.4 | -0.3 | 0.0 | -0.4 | 0.3 | 0.1 | 4.8 |
| 2019 | 0.5 | -0.1 | 1.1 | 0.0 | 1.2 | 0.6 | -0.1 | 1.6 | -0.4 | 0.2 | -0.3 | -0.1 | 4.2 |
| 2018 | -0.8 | -0.3 | 0.3 | -0.5 | 0.5 | 0.0 | -0.2 | 0.4 | -0.4 | -0.1 | 0.3 | 1.0 | 0.2 |
| 2017 | 0.1 | 0.3 | 0.1 | 0.3 | 0.3 | -0.2 | 0.2 | 0.5 | -0.5 | -0.1 | -0.3 | 0.0 | 0.5 |
| 2016 | 0.6 | 0.2 | 0.4 | 0.0 | -0.1 | 0.7 | 0.0 | -0.2 | 0.1 | -0.3 | -0.8 | 0.0 | 0.5 |

Risk-Reward *



Operations

| | |
|---------------------------------|---------------------------------------|
| Name | Melville Douglas IFL USD Income Acc A |
| Month End Price (Current Class) | \$178.08 |
| Total Fund Value | \$73.55 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 Drotchie

Bernard is the 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™ professional.

Portfolio Risk



LOW

MEDIUM

HIGH

Not to be distributed outside of Jersey and South Africa

* 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% USD Libor Overnight. This was changed on 31 August 2017 to 80% US Govt 1-10 years/ 20% US Corporate Bond

The benchmark was changed again on 1 May 2020 to 60% US Govt 1-10 years/ 20% US Corporate Bond, 20% JPM Global Gov Bond

Melville Douglas Income Fund Ltd

US Dollar Class



Minimum Disclosure Document as at 28 February 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 | | Fund Costs- 12 months | | | | | | | | |
|---|--|---|-------------------------|-------|-------|-------|--|--|--|--|
| | | Fee Class | Current Management Fee* | TER | TC | TIC | | | | |
| Manager | STANLIB Fund Managers Jersey Limited | Class A | 0.95% | 1.04% | 0.00% | 1.06% | | | | |
| Investment Manager | Melville Douglas Investment Management (Pty) Ltd | Class B** | 1.05% | 1.17% | 0.00% | 1.19% | | | | |
| Custodian | Apex Financial Services (Corporate) Limited | Class C | 0.75% | 0.84% | 0.00% | 0.87% | | | | |
| Auditors | PwC, Ireland | Class X | 0.15% | 0.24% | 0.00% | 0.27% | | | | |
| Fund Directors | GS.Baillie, M.Farrow, O.Sonnichler & R Stewart | TER = (Total Expense Ratio), TC = (Transaction Costs), TIC = (Total Investment Cost ; TER + TC = TIC) | | | | | | | | |
| Registered Office | 47-49 La Motte Street, St Helier, Jersey | 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). | | | | | | | | |
| Publication Date | 12 March 2021 | * Management Fee includes fee payable to Manco | | | | | | | | |
| Compliance No. | L947N3 | **Class B management fee includes 0.30% rebate payable to adviser | | | | | | | | |
| Share Class ISIN | | Fund Costs- 36 months | | | | | | | | |
| | | Fee Class | Current Management Fee* | TER | TC | TIC | | | | |
| Minimum Investment | | Class A | 0.95% | 1.07% | 0.00% | 1.09% | | | | |
| Class A | Closed to new investments | Class B** | 1.05% | 1.19% | 0.00% | 1.21% | | | | |
| Class B | USD 2 500 | Class C | 0.75% | 0.84% | 0.00% | 0.87% | | | | |
| Class C | USD 2 500 | Class X | 0.15% | 0.25% | 0.00% | 0.27% | | | | |
| Class X | USD 1 000 000 | TER = (Total Expense Ratio), TC = (Transaction Costs), TIC = (Total Investment Cost ; TER + TC = TIC) | | | | | | | | |
| Launch Date | | 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). | | | | | | | | |
| Class A | March 2003 | * Management Fee includes fee payable to Manco | | | | | | | | |
| Class B | 01 September 2017 | **Class B management fee includes 0.30% rebate payable to adviser | | | | | | | | |
| Class C | 02 June 2020 | | | | | | | | | |
| Class X | 17 October 2017 | | | | | | | | | |
| 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 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.

Fund Prospectus, application forms as well as annual and interim financial statements, are available at www.melvilledouglas.com

Source: Morningstar Direct, Melville Douglas Investment Management

Quarterly Commentary ((31 December 2020)

Fund Review

The objective of the Class Fund is to provide a return in excess of its benchmark in US Dollars, 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 US Dollars. The Fund's performance for the period was +0.07% (A Class) and +0.27% (X Class) versus the Fund's benchmark return of +0.89%. For the full year, the Fund delivered returns of +4.85% (A Class) and +5.69% (X Class).

Market Overview

Longer-dated US government bond yields have been steadily rising since early August but relative to the outlook for a sustained recovery in economic growth conditions next year and for inflation to trend higher, we believe the market remains expensive, particularly based on historic 'real return' levels. It appears likely that the 10-year benchmark will breach 1% but we are mindful that the Federal Reserve will only tolerate yields rising sharply if coupled with signs that the economy is on a sustainable path to pre-pandemic levels. If not, further manipulation of yield curve via quantitative easing measures (i.e. buying longer dated US treasuries) is probable. With interest rates near zero and destined to stay there for some time, the yield curve has steepened in recent months but the difference between two and ten year issues still remains some 50 basis points below its ten year average and therefore, not yet close to levels that we would deem sufficiently attractive to consider extending durations. Ultimately, market yields remain extremely low which in turn raises the duration risk exponentially and this is not a favourable mix for longer-dated bonds when taking a medium to long-term view – the Fund remains cautiously defensive.

Looking Ahead

It is important to make the distinction between government (safe) and corporate/high yield (less safe). As their opposing risk characteristics suggest, one should be cheap, the other shouldn't but in the current abnormal environment that isn't the case – they both appear expensive. The explanation for this is fairly simple, risk free rates are on the floor (often below in fact) and central banks have done a decent job of manipulating yields lower via printed money/quantitative easing. Looking forward we have our reservations concerning the sustainability of both government yields and corporate credit spreads to remain at such depressed and outright expensive levels. It would be fair to say we are more concerned with the very low level of perceived safe-haven government yields than we are with corporate spreads, although even the later now seems somewhat out of sync with economic reality. As above, central banks have become the biggest buyers of their own bonds, by far, and this has been a key factor in driving yields to abnormally low levels. The result is that we now have many bond markets trading as pure 'capital' plays with little, and quite often negative, yield protection. Consequently, the smallest move in yields can equate to large capital swings and the danger here is that it has (almost) been a one-way street in recent years and the pandemic has only served to drive yields even lower. In a low growth and inflation environment this can continue for a while longer yet but if either surprise on the upside there could be rush for the exit door. For these reasons, the overall duration of the Fund remains at the lower end of our range. This we believe will defend value in the year ahead as safe-haven yields rise in conjunction with an improved economic outlook.

Investment grade and high yield corporate debt is perhaps a little easier to understand as the global 'search for yield' has found itself with increasingly fewer places to search and these markets fill that gap. However, participation in crowd trades can often blind investors to the fundamentals and the one that should never be forgotten is 'am I being paid for the risk?'. We don't believe these corporate markets are yet pushing the boundaries but there is no doubt that their participation in the violent risk-on rally that dominated all but the first quarter of 2020 is currently dissuading us from aggressively adding to corporate debt within the Fund.

The US Dollar weakened in the second half of the year, more than we had anticipated and to the detriment of the Fund's overweight strategy. In particular, the currency's slide against the Euro during this period has been meaningful however it should be noted that the US government bond market has significantly outperformed its German counterpart year-to-date so the relative cost to performance has not been material. Looking ahead, further downside in the US Dollar is very much the 'consensus' opinion which, in itself should be a slight concern, particularly given the weakness already experienced this year. Ultimately, we may be forced to reduce the long held overweight strategy but we remain very mindful that the US bond market still enjoys a considerable yield pick-up over virtually all counterparts (circa 1.5% in the case of German ten-year bonds for example) and therefore, allocating to Euro or Yen assets forces our strategies to invest in zero, and more often deeply negative yielding assets.

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.