

September 2019



# Discretionary Portfolio Management

## Melville Douglas

Melville Douglas is a long established investment brand, started over 30 years ago and has been a wholly owned part of the Standard Bank Group since 2002. The international aspects of the business operate through a long standing and stable team of highly experienced investment experts based in both Jersey and South Africa. They are grounded by principled integrity and strive to provide an exceptional, discreet and personalised service. Portfolio solutions can be managed on both a segregated and funded basis and are tailored according to the results of the client risk profiling exercise, which lies at the heart of the process. Our main aim is to preserve and grow, in real terms, the capital entrusted to us through the delivery of superior risk adjusted returns over the longer term and to become an integral part of our clients' long-term wealth solutions.

## Discretionary Portfolio Management

Our Discretionary Portfolio Management service takes away the need for clients to make time consuming investment decisions. Our aim is to provide returns that dovetail with your risk tolerance and long-term investment objectives.

In today's volatile markets, the time and effort required to effectively manage personal wealth has dramatically increased as business cycles have shortened and the volatility associated with traditional asset classes has increased. With a highly qualified team of over 30 investment professionals and assets under management in excess of US\$2 billion, our Asset Management team scrutinise global markets daily to ensure that we respond to constantly changing market conditions.

Utilising a sophisticated modelling system, we offer unique, dynamic asset allocation models where the weightings towards asset classes, which include equities, bonds, cash and alternatives, are determined by growth and risk expectations to optimise performance. Risk management is also a fundamental aspect of this process. We believe that asset allocation is the prime driver of investment performance and for this reason our investment team focus on getting this aspect right, which has fed through to the sustained investment performance reflected in the performance of our portfolios.

With your investment strategy in the capable hands of our seasoned investment professionals, your returns

will be managed to optimise upside potential whilst conscientiously managing downside risk. We believe that close communication is also fundamental and we therefore ensure that our strategy is clearly and regularly communicated. In summary, we offer a long-term partnership approach to Wealth Management which we believe delivers results.

A brief description of each portfolio strategy is shown overleaf. These may be customised to create bespoke investment solutions to meet individual client requirements. Our aim is to optimise investment returns measured in the base currency selected and as such portfolios will contain a bias to the base currency. Dependant on portfolio size and strategy an active but constrained currency overlay within the fixed interest and cash weightings is implemented. A separate fact sheet detailing our up to date asset allocation policy is also available.

### Key attributes

- Six risk weighted portfolio strategies
- Equity, fixed income, alternative and cash assets
- Sterling, US dollar and Euro base currencies
- Domestic and International strategies
- Bespoke portfolios
- Dedicated Portfolio Manager
- Regular consolidated portfolio valuations
- Portfolio on-line
- Monthly portfolio strategy updates

# Discretionary Portfolio Management

- Quarterly Investment Review and Outlook
- Global Custody facilities
- Investment holding statements
- Consolidated tax vouchers
- Capital and Income segregation

## Portfolio Strategies

### Global Equity

#### Objective

This portfolio is aimed at maximising growth through investment principally in equities and/or equity focused funds, although an allocation to cash may be used in times of market uncertainty. Potentially it carries the highest level of volatility and risk coupled with the highest potential for long-term growth at the risk of short to medium-term loss.

Typically this portfolio would form part of a wider wealth management strategy determined by the client, their professional advisor or our Relationship Managers. It is only suitable for investors with a long-term investment horizon who are prepared to invest for a period in excess of five years.

#### Style

Dependant on available assets, tax considerations or preference, portfolios can be populated either via a combination of funds, via direct securities or a blend.

### Global Growth

#### Objective

This portfolio is aimed at optimising growth through investment principally in equities and/or equity focused funds. More moderate asset allocations can also be made to fixed income securities, alternatives, property and cash, as market conditions dictate. Potentially it carries a lower level of volatility and risk than the Global Equity portfolio however the high level of equity investment means that volatility is still likely to be towards the upper end of the risk

spectrum and there is the risk of short to medium-term loss. The portfolio is only suitable for investors with a long-term investment horizon who are prepared to invest for a period in excess of five years.

#### Style

This strategy has a proactive but constrained “top down” driven style to asset allocation, whilst the inclusion of lower risk assets moderates volatility to a limited degree. Dependant on available assets, tax consideration or preference, portfolios can be populated either via a combination of funds, via direct securities or a blend.

### Global Balanced

#### Objective

This portfolio is aimed at optimising returns through investment in a broad range of asset classes including equity orientated investments, fixed income securities, alternative investments, property and cash. The diverse nature of the asset classes should result in a moderate level of volatility and is therefore suitable for trustees and individuals alike although the level of equity investment determines that the portfolio is only suitable for investors with a long-term investment horizon who are prepared to invest for a period in excess of five years as there is the risk of short to medium-term loss.

#### Style

This strategy has a proactive “top down” driven style to asset allocation with the weightings to the various asset classes managed within the permitted risk constraints to ensure that the requirements and objectives are being met, and to make tactical allowances for the changing characteristics (and attractiveness) of the various asset classes.

Dependant on available assets, tax consideration or preference, portfolios can be populated either via a combination of funds, via direct securities or a blend.

# Discretionary Portfolio Management

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## Global Conservative

### **Objective**

This portfolio is aimed at achieving more consistent returns utilising a conservative approach to asset allocation. Investment is principally in fixed income securities with more moderate allocations to equities, alternative investments, property and cash. The diverse nature of the asset classes should result in a lower level of volatility and is therefore suitable for trustees and individuals alike, although the level of equity investment determines that the portfolio is only suitable for investors with a low to moderate risk appetite, with a minimum time horizon in excess of three years, as there is the risk of short to medium term loss.

### **Style**

This strategy has a proactive “top down” driven style to asset allocation with the weightings to the various asset classes managed within the permitted risk constraints to ensure that the requirements and objectives are being met, and to make tactical allowances for the changing characteristics (and attractiveness) of the various asset classes.

Dependant on available assets, tax consideration or preference, portfolios can be populated either via a combination of funds, via direct securities or a blend.

## Global Low Risk

### **Objective**

Capital preservation is the over-riding consideration and as such this portfolio is aimed at producing positive returns over any twelve-month period through investment principally in short dated fixed income securities coupled with only modest allocations to equities, alternatives, property and cash. The asset allocation policy determines that there is a low level of volatility however the potential for capital growth will be limited by the need to provide capital protection. The investment policy coupled with a focus on downside risk management means that this portfolio is suitable for low risk investors with a minimum time horizon of one year and over.

### **Style**

This strategy has a proactive “top down” driven style to asset allocation with the weightings to the various asset classes managed within the permitted risk constraints to ensure that the requirements and objectives are being met, and to make tactical allowances for the changing characteristics (and attractiveness) of the various asset classes.

Dependant on available assets, tax consideration or preference, portfolios can be populated either via a combination of funds, via direct securities or a blend.

## Global Fixed Income

### **Objective**

This portfolio is aimed at investors who wish to avoid the volatility and risks associated with other asset classes but are looking for a return over and above that of cash. Asset allocation is largely restricted to quality fixed income securities and, at times, cash or cash linked instruments. Returns are generated by income from the securities and cash as well as capital movements in the value of the fixed income investments. Fixed income securities and/or cash denominated in currencies other than the investors base currency will result in gains or losses when translating the value of these investments back to the investor’s base currency, affecting the overall return. This portfolio is suitable for investors with a low to moderate risk appetite with a time horizon in excess of three years.

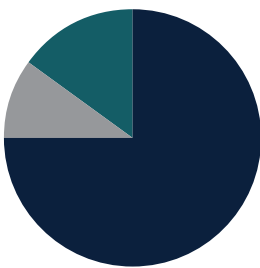
### **Style**

This strategy blends a mixture of primarily AA and AAA rated investment grade fixed income securities with more modest allocations to unconstrained bond funds that contain exposure to the corporate, high yield and emerging market debt sectors. The risk / return trade off is enhanced by adopting an active but constrained duration policy together with a pre-defined international currency overlay.

## Melville Douglas International Portfolio Strategies: GBP

30 September 2019

### Growth



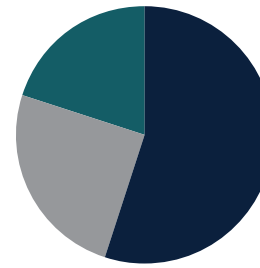
#### Asset Allocation

- Global Equity 75.0%
- Fixed Income 10.0%
- Cash Plus 15.0%

#### Risk



### Balanced



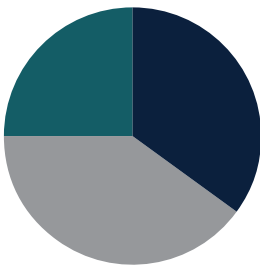
#### Asset Allocation

- Global Equity 55.0%
- Fixed Income 25.0%
- Cash Plus 20.0%

#### Risk



### Conservative



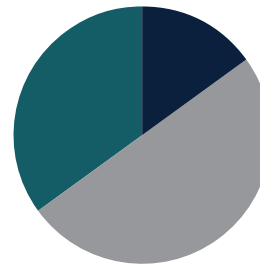
#### Asset Allocation

- Global Equity 35.0%
- Fixed Income 40.0%
- Cash Plus 25.0%

#### Risk



### Low Risk



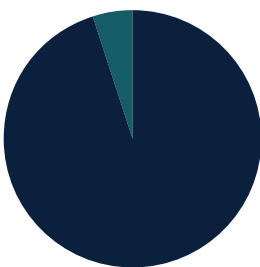
#### Asset Allocation

- Global Equity 15.0%
- Fixed Income 50.0%
- Cash Plus 35.0%

#### Risk



### Global Equity



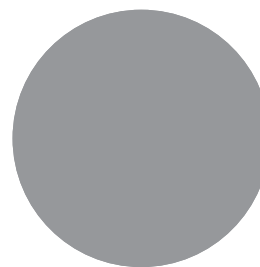
#### Asset Allocation

- Global Equity 95.0%
- Fixed Income 0.0%
- Cash Plus 5.0%

#### Risk



### Fixed Income



#### Asset Allocation

- Global Equity 0.0%
- Fixed Income 100.0%
- Cash Plus 0.0%

#### Risk



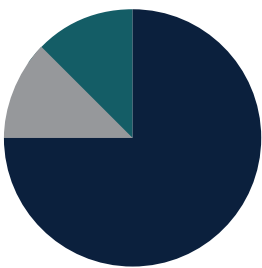
### Asset Allocation Range

Portfolio Strategy	Asset Allocation								
	Equity			Fixed Income			Cash Plus		
	Range	Benchmark	Current	Range	Benchmark	Current	Range	Benchmark	Current
Global Equity	90%-100%	95%	95.0%	0%	0%	0.0%	0%-10%	5%	5.0%
Growth	65%-85%	75%	75.0%	10%-30%	20%	10.0%	0%-15%	5%	15.0%
Balanced	45%-65%	55%	55.0%	25%-45%	35%	25.0%	0%-20%	10%	20.0%
Conservative	25%-45%	35%	35.0%	40%-60%	50%	40.0%	5%-25%	15%	25.0%
Low Risk	5%-25%	15%	15.0%	50%-70%	60%	50.0%	15%-35%	25%	35.0%
Fixed Income	0%	0%	0.0%	80%-100%	100%	100.0%	0%-20%	0%	0.0%

## Melville Douglas International Portfolio Strategies: USD

30 September 2019

### Growth



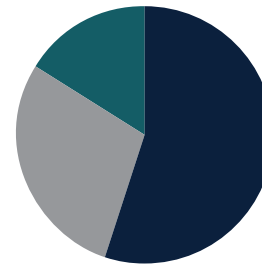
#### Asset Allocation

- Global Equity 75.0%
- Fixed Income 15.0%
- Cash Plus 10.0%

#### Risk



### Balanced



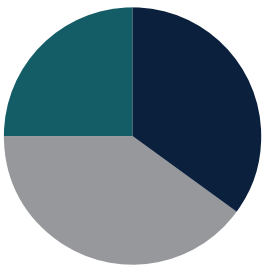
#### Asset Allocation

- Global Equity 55.0%
- Fixed Income 30.0%
- Cash Plus 15.0%

#### Risk



### Conservative



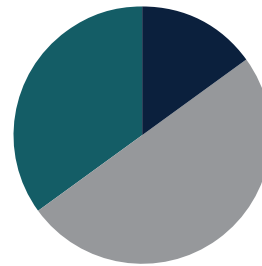
#### Asset Allocation

- Global Equity 35.0%
- Fixed Income 45.0%
- Cash Plus 20.0%

#### Risk



### Low Risk



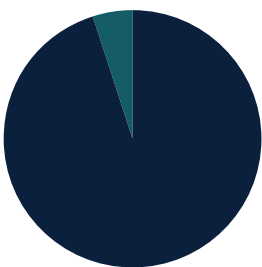
#### Asset Allocation

- Global Equity 15.0%
- Fixed Income 55.0%
- Cash Plus 30.0%

#### Risk



### Global Equity



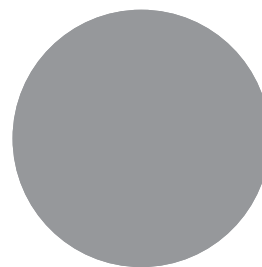
#### Asset Allocation

- Global Equity 95.0%
- Fixed Income 0.0%
- Cash Plus 5.0%

#### Risk



### Fixed Income



#### Asset Allocation

- Global Equity 0.0%
- Fixed Income 100.0%
- Cash Plus 0.0%

#### Risk



### Asset Allocation Range

Portfolio Strategy	Asset Allocation								
	Equity			Fixed Income			Cash Plus		
	Range	Benchmark	Current	Range	Benchmark	Current	Range	Benchmark	Current
Global Equity	90%-100%	95%	95.0%	n/a	0%	0.0%	0%-10%	5%	5.0%
Growth	65%-85%	75%	75.0%	10%-30%	20%	15.0%	0%-15%	5%	10.0%
Balanced	45%-65%	55%	55.0%	25%-45%	35%	30.0%	0%-20%	10%	15.0%
Conservative	25%-45%	35%	35.0%	40%-60%	50%	45.0%	5%-25%	15%	20.0%
Low Risk	5%-25%	15%	15.0%	50%-70%	60%	55.0%	15%-35%	25%	30.0%
Fixed Income	n/a	n/a	0.0%	80%-100%	100%	100.0%	0%-20%	0%	0.0%

September 2019

## Discretionary Portfolio Management



### International Discretionary Client Portfolios\*

30 September 2019 (net of all fees)

Global Equity	Q3 2019	YTD	1-Year	3-Years	5-Years
Sterling	1.79%	16.98%	6.17%	34.45%	60.46%
US Dollar	-0.67%	15.26%	2.64%	30.96%	35.40%

Growth	Q3 2019	YTD	1-Year	3-Years	5-Years
Sterling	1.69%	15.08%	6.52%	30.14%	54.58%
US Dollar	-0.37%	13.35%	3.15%	27.61%	29.79%

Balanced	Q3 2019	YTD	1-Year	3-Years	5-Years
Sterling	1.29%	11.66%	4.76%	21.34%	37.19%
US Dollar	-0.35%	10.91%	2.86%	22.79%	23.72%

Conservative	Q3 2019	YTD	1-Year	3-Years	5-Years
Sterling	0.75%	6.84%	2.35%	10.18%	17.88%
US Dollar	-0.19%	6.90%	2.25%	14.34%	14.72%

Fixed Income Models (excludes portfolio management fees)	Q3 2019	YTD	1-Year	3-Years	5-Years
Sterling International	1.01%	3.29%	3.64%	5.07%	11.08%
US Dollar International	1.18%	5.58%	6.34%	8.46%	11.24%

Source: Asset Risk Consultants PCI September 2019 [www.assetrisk.com](http://www.assetrisk.com)

\*Performance calculated by Asset Risk Consultants (ARC), based on actual client portfolios, other than the Fixed Income Models.

# Discretionary Portfolio Management

## Discretionary Portfolio

### Management Fee Scales

#### Investment Management Fee

<b>Global Equity Strategy</b>	<b>Global Conservative Strategy</b>
<b>Global Growth Strategy</b>	<b>Global Low Risk Strategy</b>
<b>Balanced Strategy</b>	<b>Bespoke Portfolios</b>

#### US Dollar Portfolios

On the first	US\$1,200,000	1.20% per annum
On the next	US\$4,000,000	1.00% per annum
On the balance		0.80% per annum

**Minimum Fee US\$ 4,000**

#### Sterling Portfolios

On the first	£ 750,000	1.20% per annum
On the next	£2,250,000	1.00% per annum
On the balance		0.80% per annum

**Minimum Fee £2,500**

#### Global Fixed Income Strategy

#### US Dollar Portfolios

On the first	US\$5,000,000	0.75% per annum
On the balance		0.50% per annum

**Minimum Fee US\$ 4,000**

#### Sterling Portfolios

On the first	£ 3,000,000	0.75% per annum
On the balance		0.50% per annum

**Minimum Fee £2,500**

#### Dealing Charges

Discretionary US\$ 50 per trade £ 40 per trade

In respect of Funds, we will endeavour to negotiate discounts to any front end load, the full benefit of which will be passed to Clients.

When transacting in non-UK listed shares the price detailed on the contract note will include a third party broker charge together with any agent's charges, foreign correspondent's charges or other indirect costs incurred in connection with the transaction. Charges differ between brokers but usually range from between 0.1 and 0.2% of the consideration, whilst additional costs are further influenced by the market in which the transaction has been executed.

#### Securities Administration Fees

##### Global Custodian Services

Included in Investment Management Fee

##### Valuations

Included in Investment Management Fee

##### Securities Receipts and Deliveries

Transfer in	Free
Transfer out (excluding sales)	US\$80 per line £50 per line

# Discretionary Portfolio Management

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For further information, please contact:

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## Important Information

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The value of investments may fall as well as rise and investors may get back less cash than originally invested. Prices, values or income may fall against the investors' interests and the performance quoted refers to the past, and past performance is not a reliable indicator of future results. Investments may be quoted in foreign currencies and investors should be aware that the changes in rates of exchange may have adverse effects on the value, price or income of the investments.

Where a particular service is not covered in the Portfolio Management Fee Scales, Standard Bank Jersey Limited reserves the right to levy a charge at its discretion. In respect of transactions affecting accounts denominated in currencies other than Sterling, charges will normally be levied in the currency in which the account is maintained. Unless otherwise stated such charges will approximate to the scales indicated and will be determined at such exchange rates as it may from time to time in its absolute discretion decide.

Telephone calls may be recorded: Please refer to the Standard Bank Offshore Group Client Privacy Statement available from: <https://international.standardbank.com/>.