



Aeon Enhanced Equity Prescient Fund

Fund Description

The Aeon Enhanced Equity Prescient Fund employs a multiple fundamental factor model as its base. Systematic security selection and trading models are used to achieve the fund's objective of outperforming the SWIX benchmark at low cost and tracking error. The portfolio is constructed in a risk managed framework.

The Aeon Enhanced Equity Prescient fund is aimed at investors with a long term investment horizon (5 years or more) seeking capital growth at low cost.

Investment Objective

Aeon's Enhanced Equity Prescient Fund strategy seeks to:

- Achieve consistent outperformance of the benchmark
- Generate excess returns that are positive, stable, explainable and replicable
- Target tracking error below 2%
- Employ low cost trading techniques
- Manage risk through disciplined portfolio construction.

Investment Philosophy

A disciplined approach enables one to exploit sources of value in stock selection and trading.

Strategies are designed, tested and managed on a systematic basis, but always underpinned by a fundamental (qualitative) rationale.

Rigorous risk management and qualitative portfolio analysis is needed to remove excessive risk.

The fund's strategy comprises a number of bespoke techniques which increases the level of potential outperformance, at a lower level of risk, by delivering alpha from a number of different sources.

Investment Process

The Aeon Enhanced Equity Prescient Fund combines three systematic strategies:

1. Fundamental Factor Model: We select securities using a multiple factor model that is driven by carefully chosen fundamental factors. These fundamental factors are correlated with outperformance in a way that is consistent and explainable.

2. Momentum Strategy: We only select securities that reflect the fundamental view in their actual share price. Factors are generally based on momentum.

3. Trading Strategy: We overlay a trading strategy that seeks to earn additional return by taking advantage of short term mispricing. Factors are generally based on mean reversion.



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Risk Management and Return Modelling

The portfolio is structured with overweight and underweight positions relative to the benchmark. A real time model monitors the portfolio positions, and the effect of the sector and stock selection decisions on the performance relative to benchmark.

The risk management framework encourages diversification and reduces the risk of significantly underperforming the benchmark.

Strategy Benefits

Investing in the Aeon Enhanced Equity Prescient Fund provides the investor with a portfolio that is:

- Exposed to a fully invested, diversified equity portfolio.
- Cost efficient.
- Able to capture diversified sources of equity return.
- Privy to a highly skilled investment team.

Fees

Retail Class

Fee: 0,5% p.a.

Institutional:

Fee: 0,35% p.a.

A sliding scale is applicable for assets above R100m. Fees are excluding VAT.

Portfolio Management Team

Asief Mohamed – CIO
BCom (UCT), CA, CFA



Asief is the director and Chief Investment Officer of Aeon Investment Management. He is the portfolio manager for Aeon equity, balanced and absolute return funds.

Asief has over 26 years investment experience, having previously been CIO at Metropolitan Asset Managers where he managed R45bn worth of equities, including the General Equity Fund. He has been the recipient of several Raging Bull, S&P and ABSIP awards during his career.

Jay Vomacka – Portfolio Manager
CFA, MSc(Eng)(Ind), BSc(Eng)(Elec), CFTe (IFTA)



Jay is a co-portfolio manager at Aeon Investment Management. He has over 9 years of investment experience. He focuses on the active equity, enhanced equity, and the balanced funds. He is responsible for both the fundamental and quantitative investment analysis of all these funds. Jay joined Aeon in Jan 2013.

Aeon Investment Management

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