

# Aeon Balanced Prescient Fund

Class A2 | Minimum Disclosure Document (MDD) as at 31 December 2017

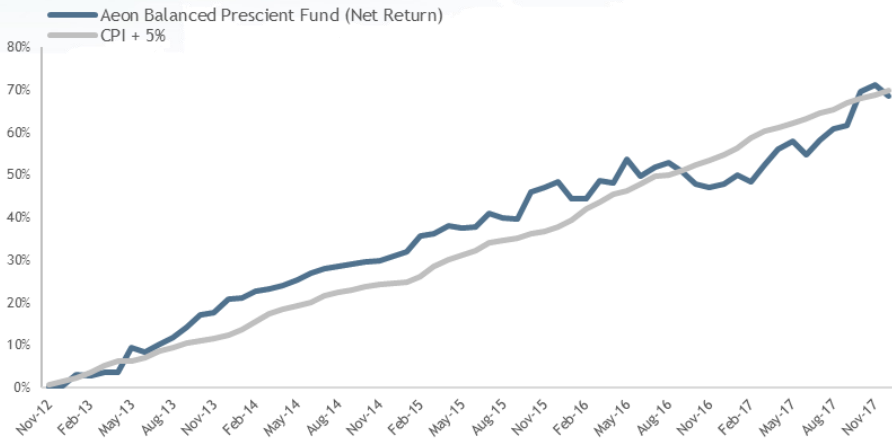
Issue date: 23 January 2018

Assets managed by: Aeon Investment Management



## Fund Performance

Cumulative Performance - since inception - Net Return



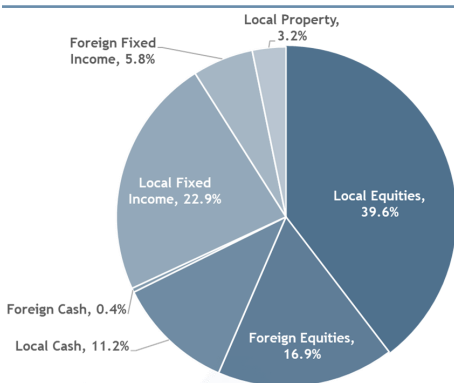
Monthly - Net Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013 Fund	2.44%	-0.20%	0.84%	0.00%	5.66%	-1.16%	1.95%	1.31%	2.24%	2.40%	0.47%	2.77%	20.21%
2013 Benchmark	0.72%	1.42%	1.62%	0.82%	0.12%	0.72%	1.52%	0.92%	0.62%	0.52%	0.72%	0.72%	10.90%
2014 Fund	0.11%	1.35%	0.56%	0.57%	1.05%	1.30%	0.83%	0.42%	0.44%	0.37%	0.27%	0.70%	8.26%
2014 Benchmark	1.12%	1.52%	1.72%	0.92%	0.62%	0.72%	1.22%	0.82%	0.42%	0.62%	0.42%	0.22%	10.79%
2015 Fund	0.80%	2.91%	0.36%	1.36%	-0.39%	0.17%	2.28%	-0.70%	-0.26%	4.73%	0.58%	0.95%	13.42%
2015 Benchmark	0.22%	1.02%	1.82%	1.32%	0.72%	0.82%	1.42%	0.42%	0.42%	0.72%	0.52%	0.72%	10.57%
2016 Fund	-2.69%	0.00%	3.00%	-0.38%	3.83%	-2.63%	1.37%	0.65%	-1.39%	-1.94%	-0.54%	0.59%	-0.36%
2016 Benchmark	1.22%	1.82%	1.22%	1.22%	0.62%	1.02%	1.22%	0.32%	0.62%	0.92%	0.72%	0.82%	12.34%
2017 Fund	1.41%	-0.99%	2.58%	2.59%	1.12%	-2.00%	2.29%	1.62%	0.47%	4.99%	0.84%	-1.57%	13.96%
2017 Benchmark	1.02%	1.52%	1.02%	0.52%	0.72%	0.62%	0.72%	0.52%	0.92%	0.72%	0.52%	0.52%	9.70%

Performance Summary - Net Return	Fund	Benchmark	Active Return
1 month	-1.57%	0.52%	-2.09%
3 months	4.21%	1.76%	2.45%
6 months	8.83%	3.96%	4.87%
Year to date	13.96%	9.70%	4.26%
1 Year	13.96%	9.70%	4.26%
3 Years (annualised)	8.80%	10.86%	-2.06%
5 Years (annualised)	10.88%	10.86%	0.03%
Since Inception (cumulative)	68.36%	69.65%	-1.30%
Since Inception (annualised)	10.61%	10.77%	-0.16%

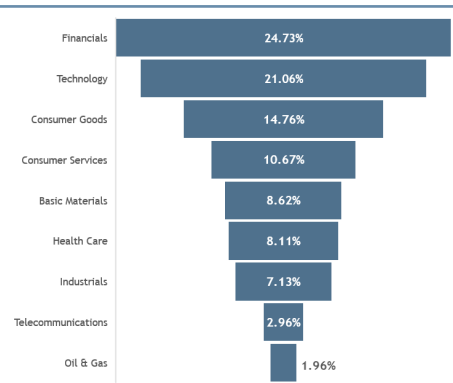
Net Return:	Highest Rolling One Year Return	Lowest Rolling One Year Return
Last 12 months:	16.47%	2.39%
Since Inception:	20.21%	-0.36%

## Fund Holdings (for the quarter as at 31 December 2017)

### Asset Allocation



### Sector Allocation (as a % of Equities)



### Top Ten Holdings (%)



## Investment Philosophy

Aeon Investment Management's equity investment style is Growth At a Reasonable Price (GARP) and modelling Implied vs. Sustainable Growth. We also utilise our in-house Currency Model for foreign asset allocation and the Fear & Greed Index for appropriate protective structure overlays. Aeon Balanced Prescient Fund's investment strategy encompasses active asset allocation and active management of underlying equity and fixed income assets. The fund has five diversified sources of alpha (GARP Active Equity, Smart Multi-Factor Equity, GARP Foreign Equity, Diversified Income, Derivative Protective Overlay).

## Fund Objectives

The Aeon Balanced Prescient Fund seeks to achieve:

- Inflation-beating returns by investing in the full spectrum of domestic and foreign equity and fixed income markets
- Provide investors with stable income and modest capital appreciation in the long run
- Manage risk through disciplined portfolio construction
- Employ low cost trading techniques

## Fund Managers



**Asief Mohamed**  
Chief Investment Officer  
B.Com. CA(SA), CFA



**Jay Vomacka**  
Portfolio Manager  
CFA, MSc(Eng)(Ind)(Elec), CFTe

## Fund Information

**Benchmark:** CPI + 5%  
**Inception date:** 1 November 2012  
**Fund size:** R 82.97 million  
**Investment horizon:** Five years plus  
**Classification:** South African - Multi Asset - Medium Equity  
**Regulation 28 compliant:** Yes

## Risk Profile

Conservative	<b>Moderate</b>	Aggressive
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- These portfolios generally hold more equity exposure than low risk portfolios but less than high risk portfolios.
- In turn the expected volatility is higher than low risk portfolios, but less than high risk portfolios.
- The probability of losses are higher than that of the low risk portfolios, but less than high risk portfolio.
- Expected potential long term investment returns could therefore be lower than high risk portfolios due to lower equity exposure, but higher than low risk portfolios.

## Fees & Charges

**Retail (Minimum R50 000):**  
**Flat Fee:** 0.5% p.a. plus VAT  
**Total Expense ratio (TER) & Transaction Costs (30-Sep-2017):**  
TER - Retail: 0.79%

Fund Class	Retail (%)
Management Fee	0.50
Performance Fee	0.00
Other Fees*	0.29
<b>Total Expense Ratio (TER)</b>	<b>0.79</b>
Transaction Costs (TC)	0.06
<b>Total Investment Charge (TIC)</b>	<b>0.85</b>

**Income distribution:** Annually (March)  
2017 cpu of 5.22 (retail)

## Administration

**Fund auditor:** KPMG  
**Fund trustees & custodian:** Nedbank Investor Services  
**Fund administration:** Prescient Management Company (RF) (Pty) Ltd

## Contact Details

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Aeon Investment Management (Pty) Ltd is an authorised FSP.  
FSP Number: 27126 | Level-1 BBBEE Contributor.

# Aeon Balanced Prescient Fund

Class A2 | Minimum Disclosure Document (MDD) as at 31 December 2017

Issue date: 23 January 2018

Assets managed by: Aeon Investment Management



**aeon**  
investment management  
long term wealth creation

## Fund Performance Review & Market Commentary

The Aeon Balanced Prescient Fund outperformed its benchmark by 245 bps for the fourth quarter of 2017 and is outperforming its benchmark by 426 bps over a one-year period on a net return basis.

The strongest sector for the fourth quarter of 2017 was the Banks Sector as the sector experienced a late rally due to the optimistic outcome of the ANC conference and the expected positive repercussions on the South African economy. The Consumer Goods Sector was the weakest sector as Steinhoff dragged the sector down after accounting irregularity allegations.

Globally, the themes remain positive. The global picture continues to surprise to the upside. News flow from the various central banks remained largely positive. Global markets are reaching new highs as continuous growth keeps materialising in many regions driving positive sentiment with it. Furthermore, it seems as if some of Trump's plans may be materialising further propelling optimism. These plans have been viewed as positive for business and hence, the general economy, and hence, further global growth.

Locally, the quarter was plagued with volatile political news flow. The culmination was the ANC conference. The markets seemed to be favouring in a Cyril Ramaphosa victory, much to the surprise of many participants, and the market got its wish. The market rallied as the tension and uncertainty in the political arena disappeared somewhat. The Rand also strengthened sharply on the positive sentiment. There is now palpable hope that the tide may turn for the better for South Africa and the economies.

Another dominant event in local markets was the extreme fall in Steinhoff post the announcement of an investigation into accounting irregularities, or rather potential fraudulent accounting, which then led to the resignation of CEO, Markus Jooste. The event is far from being over as past results need to be restated before any sense of valuation can be grasped as the financial statements cannot be relied upon. Please note that we had no exposure to Steinhoff or related companies in the active equity funds.

## Disclaimer

Collective Investment Schemes in Securities (CIS) should be considered as medium to long-term investments. The value may go up as well as down and past performance is not necessarily a guide to future performance. CIS's are traded at the ruling price and can engage in scrip lending and borrowing. The collective investment scheme may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. A schedule of fees, charges and maximum commissions is available on request from the Manager. There is no guarantee in respect of capital or returns in a portfolio. A CIS may be closed to new investors in order for it to be managed more efficiently in accordance with its mandate. CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (brokerage, STT, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio divided by the number of participatory interests (units) in issue. Forward pricing is used. The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's. During the phase in period TER's do not include information gathered over a full year. Transaction Costs (TC) is the percentage of the value of the Fund incurred as costs relating to the buying and selling of the Fund's underlying assets. Transaction costs are a necessary cost in administering the Fund and impacts Fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Fund, investment decisions of the investment manager and the TER.

Where a current yield has been included for Funds that derive its income primarily from interest bearing income, the yield is a weighted average yield of all underlying interest bearing instruments as at the last day of the month. This yield is subject to change as market rates and underlying investments change.

The Manager retains full legal responsibility for any third-party-named portfolio. Where foreign securities are included in a portfolio there may be potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks; and potential limitations on the availability of market information. The investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees. Please note that all documents, notifications of deposit, investment, redemption and switch applications must be received by Prescient by or before 13:00 (SA), to be transacted at the net asset value price for that day. Where all required documentation is not received before the stated cut off time Prescient shall not be obliged to transact at the net asset value price as agreed to. Money market Funds are priced at 1pm all other Funds are priced at either 3pm or 5pm depending on the nature of the Fund. Prices are published daily and are available on the Prescient website.

Performance has been calculated using net NAV to NAV numbers with income reinvested. The performance for each period shown reflects the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. Full performance calculations are available from the manager on request.

For any additional information such as fund prices, brochures and application forms please go to [www.aeonim.co.za](http://www.aeonim.co.za)

## Glossary

**Annualised performance:** Annualised performance show longer term performance rescaled to a 1 year period. Annualised performance is the average return per year over the period. Actual annual figures are available to the investor on request.

**Highest & Lowest return:** The highest and lowest returns for any 1 year over the period since inception have been shown.

**NAV:** The net asset value represents the assets of a Fund less its liabilities.

**Alpha:** Denoted the outperformance of the fund over the benchmark.

**Standard Deviation:** The deviation of the return stream relative to its own average.

**Max Drawdown:** The maximum peak to trough loss suffered by the Fund since inception.

**Max Gain:** Largest increase in any single month

**% Positive Month:** The percentage of months since inception where the Fund has delivered positive return.

**Dividend Yield:** The weighted average dividend yield of all the underlying equity in the Fund. The dividend yield of each company is the dividends per share divided by the price.

**PE Ratio:** The weighted average price earnings ratio of all the underlying equity in the Fund. The price earnings ratio of each company is the price divided by the earnings per share.

**High Water Mark:** The highest level of performance achieved over a specified period.

## Contact Details

### Investment Management

Aeon Investment Management (Pty) Ltd is an authorised Financial Services Provider (FSP No: 27126) under the Financial Advisory and Intermediary Services Act (No.37 of 2002), to act in the capacity as investment manager. This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (No.37 of 2002). Please be advised that there may be representatives acting under supervision.

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## Management Company

**Prescient Management Company (RF) (Pty) Ltd**

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**PRESCIENT**  
MANAGEMENT COMPANY

## Custodian/Trustee

**Nedbank Investor Services**

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The Management Company and Trustee are registered and approved under the Collective Investment Schemes Control Act (No.45 of 2002). Prescient is a member of the Association for Savings and Investments SA.

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## Third Parties

### Management and administration

Prescient Management Company (RF) (Pty) Ltd. This portfolio operates as a white label fund under the Prescient Unit Trust Scheme, which is governed by the Collective Investment Schemes Control Act.