

# Aeon Smart Multi-Factor Equity Fund

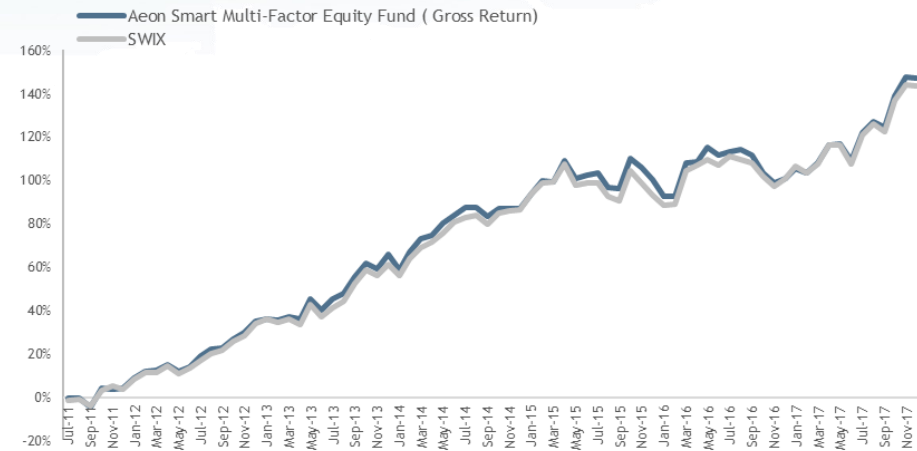
Fund information as at 31 December 2017

Fund name has changed from Aeon Enhanced Equity Fund to Aeon Smart Multi-Factor Equity Fund



## Fund Performance

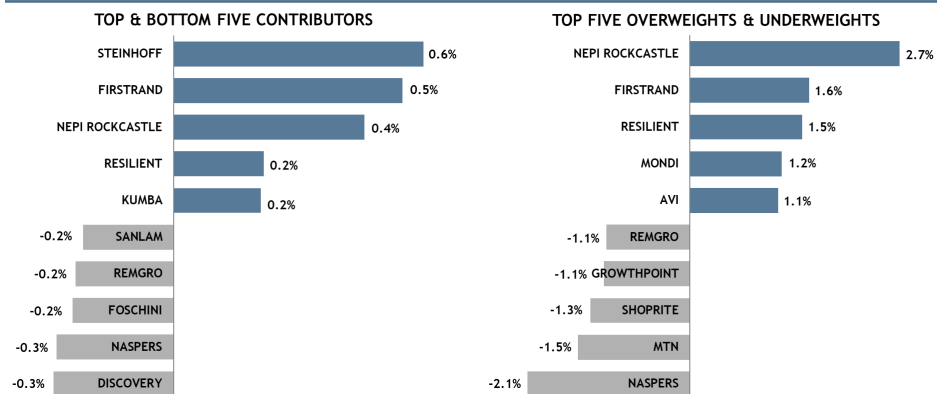
Cumulative Performance - since inception - Gross Return



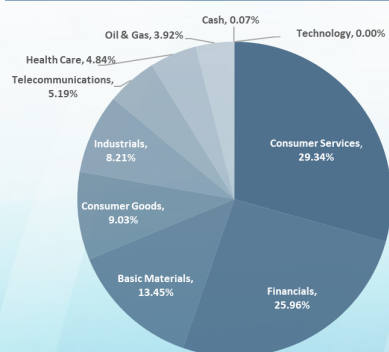
Monthly - Gross Return		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	Fund	0.68%	-0.38%	1.25%	-0.81%	6.69%	-3.39%	3.58%	1.77%	5.10%	4.16%	-1.60%	4.13%	22.78%
	Benchmark	1.51%	-1.11%	1.22%	-1.68%	6.70%	-3.99%	3.26%	2.03%	5.57%	4.14%	-1.60%	3.50%	20.71%
2014	Fund	-4.34%	5.23%	3.65%	0.82%	3.35%	1.90%	1.95%	0.14%	-2.13%	1.92%	0.07%	-0.20%	12.68%
	Benchmark	-3.34%	4.90%	3.33%	1.52%	2.28%	2.76%	1.36%	0.61%	-2.43%	2.83%	0.62%	0.28%	15.42%
2015	Fund	3.54%	3.25%	-0.28%	5.03%	-4.03%	0.79%	0.48%	-3.26%	-0.14%	6.95%	-1.89%	-2.83%	7.18%
	Benchmark	3.99%	2.56%	0.20%	4.31%	-4.86%	0.64%	-0.15%	-3.10%	-1.00%	7.28%	-2.70%	-2.90%	3.62%
2016	Fund	-3.74%	-0.19%	8.09%	0.31%	3.24%	-1.70%	0.70%	0.49%	-1.30%	-3.89%	-2.19%	0.97%	0.23%
	Benchmark	-2.31%	0.06%	8.32%	1.25%	1.34%	-1.27%	1.88%	-0.66%	-0.89%	-2.81%	-2.35%	1.98%	4.13%
2017	Fund	2.47%	-1.09%	2.28%	3.91%	0.33%	-3.72%	6.34%	2.20%	-1.03%	6.35%	3.68%	-0.14%	23.24%
	Benchmark	2.57%	-1.49%	2.24%	4.06%	-0.07%	-3.83%	6.34%	2.42%	-1.73%	6.51%	3.09%	-0.16%	21.21%

Performance Summary - Gross Return	Fund	Benchmark	Active Return
1 month	-0.14%	-0.16%	0.02%
3 months	10.11%	9.63%	0.47%
6 months	18.44%	17.34%	1.10%
Year to date	23.24%	21.21%	2.02%
1 Year	23.24%	21.21%	2.02%
3 Years (annualised)	9.81%	9.36%	0.45%
5 Years (annualised)	12.87%	12.75%	0.12%
Since Inception (cumulative)	147.31%	143.73%	3.58%
Since Inception (annualised)	14.95%	14.69%	0.26%

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



## Sector Allocation



## Top Ten Holdings (%)

Naspers	22.23
Firstrand	5.27
BTI	4.55
NEPI Rockcastle	3.92
Sasol	3.92
Standard Bank	3.12
Anglo American	2.90
Aspen Pharmacare	2.46
MTN	2.42
ABSA	2.39

## Fund Description

Aeon Investment Management's Smart Multi-Factor Equity Fund strategy 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.

Investors should consider the Aeon Smart Multi-Factor Equity Fund if they have a long term investment horizon (5-years or longer), and are looking for capital gains at low cost.

## Fund Objectives

Aeon Smart Multi-Factor Equity Fund seeks to achieve:

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

## 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:** SWIX  
**Inception date:** 1 July 2012  
**Fund size:** R 18.04 million  
**Investment horizon:** Five years plus  
**Classification:** South African - Equity - General  
**Asset Allocation:** 99% Equity and 1% Cash

## Risk Profile

Conservative Moderate **Aggressive**

- Generally these portfolios hold more equity exposure than any other risk profiled portfolios therefore tend to carry higher volatility.
- Expected potential long term returns could be higher than other risk profiles, in turn potential losses of capital could be higher.

## Fees & Charges

**Flat Fee:** 0.35% p.a. plus VAT

## Administration

**Fund auditor:** KPMG  
**Fund trustee & 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 Smart Multi-Factor Equity Fund

Fund information as at 31 December 2017

Fund name has changed from Aeon Enhanced Equity Fund to Aeon Smart Multi-Factor Equity Fund



**aeon**  
investment management  
long term wealth creation

## Fund Performance Review & Market Commentary

The Aeon Smart Multi-Factor Equity Fund outperformed its benchmark by 47 bps for the fourth quarter of 2017 and is outperforming its benchmark by 202 bps over a one-year period on a net return basis.

An underweight position in Steinhoff International and an overweight position in FirstRand were the main positive contributors to return for the quarter. Underweight positions in Discovery and Naspers were the main detractors.

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 economics.

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

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## 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.

**Active Return / Alpha:** Denoted the outperformance of the fund over the benchmark.

## 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

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**PRESCIENT**  
MANAGEMENT COMPANY

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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.