

# Aeon Smart Multi-Factor Equity Fund

## Product Profile



## Fund Description

The Aeon Smart Multi-Factor Equity Fund is based on various fundamentally driven factor models with different factors chosen for different sectors. It utilizes systematic security selection and trading to achieve the fund objective of outperforming the SWIX benchmark. The portfolio is constructed in a risk managed framework.

The fund is aimed at moderately aggressive investors with a long-term investment horizon (5 years or more) seeking capital growth at a low cost.

## Investment Process

The Aeon Smart Multi-Factor Equity Fund combines three systematic strategies:

### 1. Fundamental Factor Model

We select securities using a 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 an additional return by taking advantage of short-term mispricing. Factors are generally based on a mean reversion.

The fund is based on carefully selected fundamental factors based on quality, value, and momentum. Different factors exist for different proprietary specified sectors.



## Risk Management & 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 selection decisions on the performance relative to benchmark.

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

The fund is modelled to take less than 5 days to liquidate all holdings assuming 20% of day's trade. In general, 95% of the fund can be liquidated in one day.

## Portfolio Management Team



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

Asief is the Chief Investment Officer and actively oversees the portfolio management responsibilities over all asset classes. He has over 30 years' financial services experience of which the past 29 years have been spent directly in investment management. Asief was previously the CIO at Metropolitan Asset Managers where he managed R45bn worth of equities, including the General Equity Fund. He has been the recipient of several Ragging Bull, S&P and ABSIP awards during his career. Asief founded Aeon Investment Management in 2005.



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

Jay is the Portfolio Manager. He joined the company in January 2013. He focuses on the fundamental active equity, smart multi-factor equity and the multi-asset class funds. As a CFA charter holder with a diverse skills set, Jay is responsible for both the fundamental and quantitative investment analysis of all these funds. He has over 11 years of investment experience including running a successful hedge fund in his previous employment.

## Investment Objective

The Aeon Smart Multi-Factor Equity Fund seeks to:

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

## Investment Philosophy

The Aeon Smart Multi-Factor Equity Fund is designed to:

- Use a disciplined approach to exploit sources of return in stock selection and trading
- Utilise strategies that are tested and managed on a systematic basis, underpinned by a fundamental rationale
- Incorporate rigorous risk management and qualitative portfolio analysis to remove excessive risk
- Use bespoke techniques that increase the level of potential outperformance, at a lower level of risk, by delivering alpha from a number of different sources.

## Strategy Benefits

The Aeon Smart Multi-Factor Equity Fund provides the investor with a portfolio that is:

1. Exposed to a fully invested diversified equity portfolio
2. Cost efficient
3. Able to capture diversified sources of alpha
4. Prvy to expertise of professional investment team.

## Fees

Institutional (Minimum R1 Million):

- 35 basis points per annum.
- Fees are excluding VAT.

## Contact Details

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