

Aeon Smart Multi-Factor Equity Prescient Fund

Product Profile



aeon
investment management
long term wealth creation

Fund Description

The Aeon Smart Multi-Factor Equity Prescient 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 Prescient 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 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 Prescient 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 Prescient 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 Prescient 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

Retail (Minimum R20 000):
• 50 basis points per annum.
Fees are excluding VAT.

Contact Details

www.aeonim.co.za
Email: funds@aeonim.co.za
Tel: +27 (0)21 204 6061/2
4th Floor, The Citadel, 15 Cavendish Street, Claremont, 7708
P.O. Box 24020, Claremont, 7735
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CIS Risk 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. 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 TERs. During the phase in period TER's do not include information gathered over a full year. A Money Market portfolio is not a bank deposit account and the price is targeted at a constant value. The total return is made up of interest received and any gain or loss made on any particular instrument; and in most cases the return will have the effect of increasing or decreasing the daily yield, but in the case of abnormal losses it can have the effect of reducing the capital value of the portfolio. The yield is calculated as a weighted average yield of each underlying instrument in the portfolio. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures and a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed. A Fund of Funds is a portfolio that invests in portfolios of collective investment schemes, which levy their own charges, which could result in a higher fee structure for these portfolios. A Feeder Fund is a portfolio that invests in a single portfolio of a collective investment scheme which levies its own charges and which could result in a higher fee structure for the feeder fund. 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. Prescient is a member of the Association for Savings and Investments SA. 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. Prices are published daily and are available on the Prescient website.

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