

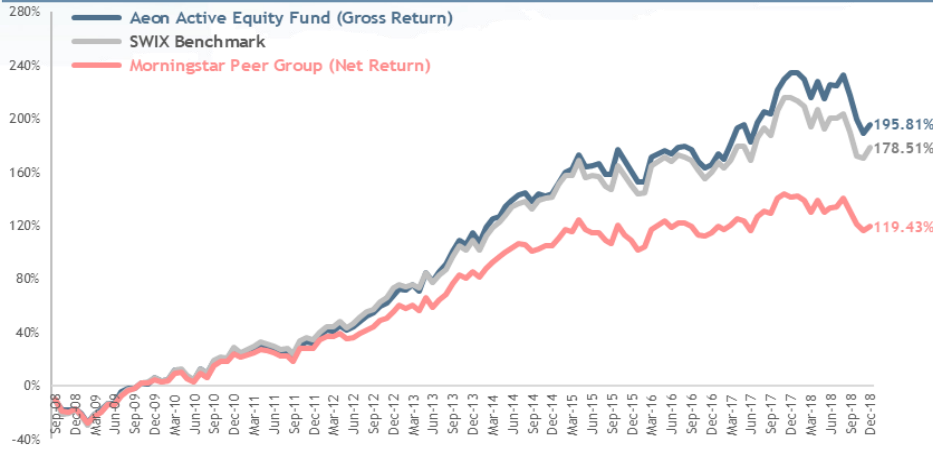
# Aeon Active Equity Fund

Fund information as at 31 December 2018



## Fund Performance

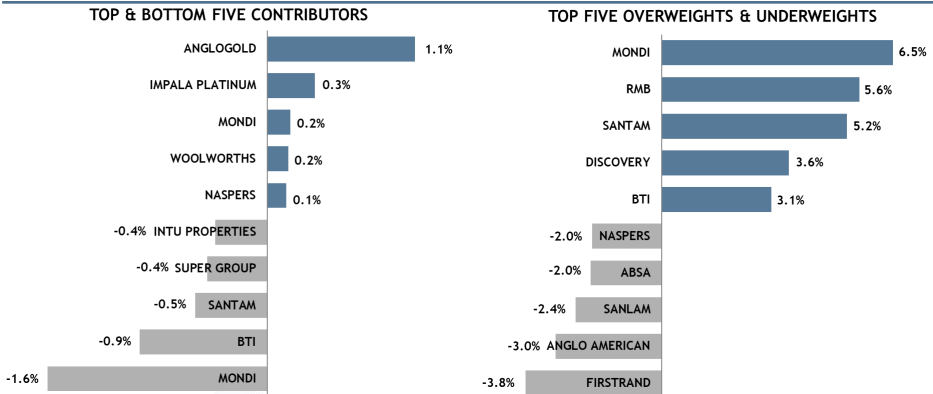
Cumulative Performance - since inception - Gross Return



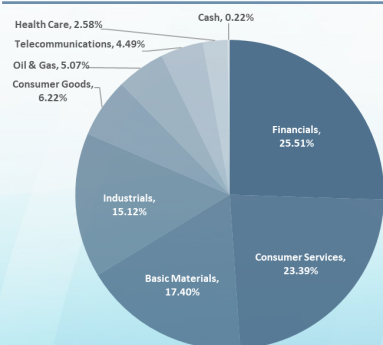
| Monthly - Gross | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | YTD     |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| 2013 Fund       | 3.09%  | -0.69% | 2.48%  | -2.45% | 7.68%  | -3.62% | 4.19%  | 2.98%  | 5.32%  | 4.10%  | -1.74% | 4.43%  | 28.23%  |
| 2013 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       | -3.25% | 5.33%  | 2.79%  | 0.82%  | 3.42%  | 2.06%  | 1.43%  | 0.93%  | -2.68% | 2.21%  | -0.56% | 0.54%  | 13.48%  |
| 2014 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       | 3.60%  | 2.98%  | 1.00%  | 4.03%  | -3.17% | 0.28%  | 0.44%  | -2.80% | -0.28% | 7.42%  | -3.06% | -2.91% | 7.14%   |
| 2015 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       | -3.27% | 0.13%  | 7.36%  | 1.00%  | 0.93%  | -1.06% | 1.86%  | 0.36%  | -0.95% | -3.37% | -1.68% | 0.96%  | 1.86%   |
| 2016 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       | 3.01%  | -1.47% | 4.24%  | 4.31%  | 0.73%  | -4.29% | 5.21%  | 2.79%  | -0.67% | 5.94%  | 2.53%  | 1.34%  | 25.79%  |
| 2017 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%  |
| 2018 Fund       | 0.12%  | -1.57% | -4.08% | 3.86%  | -3.89% | 3.16%  | -0.07% | 2.39%  | -4.54% | -5.59% | -3.59% | 2.31%  | -11.46% |
| 2018 Benchmark  | -0.68% | -1.18% | -5.00% | 4.29%  | -4.73% | 2.74%  | 0.10%  | 1.15%  | -4.54% | -6.12% | -0.61% | 2.90%  | -11.67% |

| Performance Summary - Gross Return | Fund    | Benchmark | Active Return |
|------------------------------------|---------|-----------|---------------|
| 1 month                            | 2.31%   | 2.90%     | -0.59%        |
| 3 months                           | -6.88%  | -3.98%    | -2.89%        |
| 6 months                           | -9.04%  | -7.19%    | -1.85%        |
| Year to date                       | -11.46% | -11.67%   | 0.21%         |
| 1 Year                             | -11.46% | -11.67%   | 0.21%         |
| 3 Years (annualised)               | 4.30%   | 3.69%     | 0.60%         |
| 5 Years (annualised)               | 6.64%   | 5.92%     | 0.72%         |
| 7 Years (annualised)               | 12.28%  | 11.01%    | 1.26%         |
| 10 Years (annualised)              | 13.60%  | 13.02%    | 0.58%         |
| Since Inception (cumulative)       | 195.81% | 178.51%   | 17.30%        |
| Since Inception (annualised)       | 11.07%  | 10.42%    | 0.65%         |

## Fund Holdings (for the quarter as at 31 December 2018)



## Sector Allocation



## Top Ten Holdings (%)

|               |       |
|---------------|-------|
| Naspers       | 20.79 |
| Standard Bank | 7.17  |
| RMB           | 6.79  |
| Mondi         | 6.62  |
| Santam        | 5.29  |
| Sasol         | 5.07  |
| BTI           | 5.02  |
| Discovery     | 4.83  |
| BHP           | 4.26  |
| MTN           | 4.14  |

## Investment Philosophy

Aeon Investment Management's equity investment style is Growth At a Reasonable Price (GARP). Our adaptation of the GARP style seeks to combine the best of growth and value investing, by buying companies with long term sustainable growth rates in earnings per share greater than that implied by the company's market valuation.

## Fund Objectives

The Aeon Active Equity Fund seeks to achieve:

- Invest in high quality businesses at attractive prices that are positioned for long term growth.
- Outperform the client's equity benchmark over different investment cycles.
- Consistently apply our implied growth methodology.
- 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:** SWIX Index  
**Inception date:** 1 September 2008  
**Fund size:** R 9 339.53 million  
**Investment horizon:** Five years plus

## Risk Profile

| Conservative | Moderate | Aggressive |
|--------------|----------|------------|
|              |          | 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

Institutional clients have the option of a flat fee or performance fee structure:

- **Flat Fee:** 0.50% p.a. plus VAT.
- **Performance Fee:** Base Fee of 0.35% p.a. plus VAT, plus Performance Fee of 20% plus VAT of outperformance capped at 80 bps

## Administration

**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 Active Equity Fund

Fund information as at 31 December 2018



## Fund Performance Review & Market Commentary

The AEON Active Equity Fund underperformed its benchmark by 289 bps for the fourth quarter of 2018 and is outperforming its benchmark by 21 bps over a one-year period.

Overweight positions in AngloGold and Impala Platinum were the main positive contributors to return for the quarter. Overweight positions in Mondi and British American Tobacco were the main detractors. The benchmark equity index was down 3.98% for the fourth quarter of 2018.

The strongest sector for the quarter ended December was General Retailers as a positive GDP print combined with anticipated festive period trading benefited clothing retailers led by MRP and Woolworths. Consumer Goods, largely weighted by Richemont and British American Tobacco, was the weakest sector. British American Tobacco is reeling following the USA's proposed legislation ban on menthol cigarettes.

Globally, market volatility and uncertainty remain elevated. Geopolitical and systematic risk has continued to drive markets and investor outlook. Speculation on a potential change in the Fed's 2019 rate hike cycle following dovish comments from the Fed Chair Jerome Powell has been beneficial for markets. However, US president Trump's comments against Fed policy created uncertainty with regards to Powell's future. The global trade war narrative has continued to plague the headlines resulting in volatile price action in global markets. In the UK, Theresa May cancelled parliament's vote on her Brexit withdrawal deal, as the deal still lacked support. She also survived a no confidence vote from members of her party. She will now focus on trying to get concessions from the EU that will make the withdrawal deal more attractive to UK politicians. The vote on the deal is now expected in January. Emerging market economies have been at the mercy of global events and thus have been under pressure as a result.

Locally, while most of the focus was on global events and news, there were several important local announcements that took place. Firstly, it was announced that South Africa is now out of a technical recession, following a very strong Q3 GDP print. On the same day parliament voted to amend the constitution to allow for land expropriation without compensation. Local politics has not helped with infighting and party politicking in full force ahead of the May national elections. SOE high levels of debt and government fiscus concerns are still on-going and remain a key issue for government expenditure for the year. Eskom resumed power cuts in a bid to catch up on its maintenance schedules. President Ramaphosa's attitude to "doing things right" has resulted in some leadership changes, however markets were concerned regarding his soft stance in managing party politics. The run up to the national elections in May 2019 remains a key concern for rating agencies as well as investment sentiment. This coupled with South Africa's lack of fiscal options may weigh on investment in the short term.

Looking forward, the optimistic growth expectations set for the local economy seem to be disappointing with hope residing on an increasingly slower global growth outlook. Real actions have been taken, but more certainty in policies and leadership needs to be accomplished. Globally, inflation and GDP numbers will be key to try gauge the timing and level of tighter monetary policies. All this leads to further uncertainty in the global markets. We have seen pockets of opportunity begin to surface and monitor these closely. Astute stock picking that delivers superior value through the cycle and companies whose cash flows support earnings tend to outperform the market.

## Disclaimer

Investors should take cognisance of the fact that there are risks involved in buying or selling any financial product. Past performance of a financial product is not necessarily indicative of future performance. The value of financial products can increase as well as decrease over time, depending on the value of the underlying securities and market conditions. Illustrations, forecasts or hypothetical data are not guaranteed and are provided for illustrative purposes only. This fact sheet does not constitute a solicitation, invitation or investment recommendation. Prior to selecting a financial product or fund it is recommended that investors seek specialised financial, legal and tax advice. The laws of the Republic of South Africa shall govern any claim relating to or arising from the contents of this document.

## 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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FSP Number: 27126 | Level-1 BBBEE Contributor.

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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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