

# Aeon Smart Multi-Factor Equity Prescient Fund

Class A1 I Minimum Disclosure Document (MDD) as at 31 December 2018

Issue date: 14 January 2019

Assets managed by: Aeon Investment Management

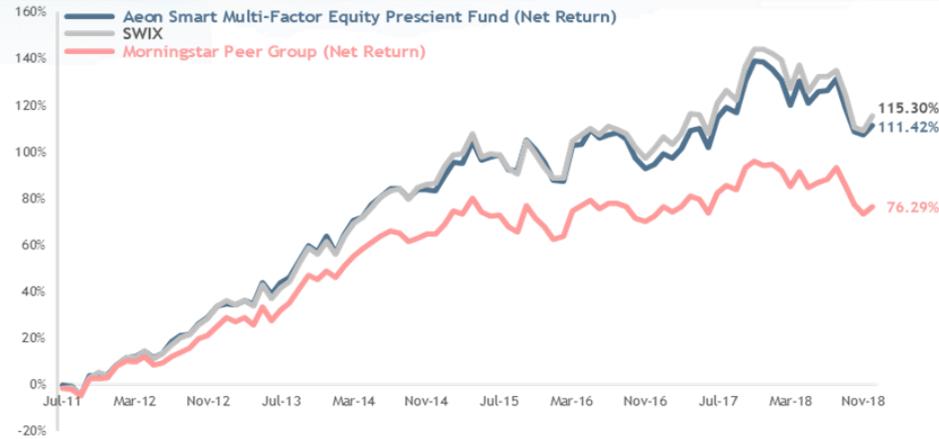
Fund name has changed from Aeon Enhanced Equity Prescient Fund to Aeon Smart Multi-Factor Equity Prescient Fund



**aeon**  
investment management  
long term wealth creation

## Fund Performance

Cumulative Performance - since inception - Net Return

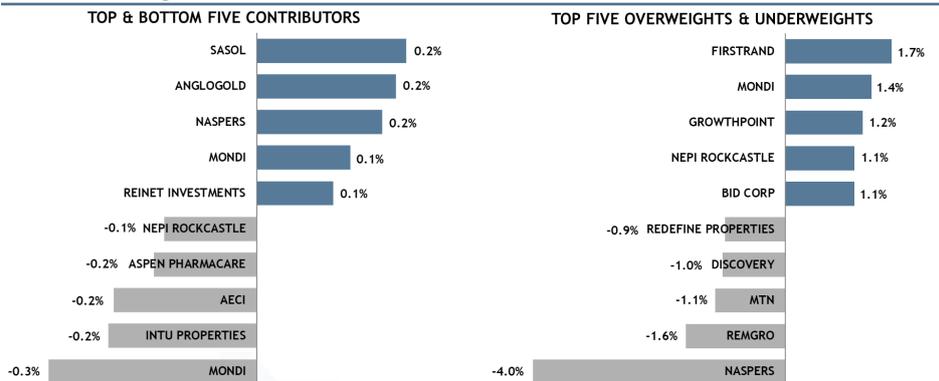


Year	Month	Fund	Benchmark	Active Return
2013	Jan	0.64%	1.51%	-0.87%
	Feb	-0.42%	-1.11%	0.69%
	Mar	1.21%	1.22%	-0.01%
	Apr	-0.86%	-1.68%	0.82%
	May	6.64%	6.70%	-0.06%
	Jun	-3.44%	-3.99%	0.55%
	Jul	3.53%	3.26%	0.27%
	Aug	1.72%	2.03%	-0.31%
	Sep	5.06%	5.57%	-0.51%
	Oct	4.11%	4.14%	-0.03%
	Nov	-1.65%	-1.60%	-0.05%
	Dec	4.08%	3.50%	0.58%
YTD		22.09%	20.71%	1.38%
2014	Jan	-4.39%	-3.34%	-1.05%
	Feb	5.18%	4.90%	0.28%
	Mar	3.61%	3.33%	0.28%
	Apr	0.77%	1.52%	-0.75%
	May	3.30%	2.28%	1.02%
	Jun	1.85%	1.36%	0.49%
	Jul	1.90%	0.61%	1.29%
	Aug	0.10%	-2.43%	2.53%
	Sep	-2.17%	-2.43%	0.26%
	Oct	1.88%	2.83%	-0.95%
	Nov	0.02%	0.62%	-0.60%
	Dec	-0.24%	0.28%	-0.52%
YTD	12.04%	15.42%	-3.38%	
2015	Jan	3.49%	3.99%	-0.50%
	Feb	3.21%	2.56%	0.65%
	Mar	-0.33%	0.20%	-0.53%
	Apr	4.98%	4.31%	0.67%
	May	-4.08%	-4.86%	0.78%
	Jun	0.74%	0.64%	0.10%
	Jul	0.44%	-0.15%	0.59%
	Aug	-3.31%	-3.10%	-0.21%
	Sep	-0.19%	-1.00%	0.81%
	Oct	6.90%	7.28%	-0.38%
	Nov	-1.94%	-2.70%	0.76%
	Dec	-2.88%	-2.90%	0.02%
YTD	6.58%	3.62%	2.96%	
2016	Jan	-3.78%	-2.31%	-1.47%
	Feb	-0.23%	0.06%	-0.29%
	Mar	8.04%	8.32%	-0.28%
	Apr	0.26%	1.25%	-0.99%
	May	3.19%	1.34%	1.85%
	Jun	-1.75%	-1.27%	-0.48%
	Jul	0.65%	1.88%	-1.23%
	Aug	0.44%	-0.66%	1.10%
	Sep	-1.34%	-0.89%	-0.55%
	Oct	-3.94%	-2.81%	-1.13%
	Nov	-2.23%	-2.35%	0.12%
	Dec	0.92%	1.98%	-1.06%
YTD	-0.34%	4.13%	-4.47%	
2017	Jan	2.42%	2.57%	-0.15%
	Feb	-1.14%	-1.49%	0.35%
	Mar	2.23%	2.24%	-0.01%
	Apr	3.86%	4.06%	-0.20%
	May	0.28%	-0.07%	0.35%
	Jun	-3.77%	-3.83%	0.06%
	Jul	6.29%	6.34%	-0.05%
	Aug	2.16%	2.42%	-0.26%
	Sep	-1.08%	-1.73%	0.65%
	Oct	6.30%	6.51%	-0.21%
	Nov	3.63%	3.09%	0.54%
	Dec	-0.18%	-0.16%	-0.02%
YTD	22.55%	21.21%	1.34%	
2018	Jan	-1.29%	-0.68%	-0.61%
	Feb	-1.90%	-1.18%	-0.72%
	Mar	-4.81%	-5.00%	0.19%
	Apr	4.84%	4.29%	0.55%
	May	-4.26%	-4.73%	0.47%
	Jun	2.29%	2.74%	-0.45%
	Jul	0.36%	0.10%	0.26%
	Aug	2.11%	1.15%	0.96%
	Sep	-5.37%	-4.54%	-0.83%
	Oct	-4.60%	-6.12%	1.52%
	Nov	-0.74%	-0.61%	-0.13%
	Dec	2.03%	2.90%	-0.87%
YTD	-11.32%	-11.67%	0.35%	

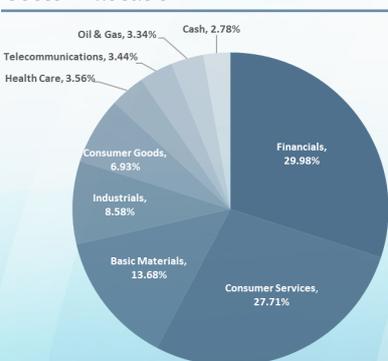
Performance Summary - Net Return	Fund	Benchmark	Active Return
1 month	2.03%	2.90%	-0.86%
3 months	-3.38%	-3.98%	0.60%
6 months	-6.31%	-7.19%	0.89%
Year to date	-11.32%	-11.67%	0.35%
1 Year	-11.32%	-11.67%	0.35%
3 Years (annualised)	2.70%	3.69%	-1.00%
5 Years (annualised)	5.28%	5.92%	-0.64%
7 Years (annualised)	10.66%	11.01%	-0.35%
Since Inception (cumulative)	111.42%	115.30%	-3.88%
Since Inception (annualised)	10.50%	10.77%	-0.27%

Net Return:	Highest Rolling One Year Return	Lowest Rolling One Year Return
Last 12 months:	18.11%	-13.25%
Since Inception:	30.26%	-13.25%

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



## Sector Allocation



## Top Ten Holdings (%)

Naspers	18.11
Firststrand	5.31
Standard Bank	4.12
Sasol	3.34
Anglo American	2.75
Bid Corporation	2.60
Sanlam	2.43
Growthpoint Properties	2.38
BTI	2.13
MR Price	2.07

## Fund Description

Aeon Investment Management's Smart Multi-Factor Equity Prescient 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 Prescient 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 Prescient 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 2011  
**Fund size:** R 77.62 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

**Retail (Minimum R50 000):**  
**Flat Fee:** 0.50% p.a. plus VAT  
**Total Expense ratio (TER) & Transaction Costs (30-Sep-2018):**  
 TER - Retail: 0.68%

Fund Class	Retail (%)
Management Fee	0.50
Performance Fee	0.00
Other Fees*	0.18
<b>Total Expense Ratio (TER)</b>	<b>0.68</b>
Transaction Costs (TC)	0.56
<b>Total Investment Charge (TIC)</b>	<b>1.24</b>

**Income distribution:** Annually (March)  
 2018 cpu of 7.04 (retail)

## Administration

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

## 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

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

# Aeon Smart Multi-Factor Equity Prescient Fund

Class A1 I Minimum Disclosure Document (MDD) as at 31 December 2018

Issue date: 14 January 2019

Assets managed by: Aeon Investment Management

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



## Fund Performance Review & Market Commentary

The Aeon Smart Multi-Factor Equity Prescient Fund outperformed its benchmark by 60 bps for the fourth quarter of 2018 and is outperforming its benchmark by 35 bps over a one-year period on a net return basis.

An underweight position in Sasol and an overweight position in AngloGold were the main positive contributors to return for the quarter. Overweight positions in Mondi and Intu Properties were the main detractors.

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

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, macro-economic 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. 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.

**cpu:** cents per unit.

**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.

#### Fund Team:

Asief Mohamed – Chief Investment Officer  
B.Com, CA (SA), CFA  
[asief.mohamed@aeonim.co.za](mailto:asief.mohamed@aeonim.co.za)

Jay Vomacka – Senior Portfolio Manager  
CFA, MSc(Eng)(Ind), BSc(Eng)(Elec), CFTe (IFTA)  
[jay@aeonim.co.za](mailto:jay@aeonim.co.za)

Zaid Paruk – Portfolio Manager & Analyst  
B.Accounting, PG Dip in Accounting, CA (SA), CFA Level 1 Passed  
[zaid.paruk@aeonim.co.za](mailto:zaid.paruk@aeonim.co.za)

Sumayah Anthony – Financial Manager & Analyst  
B.Com Hons (Finance & Investments)  
[sumayah.anthony@aeonim.co.za](mailto:sumayah.anthony@aeonim.co.za)

Courtney Clarke – Head of Performance & Analyst  
B.Com Hons (Finance & Investments)  
[courtney.clarke@aeonim.co.za](mailto:courtney.clarke@aeonim.co.za)

Tshego Modise – Business Development & Analyst  
B.Accounting, PG Dip in Investment Planning  
[tshego.modise@aeonim.co.za](mailto:tshego.modise@aeonim.co.za)

Tinyiko Mabunda – Research & ESG Analyst  
BSc (Human Physiology), Advanced Diploma (Accounting)  
[Tinyiko.mabunda@aeonim.co.za](mailto:Tinyiko.mabunda@aeonim.co.za)

**Registration number:** 2005/013315/07

**Physical Address:** 4th Floor, The Citadel, 15 Cavendish Street, Claremont, 7708

**Postal Address:** PO Box 24020, Claremont, 7735

**Telephone Number:** +27 (0) 21 204 6061/2

**Email Address:** [funds@aeonim.co.za](mailto:funds@aeonim.co.za)

**Website:** [www.aeonim.co.za](http://www.aeonim.co.za)

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

## Management Company

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

**Registration number:** 2002/022560/07

**Physical address:** Prescient House, Westlake Business Park, Otto Close, Westlake, 7945

**Postal address:** PO Box 31142, Tokai, 7966

**Telephone number:** 0800 111 899

**E-mail address:** [info@prescient.co.za](mailto:info@prescient.co.za)

**PRESCIENT**  
MANAGEMENT COMPANY

## Custodian/Trustee

### Nedbank Investor Services

**Physical address:** 2<sup>nd</sup> Floor, 16 Constantia Boulevard, Constantia Kloof, Roodepoort, 1709

**Telephone number:** +27 11 534 6557

**Website:** [www.nedbank.co.za](http://www.nedbank.co.za)

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.