

# Aeon Balanced Fund (CPI + 5%)

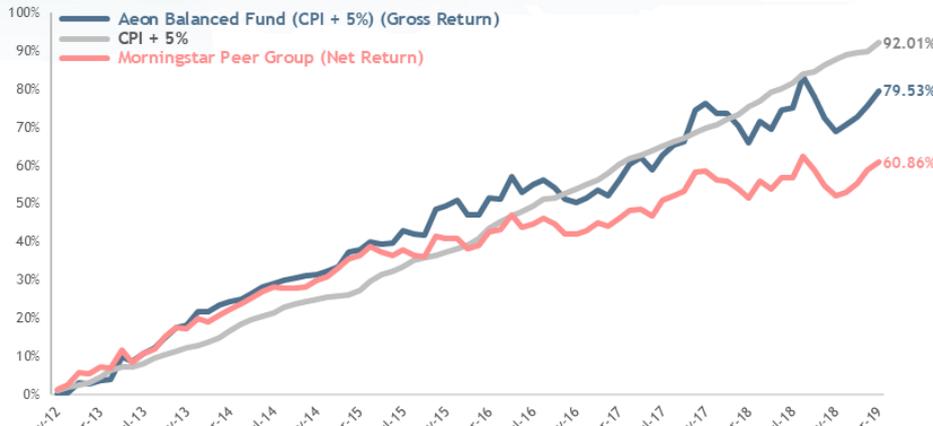
Fund information as at 31 March 2019



**aeon**  
investment management  
long term wealth creation

## Fund Performance

Cumulative Performance - since inception - Gross Return



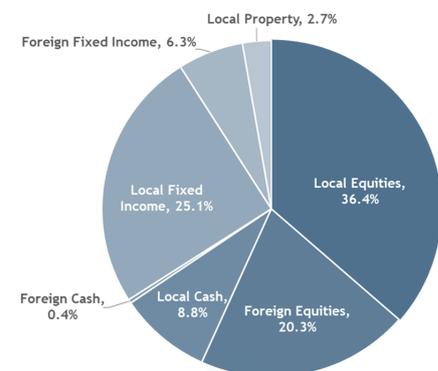
Monthly - Gross Return		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2014	Fund	0.15%	1.40%	0.60%	0.61%	1.09%	1.35%	0.88%	0.47%	0.49%	0.41%	0.32%	0.75%	8.87%
	Benchmark	0.72%	1.12%	1.52%	1.72%	0.92%	0.62%	0.72%	1.22%	0.82%	0.42%	0.62%	0.42%	11.34%
2015	Fund	0.85%	2.96%	0.41%	1.41%	-0.34%	0.22%	2.33%	-0.66%	-0.21%	4.77%	0.63%	1.00%	14.07%
	Benchmark	0.22%	0.22%	1.02%	1.82%	1.32%	0.72%	0.82%	1.42%	0.42%	0.42%	0.72%	0.52%	10.02%
2016	Fund	-2.64%	0.05%	3.05%	-0.33%	3.88%	-2.58%	1.41%	0.70%	-1.34%	-1.90%	-0.49%	0.64%	0.21%
	Benchmark	0.72%	1.22%	1.82%	1.22%	1.22%	0.62%	1.02%	1.22%	0.32%	0.62%	0.92%	0.72%	12.23%
2017	Fund	1.46%	-0.94%	2.62%	2.64%	1.17%	-1.95%	2.33%	1.67%	0.52%	5.04%	0.89%	-1.52%	14.61%
	Benchmark	0.82%	1.02%	1.52%	1.02%	0.52%	0.72%	0.62%	0.72%	0.52%	0.92%	0.72%	0.52%	10.03%
2018	Fund	0.00%	-1.78%	-2.61%	3.36%	-1.22%	2.96%	0.38%	4.74%	-2.96%	-3.18%	-1.91%	1.00%	-1.58%
	Benchmark	0.92%	0.72%	1.22%	0.82%	1.22%	0.61%	0.82%	1.22%	0.32%	0.88%	0.83%	0.85%	10.54%
2019	Fund	1.13%	1.80%	2.22%										5.24%
	Benchmark	0.22%	0.22%	1.22%										1.66%

\* Benchmark return lags by one month.

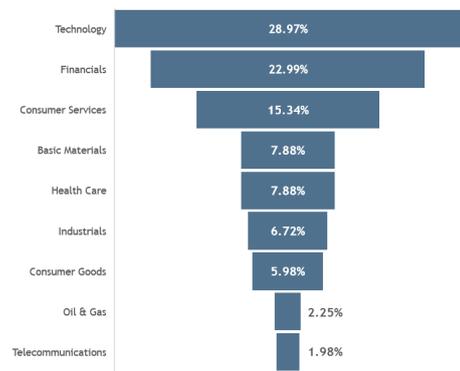
Performance Summary - Gross Return	Fund	Benchmark	Active Return
1 month	2.22%	1.22%	1.01%
3 months	5.24%	1.66%	3.58%
6 months	0.94%	4.17%	-3.22%
Year to date	5.24%	1.66%	3.58%
1 Year	8.27%	9.47%	-1.20%
3 Years (annualised)	5.82%	10.24%	-4.42%
5 Years (annualised)	7.65%	10.50%	-2.85%
Since Inception (cumulative)	79.53%	92.01%	-12.48%
Since Inception (annualised)	9.55%	10.70%	-1.15%

## Fund Holdings (for the quarter as at 31 March 2019)

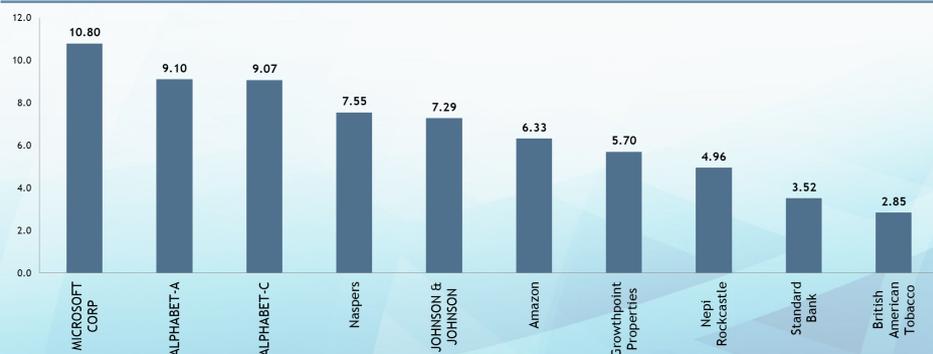
### Asset Allocation



### Sector Allocation (as a % of Equities)



### Top Ten Holdings (as a % of Equities)



## Investment Philosophy

Aeon Investment Management's equity investment style is Growth At a Reasonable Price (GARP) and modelling Implied vs. Sustainable Growth. We also utilise our in-house Currency Model for foreign asset allocation and the Fear & Greed Index for appropriate protective structure overlays. Aeon Balanced Prescient Fund's investment strategy encompasses active asset allocation and active management of underlying equity and fixed income assets. The fund has five diversified sources of alpha (GARP Active Equity, Smart Multi-Factor Equity, GARP Foreign Equity, Diversified Income, Derivative Protective Overlay).

## Fund Objectives

The Aeon Balanced Fund (CPI + 5%) seeks to achieve:

- Inflation-beating returns by investing in the full spectrum of domestic and foreign equity and fixed income markets
- Provide investors with stable income and modest capital appreciation in the long run
- 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:** CPI + 5%  
**Inception date:** 1 November 2012  
**Fund size:** R 86.07 million  
**Investment horizon:** Five years plus  
**Classification:** South African - Multi Asset - Medium Equity  
**Regulation 28 compliant:** Yes

## Risk Profile

Conservative	<b>Moderate</b>	Aggressive
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- These portfolios generally hold more equity exposure than low risk portfolios but less than high risk portfolios.
- In turn the expected volatility is higher than low risk portfolios, but less than high risk portfolios.
- The probability of losses are higher than that of the low risk portfolios, but less than high risk portfolio.
- Expected potential long term investment returns could therefore be lower than high risk portfolios due to lower equity exposure, but higher than low risk portfolios.

## 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 trustees & 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 I Level -1 BBBEE Contributor.

# Aeon Balanced Fund (CPI + 5%)

Fund information as at 31 March 2019



## Fund Performance Review & Market Commentary

The Aeon Balanced Prescient Fund was up by 524 bps on a gross return basis for the first quarter of 2019.

The strongest sector for the quarter ended March was Resources as markets rallied from US-China trade talks, and positive global trade data which benefited resource stocks led by BHP, Anglo American and Sasol. General Retailers was the weakest sector for the quarter, led by MRP, Woolworths, and Truworths due to weak trading over the festive period, and a tough South African consumer environment.

Globally, a low interest rate environment has continued to drive markets. Geopolitical and systematic risk has weighed on investor sentiment; however, some certainty and stability has begun to take shape. Three major economic issues being the US-China trade war, Brexit, and the Fed policy dominated the headlines. Global equities rallied as prospects of an amicable resolution of the US-China trade conflict remain high. Chinese PMI data was above consensus estimates, and the US showed strong job growth numbers. Aided by positive economic data, Fed chair Jerome Powell announced that the Fed would keep rates fixed at the 2.25%-2.50% range for now, inflation was near the 2% target, and he generally delivered an 'upbeat' statement. Expectations of a Fed increase for the year are now practically zero, quite different from their previous position. Importantly, a dovish stance from the Fed has been supportive for markets in the short term as this has led to further "Risk on" trading in emerging markets. In the UK, Parliament gained control of the Brexit process, however MP's are still struggling to reach consensus on a way forward with the hard Brexit day looming. Emerging market economies have been shaped by these global events and thus have benefited as a result.

Locally, political and corporate uncertainty were the two keywords on most investors' minds. Politicking is in full force with several politicians facing damning allegations. Many South African corporates have also come under severe pressure following various disappointing stock-specific announcements. At the same time, Eskom continues to hurt the SA economy, with severe load shedding once again dampening market and consumer sentiment. Rating agency Moody's kept South Africa at investment grade with a stable outlook which was widely welcomed. The run up to the national elections in May 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.

Naspers announced its intention to float a new company housing Naspers international asset on the Euronext in the Netherlands. This is widely positive and will positively bring some progress in reducing the discount to underlying investments and seek to reduce concentration risk on underlying indexes. At Aeon Investment Management, we believe the underlying concentration risk is essentially the same as both companies would essentially house the same assets (except for Media 24 and Takealot which will be held in the local counter only). However, given that many funds are limited to holding a maximum percentage holding in a single stock, as well as arbitrage opportunities for international investors, we view the proactive action by Naspers as positive as the potential for increased pool of buyers is now a real possibility.

Looking forward, the optimistic growth expectations set for the local economy seem to be disappointing with hope residing more on global growth. However, green shoots of opportunity are starting to appear being higher commodity prices which bode well for the local economy. Globally, inflation and GDP numbers will be key to try gauge the timing and level of tighter monetary policies. We have seen pockets of opportunity begin to surface and will 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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## Management Company

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**PRESCIENT**  
MANAGEMENT COMPANY

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