

Aeon Active Equity Prescient Fund

Class A1 I Minimum Disclosure Document (MDD) as at 30 September 2019

Issue date: 15 October 2019

Assets managed by: Aeon Investment Management



Fund Performance

Cumulative Performance - since inception - Net Return

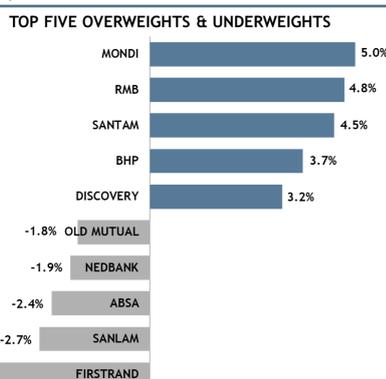
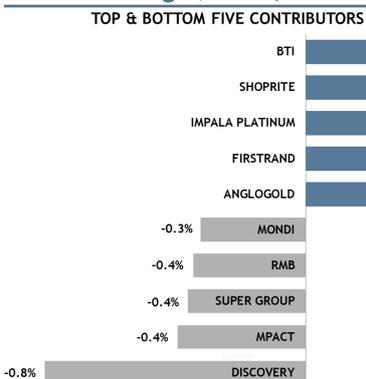
Not available. New Fund*

Monthly - Net	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019 Fund		1.98%	0.70%	4.29%	-5.03%	3.70%	-2.99%	-2.95%	-0.04%				-0.74%
Benchmark		1.23%	-0.18%	5.00%	-4.75%	2.88%	-3.13%	-2.70%	0.67%				-1.35%

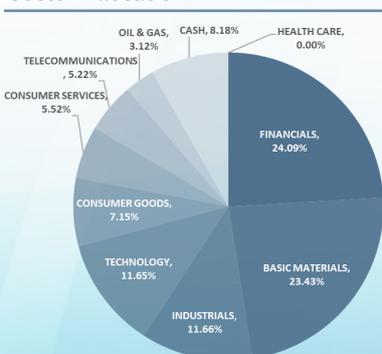
Performance Summary - Net Return	Fund	Benchmark	Active Return
1 month			
3 months			
6 months			
Year to date	-0.74%	-1.35%	0.61%
1 Year			
2 Year (annualised)			
3 Year (annualised)			
4 Year (annualised)			
Since Inception (cumulative)			
Since Inception (annualised)			

Net Return: Highest Rolling One Year Return Lowest Rolling One Year Return
 Last 12 months: Not available. New Fund.
 Since Inception:

Fund Holdings (for the quarter as at 30 September 2019)



Sector Allocation



Top Ten Holdings (as a % of Total AUM)

South African Rand	8.18
Naspers	7.89
Standard Bank	7.63
Mondi	6.13
BHP	5.97
BTI	5.82
RMB	5.78
MTN	5.06
Santam	4.48
Anglo American	4.33

Fund Description

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 Prescient 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



Jay Vomacka
Senior Portfolio Manager



Zaid Paruk
Portfolio Manager & Analyst

Fund Information

Benchmark: Capped SWIX (J433T)

Inception date: 21 January 2019

Fund size: R 292.89 million

Investment horizon: Five years plus

Classification: South African - Equity - General

Asset Allocation: 91.8% Equities; 8.2% 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 lumpsum R10 000 or Debit Order R500):

Flat Fee: 0.75% p.a. plus VAT

Total Expense ratio (TER) & Transaction Costs:

TER - Retail: Not available. New Fund.

Income distribution: Annually (March)

2019 cpu of 0.79 (retail)

Administration

Fund auditor: KPMG

Fund trustee & custodian: Nedbank Limited

Fund administration: Prescient Fund Services (Pty) Ltd.

Contact Details

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

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Fund Performance Review & Market Commentary

The Aeon Active Equity Prescient Fund (CIS) underperformed its benchmark by 78 bps on a net return basis for the third quarter of 2019 and is outperforming its benchmark by 61 bps for the year-to-date.

An overweight position in British American Tobacco and an underweight position in Shoprite were the main positive contributors to return for the third quarter of 2019. Overweight positions in Discovery and Mpact were the main detractors. The benchmark equity index was down 4.31% for the third quarter of 2019.

The strongest sector for the quarter ended September was Consumer Goods led by British American Tobacco, AB Inbev and Pioneer Foods as markets benefited from a more positive global macro environment, a Fed rate cut and prospects of better US-China trade relations. Banks was the weakest sector for the quarter, led by Standard Bank, First Rand and ABSA after rating agencies Moody's and Fitch reported a dim credit view on Eskom and South African sovereign debt and outlook. The quarter ended September was negative overall for equity markets due to global tension enhanced by a multitude of domestic events.

Globally, a low interest rate environment and accommodative central bank policies have continued to structurally drive markets. The uncertainty and volatility caused by geopolitical instability has continued to impede market returns. US-China trade concerns remain firmly in investor minds amid a slowing Chinese economy and increases in trade tariffs by both countries. Talks between the US, China, EU and others are ongoing, however, sentiment was somewhat hindered by the ongoing protests in Hong Kong and the drone attacks on a Saudi oil production facility. Investors remain quite agnostic as a complete deal is unlikely to be reached soon. On a more positive note, the Fed announced a second 25bps cut for 2019 and the ECB did not disappoint investors either with their expected stimulus measures, decreasing rates to -0.5% and resuming QE at a monthly pace of €20bn. Importantly, the Fed did highlight that further rate cuts would be unlikely given the strength of the US labour market. A dovish stance from the Fed has generally been supportive of markets, however, comments from Jerome Powell regarding the Fed not continuing to act as an appropriate support to sustain economic expansions have raised doubt in some investor's minds. In the UK, investors are keeping an eye on Boris Johnson's 31 October Brexit deadline, which took a slight knock as the UK supreme court ruled against Johnson's suspension of parliament. Emerging market economies have been shaped by these global events.

Locally, the domestic environment was unfavourable due to the state of the local economy. Sentiment has turned more negative as continuous political infighting, severe economic growth obstacles, highly indebted parastatals and a potential downgrade remain apparent. Looming government regulation such as the land expropriation bill, debt relief bill and NHI bill heightened investor concerns. This led to an exodus of foreign capital, which is of concern. South Africa's lack of fiscal options may weigh on investment in the short term with little room by the government to manoeuvre. One positive has been Finance minister Tito Mboweni's economic plan which was well received by business.

In company news, all eyes were firmly on the corporate action which saw Naspers separately list its international assets (including Tencent, Delivery Hero, OLX and Mail.ru) on Wednesday 11 September into a new company, Prosus. This is one of the largest corporate actions of its kind in the world, with far-reaching effects for both local and global investors. Prosus is Europe's largest internet consumer company and the addition to Amsterdam's Euronext makes it the third largest company on the exchange. The significance of this is that many passive investors and index trackers may be forced to purchase Prosus or increase their allocation to the company which could result in a narrowing of the discount to the underlying investee companies.

Looking forward, growth expectations set for the local economy seem to reside on global growth and renewed efforts by the newly elected officials. Globally, inflation and GDP growth will be key to try gauge the timing and level of monetary policies. Potential capital controls imposed by the US on Chinese companies could dampen global sentiment, however, we have seen opportunities surface, albeit with good reasons and will monitor each individual investment case on independent merit. Astute stock picking with our Growth at Reasonable Price (GARP) philosophy that delivers superior value through the cycle and a focus on companies whose cash flows support earnings should stand us in good stead moving forward.

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, 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. 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

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.

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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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Third Parties

This portfolio operates as a white label fund under the Prescient Unit Trust Scheme, which is governed by the Collective Investment Schemes Control Act.