

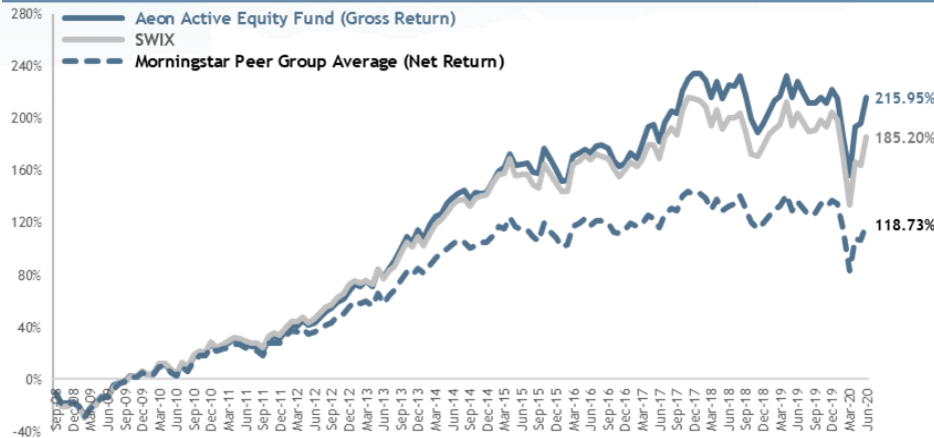
Aeon Active Equity Fund

Fund information as at 30 June 2020



Fund Performance

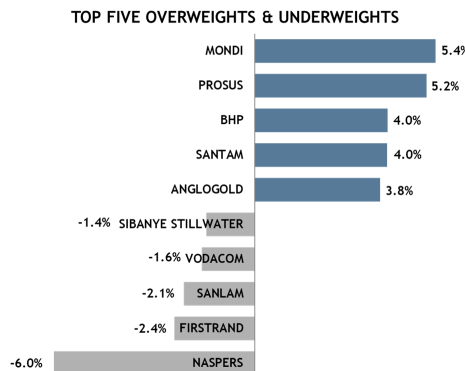
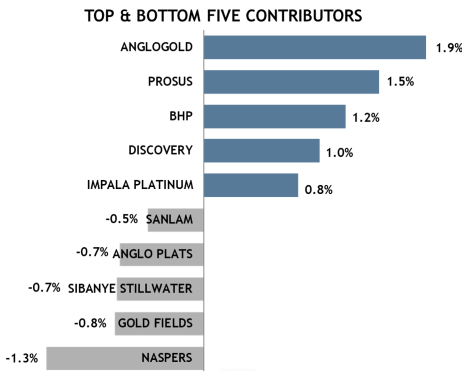
Cumulative Performance - since inception - Gross Return



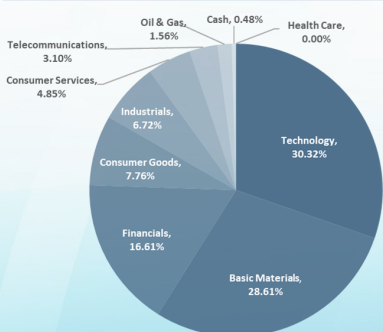
Monthly - Gross	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015													
Fund	3.60%	2.98%	1.00%	4.03%	-3.17%	0.28%	0.44%	-2.80%	-0.28%	7.42%	-3.06%	-2.91%	7.14%
Benchmark	3.99%	2.56%	0.20%	4.31%	-4.86%	0.64%	-0.15%	-3.10%	-1.00%	7.28%	-2.70%	-2.90%	3.62%
2016													
Fund	-3.27%	0.13%	7.36%	1.00%	0.93%	-1.06%	1.86%	0.36%	-0.95%	-3.37%	-1.68%	0.96%	1.86%
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%
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%
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%
2019													
Fund	2.89%	2.82%	1.31%	4.95%	-5.08%	3.88%	-2.67%	-2.53%	0.07%	1.58%	-1.54%	3.47%	8.96%
Benchmark	3.09%	1.57%	1.25%	5.72%	-5.64%	3.12%	-2.21%	-2.50%	0.37%	2.64%	-1.55%	3.68%	9.32%
2020													
Fund	-2.34%	-9.05%	-10.65%	14.61%	1.02%	6.68%							-1.98%
Benchmark	-1.78%	-9.00%	-14.15%	14.07%	-0.97%	8.07%							-6.33%

Performance Summary - Gross Return	Fund	Benchmark	Active Return
1 month	6.68%	8.07%	-1.40%
3 months	23.51%	22.09%	1.41%
6 months	-1.98%	-6.33%	4.35%
Year to date	-1.98%	-6.33%	4.35%
1 Year	-3.70%	-6.09%	2.40%
3 Years (annualised)	3.80%	2.00%	1.79%
5 Years (annualised)	3.59%	2.08%	1.51%
7 Years (annualised)	8.57%	7.04%	1.53%
10 Years (annualised)	11.78%	10.61%	1.17%
Since Inception (cumulative)	215.95%	185.20%	30.75%
Since Inception (annualised)	10.21%	9.26%	0.95%

Fund Holdings (for the quarter as at 30 June 2020)



Sector Allocation



Top Ten Holdings (as a % of Total AUM)

Naspers	20.67
Prosus	9.65
BTI	6.75
AngloGold	6.61
Mondi	6.16
BHP	6.12
Anglo American	4.95
Standard Bank	4.71
Firstrand	4.21
Discovery	3.91

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



Jay Vomacka
Senior Portfolio Manager



Zaid Paruk
Portfolio Manager & Analyst

Fund Information

Benchmark: SWIX
Inception date: 1 September 2008
Fund size: R 11,409.42 million
Investment horizon: Five years plus

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

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 Outperformance fee share participation rate of 20%. Out-performance capped at 100 bps based on a rolling three-year performance period.

Administration

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

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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 30 June 2020



aeon
investment management
long term wealth creation

Fund Performance Review & Market Commentary

The Aeon Active Equity Fund outperformed its benchmark by 141 bps for the second quarter of 2020, is outperforming its benchmark by 435 bps over a six-month period (YTD) and is outperforming its benchmark by 179 bps annualised over a three-year period.

Overweight positions in AngloGold and Prosus were the main positive contributors to return for the second quarter of 2020. Underweight positions in Naspers and Gold Fields were the main detractors. The benchmark equity index was up 22.09% for the second quarter of 2020.

The quarter ended June saw a strong rebound in global financial markets due to the easing of global lockdown restrictions across countries. The easing of business conditions combined with governmental fiscal support measures and interventions, in response to the Covid-19 pandemic, were received positively by investors. There is also hope of a vaccine being developed with many companies moving to further stages of trials improving sentiment. However, many companies have halted or even cut operations because of this pandemic which has led to large job losses. Financial market conditions have vastly differed from 'real' market and economic conditions due to the forward-looking nature of financial markets and improved expectations regarding the future. The situation remains fluid. The sector that fared best for the quarter ended June was Healthcare led by pharmaceuticals Aspen and Adcock Ingram. Investors rushed into healthcare due to widespread demand created because of the pandemic, as well as anti-inflammatory drug Dexamethasone which is being used to treat patients for Covid-19. Banks was the weakest sector for the quarter, led by First Rand, Investec, and Capitec as banks start to provide for increasing bad debts due to worsening financial conditions for credit consumers.

Globally, central banks have continued to be accommodative as a reactionary measure to tackle the pandemic. This implies strong government fiscal relief responses by numerous countries to attempt to safeguard and stimulate their economies. An already low interest rate environment has left authorities with limited intervention capabilities. Compounding the problem is business uncertainty; poor forecast visibility; and the lack of cash liquidity. The IMF released its new economic growth forecasts stating that it now expects the world's GDP to decrease by 4.9% in 2020.

The Fed, in response to downgrade expectations, has kept interest rates unchanged and stated that it was unlikely to increase rates until 2022. This all results in heightened risk and hence a "risk off" approach to investing in asset classes such as emerging markets. Tensions between the US and China are also ongoing, with the new battleground for the future likely to include reserve "currency wars". This increased tension combined with prevailing world uncertainties regarding Brexit, China-India border tensions and the likely extension to Vladimir Putin's term in Russia have kept markets attentive. Investors are analysing the reopening of worldwide economies as a gauge for global growth conditions with hope of a return to some normality.

Locally, the domestic environment took cues from global markets with a stronger Rand benefitting from global Dollar weakness. Local sentiment has, however, continued to be negative as the country faces severe economic growth obstacles. The unemployment rate hit a 17 year high of 30%. It is expected to go up further as the economic effects of Covid-19 flow into the official numbers. SOE's remain a big problem for government as many require further bailouts or restructure. Finance minister Mboweni gave his special adjustment budget speech with little detail on how government intends to tackle its fiscal situation. What is becoming clearer is that taxes are expected to increase in 2021. South Africa's fiscal position remains constrained through poor policy decisions and weak implementation by government. Things may be difficult for South Africa in the years ahead with the Treasury expecting the country's GDP to contract by 7.2% this year while government debt is expected to increase to around 82% of GDP. All three rating agencies have stated that it is unlikely that the country will be able to stabilise its debt by 2023 as planned.

Looking forward, growth expectations for the local economy seem to be dependent on a strong recovery in global growth and Covid-19 containment measures. A "second wave" of infections or a severe mutation of the strain of virus could be disastrous for the world economy but all indicators are that a vaccine will likely be developed soon. 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 is expected to stand us in good stead moving forward.

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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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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