

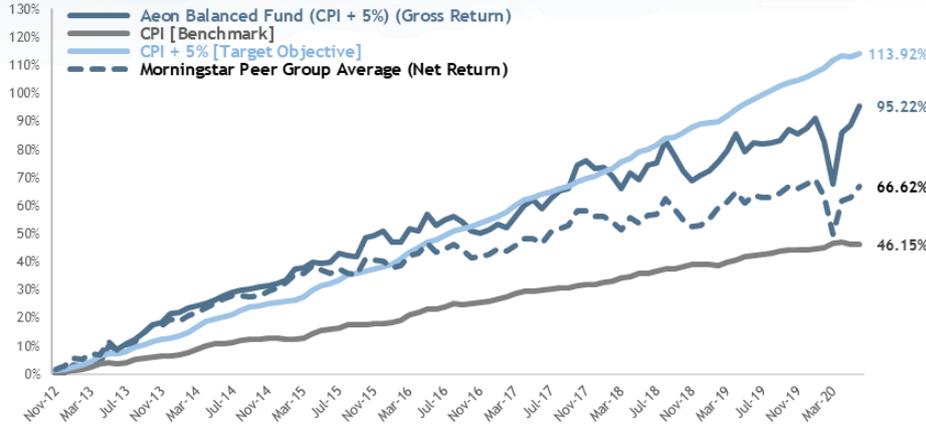
# Aeon Balanced Fund (CPI + 5%)

Fund information as at 30 June 2020



## Fund Performance

Cumulative Performance - since inception - Gross Return



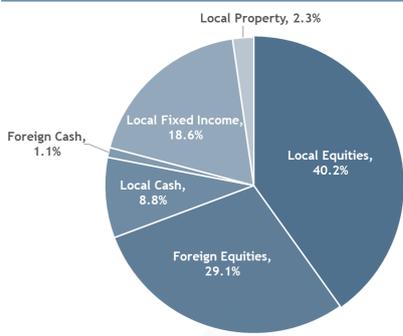
Monthly - Gross Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015 Fund	0.85%	2.96%	0.41%	1.41%	-0.34%	0.22%	2.33%	-0.66%	-0.21%	4.77%	0.63%	1.00%	14.07%
2015 Benchmark	-0.20%	-0.20%	0.60%	1.40%	0.90%	0.30%	0.40%	1.00%	0.00%	0.00%	0.30%	0.10%	4.68%
2015 Target Objective	0.22%	0.22%	1.02%	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%
2016 Benchmark	0.30%	0.80%	1.40%	0.80%	0.80%	0.20%	0.60%	0.80%	-0.10%	0.20%	0.50%	0.30%	6.79%
2016 Target Objective	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%
2017 Benchmark	0.40%	0.60%	1.10%	0.60%	0.10%	0.30%	0.20%	0.30%	0.10%	0.50%	0.30%	0.10%	4.69%
2017 Target Objective	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%
2018 Benchmark	0.50%	0.30%	0.80%	0.40%	0.80%	0.19%	0.40%	0.80%	-0.10%	0.50%	0.50%	0.20%	5.42%
2018 Target Objective	0.92%	0.72%	1.22%	0.82%	1.22%	0.61%	0.82%	1.22%	0.32%	0.92%	0.92%	0.62%	10.78%
2019 Fund	1.13%	1.80%	2.22%	3.42%	-3.48%	1.70%	-0.22%	0.16%	0.50%	2.17%	-0.76%	1.00%	9.89%
2019 Benchmark	-0.20%	-0.20%	0.80%	0.80%	0.60%	0.30%	0.40%	0.40%	0.30%	0.30%	0.00%	0.10%	3.65%
2019 Target Objective	0.22%	0.22%	1.22%	1.22%	1.02%	0.72%	0.82%	0.82%	0.72%	0.72%	0.42%	0.52%	8.94%
2020 Fund	1.80%	-4.34%	-8.14%	10.93%	1.46%	3.43%							4.14%
2020 Benchmark	0.30%	0.30%	1.00%	0.30%	-0.50%	0.00%							1.40%
2020 Target Objective	0.72%	0.72%	1.42%	0.72%	-0.08%	0.42%							3.96%

\* For month of June 2020, Benchmark: Due to the delayed publishing of the CPI returns by STATSSA, we have reflected a flat return of 0.00%. As a result Target Objective, CPI +5% is 0.42%.

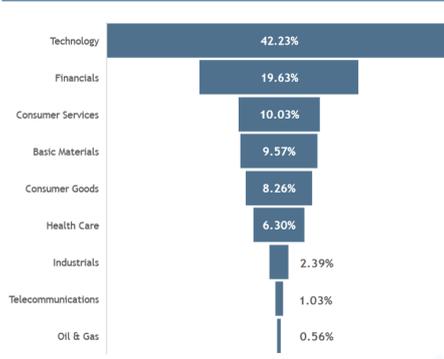
Performance Summary - Gross Return	Fund	Benchmark	Target Objective
1 month	3.43%	0.00%	0.42%
3 months	16.41%	-0.20%	1.05%
6 months	4.14%	1.40%	3.96%
Year to date	4.14%	1.40%	3.96%
1 Year	7.11%	2.93%	8.19%
3 Years (annualised)	7.12%	4.00%	9.30%
5 Years (annualised)	6.92%	4.75%	10.09%
7 Years (annualised)	8.75%	5.02%	10.37%
Since Inception (cumulative)	95.22%	46.15%	113.92%
Since Inception (annualised)	9.12%	5.07%	10.43%

## Fund Holdings (as at 30 June 2020)

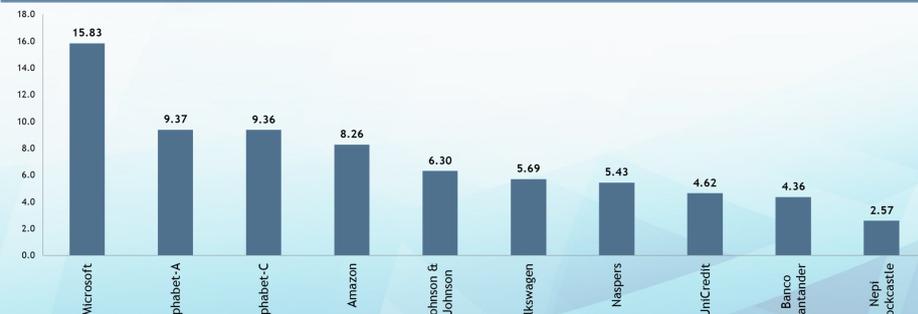
### Asset Allocation



### 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



**Jay Vomacka**  
Senior Portfolio Manager



**Zaid Paruk**  
Portfolio Manager & Analyst

## Fund Information

**Benchmark:** CPI  
**Target objective:** CPI +5%  
**Inception date:** 1 November 2012  
**Fund size:** R 228.78 million  
**Investment horizon:** Five years plus  
**Classification:** South African - Multi Asset - Medium Equity  
**Regulation 28 compliant:** Yes

## Risk Profile



- 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 Outperformance fee share participation rate of 20%. Out-performance capped at 80 bps plus VAT.

## Administration

**Fund trustees & custodian:** Nedbank Investor Services  
**Fund administration:** Prescient Fund Services

## Contact Details

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# Aeon Balanced Fund (CPI + 5%)

Fund information as at 30 June 2020



**aeon**  
investment management  
long term wealth creation

## Fund Performance Review & Market Commentary

The Aeon Balanced Fund was up by 16.41% for the second quarter of 2020 and is up by 7.11% over a one-year period.

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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**Aeon Investment Management (Pty) Ltd is an authorised FSP.**  
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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