

Aeon Smart Multi-Factor Equity Prescient Fund

Class A1 I Minimum Disclosure Document (MDD) as at 30 June 2020

Issue date: 14 July 2020

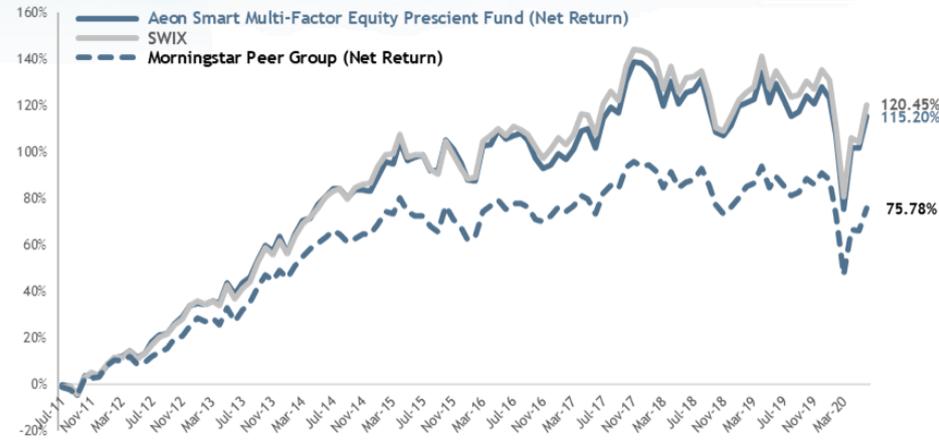
Assets managed by: Aeon Investment Management



aeon
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long term wealth creation

Fund Performance

Cumulative Performance - since inception - Net Return

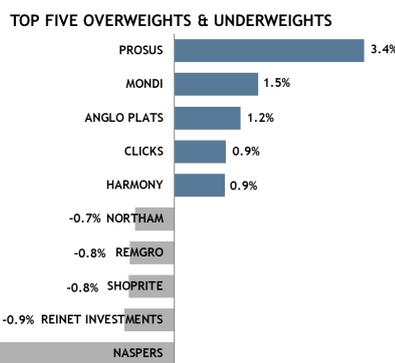
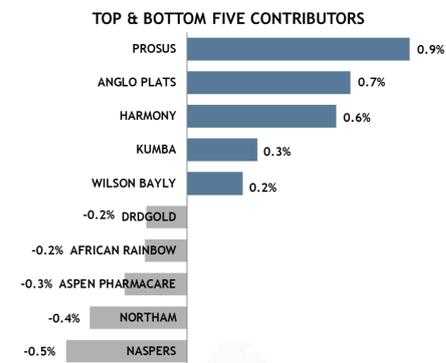


Monthly - Net Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015													
Fund	3.49%	3.21%	-0.33%	4.98%	-4.08%	0.74%	0.44%	-3.31%	-0.19%	6.90%	-1.94%	-2.88%	6.58%
Benchmark	3.99%	2.56%	0.20%	4.31%	-4.86%	0.64%	-0.15%	-3.10%	-1.00%	7.28%	-2.70%	-2.90%	3.62%
2016													
Fund	-3.78%	-0.23%	8.04%	0.26%	3.19%	-1.75%	0.65%	0.44%	-1.34%	-3.94%	-2.23%	0.92%	-0.34%
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	2.42%	-1.14%	2.23%	3.86%	0.28%	-3.77%	6.29%	2.16%	-1.08%	6.30%	3.63%	-0.18%	22.55%
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	-1.29%	-1.90%	-4.81%	4.84%	-4.26%	2.29%	0.36%	2.11%	-5.37%	-4.60%	-0.74%	2.03%	-11.32%
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	3.91%	0.66%	0.76%	5.22%	-5.58%	3.58%	-2.77%	-3.46%	0.94%	3.22%	-1.53%	3.36%	7.93%
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	-2.20%	-7.27%	-15.33%	15.23%	-0.14%	6.74%							-5.69%
Benchmark	-1.78%	-9.00%	-14.15%	14.07%	-0.97%	8.07%							-6.33%

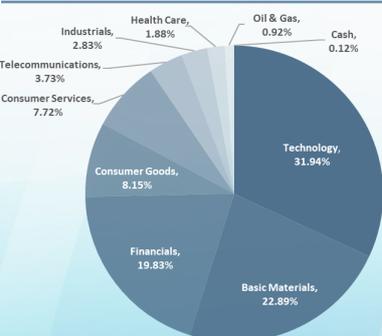
Performance Summary - Net Return	Fund	Benchmark	Active Return
1 month	6.74%	8.07%	-1.34%
3 months	22.83%	22.09%	0.74%
6 months	-5.69%	-6.33%	0.64%
Year to date	-5.69%	-6.33%	0.64%
1 Year	-6.14%	-6.09%	-0.04%
3 Years (annualised)	2.16%	2.00%	0.15%
5 Years (annualised)	1.70%	2.08%	-0.38%
7 Years (annualised)	6.48%	7.04%	-0.56%
Since Inception (cumulative)	115.20%	120.45%	-5.25%
Since Inception (annualised)	8.89%	9.18%	-0.29%

Net Return:	Highest Rolling One Year Return	Lowest Rolling One Year Return
Last 12 months:	7.93%	-21.36%
Since Inception:	30.27%	-21.36%

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



Sector Allocation



Top Ten Holdings (%)

Naspers	22.67
Prosus	9.27
Anglo American	4.43
British American Tobacco	4.19
Firststrand	4.11
Anglo Platinum	2.85
Standard Bank	2.61
Mondi	2.28
Anglogold Ashanti	2.26
Vodacom	2.21

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



Jay Vomacka
Senior Portfolio Manager



Zaid Paruk
Portfolio Manager & Analyst

Fund Information

Benchmark: SWIX

Inception date: 1 July 2011

Fund size: R 176.89 million

Investment horizon: Five years plus

Classification: South African - Equity - General

Asset Allocation: 99.9% Equity and 0.1% 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 (31-Mar-2020):

TER - Retail: 0.66%

Fund Class	Retail (%)
Management Fee	0.50
Performance Fee	-
Other Fees*	0.16
Total Expense Ratio (TER)	0.66
Transaction Costs (TC)	0.35
Total Investment Charge (TIC)	1.01

Income distribution: Annually (March)

2020 cpu of 5.24 (retail)

Administration

Fund auditor: Ernst & Young Incorporated

Fund trustee & custodian: Nedbank Investor Services

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 I Level-1 BBBEE Contributor.

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Fund Performance Review & Market Commentary

The Aeon Smart Multi-Factor Equity Prescient Fund outperformed its benchmark by 74 bps on a net return basis for the second quarter of 2020, is outperforming its benchmark by 64 bps over a six-month period (YTD) and is outperforming its benchmark by 15 bps annualised over a three-year period.

Overweight positions in Prosus and Anglo-American Platinum were the main positive contributors to return for the second quarter of 2020. Underweight positions in Naspers and Northam Platinum were the main detractors.

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

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

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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PRESCIENT
MANAGEMENT COMPANY

Custodian/Trustee

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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.