

Aeon Balanced Prescient Fund

Class A2 | Minimum Disclosure Document (MDD) as at 30 September 2020

Issue date: 14 October 2020

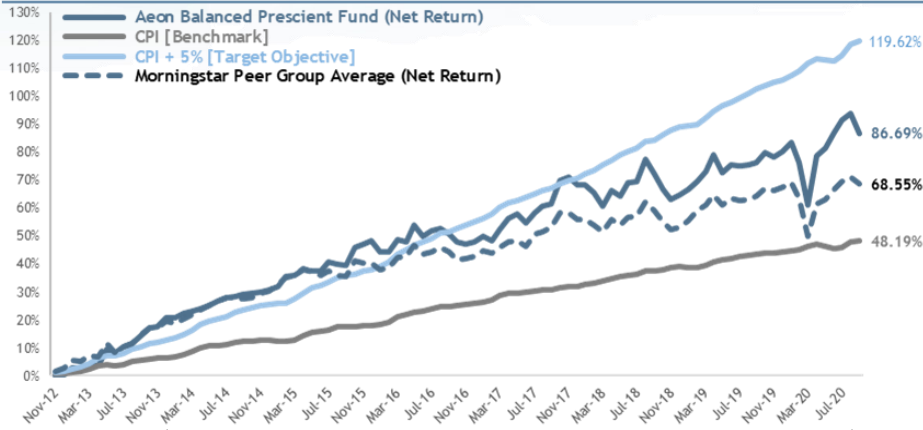
Assets managed by: Aeon Investment Management



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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	0.80%	2.91%	0.36%	1.36%	-0.39%	0.17%	2.28%	-0.70%	-0.26%	4.73%	0.58%	0.95%	13.42%
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%
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	-2.69%	0.00%	3.00%	-0.38%	3.83%	-2.63%	1.37%	0.65%	-1.39%	-1.94%	-0.54%	0.59%	-0.36%
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%
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	1.41%	-0.99%	2.58%	2.59%	1.12%	-2.00%	2.29%	1.62%	0.47%	4.99%	0.84%	-1.57%	13.96%
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%
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	-0.05%	-1.82%	-2.66%	3.31%	-1.27%	2.91%	0.34%	4.69%	-3.00%	-3.23%	-1.96%	0.95%	-2.15%
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%
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	1.08%	1.75%	2.18%	3.37%	-3.53%	1.66%	-0.27%	0.11%	0.46%	2.13%	-0.81%	0.95%	9.26%
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%
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	1.84%	-3.86%	-8.66%	10.91%	1.48%	3.21%	2.21%	1.31%	-3.59%				3.72%
Benchmark	0.30%	0.30%	1.00%	0.30%	-0.50%	-0.60%	0.50%	1.30%	0.20%				2.82%
Target Objective	0.72%	0.72%	1.42%	0.72%	-0.08%	-0.18%	0.92%	1.72%	0.62%				6.73%

* Benchmark return lags by one month.

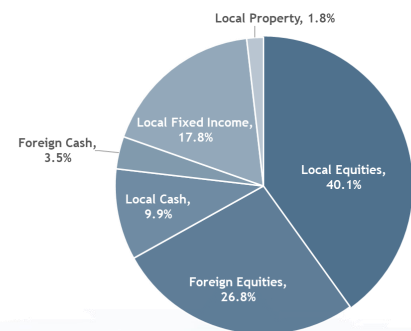
Performance Summary - Net Return

	Fund	Benchmark	Target Objective
1 month	-3.59%	0.20%	0.62%
3 months	-0.16%	2.01%	3.28%
6 months	15.97%	1.19%	3.75%
Year to date	3.72%	2.82%	6.73%
1 Year	6.06%	3.23%	8.50%
3 Years (annualised)	4.94%	4.27%	9.58%
5 Years (annualised)	6.01%	4.75%	10.09%
7 Years (annualised)	7.27%	4.97%	10.32%
Since Inception (cumulative)	86.69%	48.19%	119.62%
Since Inception (annualised)	8.20%	5.09%	10.45%

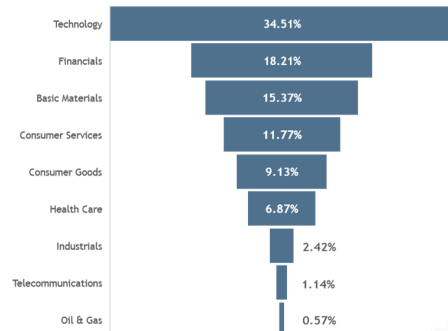
Net Return:	Highest Rolling One Year Return	Lowest Rolling One Year Return
Last 12 months:	10.09%	-7.01%
Since Inception:	20.21%	-7.01%

Fund Holdings (as at 30 Sep 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 Prescient Fund seeks to achieve:

- Return target of CPI +5%
- 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
Inception date: 1 November 2012
Fund size: R 105.26 million
Investment horizon: Five years plus
Classification: South African - Multi Asset - Medium Equity
Regulation 28 compliant: Yes

Risk Profile

Conservative	Moderate	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

Retail (Minimum R50 000):
Flat Fee: 0.50% p.a. plus VAT.
Total Expense ratio (TER) & Transaction Costs (30-Jun-2020):
 TER - Retail: 0.75%

Fund Class	Retail (%)
Management Fee	0.50
Performance Fee	-
Other Fees*	0.25
Total Expense Ratio (TER)	0.75
Transaction Costs (TC)	0.16
Total Investment Charge (TIC)	0.91

Income distribution: Annually (March)
 2020 cpu of 5.80 (retail)

Administration

Fund auditor: Ernst & Young Incorporated
Fund trustees & custodian: Nedbank Investor Services
Fund administration: Prescient Fund Services (Pty) Ltd.

Contact Details

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Fund Performance Review & Market Commentary

The Aeon Balanced Prescient Fund was down by 0.16% on a net return basis for the third quarter of 2020 and is up by 6.06% over a one-year period.

The quarter ended September saw global markets broadly positive due to anticipation of a COVID-19 vaccine being developed in the near future. In addition, 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. This all helped to boost sentiment. Financial market conditions have differed from 'real' market and economic conditions due to the forward-looking nature of financial markets and improved future expectations. The situation remains fluid. The sector that fared best for the quarter ended September was General Retailers led by retailers TFG Group, Motus and Cashbuild as consumer spend returned, which was better than anticipated. Healthcare was the weakest sector for the quarter, led by Aspen and Netcare due to a reduction in elective surgeries weighing on the sector.

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 in an attempt to safeguard and stimulate their economies. An already low interest rate environment has left authorities with limited intervention capabilities. Of note Fed Chair, Jerome Powell, announced at his Jackson Hole speech that the Fed will be targeting an average inflation of 2% going forward meaning that US interest rates would remain lower for longer. Compounding the problem is business uncertainty; poor forecast visibility; and the lack of cash liquidity. Many economies such as the US also faced domestic riots or protests affecting business reopening. In the US, protest action is likely to continue with the US Presidential elections in November. The US and China conflict continues, with the new battleground for the future likely to include reserve "currency wars" and "technology wars". This increased tension combined with prevailing world uncertainties have kept markets sensitive. Investors are analysing the reopening of worldwide economies as a gauge for global growth conditions with hope of a return to some normality. However, uncertainty still exists regarding "second wave" effects and future lockdowns which are likely to provide negative investor overhang as Europe enters the winter period.

Locally, the domestic environment took cues from global markets with global Dollar weakness benefiting local industries such as Resources. Local sentiment has, however, continued to be negative as the country faces severe economic growth obstacles. SOE's remain a problem for government as many require further bailouts or possible restructuring. South Africa's fiscal position remains constrained through poor policy decisions, corruption, and weak implementation by government. Financial conditions may be difficult for South Africa in the years ahead with government debt expected to increase, and the domestic economy still recovering from the lockdown. South Africa has also received IMF funding which is reported to be provided with strict stipulated conditions. On the positive, South Africa moved to level two lockdown in August with most businesses allowed to reopen and restrictions on the sale of alcohol and tobacco as well as interprovincial travel lifted. There also seems increased impetus for positive reform of pro-growth policies.

Looking forward, growth expectations for the local economy seem to be dependent on a strong recovery in global growth, improving confidence, positive local government action, and Covid-19 containment measures. 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.

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

Nedbank Investor Services

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Website: www.nedbank.co.za

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.

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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.

Below are fund specific risks:

Default risk: The risk that the issuers of fixed income instruments (e.g. bonds) may not be able to meet interest payments nor repay the money they have borrowed. The issuers credit quality is vital. The worse the credit quality, the greater the risk of default and therefore investment loss.

Derivatives risk: The use of derivatives could increase overall risk by magnifying the effect of both gains and losses in a Fund. As such, large changes in value and potentially large financial losses could result.

Developing Market (excluding SA) risk: Some of the countries invested in may have less developed legal, political, economic and/or other systems. These markets carry a higher risk of financial loss than those in countries generally regarded as being more developed.

Foreign Investment risk: Foreign securities investments may be subject to risks pertaining to overseas jurisdictions and markets, including (but not limited to) local liquidity, macroeconomic, political, tax, settlement risks and currency fluctuations.

Interest rate risk: The value of fixed income investments (e.g. bonds) tends to be inversely related to interest and inflation rates. Hence their value decreases when interest rates and/or inflation rises.

Property risk: Investments in real estate securities can carry the same risks as investing directly in real estate itself. Real estate prices move in response to a variety of factors, including local, regional and national economic and political conditions, interest rates and tax considerations.

Currency exchange risk: Changes in the relative values of individual currencies may adversely affect the value of investments and any related income.

Geographic / Sector risk: For investments primarily concentrated in specific countries, geographical regions and/or industry sectors, their resulting value may decrease whilst portfolios more broadly invested might grow.

Derivative counterparty risk: A counterparty to a derivative transaction may experience a breakdown in meeting its obligations thereby leading to financial loss.

Liquidity risk: If there are insufficient buyers or sellers of particular investments, the result may lead to delays in trading and being able to make settlements, and/or large fluctuations in value. This may lead to larger financial losses than expected.

Equity investment risk: Value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. bankruptcy), the owners of their equity rank last in terms of any financial payment from that company.

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 15:00 or 17:00 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

Contact Details

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