

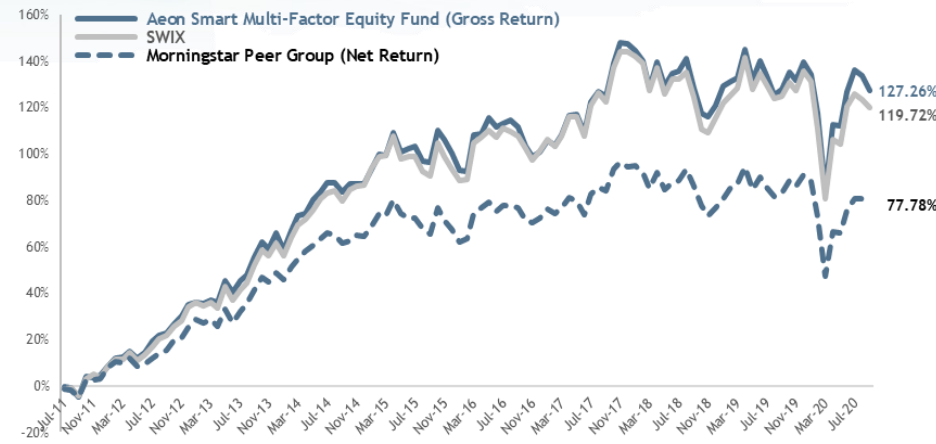
Aeon Smart Multi-Factor Equity Fund

Fund information as at 30 September 2020



Fund Performance

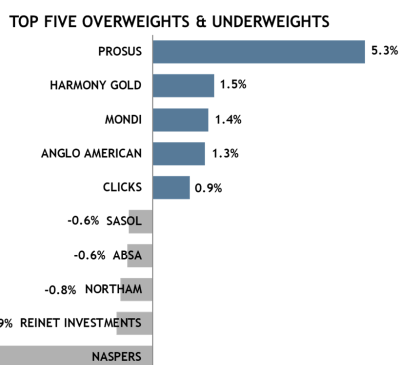
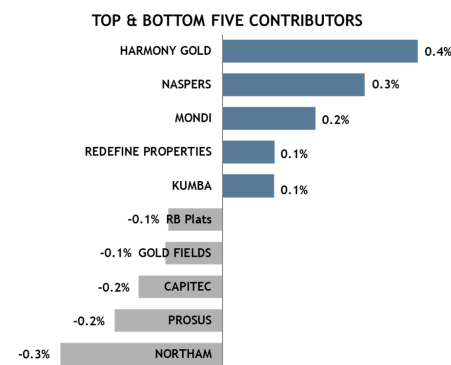
Cumulative Performance - since inception - Gross Return



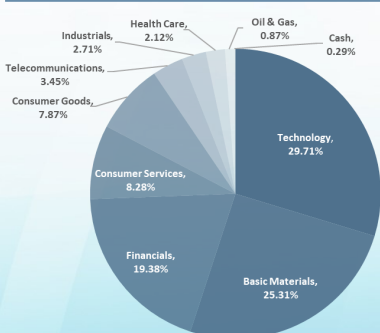
Monthly - Gross Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015 Fund	3.54%	3.25%	-0.28%	5.03%	-4.03%	0.79%	0.48%	-3.26%	-0.14%	6.95%	-1.89%	-2.83%	7.18%
2015 Benchmark	3.99%	2.56%	0.20%	4.31%	-4.86%	0.64%	-0.15%	-3.10%	-1.00%	7.28%	-2.70%	-2.90%	3.62%
2016 Fund	-3.74%	-0.19%	8.09%	0.31%	3.24%	-1.70%	0.70%	0.49%	-1.30%	-3.89%	-2.19%	0.97%	0.23%
2016 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	2.47%	-1.09%	2.28%	3.91%	0.33%	-3.72%	6.34%	2.20%	-1.03%	6.35%	3.68%	-0.14%	23.24%
2017 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	-1.24%	-1.85%	-4.76%	4.89%	-4.21%	2.34%	0.41%	2.16%	-5.32%	-4.56%	-0.69%	2.08%	-10.81%
2018 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	3.95%	0.71%	0.81%	5.26%	-5.53%	3.63%	-2.73%	-3.41%	0.99%	3.27%	-1.48%	3.40%	8.55%
2019 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	-2.16%	-7.22%	-15.29%	15.28%	-0.09%	6.78%	4.30%	-1.11%	-2.71%				-5.09%
2020 Benchmark	-1.78%	-9.00%	-14.15%	14.07%	-0.97%	8.07%	2.37%	-1.03%	-1.63%				-6.64%

Performance Summary - Gross Return	Fund	Benchmark	Active Return
1 month	-2.71%	-1.63%	-1.08%
3 months	0.34%	-0.33%	0.68%
6 months	23.41%	21.68%	1.73%
Year to date	-5.09%	-6.64%	1.55%
1 Year	-0.15%	-2.19%	2.04%
3 Years (annualised)	0.39%	-0.39%	0.78%
5 Years (annualised)	2.96%	2.89%	0.07%
7 Years (annualised)	5.59%	5.38%	0.21%
Since Inception (cumulative)	127.26%	119.72%	7.54%
Since Inception (annualised)	9.28%	8.88%	0.40%

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



Sector Allocation



Top Ten Holdings (%)

Naspers	20.87
Prosus	8.85
Firststrand	4.43
Anglo American	4.24
British American Tobacco	3.78
Anglo Platinum	2.70
Standard Bank	2.67
Mondi	2.59
Anglogold Ashanti	2.25
Impala Platinum	2.25

Fund Description

Aeon Investment Management's Smart Multi-Factor Equity 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 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 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 177.52 million

Investment horizon: Five years plus

Classification: South African - Equity - General

Asset Allocation: 99.7% Equity and 0.3% 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

Flat Fee: 0.35% p.a. plus VAT

Administration

Fund trustee & custodian: Nedbank Investor Services

Fund administration: Prescient Management Company (RF) (Pty) Ltd

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Aeon Smart Multi-Factor Equity Fund

Fund information as at 30 September 2020



aeon
investment management
long term wealth creation

Fund Performance Review & Market Commentary

The Aeon Smart Multi-Factor Equity Fund outperformed its benchmark by 68 bps for the third quarter of 2020 and is outperforming its benchmark by 204 bps annualised over a one-year period.

An overweight position in Harmony Gold and an underweight position in Naspers were the main positive contributors to return for the third quarter of 2020. An underweight position in Northam Platinum and an overweight position in Prosus were the main detractors. The benchmark equity index was down 0.33% for the third quarter of 2020.

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.

Disclaimer

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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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