

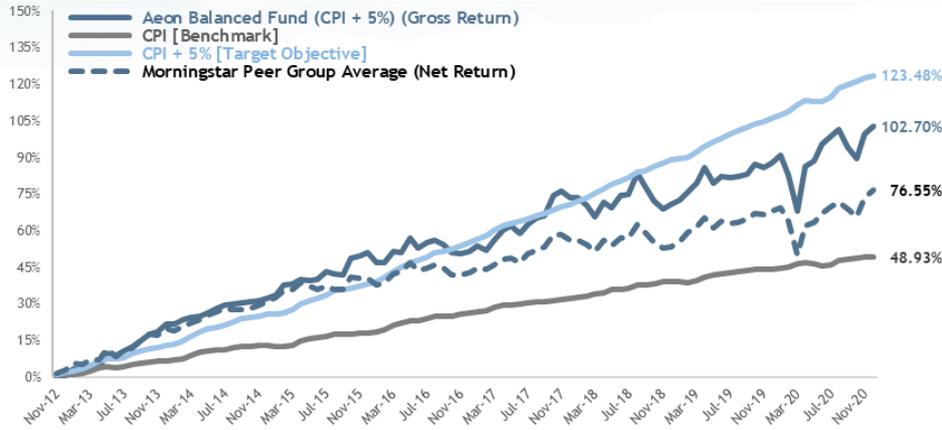
# Aeon Balanced Fund (CPI +5%)

Fund information as at 31 December 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%	1.81%	1.25%	-3.54%	-2.52%	5.56%	1.48%	8.13%
2020 Benchmark	0.30%	0.30%	1.00%	0.30%	-0.50%	-0.60%	0.50%	1.30%	0.20%	0.20%	0.30%	0.00%	3.33%
2020 Target Objective	0.72%	0.72%	1.42%	0.72%	-0.08%	-0.18%	0.92%	1.72%	0.62%	0.62%	0.72%	0.42%	8.61%

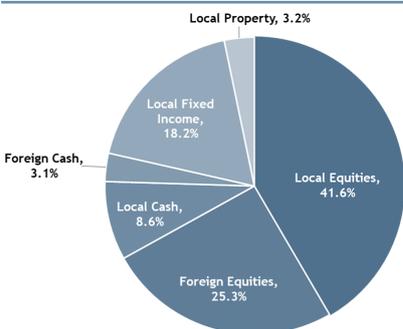
\* Benchmark: CPI data lagged by one month.

## Performance Summary - Gross Return

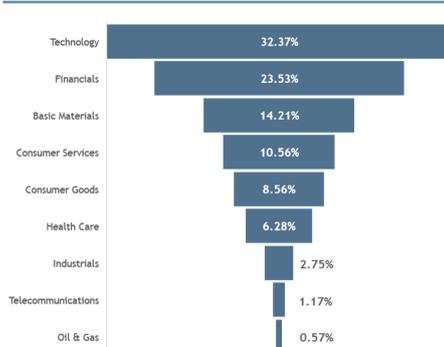
	Fund	Benchmark	Target Objective
1 month	1.48%	0.00%	0.42%
3 months	4.42%	0.50%	1.76%
6 months	3.83%	2.52%	5.10%
Year to date	8.13%	3.33%	8.61%
1 Year	8.13%	3.33%	8.61%
3 Years (annualised)	5.35%	4.13%	9.44%
5 Years (annualised)	6.07%	4.77%	10.11%
7 Years (annualised)	7.58%	4.93%	10.27%
Since Inception (cumulative)	102.70%	48.93%	123.48%
Since Inception (annualised)	9.04%	5.00%	10.35%

## Fund Holdings (as at 31 December 2020)

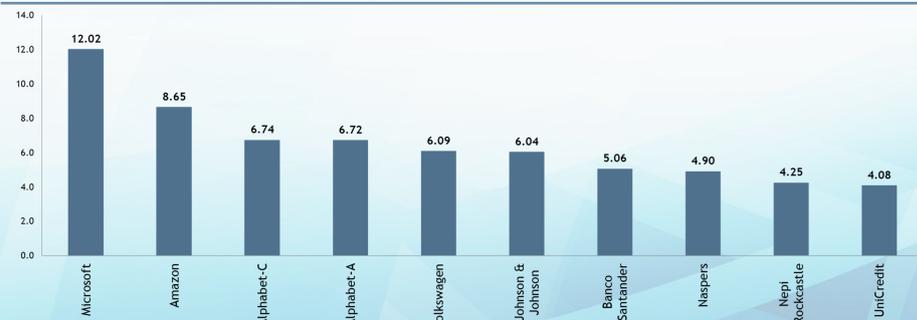
### Asset Allocation



### 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

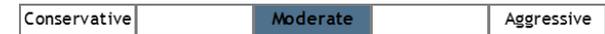


Zaid Paruk  
Portfolio Manager & Analyst

## Fund Information

**Benchmark:** CPI  
**Target objective:** CPI +5%  
**Inception date:** 1 November 2012  
**Fund size:** R 395.41 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

www.aeonim.co.za  
 Email: funds@aeonim.co.za  
 Tel: +27 (0)21 204 6061/2  
 4th Floor, The Citadel, 15 Cavendish Street, Claremont, 7708  
 P.O. Box 24020, Claremont, 7735

# Aeon Balanced Fund (CPI +5%)

Fund information as at 31 December 2020



**aeon**  
investment management  
long term wealth creation

## Fund Performance Review & Market Commentary

The Aeon Balanced Fund was up by 4.42% on a for the fourth quarter of 2020 and is up by 8.13% over a one-year period.

The quarter ended December saw global markets strongly positive following improved market sentiment over good trade data from China, stimulus action by various economies, and increased COVID-19 vaccine news flow. A smooth transition following Joe Biden's win in the US election is also likely to continue being positive for markets. However, Covid-19 cases continue to escalate in certain regions of the US, Europe and Africa forcing some countries back into lockdown or partial lockdowns hampering economic recovery. A new 'strain' of the virus has also been detected increasing potential unknowns about the virus and its effects over the years to come. The situation remains fluid and market volatility is expected to remain. The sector that fared best for the quarter ended December was Banks led by Firstrand and Capitec. Healthcare was the weakest sector for the quarter, led by hospital groups Netcare and Mediclinic.

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. The Fed announced that it will be targeting average inflation of 2% going forward meaning that US interest rates could remain lower for longer. Compounding the problem, though, is business uncertainty and poor forecast visibility due to the new Covid-19 "strains" and "waves". Investors are analysing the reopening of worldwide economies as a gauge for global growth conditions with hope of a return to some normality over the coming year.

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. S&P maintained the country's credit rating while Moody's and Fitch downgraded it citing the pandemic's impact, increasing government debt, and the risks of further pressure from SOEs' financial needs as concerns. South Africa's fiscal position remains constrained through poor policy decisions, and ineffective or non-existent implementation by government. Financial conditions may be difficult for South Africa in the years ahead with consumer spend also muted.

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.

## 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.

#### Fund Team:

Asief Mohamed – Chief Investment Officer  
B.Com, CA (SA), CFA  
asief.mohamed@aeonim.co.za

Jay Vomacka – Senior Portfolio Manager  
CFA, MSc(Eng)(Ind), BSc(Eng)(Elec), CFTe (IFTA)  
jay@aeonim.co.za

Zaid Paruk – Portfolio Manager & Analyst  
B.Accounting, PG Dip in Accounting, CA (SA), CFA Level 1 Passed  
zaid.paruk@aeonim.co.za

Sumayah Anthony – Financial Manager  
B.Com Hons (Finance & Investments)  
sumayah.anthony@aeonim.co.za

Courtney Clarke – Head of Performance  
B.Com Hons (Finance & Investments)  
courtney.clarke@aeonim.co.za

Tshego Modise – Business Development  
B.Accounting, PG Dip in Investment Planning  
tshego.modise@aeonim.co.za

Tinyiko Mabunda – Research & ESG Analyst  
BSc (Human Physiology), Advanced Dip (Acc), B.Com Hons (FAPM)  
Tinyiko.mabunda@aeonim.co.za

Shaun Van den Berg – Research Analyst  
B.Com Actuarial Science  
shaun@aeonim.co.za

Registration number: 2005/013315/07

Physical Address: 4th Floor, The Citadel, 15 Cavendish Street, Claremont, 7708

Postal Address: PO Box 24020, Claremont, 7735

Telephone Number: +27 (0) 21 204 6061/2

Email Address: [funds@aeonim.co.za](mailto:funds@aeonim.co.za)

Website: [www.aeonim.co.za](http://www.aeonim.co.za)

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FSP Number: 27126 | Level -1 BBBEE Contributor.

## Management Company

Prescient Management Company (RF) (Pty) Ltd

Registration number: 2002/022560/07

Physical address: Prescient House, Westlake Business Park, Otto Close, Westlake, 7945

Postal address: PO Box 31142, Tokai, 7966

Telephone number: 0800 111 899

E-mail address: [info@prescient.co.za](mailto:info@prescient.co.za)

Website: [www.prescient.co.za](http://www.prescient.co.za)

**PRESCIENT**  
MANAGEMENT COMPANY

## Custodian/Trustee

Nedbank Investor Services

Physical address: 2<sup>nd</sup> Floor, 16 Constantia Boulevard, Constantia Kloof, Roodepoort, 1709

Telephone number: +27 11 534 6557

Website: [www.nedbank.co.za](http://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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## 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.