

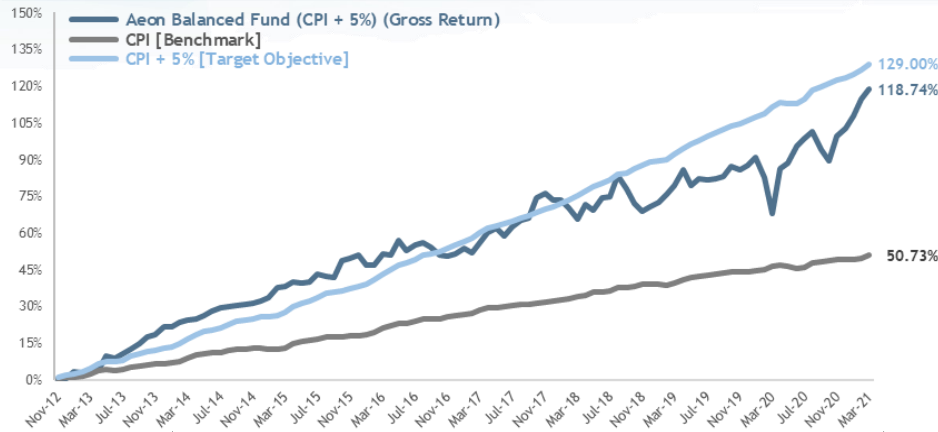
# Aeon Balanced Fund (CPI +5%)

Fund information as at 31 March 2021



## Fund Performance

Cumulative Performance - since inception - Gross Return



Monthly - Gross Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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%
2021 Fund	2.61%	3.22%	1.88%										7.91%
2021 Benchmark	0.20%	0.30%	0.70%										1.20%
2021 Target Objective	0.62%	0.72%	1.12%										2.47%

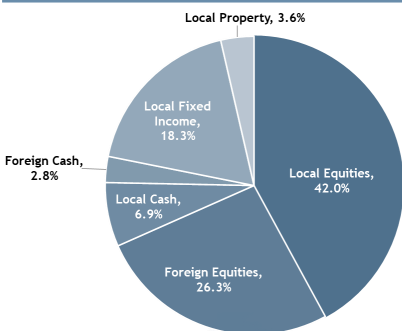
\* Benchmark: CPI data lagged by one month.

## Performance Summary - Gross Return

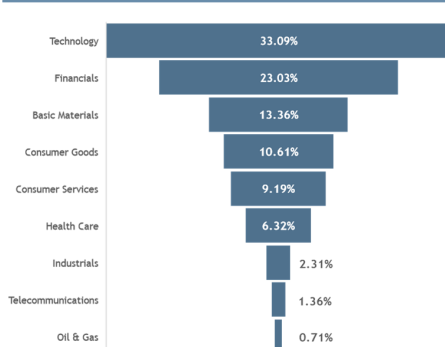
	Fund	Benchmark	Target Objective
1 month	1.88%	0.70%	1.12%
3 months	7.91%	1.20%	2.47%
6 months	12.69%	1.71%	4.27%
Year to date	7.91%	1.20%	2.47%
1 Year	30.43%	2.92%	8.18%
3 Years (annualised)	9.67%	3.99%	9.30%
5 Years (annualised)	7.62%	4.50%	9.83%
7 Years (annualised)	8.42%	4.79%	10.13%
Since Inception (cumulative)	118.74%	50.73%	129.00%
Since Inception (annualised)	9.75%	5.00%	10.35%

## Fund Holdings (as at 31 March 2021)

### 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 387.65 million  
**Investment horizon:** Five years plus  
**Classification:** South African - Multi Asset - Medium Equity  
**Regulation 28 compliant:** Yes

## Risk Profile

Conservative  Moderate  Aggressive

- 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

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# Aeon Balanced Fund (CPI +5%)

Fund information as at 31 March 2021



**aeon**  
investment management  
long term wealth creation

## Fund Performance Review & Market Commentary

The Aeon Balanced Fund was up by 7.91% on a for the first quarter of 2021 and is up by 30.43% over a one-year period.

The first quarter of the new year saw global emerging equity markets strongly positive, following positive sentiment over the rollout of vaccines in multiple countries. Despite the continued increase in the number of global Covid-19 cases and the associated lockdowns, market participants are seeing through this, and are now more optimistic about the recovery of the world's economy as vaccine deployment and acceptance continues to improve. Markets were further buoyed by US President Joe Biden's \$2.25 trillion stimulus package, which was passed by members of the House of Congress. On the negative side, new 'strains' of the virus have been detected increasing potential unknowns about the virus and its effects over the months and years to come. Due to the expectation of a potential quicker than expected economic recovery, and rising inflation concerns, long-term bond yields started to move higher with 10-year yields hitting a high of 1.75%, causing investors to re-examine equity valuations. Fed chair Powell's comments to the Senate on the Fed's inflation expectations is that the relief package will not pose an inflation risk and that inflation is only expected to reach the Fed's target in about three years. The situation remains fluid and market volatility is expected to remain. The sector that fared best for the quarter ended March was General Retailers led by Woolworths, Foschini and Truworths. Banks was the weakest sector for the quarter, led by Standard Bank and Capitec.

Globally, central banks and governments have continued to be accommodative as a reactionary measure to tackle the pandemic. Treasury Secretary Yellen reiterated the importance of prioritising big stimulus action and fighting the pandemic. This is positive for business and markets. Numerous countries have shared similar sentiment 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. Furthermore, the US jobs report came in above expectations, while the unemployment rate decreased to 6% in March. Investors are finding this news flow positive for trade which should bode well for business and company earnings expectations in the months ahead. However, business uncertainty and poor forecast visibility will remain until vaccinations are rolled out, and sporadic lockdown restrictions have ended.

Locally, the domestic environment took cues from global markets with global Dollar weakness benefiting local industries such as Resources. Local sentiment has continued to be negative as the country faces economic growth obstacles. SA's unemployment came in above consensus forecasts at a record 32.5% in the fourth quarter of 2020. Treasury now expects debt to stabilise at 89% of GDP in the 2025/26 financial year while 2021's GDP growth is forecasted at 3.3%. Both Fitch and Moody's stated that they still think that it will be very difficult for government to meet its debt consolidation targets, especially once the risk of SOE debt is considered. South Africa's fiscal position remains constrained through poor policy decisions, and ineffective implementation by government. Financial conditions may be difficult for South Africa in the years ahead with consumer spend also muted. The pandemic remains a key focus with state funds allocated to the purchase and distribution of vaccines. This is an important task for government and all eyes will be on the implementation rollout.

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

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.**

## Fund Administration Services

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**Prescient**

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