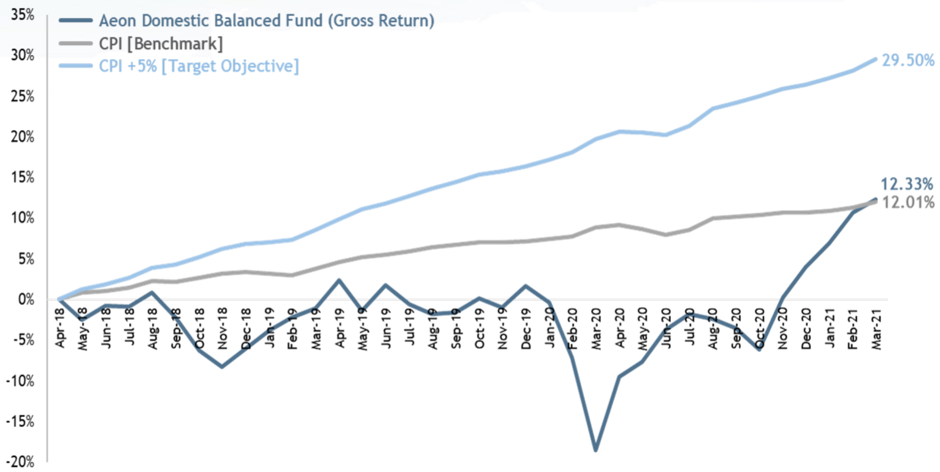
Aeon Domestic Balanced Fund

Fund information as at 31 March 2021

Fund name has changed from Aeon Local Balanced Fund to Aeon Domestic Balanced Fund

Fund Performance

Cumulative Performance - since inception - Gross Return



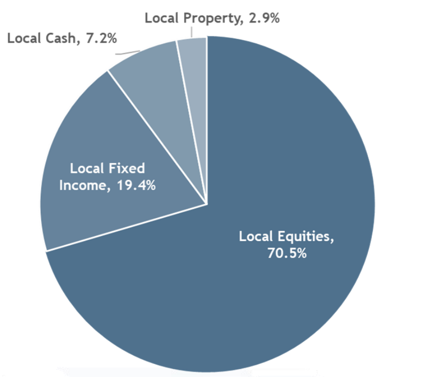
Monthly - Gross Return		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
	Fund					-2.47%	1.76%	-0.11%	1.69%	-2.97%	-4.22%	-2.07%	2.38%	-6.06%
2018	Benchmark					0.80%	0.19%	0.40%	0.80%	-0.10%	0.50%	0.50%	0.20%	3.33%
	Target Objective					1.22%	0.61%	0.82%	1.22%	0.32%	0.92%	0.92%	0.62%	6.81%
	Fund	2.34%	1.71%	1.13%	3.47%	-3.59%	3.17%	-2.33%	-1.21%	0.22%	1.75%	-1.09%	2.59%	8.15%
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%
	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%
	Fund	-1.99%	-6.83%	-12.19%	11.12%	1.94%	4.35%	1.91%	-0.60%	-1.09%	-2.77%	6.80%	3.81%	2.39%
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%
	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%
	Fund	2.77%	3.51%	1.52%										7.99%
2021	Benchmark	0.20%	0.30%	0.70%										1.20%
	Target Objective	0.62%	0.72%	1.12%										2.47%

*Benchmark: CPI data lagged by one month.

Performance Summary - Gross Returr	Fund	Benchmark	Target Objective
1 month	1.52%	0.70%	1.12%
3 months	7.99%	1.20%	2.47%
6 months	16.42%	1.71%	4.27%
Year to date	7.99%	1.20%	2.47%
1 Year	37.88%	2.92%	8.18%
3 Years (annualised)			
5 Years (annualised)			
7 Years (annualised)			
10 Years (annualised)			
Since Inception (cumulative)	12.33%	12.01%	29.50%
Since Inception (annualised)	4.07%	3.97%	9.27%

Fund Holdings (as at 31 March 2021)

Asset Allocation



2nd Level Asset allocation (%)

Bonds (0 - 1 Years)	0.34
Bonds (1 - 3 Years)	1.96
Bonds (3 - 7 Years)	3.36
Bonds (7 - 12 Years)	5.11
Bonds (Greater than 12 Years)	7.95
Inflation Linked Bonds	0.69
Cash	7.21
CIS - Domestic	19.85
Financials	8.90
Consumer Services	2.77
Basic Materials	18.36
Industrials	3.96
Technology	10.33
Consumer Goods	3.50
Oil & Gas	0.00
Telecommunications	2.31
Health Care	0.48
Property	2.93
	100.0

Top Ten Holdings (as a % of total AUM)

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 Fear & Greed Index for appropriate protective structure overlays. Aeon Domestic Balanced Fund is based on our Aeon Balanced Prescient Fund (foreign exposure). The investment strategy encompasses active asset allocation and active management of underlying equity and fixed income assets. The fund has four diversified sources of alpha (GARP Active Equity, Smart Multi-Factor Equity, Diversified Income, Derivative Protective Overlay).

Fund Objectives

The Aeon Domestic Balanced Fund seeks to achieve:

- Inflation-beating returns by investing in the full spectrum of domestic 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 May 2018
Fund size: R 914.83 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

- **Base management fee:** 0.35% p.a. plus VAT.

Administration

Fund trustees & custodian: Standard Bank
Fund administration: Prescient Fund Services

Contact Details

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Aeon Domestic Balanced Fund

Fund information as at 31 March 2021

Fund name has changed from Aeon Local Balanced Fund to Aeon Domestic Balanced Fund

Fund Performance Review & Market Commentary

The Aeon Domestic Balanced Fund was up by 7.99% for the first quarter of 2021 and is up 37.88% 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

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.

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long term wealth creation

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 (N0.37 of 2002). Please be advised that there may be representatives acting under supervision.

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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.