

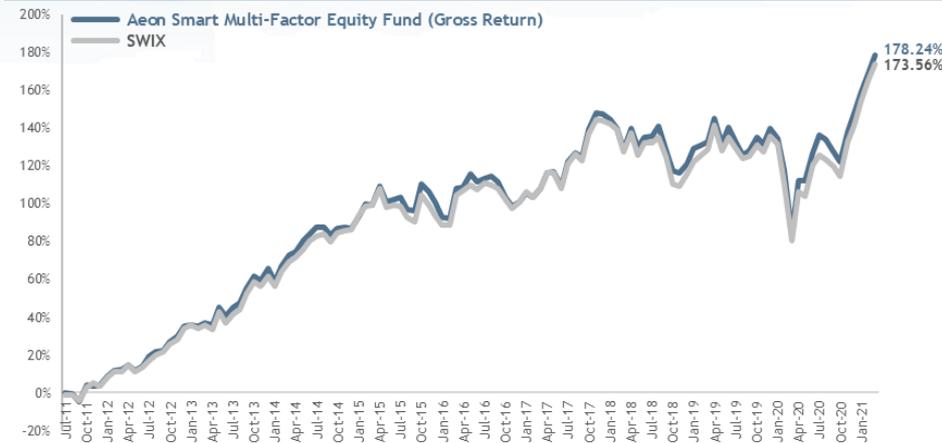
# Aeon Smart Multi-Factor Equity Fund

Fund information as at 31 March 2021



## Fund Performance

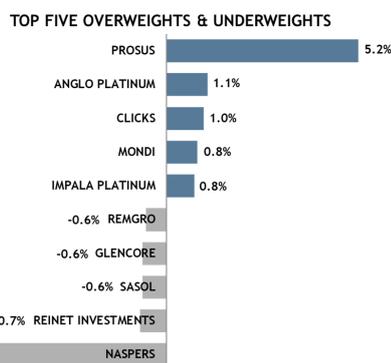
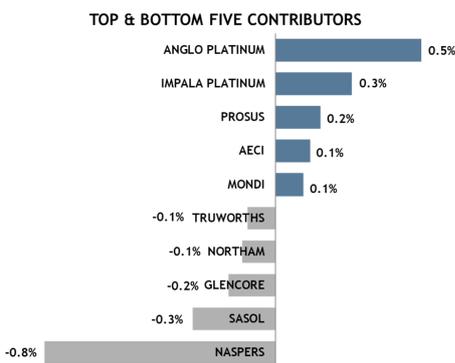
Cumulative Performance - since inception - Gross Return



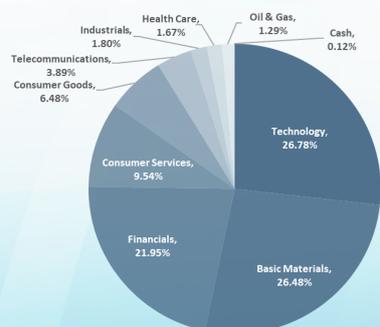
Monthly - Gross Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2016</b>													
Fund	-3.74%	-0.19%	8.09%	0.31%	3.24%	-1.70%	0.70%	0.49%	-1.30%	-3.89%	-2.19%	0.97%	0.23%
Benchmark	-2.31%	0.06%	8.32%	1.25%	1.34%	-1.27%	1.88%	-0.66%	-0.89%	-2.81%	-2.35%	1.98%	4.13%
<b>2017</b>													
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%
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%
<b>2018</b>													
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%
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%
<b>2019</b>													
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%
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%
<b>2020</b>													
Fund	-2.16%	-7.22%	-15.29%	15.28%	-0.09%	6.78%	4.30%	-1.11%	-2.71%	-2.19%	6.95%	4.13%	3.38%
Benchmark	-1.78%	-9.00%	-14.15%	14.07%	-0.97%	8.07%	2.37%	-1.03%	-1.63%	-2.38%	8.31%	3.95%	2.61%
<b>2021</b>													
Fund	4.42%	4.05%	3.45%										12.40%
Benchmark	4.97%	4.61%	3.16%										13.28%

Performance Summary - Gross Return	Fund	Benchmark	Active Return
1 month	3.45%	3.16%	0.30%
3 months	12.40%	13.28%	-0.88%
6 months	22.43%	24.51%	-2.07%
Year to date	12.40%	13.28%	-0.88%
1 Year	51.10%	51.51%	-0.40%
3 Years (annualised)	6.82%	6.38%	0.44%
5 Years (annualised)	6.00%	6.00%	0.00%
7 Years (annualised)	7.03%	7.11%	-0.08%
Since Inception (cumulative)	178.24%	173.56%	4.67%
Since Inception (annualised)	11.07%	10.87%	0.19%

## Fund Holdings (for the quarter as at 31 March 2021)



## Sector Allocation



## Top Ten Holdings (%)

Naspers	20.33
Prosus	6.43
FirstRand	5.02
Anglo American	4.99
Impala Platinum	4.53
British American Tobacco	3.18
Anglo Platinum	3.00
Capitec Bank	2.69
Sibanye Stillwater	2.59
Standard Bank	2.59

## 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

## Fund Information

Benchmark: SWIX

Inception date: 1 July 2011

Fund size: R 240.91 million

Investment horizon: Five years plus

Classification: South African - Equity - General

Asset Allocation: 99.9% Equity and 0.1% 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

Institutional clients have the option of a flat fee or performance fee structure:

- **Flat Fee:** 0.35% p.a. plus VAT.
- **Performance Fee:** Base fee of 0.25% p.a. plus VAT, plus Outperformance fee share participation rate of 20%. Out-performance capped at 300 bps based on a rolling three-year performance period.

## Administration

Fund trustee & custodian: Nedbank Investor Services

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

## Contact Details

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# AEON Smart Multi-Factor Equity Fund

Fund information as at 31 March 2021



## Fund Performance Review & Market Commentary

The Aeon Smart Multi-Factor Equity Fund underperformed its benchmark by 88 bps for the first quarter of 2021 and is underperforming its benchmark by 40 bps annualised over a one-year period.

Overweight positions in Anglo American Platinum and Impala Platinum were the main positive contributors to return for the first quarter of 2021. Underweight positions in Naspers and Sasol were the main detractors. The benchmark equity index was up 13.28% for the first quarter of 2021.

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**

## Custodian/Trustee

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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.

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