

# Aeon Smart Multi-Factor Equity Prescient Fund

Class A1

Minimum Disclosure Document and General Investor Report as at 31 March 2021

Issue date: 21 April 2021

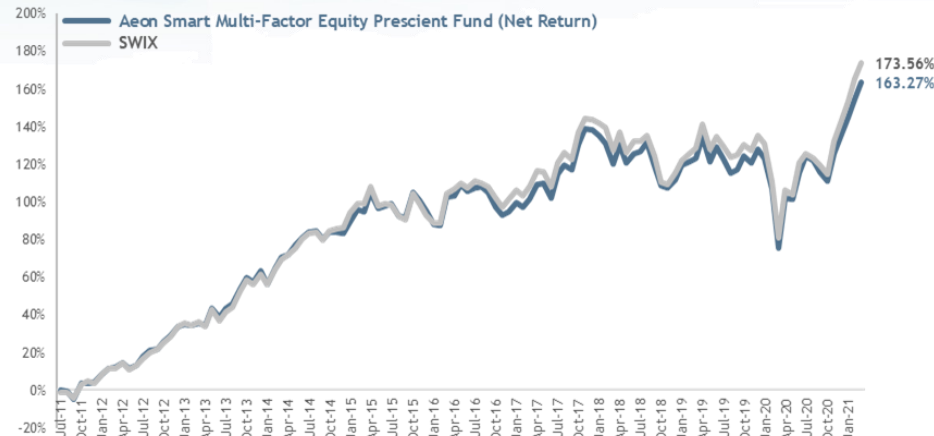
Assets managed by: Aeon Investment Management



**aeon**  
investment management  
long term wealth creation

## Fund Performance

### Cumulative Performance - since inception - Net Return

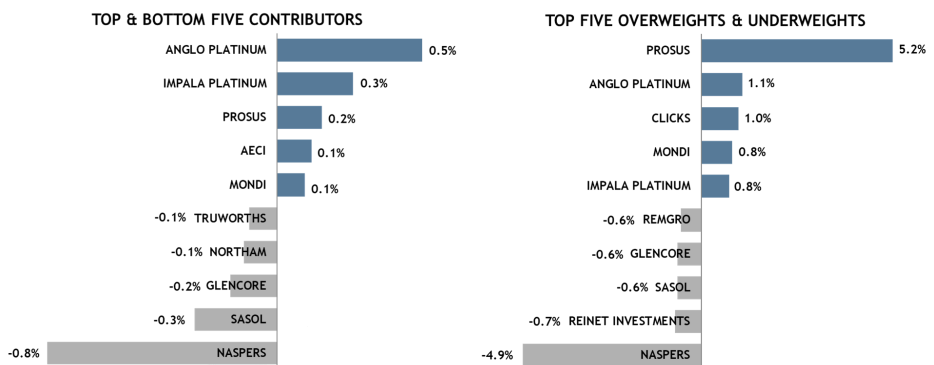


Monthly - Net Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2016</b>													
Fund	-3.78%	-0.23%	8.04%	0.26%	3.19%	-1.75%	0.65%	0.44%	-1.34%	-3.94%	-2.23%	0.92%	-0.34%
Benchmark	-2.31%	0.06%	8.32%	1.25%	1.34%	-1.27%	1.88%	-0.66%	-0.89%	-2.81%	-2.35%	1.98%	4.13%
<b>2017</b>													
Fund	2.42%	-1.14%	2.23%	3.86%	0.28%	-3.77%	6.29%	2.16%	-1.08%	6.30%	3.63%	-0.18%	22.55%
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	-1.29%	-1.90%	-4.81%	4.84%	-4.26%	2.29%	0.36%	2.11%	-5.37%	-4.60%	-0.74%	2.03%	-11.32%
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	3.91%	0.66%	0.76%	5.22%	-5.58%	3.58%	-2.77%	-3.46%	0.94%	3.22%	-1.53%	3.36%	7.93%
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	-2.20%	-7.27%	-15.33%	15.23%	-0.14%	6.74%	4.25%	-1.16%	-2.76%	-2.19%	6.95%	4.13%	2.79%
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	4.38%	4.00%	3.40%										12.25%
Benchmark	4.97%	4.61%	3.16%										13.28%

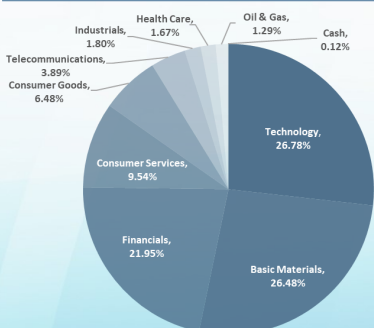
Performance Summary - Net Return	Fund	Benchmark	Active Return
1 month	3.40%	3.16%	0.25%
3 months	12.25%	13.28%	-1.04%
6 months	22.09%	24.51%	-2.41%
Year to date	12.25%	13.28%	-1.04%
1 Year	50.26%	51.51%	-1.24%
3 Years (annualised)	6.21%	6.38%	-0.17%
5 Years (annualised)	5.39%	6.00%	-0.60%
7 Years (annualised)	6.42%	7.11%	-0.69%
Since Inception (cumulative)	163.27%	173.56%	-10.29%
Since Inception (annualised)	10.44%	10.87%	-0.44%

Net Return:	Highest Rolling One Year Return	Lowest Rolling One Year Return
Last 12 months:	50.26%	-5.98%
Since Inception:	50.26%	-21.36%

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



## Sector Allocation



## Top Ten Holdings (%)

Naspers	20.33
Prosus	6.43
Firststrand	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 Prescient 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 Prescient 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 Prescient 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.

The portfolio has adhered to its fund objectives.

## 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

Number of Units for Class A1: 204 800

Price (net asset value per unit for Class A1): R 2.03

Investment horizon: Five years plus

Classification: South African - Equity - General

Asset Allocation:

	31-Mar-21	31-Dec-20
Equity	99.9	99.4
Cash	0.1	0.6
Total (%)	100.0	100.0

## 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

Retail (Minimum lumpsum R10 000 or Debit Order R1 000):

Flat Fee: 0.50% p.a. plus VAT

Total Expense ratio (TER) & Transaction Costs (31-Dec-2020):

TER - Retail: 0.65%

Fund Class	Retail (%)
Management Fee (excl. VAT)	0.50
Performance Fee	-
Other Fees*	0.15
Total Expense Ratio (TER)	0.65
Transaction Costs (TC)	0.25
Total Investment Charge (TIC)	0.90

Income distribution: Annually (March)

2020 cpu of 5.24 (retail)

## Administration

Fund auditor: Ernst & Young Incorporated

Fund trustee & custodian: Nedbank Investor Services

Fund administration: Prescient Management Company

## 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 Investment Management (Pty) Ltd is an authorised FSP. FSP Number: 27126 I Level-1 BBBEE Contributor.

# Aeon Smart Multi-Factor Equity Prescient Fund

Class A1

Minimum Disclosure Document and General Investor Report as at 31 March 2021

Issue date: 21 April 2021

Assets managed by: Aeon Investment Management



## Fund Performance Review & Market Commentary

The Aeon Smart Multi-Factor Equity Prescient Fund underperformed its benchmark by 104 bps for the first quarter of 2021 and is underperforming its benchmark by 124 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

Collective Investment Schemes in Securities (CIS) should be considered as medium to long-term investments. The value may go up as well as down and past performance is not necessarily a guide to future performance. CIS's are traded at the ruling price and can engage in scrip lending and borrowing. The collective investment scheme may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. A schedule of fees, charges and maximum commissions is available on request from the Manager. There is no guarantee in respect of capital or returns in a portfolio. A CIS may be closed to new investors in order for it to be managed more efficiently in accordance with its mandate. CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (brokerage, STT, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio divided by the number of participatory interests (units) in issue. Forward pricing is used. The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's. During the phase in period TER's do not include information gathered over a full year. Transaction Costs (TC) is the percentage of the value of the Fund incurred as costs relating to the buying and selling of the Fund's underlying assets. Transaction costs are a necessary cost in administering the Fund and impacts Fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Fund, investment decisions of the investment manager and the TER.

Where a current yield has been included for Funds that derive its income primarily from interest bearing income, the yield is a weighted average yield of all underlying interest bearing instruments as at the last day of the month. This yield is subject to change as market rates and underlying investments change.

The Manager retains full legal responsibility for any third-party-named portfolio. Where foreign securities are included in a portfolio there may be potential constraints on liquidity and the repatriation of funds, macro-economic risks, political risks, foreign exchange risks, tax risks, settlement risks; and potential limitations on the availability of market information. The investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees. Please note that all documents, notifications of deposit, investment, redemption and switch applications must be received by Prescient by or before 13:00 (SA), to be transacted at the net asset value price for that day. Where all required documentation is not received before the stated cut off time Prescient shall not be obliged to transact at the net asset value price as agreed to. Funds are priced at either 3pm or 5pm depending on the nature of the fund. Prices are published daily and are available on the Prescient website.

Performance has been calculated using net NAV to NAV numbers with income reinvested. The performance for each period shown reflects the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. Full performance calculations are available from the manager on request.

For any additional information such as fund prices, brochures and application forms please go to [www.aeonim.co.za](http://www.aeonim.co.za)

## 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.

**Highest & Lowest return:** The highest and lowest returns for any 1 year over the period since inception have been shown.

**NAV:** The net asset value represents the assets of a Fund less its liabilities.

**cpu:** cents per unit.

**Alpha:** Denoted the outperformance of the fund over the benchmark.

**Standard Deviation:** The deviation of the return stream relative to its own average.

**Max Drawdown:** The maximum peak to trough loss suffered by the Fund since inception.

**Max Gain:** Largest increase in any single month

**% Positive Month:** The percentage of months since inception where the Fund has delivered positive return.

**Dividend Yield:** The weighted average dividend yield of all the underlying equity in the Fund. The dividend yield of each company is the dividends per share divided by the price.

**PE Ratio:** The weighted average price earnings ratio of all the underlying equity in the Fund. The price earnings ratio of each company is the price divided by the earnings per share.

**High Water Mark:** The highest level of performance achieved over a specified period.

## 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](mailto:asief.mohamed@aeonim.co.za)

**Jay Vomacka** – Senior Portfolio Manager  
CFA, MSc(Eng)(Ind), BSc(Eng)(Elec), CFTe (IFTA)  
[jay@aeonim.co.za](mailto: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](mailto:zaid.paruk@aeonim.co.za)

**Sumayah Anthony** – Financial Manager & Analyst  
B.Com Hons (Finance & Investments)  
[sumayah.anthony@aeonim.co.za](mailto:sumayah.anthony@aeonim.co.za)

**Courtney Clarke** – Head of Performance & Analyst  
B.Com Hons (Finance & Investments)  
[courtney.clarke@aeonim.co.za](mailto:courtney.clarke@aeonim.co.za)

**Tshego Modise** – Business Development  
B.Accounting, PG Dip in Investment Planning  
[tshego.modise@aeonim.co.za](mailto: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](mailto:Tinyiko.mabunda@aeonim.co.za)

**Shaun Van den Berg** – Research Analyst  
B.Com Actuarial Science  
[shaun@aeonim.co.za](mailto: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)

**Aeon Investment Management (Pty) Ltd is an authorised FSP.**  
**FSP Number: 27126 | Level-1 BBEE 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**

## 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.

This document is for information purposes only and does not constitute or form part of any offer to issue or sell or any solicitation of any offer to subscribe for or purchase any particular investments. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable directly or indirectly to the use of or reliance upon the information.

## Third Parties

This portfolio operates as a white label fund under the Prescient Unit Trust Scheme, which is governed by the Collective Investment Schemes Control Act.