

Aeon Active Equity Fund

Product Profile



Fund Description

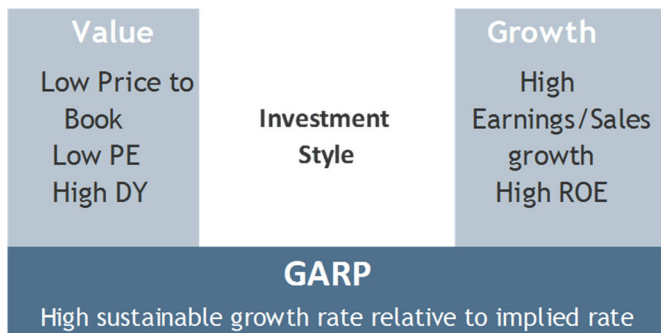
Aeon Investment Management's equity investment style is that of Growth At a Reasonable Price (GARP). Our adaptation of the GARP style seeks to combine the best of growth and value investing, by buying companies with long term sustainable growth rates greater than that implied by the company's market valuation.

The Aeon Active Equity Strategy is suitable for investors with a long term investment horizon (3 years or longer) and are looking for capital growth.

Investment Philosophy

Significant inefficiencies can occur in equity valuations due to market participants having excessive optimism or pessimism regarding the outlook for the market or individual companies. The over allocation of capital to a certain investment style (growth or value) can also lead to inefficiencies in the market price of securities. We look to capitalize on these inefficiencies by buying companies with long term sustainable growth rates that are greater than that implied by the company's market valuation.

Our focus is on long term sustainable growth rates make us long term investors in the business.



Environmental, Social and Governance (ESG) is incorporated in Investment Process

Risk Management & Return Modelling

The portfolio is structured with overweight and underweight positions relative to the benchmark, which is dependent on the gap between the implied and sustainable growth rates. A real time model monitors the portfolio positions, and the effect of the sector and stock selection decisions on the performance relative to benchmark. The risk management framework encourages diversification and reduces the risk of significantly underperforming the benchmark.

Portfolio Management Team



Asief Mohamed
Chief Investment Officer
B.Com. CA(SA), CFA
Over 32 years experience



Jay Vomacka
Senior Portfolio Manager
CFA, MSc(Eng)(Ind)(Elec), CFTe
15 years experience



Zaid Paruk
Portfolio Manager
B.Com CA(SA)
9 years experience

Investment Objective

The Aeon Active Equity Fund strategy seeks to:

- Invest in high quality businesses at attractive prices that are positioned for long term growth.
- Outperform the client's equity benchmark over different investment cycles.
- Consistently apply our implied vs sustainable growth methodology.
- Manage risk through disciplined portfolio construction.

Investment Process

We combine our implied growth methodology and GARP style to invest in undervalued companies, regardless of whether they are classified as 'growth' or 'value'.

Our process consists of three key elements:

1. Calculation of the earnings growth rate implied by the current market valuation of the company.
2. Fundamental analysis and modelling of key drivers in order to determine whether the long term sustainable growth rate is attractive relative to the implied growth rate.
3. Construction of the portfolio in a risk managed framework.

Strategy Benefits

Growth at Reasonable Price investing seeks to combine the best of growth and value investing, by buying companies with long term sustainable growth rates greater than that implied by the company's market valuation. In addition, technical analysis is used to improve trade executions.

The consistent implementation of our philosophy aims to outperform the benchmark regardless of the dominant investment style cycle.

Fees

Institutional clients have the option of a flat fee or performance fee structure. Minimum investment – R100 million.

- Flat Fee : 50 basis points per annum
- A base fee of 35 basis points, plus 20% outperformance capped at 300 basis points over rolling three year period.

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