

Aeon Balanced Prescient Fund

Product Profile



Fund Description

Aeon Investment Management's 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.

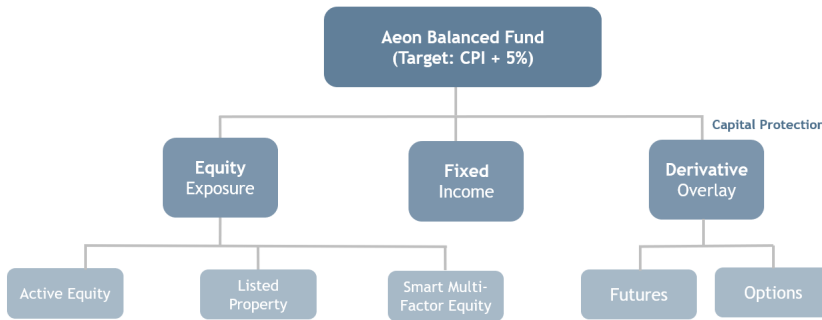
Investors should consider the Aeon Balanced Prescient Fund where they have a long term horizon (3 years or longer), and are looking for capital growth with foreign equity exposure.

Investment Philosophy

The Aeon Balanced Prescient Fund provides clients with a 90% downside capital protection and attempt to remove emotions of investing. It utilizes a systematic return modelling process and a disciplined investment methodology. The balanced fund strategy recognizes that equities have more upside potential than fixed income and over the long term, equities have proved to be a superior inflation hedge. There is also increasing long term uncertainty of bond risk given global monetary and fiscal expansion.

Equity stock universe long positions are based on Growth At Reasonable Price. 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 greater than that implied by the company's market valuation.

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



Modelled & Systematic

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 returns are modelled in a range of market scenarios to ensure maximum possible upside is captured while maintaining downside protection.

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 Balanced Fund strategy 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

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 five 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. Use fundamentally and technically based Aeon Systematic Model (Value factors such as PE, Growth factors such as EPS, technical factors such as Relative Strength Index and assumption of mean reversion) to improve stock selection and use technical analysis to improve stock timing.
4. Risk based exposure protection using derivatives to protect capital value.
5. 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. A consistent implementation of our philosophy will lead to outperformance of the benchmark (CPI +5%) regardless of the dominant investment style.

Fees

Flat Fee : 50 basis points per annum (excluding vat)

Minimum investment – R10 000 Lumpsum or R1000 Debit Order

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Aeon Investment Management (Pty) Ltd. is an authorised FSP. FSP

Number: 27126 I Level-1 BBBEE Contributor.

CIS Risk 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. 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. A Money Market portfolio is not a bank deposit account and the price is targeted at a constant value. The total return is made up of interest received and any gain or loss made on any particular instruments and in most cases the return will have the effect of increasing or decreasing the daily yield, but in the case of abnormal losses it can have the effect of reducing the capital value of the portfolio. The yield is calculated as a weighted average yield of each underlying instrument in the portfolio. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures and a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed. A Fund of Funds is a portfolio that invests in portfolios of collective investment schemes, which levy their own charges, which could result in a higher fee structure for these portfolios. A Feeder Fund is a portfolio that invests in a single portfolio of a collective investment scheme which levies its own charges and which could result in a higher fee structure for the feeder fund. 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, macroeconomic 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. Prescient is a member of the Association for Savings and Investments SA. 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. Prices are published daily and are available on the Prescient website.