

# Aeon Smart Multi-Factor Equity Fund

## Product Profile



### Fund Description

The Smart Multi-Factor strategy is based on a multiple factor model, with specific focus on Quality, Value and Momentum factors. It utilizes systematic security selection to achieve the fund objective of outperforming the benchmark. The portfolio is constructed in a risk managed framework.

The fund is aimed at moderately aggressive investors with a long-term investment horizon (3-5 years or more) seeking capital growth at a low cost.

### Investment Process

The Aeon Smart Multi-Factor Equity Fund combines three systematic strategies:

#### Fundamental Factor Model

We select securities using a factor model that is driven by carefully chosen fundamental factors. These fundamental factors are correlated with outperformance in a way that is consistent and explainable.

#### 2. Momentum Strategy

We only select securities that reflect the fundamental view in their actual share price. Factors are generally based on momentum.

#### 3. Trading Strategy

We overlay a trading strategy that seeks to earn an additional return by taking advantage of short-term mispricing. Factors are generally based on a mean reversion.

The fund is based on carefully selected fundamental factors based on quality, value, and momentum. Different factors exist for different proprietary specified sectors.

QUALITY

VALUE

MOMENTUM

### Risk Management & Return Modelling

The portfolio is structured with overweight and underweight positions relative to the benchmark. A real-time model monitors the portfolio positions and the effect of the sector selection decisions on the performance relative to benchmark.

The risk management framework encourages diversification and reduces the risk of significantly underperforming the benchmark.

The fund is modelled to take less than 5 days to liquidate all holdings assuming 20% of day's trade. In general, 95% of the fund can be liquidated in one day.

### 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

### Investment Objective

The Aeon Smart Multi-Factor Equity Fund seeks to:

- Achieve consistent outperformance of the benchmark
- Generate excess returns that are positive, stable, explainable and replicable
- Target tracking error below 2%
- Use low cost trading techniques

### Investment Philosophy

The Aeon Smart Multi-Factor Equity Fund is designed to:

- Use a disciplined approach to exploit sources of return in stock selection and trading
- Utilise strategies that are tested and managed on a systematic basis, underpinned by a fundamental rationale
- Incorporate rigorous risk management and qualitative portfolio analysis to remove excessive risk
- Use bespoke techniques that increase the level of potential outperformance, at a lower level of risk, by delivering alpha from a number of different sources

### Strategy Benefits

The Aeon Smart Multi-Factor Equity Fund provides the investor with a portfolio that is:

1. Exposed to a fully invested diversified equity portfolio
2. Cost efficient
3. Able to capture diversified sources of alpha
4. Prvy to expertise of professional investment team.

### Fees

Institutional clients have the option of a flat fee or performance fee structure. Minimum investment – R50 million.

- Flat Fee structure: 35 basis points per annum
- Performance Fee structure: A base fee of 25 basis points, plus 20% outperformance capped at 300 basis points on a rolling three year period.

### Contact Details

www.aeonim.co.za  
Email: funds@aeonim.co.za  
Tel: +27 (0)21 204 6066/8  
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 | Level-1 BBBEE Contributor.

#### CIS Risk 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 presentation 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.