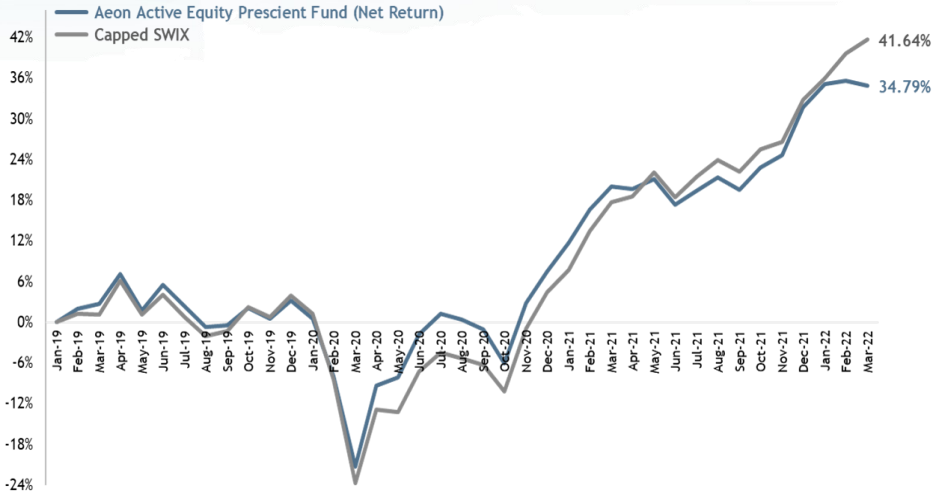
Aeon Active Equity Prescient Fund

Class A1
Minimum Disclosure Document and General Investor Report as at 31 March 2022
Issue date: 19 April 2022
Assets managed by: Aeon Investment Management

Fund Performance

Cumulative Performance - since inception - Net Return

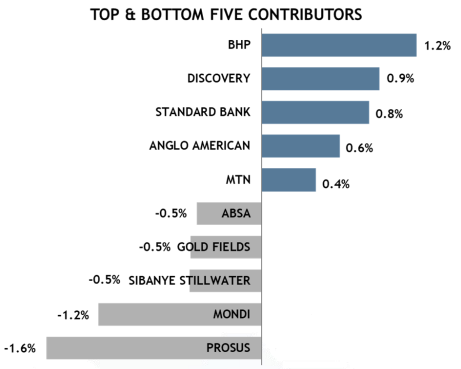


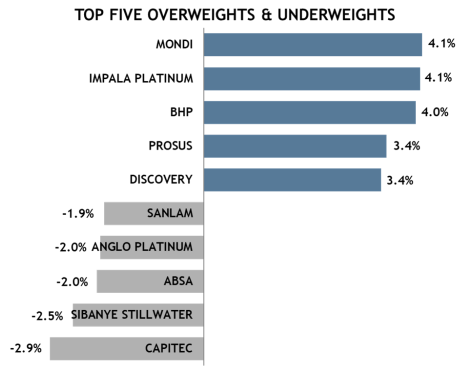
Monthly - Net		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	Fund		1.98%	0.70%	4.29%	-5.03%	3.70%	-2.99%	-2.95%	0.21%	2.62%	-1.59%	2.70%	3.20%
	Benchmark		1.23%	-0.18%	5.00%	-4.75%	2.88%	-3.13%	-2.70%	0.67%	3.64%	-1.47%	3.09%	3.85%
2020	Fund	-2.65%	-8.41%	-14.41%	15.12%	1.29%	6.91%	3.07%	-0.78%	-1.44%	-5.06%	9.41%	4.50%	4.09%
	Benchmark	-2.57%	-9.55%	-16.69%	14.18%	-0.41%	6.98%	3.01%	-0.88%	-1.07%	-4.24%	10.38%	5.47%	0.57%
2021	Fund	4.03%	4.36%	2.88%	-0.31%	1.26%	-3.15%	1.75%	1.67%	-1.57%	2.84%	1.46%	5.62%	22.54%
	Benchmark	3.08%	5.33%	3.71%	0.81%	2.93%	-3.02%	2.59%	2.02%	-1.41%	2.69%	0.94%	4.85%	27.07%
2022	Fund	2.59%	0.40%	-0.58%										2.40%
	Benchmark	2.39%	2.69%	1.49%										6.71%

Performance Summary - Net Return	Fund	Benchmark	Active Return
1 month	-0.58%	1.49%	-2.07%
3 months	2.40%	6.71%	-4.31%
6 months	12.85%	15.98%	-3.13%
Year to date	2.40%	6.71%	-4.31%
1 Year	12.34%	20.43%	-8.08%
3 Year (annualised)	9.49%	11.91%	-2.42%
5 Year (annualised)			
7 Year (annualised)			
Since Inception (cumulative)	34.79%	41.64%	-6.84%
Since Inception (annualised)	9.89%	11.62%	-1.73%

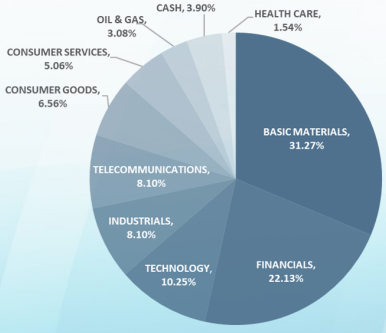
Net Return:	Highest Rolling One Year Return	Lowest Rolling One Year Return
Last 12 months:	31.92%	12.34%
Since Inception:	52.34%	-23.31%

Fund Holdings (for the quarter as at 31 March 2022)





Sector Allocation



Top Ten Holdings (as a % of Total AUM)

Anglo American	8.68
MTN	8.10
BHG	7.60
Impala Platinum	6.66
Firstrand	6.60
Standard Bank	6.33
Prosus	5.81
BTI	5.39
Discovery	5.04
Naspers	4.45

Fund Description

Aeon Investment Management's equity investment style is 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 in earnings per share greater than that implied by the company's market valuation.

Fund Objectives

The Aeon Active Equity Prescient Fund seeks to achieve:

- 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 growth methodology.
- Manage risk through disciplined portfolio construction.
- Employ low cost trading techniques.

The portfolio has adhered to its fund objectives.

Fund Managers

Asief Mohamed
Chief Investment Officer

Jay Vomacka
Senior Portfolio Manager

Zaid Paruk
Portfolio Manager & Analyst

Fund Information

Benchmark: Capped SWIX (J433T)
Inception date: 21 January 2019
Fund size: R 1,184.94 million
Number of Units for Class A1: 314 206
Price (net asset value per unit for Class A1): 126.88 cpu
Investment horizon: Five years plus
Classification: South African - Equity - General
Asset Allocation:

	31-Mar-22	31-Dec-21
Equity	96.1	98.7
Cash	3.9	1.3
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 R1000):
Flat Fee: 0.75% p.a. plus VAT
Total Expense ratio (TER) & Transaction Costs (31-Dec-2021):
TER - Retail: 0.89

Fund Class	Retail (%)
Management Fee (excl. VAT)	0.75
Performance Fee	-
Other Fees*	0.14
Total Expense Ratio (TER)	0.89
Transaction Costs (TC)	0.17
Total Investment Charge (TIC)	1.06

Income distribution: Annually (March)
2021 cpu of 2.37 (retail)

Administration

Fund auditor: Ernst & Young Incorporated
Fund trustee & custodian: Nedbank Limited
Fund administration: Prescient Fund Services (Pty) Ltd

Contact Details

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Fund Performance Review & Market Commentary

The Aeon Active Equity Prescient Fund (CIS) underperformed its benchmark by 431 bps on a net return basis for the first quarter of 2022 and is underperforming its benchmark by 808 bps over a one-year period.

Overweight positions in BHP Group and Discovery were the main positive contributors to return for the first quarter of 2022. Overweight positions in Prosus and Mondi were the main detractors. The benchmark equity index was up 6.71% for the first quarter of 2022.

The quarter ended March was overshadowed by market volatility due to the Russian invasion of Ukraine, which weighed on global markets. The West responded by imposing strict sanctions on Russia resulting in an increase in oil and commodity prices. The FTSE and MSCI removed Russian stocks from most of their indices. The result of higher energy prices, together with higher inflation expectations resulted in many investors adopting a global risk-off stance. The sector that fared best for the quarter ended March was Banks led by FirstRand and Standard Bank. Consumer Discretionary was the weakest sector for the quarter led by index heavyweight Richemont.

Previously, global central banks and governments have been accommodative as a reactionary measure to tackle the Covid-19 pandemic. This resulted in positive market sentiment with continuous assurances from the Fed in an environment of low-interest rates. However, this stance, global supply issues, heightened global demand and now surging commodity prices have resulted in concern over increasing inflation. More recently, the Eurozone's inflation figures have been above expectations while an inversion of the US treasury yield curve was observed raising concerns that the tightening of monetary policy could negatively impact economic growth. The Fed's focus has now shifted towards managing this inflation. This has resulted in the expectation for more aggressive rate hikes. Market participants now think there could be as many as six rate increases this year. This, combined with an increasing European refugee crisis, the potential for the lack of energy supply, and the expectation of a prolonged war resulted in investor sentiment dampening with a sell-off in equity markets. Lastly, China has also moved to increase regulations within the Technology sector as outlined by the CCP in 2021.

Locally, sentiment has somewhat improved following improved trade balances because of strong commodity prices. However, the country still faces structural growth obstacles. South Africa's fiscal position remains constrained by poor legacy policy decisions and ineffective implementation by the government. Eskom had to implement load-shedding as power generation decreased. Financial conditions may be difficult for South Africa in the years ahead with low GDP growth rates and high unemployment translating into weak consumer spending.

Looking forward, growth expectations for the local economy seem to be dependent on global growth, commodity prices, improving confidence, positive local government action, Covid-19 containment measures, and general inflation expectations and management. 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 benefit the portfolios moving forward.

As part of showcasing our portfolio, we aim to provide you with some insight into portfolio companies on a regular basis. This quarter, Mondi is discussed, as a core investment within our funds. Mondi is an integrated paper and packaging company that has experienced strong tailwinds as a result of the structural shifts to e-commerce and a global move to sustainable and environmentally friendly packaging. Recently though, Mondi has been significantly impacted by the ongoing Russia/Ukraine war. Mondi's assets within Russia include a high margin integrated corrugated packaging and paper mill which supplies the local market. The plant generates approximately 20% of Mondi's current EBITDA. We believe the market has been overly harsh on the counter with the share price retreating over 30% and screens well in terms of value. Mondi has exposure to growing markets and has low-cost and large-scale assets and is fully vertically integrated. This implies the counter has market-leading margins. Furthermore, it is consistent with respect to dividends and has a strong balance sheet. We are confident in the long-term investment case.

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 (N0.37 of 2002). Please be advised that there may be representatives acting under supervision.

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FSP Number: 27126 I Level-1 BBBEE Contributor.

Management Company

Prescient Management Company (RF) (Pty) Ltd

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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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Third Parties

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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, 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. 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

Glossary

Annualised performance: Annualised performance show longer term performance rescaled to a one 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 one 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/Active Return: Denoted the outperformance of the fund over the benchmark.
% 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.

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