

# Aeon Domestic Balanced Fund

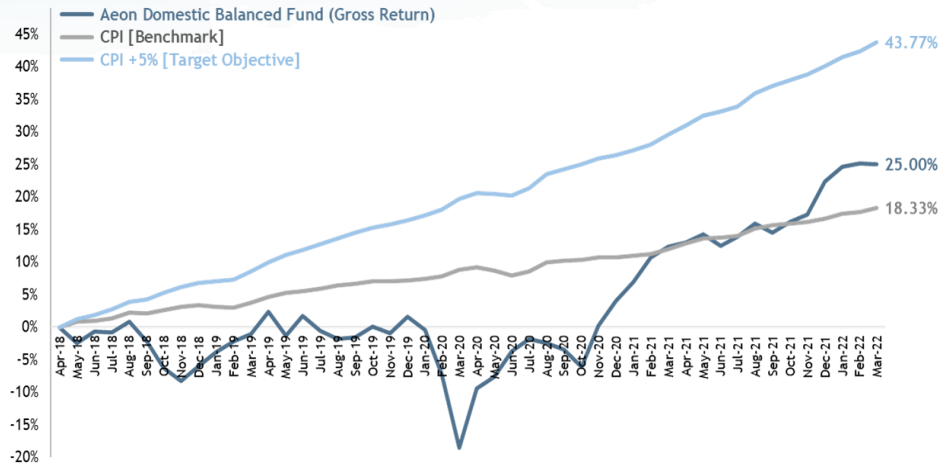
Fund information as at 31 March 2022

Fund name has changed from Aeon Local Balanced Fund to Aeon Domestic Balanced Fund



## Fund Performance

Cumulative Performance - since inception - Gross Return



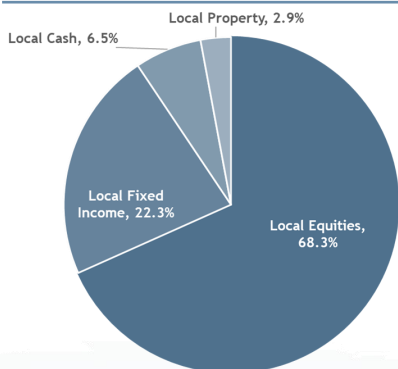
Monthly - Gross Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018					-2.47%	1.76%	-0.11%	1.69%	-2.97%	-4.22%	-2.07%	2.38%	-6.06%
Benchmark					0.80%	0.19%	0.40%	0.80%	-0.10%	0.50%	0.50%	0.20%	3.33%
Target Objective					1.22%	0.61%	0.82%	1.22%	0.32%	0.92%	0.92%	0.62%	6.81%
2019	2.34%	1.71%	1.13%	3.47%	-3.59%	3.17%	-2.33%	-1.21%	0.22%	1.75%	-1.09%	2.59%	8.15%
Benchmark	-0.20%	-0.20%	0.80%	0.80%	0.60%	0.30%	0.40%	0.40%	0.30%	0.30%	0.00%	0.10%	3.65%
Target Objective	0.22%	0.22%	1.22%	1.22%	1.02%	0.72%	0.82%	0.82%	0.72%	0.72%	0.42%	0.52%	8.94%
2020	-1.99%	-6.83%	-12.19%	11.12%	1.94%	4.35%	1.91%	-0.60%	-1.09%	-2.77%	6.80%	3.81%	2.39%
Benchmark	0.30%	0.30%	1.00%	0.30%	-0.50%	-0.60%	0.50%	1.30%	0.20%	0.20%	0.30%	0.00%	3.33%
Target Objective	0.72%	0.72%	1.42%	0.72%	-0.08%	-0.18%	0.92%	1.72%	0.62%	0.62%	0.72%	0.42%	8.61%
2021	2.77%	3.51%	1.52%	0.54%	1.17%	-1.58%	1.25%	1.83%	-1.19%	1.41%	0.99%	4.29%	17.62%
Benchmark	0.20%	0.30%	0.70%	0.70%	0.70%	0.10%	0.20%	1.10%	0.40%	0.20%	0.20%	0.50%	5.43%
Target Objective	0.62%	0.72%	1.12%	1.12%	1.12%	0.52%	0.62%	1.52%	0.82%	0.62%	0.62%	0.92%	10.79%
2022	1.85%	0.42%	-0.11%										2.16%
Benchmark	0.60%	0.20%	0.60%										1.41%
Target Objective	1.02%	0.62%	1.02%										2.67%

### Performance Summary - Gross Return

	Fund	Benchmark	Target Objective
1 month	-0.11%	0.60%	1.02%
3 months	2.16%	1.41%	2.67%
6 months	9.11%	2.32%	4.90%
Year to date	2.16%	1.41%	2.67%
1 Year	11.27%	5.64%	11.02%
3 Years (annualised)	8.13%	4.48%	9.81%
5 Years (annualised)			
7 Years (annualised)			
10 Years (annualised)			
Since Inception (cumulative)	25.00%	18.33%	43.77%
Since Inception (annualised)	5.86%	4.39%	9.71%

### Fund Holdings (as at 31 March 2022)

#### Asset Allocation



#### 2nd Level Asset allocation (%)

Bonds (0 - 1 Years)	1.10
Bonds (1 - 3 Years)	1.04
Bonds (3 - 7 Years)	3.15
Bonds (7 - 12 Years)	5.63
Bonds (Greater than 12 Years)	10.70
Inflation Linked Bonds	0.64
Cash	6.48
CIS - Domestic	23.68
Financials	10.01
Consumer Services	2.33
Basic Materials	16.29
Industrials	3.89
Technology	4.89
Consumer Goods	3.05
Oil & Gas	0.00
Telecommunications	3.46
Health Care	0.72
Property	2.93
<b>Total</b>	<b>100.0</b>

### Top Ten Holdings (as a % of total AUM)



## Investment Philosophy

Aeon Investment Management's equity investment style is Growth At a Reasonable Price (GARP) and modelling Implied vs. Sustainable Growth. We also utilise our in-house Fear & Greed Index for appropriate protective structure overlays. Aeon Domestic Balanced Fund is based on our Aeon Balanced Prescient Fund (foreign exposure). The investment strategy encompasses active asset allocation and active management of underlying equity and fixed income assets. The fund has four diversified sources of alpha (GARP Active Equity, Smart Multi-Factor Equity, Diversified Income, Derivative Protective Overlay).

## Fund Objectives

The Aeon Domestic Balanced Fund seeks to achieve:

- Inflation-beating returns by investing in the full spectrum of domestic 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

## Fund Managers



**Asief Mohamed**  
Chief Investment Officer



**Jay Vomacka**  
Senior Portfolio Manager



**Zaid Paruk**  
Portfolio Manager & Analyst

## Fund Information

**Benchmark:** CPI  
**Target Objective:** CPI +5%  
**Inception date:** 1 May 2018  
**Fund size:** R 1,084.16 million  
**Investment horizon:** Five years plus  
**Classification:** South African - Multi Asset - Medium Equity  
**Regulation 28 compliant:** Yes

## Risk Profile

Conservative  Moderate  Aggressive

- These portfolios generally hold more equity exposure than low risk portfolios but less than high risk portfolios.
- In turn the expected volatility is higher than low risk portfolios, but less than high risk portfolios.
- The probability of losses are higher than that of the low risk portfolios, but less than high risk portfolio.
- Expected potential long term investment returns could therefore be lower than high risk portfolios due to lower equity exposure, but higher than low risk portfolios.

## Fees & Charges

- **Base management fee:** 0.35% p.a. plus VAT.

## Administration

**Fund trustees & custodian:** Standard Bank  
**Fund administration:** Prescient Fund Services

## Contact Details

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# Aeon Domestic Balanced Fund

Fund information as at 31 March 2022

Fund name has changed from Aeon Local Balanced Fund to Aeon Domestic Balanced Fund

## Fund Performance Review & Market Commentary

The Aeon Domestic Balanced Fund was up by 2.16% for the first quarter of 2022 and is up 11.27% over a one-year period.

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.

## 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 fact sheet 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.

## 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.

**Active Return / Alpha:** Denoted the outperformance of the fund over the benchmark.



## 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.

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

## Fund Administration Services

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**Prescient**

## Custodian/Trustee

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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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