

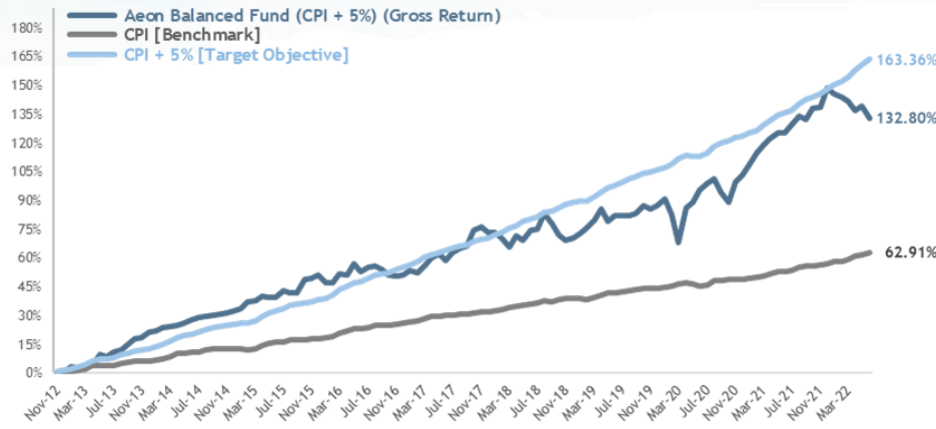
# Aeon Balanced Fund (CPI +5%)

Fund information as at 30 June 2022



## Fund Performance

Cumulative Performance - since inception - Gross Return



Monthly - Gross Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017 Fund	1.46%	-0.94%	2.62%	2.64%	1.17%	-1.95%	2.33%	1.67%	0.52%	5.04%	0.89%	-1.52%	14.61%
2017 Benchmark	0.40%	0.60%	1.10%	0.60%	0.10%	0.30%	0.20%	0.30%	0.10%	0.50%	0.30%	0.10%	4.69%
2017 Target Objective	0.82%	1.02%	1.52%	1.02%	0.52%	0.72%	0.62%	0.72%	0.52%	0.92%	0.72%	0.52%	10.03%
2018 Fund	0.00%	-1.78%	-2.61%	3.36%	-1.22%	2.96%	0.38%	4.74%	-2.96%	-3.18%	-1.91%	1.00%	-1.58%
2018 Benchmark	0.50%	0.30%	0.80%	0.40%	0.80%	0.19%	0.40%	0.80%	-0.10%	0.50%	0.50%	0.20%	5.42%
2018 Target Objective	0.92%	0.72%	1.22%	0.82%	1.22%	0.61%	0.82%	1.22%	0.32%	0.92%	0.92%	0.62%	10.78%
2019 Fund	1.13%	1.80%	2.22%	3.42%	-3.48%	1.70%	-0.22%	0.16%	0.50%	2.17%	-0.76%	1.00%	9.89%
2019 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%
2019 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 Fund	1.80%	-4.34%	-8.14%	10.93%	1.46%	3.43%	1.81%	1.25%	-3.54%	-2.52%	5.56%	1.48%	8.13%
2020 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%
2020 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 Fund	2.61%	3.22%	1.88%	1.55%	1.31%	0.09%	1.74%	2.06%	-0.71%	2.40%	0.33%	3.99%	22.41%
2021 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%
2021 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 Fund	-0.96%	-0.84%	-0.86%	-2.00%	1.07%	-2.71%							-6.18%
2022 Benchmark	0.60%	0.20%	0.60%	1.00%	0.60%	0.70%							3.76%
2022 Target Objective	1.02%	0.62%	1.02%	1.42%	1.02%	1.12%							6.36%

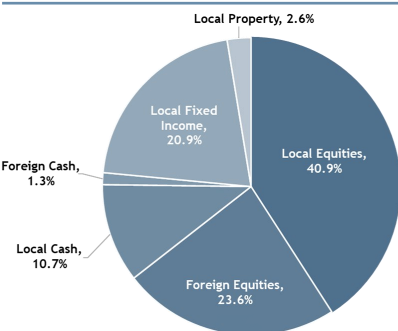
\* Benchmark: CPI data lagged by one month.

## Performance Summary - Gross Return

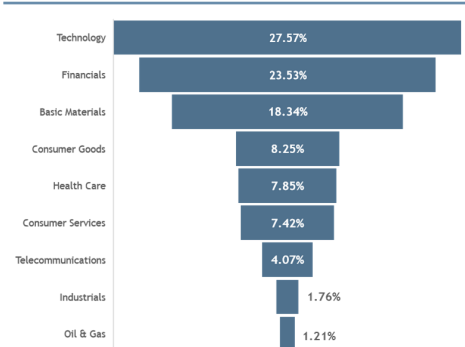
	Fund	Benchmark	Target Objective
1 month	-2.71%	0.70%	1.12%
3 months	-3.63%	2.32%	3.59%
6 months	-6.18%	3.76%	6.36%
Year to date	-6.18%	3.76%	6.36%
1 Year	3.35%	6.48%	11.90%
3 Years (annualised)	8.50%	4.69%	10.02%
5 Years (annualised)	7.95%	4.63%	9.96%
7 Years (annualised)	7.56%	4.99%	10.34%
Since Inception (cumulative)	132.80%	62.91%	163.36%
Since Inception (annualised)	9.14%	5.18%	10.54%

## Fund Holdings (as at 30 June 2022)

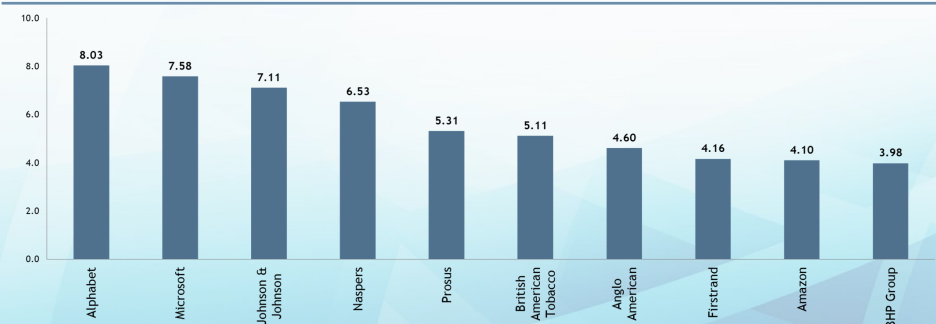
### Asset Allocation



### Sector Allocation (as a % of Equities)



## Top Ten Holdings (as a % of Equities)



## Investment Philosophy

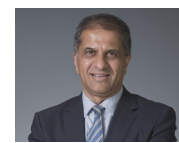
Aeon Investment Management's equity investment style is Growth At a Reasonable Price (GARP) and modelling Implied vs. Sustainable Growth. We also utilise our in-house Currency Model for foreign asset allocation and the Fear & Greed Index for appropriate protective structure overlays. Aeon Balanced Prescient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

## Fund Objectives

The Aeon Balanced Fund (CPI +5%) 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

## Fund Managers



Asief Mohamed  
Chief Investment Officer



Jay Vomacka  
Senior Portfolio Manager

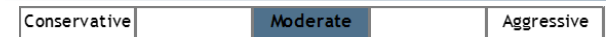


Zaid Paruk  
Portfolio Manager & Analyst

## Fund Information

**Benchmark:** CPI  
**Target objective:** CPI +5%  
**Inception date:** 1 November 2012  
**Fund size:** R 390.37 million  
**Investment horizon:** Five years plus  
**Classification:** South African - Multi Asset - Medium Equity  
**Regulation 28 compliant:** Yes

## Risk Profile



- 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

Institutional clients have the option of a flat fee or performance fee structure:

- **Flat Fee:** 0.50% p.a. plus VAT.
- **Performance Fee:** Base Fee of 0.35% p.a. plus VAT, plus Outperformance fee share participation rate of 20%. Out-performance capped at 80 bps plus VAT.

## Administration

**Fund trustees & custodian:** Nedbank Investor Services  
**Fund administration:** Prescient Fund Services

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# Aeon Balanced Fund (CPI +5%)

Fund information as at 30 June 2022



## Fund Performance Review & Market Commentary

The fund was down by 3.63% for the second quarter of 2022 and is up by 3.35% over a one-year period.

The quarter ended June was broadly negative for world markets as investors grew increasingly concerned about prospects for the world's economic growth rate given the current high inflation numbers and increasing interest rate environment. Monetary policy tightening from most central banks raised fears that economic growth will be negatively affected while inflation persists resulting in a stagflationary environment. Covid-19 fears have been raised in China once again with China's Zero-Covid policy affecting global supply chains. This is further exacerbated by the Russian invasion of Ukraine. Hence, market volatility remains high. The West continues to respond to the war by imposing strict sanctions on Russia resulting in increasing energy and commodity costs, especially for the European block. 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 June was Consumer Staples led by index heavyweight British American Tobacco. Resources was the weakest sector for the quarter led by Anglo American, Gold Fields and Sibanye Stillwater.

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 has shifted significantly. The Fed now indicates that it would keep raising rates as a measure to tackle increasing inflation. This tone has also been adopted by many global central banks. More recently, the US and Eurozone's inflation figures have been above expectations, primarily because of high energy costs. The Fed's key focus has shifted towards managing this inflation. This has resulted in the expectation for more aggressive rate hikes in the future.

Locally, sentiment has somewhat improved following improved trade balances because of strong commodity prices. However, the country still faces structural growth obstacles such as Eskom as ongoing loadshedding impacts businesses and consumer trade and confidence. South Africa's fiscal position remains constrained by poor legacy policy decisions and ineffective implementation by the government. 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 and increasing inequality.

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 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, Tiger Brands is discussed, as a new investment within our funds. Tiger Brands is a well-regarded food producer with an extensive portfolio of locally loved brands such as Koo, Jungle Oats and Ingrams. Tiger Brands has faced tough competition as a result of macro and company specific headwinds. As a result of the current macro environment, consumers have begun downtrading and switching to private label and inhouse brands. This has impacted Tiger Brands which has historically commanded a 'price premium'. Tiger Brands has also been impacted by operational issues with inefficient and aging manufacturing facilities, which resulted in the well-publicized Listeriosis crises. Further, Tiger Brands has more recently been impacted by the ongoing Russia/Ukraine war with surging maize and wheat prices, impacting input costs. As a result, Tiger Brands has seen their share price falling nearly 70% from its high. We have begun to see a refreshed management team take pro-active steps to addressing issues, with management being more aggressive to managing volume/price mix, closing loss making divisions, improving innovation and culture, and a clear focus on improving the operational margin. As a result, we believe the market is penalising Tiger Brands far too aggressively. We have also begun to see better maize and wheat prices as a result of new global supply, and as a result the counter screens well in terms of value and value fundamentals. Furthermore, the company has an attractive dividend profile, is highly cash generative, and has a strong balance sheet. We are confident in the long-term investment case.

## Disclaimer

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## 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.

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**Prescient**

### Custodian/Trustee

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