

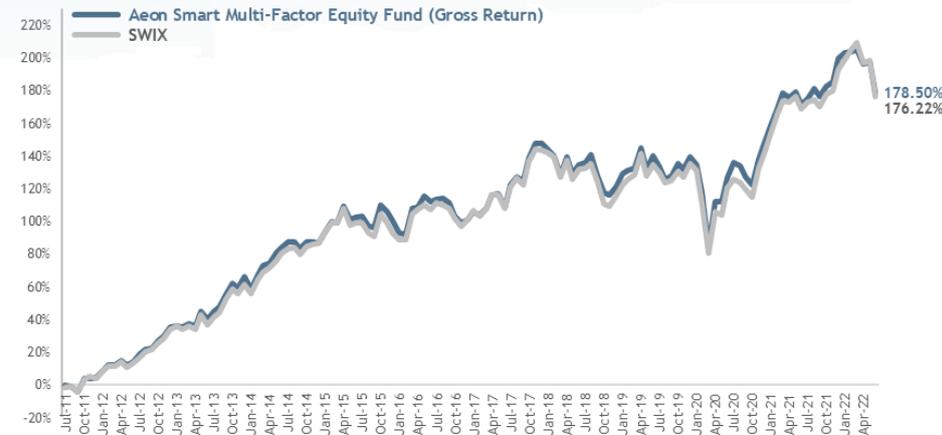
# Aeon Smart Multi-Factor Equity Fund

Fund information as at 30 June 2022



## Fund Performance

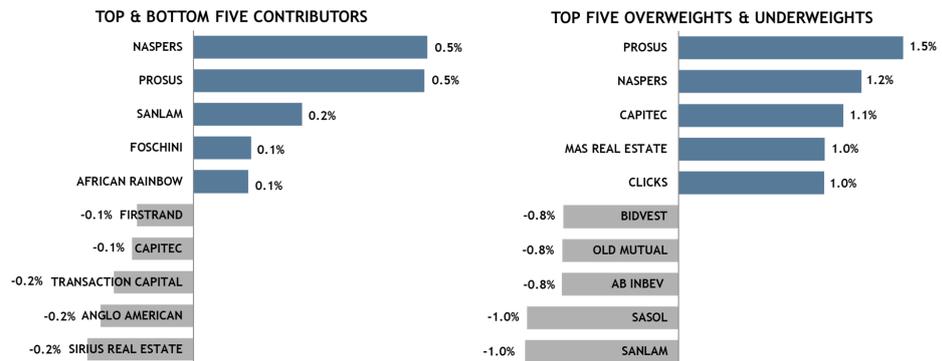
Cumulative Performance - since inception - Gross Return



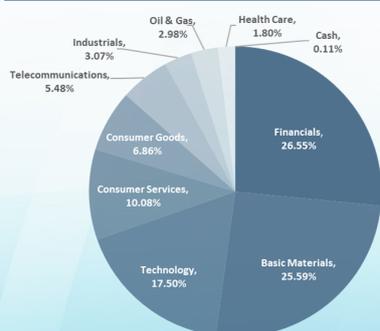
Monthly - Gross Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017 Fund	2.47%	-1.09%	2.28%	3.91%	0.33%	-3.72%	6.34%	2.20%	-1.03%	6.35%	3.68%	-0.14%	23.24%
2017 Benchmark	2.57%	-1.49%	2.24%	4.06%	-0.07%	-3.83%	6.34%	2.42%	-1.73%	6.51%	3.09%	-0.16%	21.21%
2018 Fund	-1.24%	-1.85%	-4.76%	4.89%	-4.21%	2.34%	0.41%	2.16%	-5.32%	-4.56%	-0.69%	2.08%	-10.81%
2018 Benchmark	-0.68%	-1.18%	-5.00%	4.29%	-4.73%	2.74%	0.10%	1.15%	-4.54%	-6.12%	-0.61%	2.90%	-11.67%
2019 Fund	3.95%	0.71%	0.81%	5.26%	-5.53%	3.63%	-2.73%	-3.41%	0.99%	3.27%	-1.48%	3.40%	8.55%
2019 Benchmark	3.09%	1.57%	1.25%	5.72%	-5.64%	3.12%	-2.21%	-2.50%	0.37%	2.64%	-1.55%	3.68%	9.32%
2020 Fund	-2.16%	-7.22%	-15.29%	15.28%	-0.09%	6.78%	4.30%	-1.11%	-2.71%	-2.19%	6.95%	4.13%	3.38%
2020 Benchmark	-1.78%	-9.00%	-14.15%	14.07%	-0.97%	8.07%	2.37%	-1.03%	-1.63%	-2.38%	8.31%	3.95%	2.61%
2021 Fund	4.42%	4.05%	3.45%	-0.85%	1.17%	-2.70%	1.21%	2.13%	-1.68%	2.20%	1.14%	4.91%	20.91%
2021 Benchmark	4.97%	4.61%	3.16%	-0.31%	1.31%	-2.79%	1.59%	0.38%	-1.44%	2.82%	0.68%	4.62%	21.06%
2022 Fund	1.27%	0.17%	0.54%	-3.04%	0.46%	-6.34%							-6.95%
2022 Benchmark	2.30%	1.93%	1.35%	-3.95%	0.56%	-7.45%							-5.52%

Performance Summary - Gross Return	Fund	Benchmark	Active Return
1 month	-6.34%	-7.45%	1.11%
3 month	-8.76%	-10.60%	1.84%
6 month	-6.95%	-5.52%	-1.43%
Year to date	-6.95%	-5.52%	-1.43%
1 Year	2.56%	2.85%	-0.29%
3 Year (annualised)	5.10%	5.57%	-0.47%
5 Year (annualised)	5.93%	5.87%	0.06%
7 Year (annualised)	4.67%	4.80%	-0.13%
10 Year (annualised)	9.33%	9.32%	0.01%
Since Inception (cumulative)	178.50%	176.22%	2.29%
Since Inception (annualised)	9.76%	9.68%	0.08%

## Fund Holdings (for the quarter as at 30 June 2022)



## Sector Allocation



## Top Ten Holdings (%)

Naspers	10.74
Prosus	6.30
Firststrand	6.10
Anglo American	5.38
British American Tobacco	4.14
MTN Group	4.10
Capitec Bank	4.03
Standard Bank	3.16
Impala Platinum	3.11
Sasol	2.98

## Fund Description

Aeon Investment Management's Smart Multi-Factor Equity Fund strategy employs a multiple fundamental factor model as its base. Systematic security selection and trading models are used to achieve the fund's objective of outperforming the SWIX benchmark at low cost and tracking error. The portfolio is constructed in a risk managed framework.

Investors should consider the Aeon Smart Multi-Factor Equity Fund if they have a long term investment horizon (5-years or longer), and are looking for capital gains at low cost.

## Fund Objectives

Aeon Smart Multi-Factor Equity Fund seeks to achieve:

- Achieve consistent outperformance of the benchmark
- Generate excess returns that are positive, stable, explainable and replicable
- Target tracking error below 2%
- Manage risk through disciplined portfolio construction.

## Fund Managers



Asief Mohamed  
Chief Investment Officer



Jay Vomacka  
Senior Portfolio Manager

## Fund Information

**Benchmark:** SWIX

**Inception date:** 1 July 2011

**Fund size:** R 230.03 million

**Investment horizon:** Five years plus

**Classification:** South African - Equity - General

**Asset Allocation:** 99.9% Equity and 0.1% Cash

## 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

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

- **Flat Fee:** 0.35% p.a. plus VAT.
- **Performance Fee:** Base fee of 0.25% p.a. plus VAT, plus Outperformance fee share participation rate of 20%. Out-performance capped at 300 bps based on a rolling three-year performance period.

## Administration

**Fund trustee & custodian:** Nedbank Investor Services

**Fund administration:** Prescient Fund Services (Pty) Ltd

## Contact Details

www.aeonim.co.za  
 Email: funds@aeonim.co.za  
 Tel: +27 (0)21 204 6061/2  
 4th Floor, The Citadel, 15 Cavendish Street, Claremont, 7708  
 P.O. Box 24020, Claremont, 7735

# Aeon Smart Multi-Factor Equity Fund

Fund information as at 30 June 2022



## Fund Performance Review & Market Commentary

The Aeon Smart Multi-Factor Equity Fund outperformed its benchmark by 184 bps for the second quarter of 2022 and is underperforming its benchmark by 29 bps over a one-year period.

Overweight positions in Naspers and Prosus were the main positive contributors to return for the second quarter of 2022. Overweight positions in Sirius Real Estate and Anglo American were the main detractors. The benchmark equity index was down 10.60% for the second quarter of 2022.

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 down-trading 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

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.

#### Investment Team:

Asief Mohamed – Chief Investment Officer  
B.Com, CA (SA), CFA  
asief.mohamed@aeonim.co.za

Jay Vomacka – Senior Portfolio Manager  
CFA, MSc(Eng)(Ind), BSc(Eng)(Elec), CFTe (IFTA)  
jay@aeonim.co.za

Zaid Paruk – Portfolio Manager & Analyst  
B.Accounting, PG Dip in Accounting, CA (SA), CFA Level 1 Passed  
zaid.paruk@aeonim.co.za

Tinyiko Mabunda – Research & ESG Analyst  
BSc (Human Physiology), Advanced Dip (Acc), B.Com Hons (FAPM)  
Tinyiko.mabunda@aeonim.co.za

Shaun Van den Berg – Research Analyst  
B.Com Actuarial Science  
shaun@aeonim.co.za

Mbuso Thabethe – Investment Associate  
FRM, BCom (Hons) FAPM (UCT), BCom Economics & Finance (UCT)  
mbuso@aeonim.co.za

**Registration number:** 2005/013315/07

**Physical Address:** 4th Floor, The Citadel, 15 Cavendish Street, Claremont, 7708

**Postal Address:** PO Box 24020, Claremont, 7735

**Telephone Number:** +27 (0) 21 204 6061/2

**Email Address:** [funds@aeonim.co.za](mailto:funds@aeonim.co.za)

**Website:** [www.aeonim.co.za](http://www.aeonim.co.za)

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

## Fund Administration Services

### Prescient Management Company

**Registration number:** 2002/022560/07

**Physical address:** Prescient House, Westlake Business Park, Otto Close, Westlake, 7945

**Postal address:** PO Box 31142, Tokai, 7966

**Telephone number:** 0800 111 899

**E-mail address:** [info@prescient.co.za](mailto:info@prescient.co.za)

**Website:** [www.prescient.co.za](http://www.prescient.co.za)

**Prescient**

## Custodian/Trustee

### Nedbank Investor Services

**Physical address:** 2<sup>nd</sup> Floor, 16 Constantia Boulevard, Constantia Kloof, Roodepoort, 1709

**Telephone number:** +27 11 534 6557

**Website:** [www.nedbank.co.za](http://www.nedbank.co.za)

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.

This document is for information purposes only and does not constitute or form part of any offer to issue or sell or any solicitation of any offer to subscribe for or purchase any particular investments. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable directly or indirectly to the use of or reliance upon the information.