

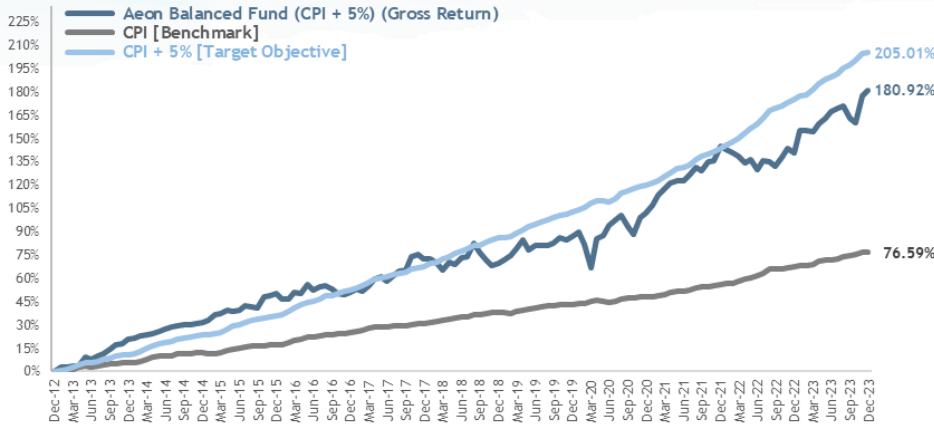
# Aeon Balanced Fund (CPI +5%)

Fund information as at 31 December 2023



## 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 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%	0.60%	0.09%	1.74%	2.06%	-0.71%	2.40%	0.33%	3.99%	21.55%
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%	2.38%	-0.32%	-1.31%	2.76%	2.21%	-1.10%	-1.84%
2022 Benchmark	0.60%	0.20%	0.60%	1.00%	0.60%	0.70%	1.10%	1.50%	0.20%	0.10%	0.40%	0.30%	7.54%
2022 Target Objective	1.02%	0.62%	1.02%	1.42%	1.02%	1.12%	1.52%	1.92%	0.62%	0.52%	0.82%	0.72%	13.01%
2023 Fund	5.91%	0.02%	-0.32%	2.14%	1.38%	1.57%	0.80%	0.41%	-2.86%	-1.08%	6.79%	1.26%	16.79%
2023 Benchmark	0.40%	-0.10%	0.70%	1.00%	0.40%	0.20%	0.20%	0.90%	0.30%	0.60%	0.90%	-0.10%	5.53%
2023 Target Objective	0.82%	0.32%	1.12%	1.42%	0.82%	0.62%	0.62%	1.32%	0.72%	1.02%	1.32%	0.32%	10.90%

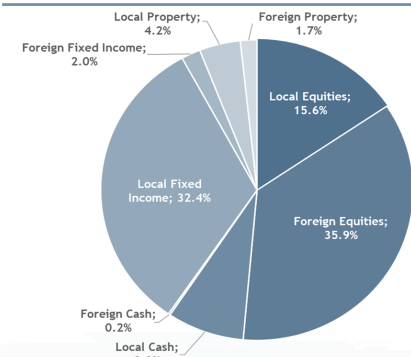
\* Benchmark: CPI data lagged by one month.

### Performance Summary - Gross Return

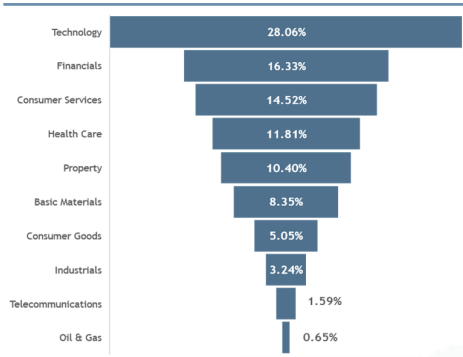
	Fund	Benchmark	Target Objective
1 month	1.26%	-0.10%	0.32%
3 months	6.96%	1.40%	2.67%
6 months	5.17%	2.83%	5.41%
Year to date	16.79%	5.53%	10.90%
1 Year	16.79%	5.53%	10.90%
3 Years (annualised)	11.69%	6.16%	11.56%
5 Years (annualised)	10.61%	5.09%	10.44%
7 Years (annualised)	9.33%	5.08%	10.43%
10 Years (annualised)	8.80%	5.29%	10.66%
Since Inception (cumulative)	180.92%	76.59%	205.01%
Since Inception (annualised)	9.85%	5.31%	10.67%

## Fund Holdings (as at 31 December 2023)

### Asset Allocation



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



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



## Investment Philosophy

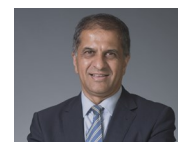
Aeon Investment Management's equity investment style is Growth At a Reasonable Price (GARP) and modelling Implied vs. Sustainable Growth. We also utilise our in-house Currency Model for foreign asset allocation and the Fear & Greed Index for appropriate protective structure overlays. Aeon Balanced Prescient 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

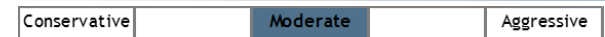


**Zaid Paruk**  
Portfolio Manager & Analyst

## Fund Information

**Benchmark:** CPI  
**Target objective:** CPI +5%  
**Inception date:** 1 January 2013  
**Fund size:** R 945.68 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

## Contact Details

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# Aeon Balanced Fund (CPI +5%)

Fund information as at 31 December 2023



**aeon**  
investment management  
long term wealth creation

## Fund Performance Review & Market Commentary

The Aeon Balanced Fund was up by 6.96% for the fourth quarter of 2023 and is up by 16.79% over a one-year period.

The quarter ended December was positive for global equities with South Africa catching the updraft. Despite this, market sentiment turned negative over concerns global central banks would not cut interest rates as quickly as the market is currently pricing in, leaning into the “higher-for-longer” narrative. The price of oil was in focus as tensions in the Middle East heightened because of the Israel-Palestine conflict and more recently after Houthi rebels attacked ships in the Red Sea forcing global shipping and oil companies to suspend transit through this important trade route. For the month ended December, the Financials sector emerged as the top performer, led by FirstRand and Standard Bank. On the other hand, Resources was the worst performer for the month, led by Anglo American and Sasol.

Positive indicators persist as the market maintains its anticipation for potential rate cuts; nonetheless, investors are tempering their expectations regarding the Federal Reserve's ability to implement such measures in the immediate future. Supporting this narrative has been the US jobs report for November in which nonfarm payrolls came in above expectations at an increase of 199 000, the unemployment rate surprised to the downside at 3.7% while the wage growth rate was largely in line with consensus at 4% year on year.

Locally, sentiment remains subdued. State-owned enterprises (SOEs) continue to shape sentiment in the South African market with Eskom and Transnet at the forefront. Loadshedding eased towards the end of the quarter but is expected to continue as we head into 2024. Disruptions in critical ports, notably in Durban and Cape Town, have posed challenges for importers in the runup to the festive period and are anticipated to persist, presenting hurdles for exporters in the months ahead. There is an increasing amount of railway track falling into disuse and continued copper theft creating multiple delays. The financial outlook for South Africa in the coming years looks challenging, characterised by low GDP growth rates and high unemployment, resulting in weakened consumer spending, and widening income inequality. Of noteworthy significance in 2024 is the impending South African elections, carrying substantial political weight and uncertainty.

Our strategy focuses on astute stock selection, guided by our Growth at a Reasonable Price (GARP) philosophy, which seeks value throughout economic cycles. We prioritise companies with strong cash flows that can support earnings, aiming to benefit our portfolios in the coming period.

To give you a glimpse into our portfolio, we share insights on our portfolio companies. This quarter, we are spotlighting Compagnie Financière Richemont S.A, a relatively recent addition to our portfolio. As a leading player in the luxury goods sector, Richemont's Maisons in jewellery, watches, and writing instruments offer a unique blend of heritage and innovation. Following the normalisation of post-pandemic demand for luxury goods, Richemont's current valuation presents an opportunistic entry point. Trading below its historical average multiples, the stock offers rare access to a premium brand at a discount. Despite demand easing, our investment philosophy and process have identified substantial upside potential in Richemont's current price. Recognizing the cyclical nature of certain luxury segments, Richemont has strategically shifted its focus toward hard luxury such as jewellery. This deliberate evolution enhances financial stability and mitigates exposure to volatile fashion trends. Taking all these factors into account, we are optimistic about Richemont's earnings prospects over the next five years. We believe there is potential for earnings to outperform expectations, ultimately leading to significant returns for our funds and clients.

## 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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Zaid Paruk – Portfolio Manager & Analyst  
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## Fund Administration Services

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**Prescient**

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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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