

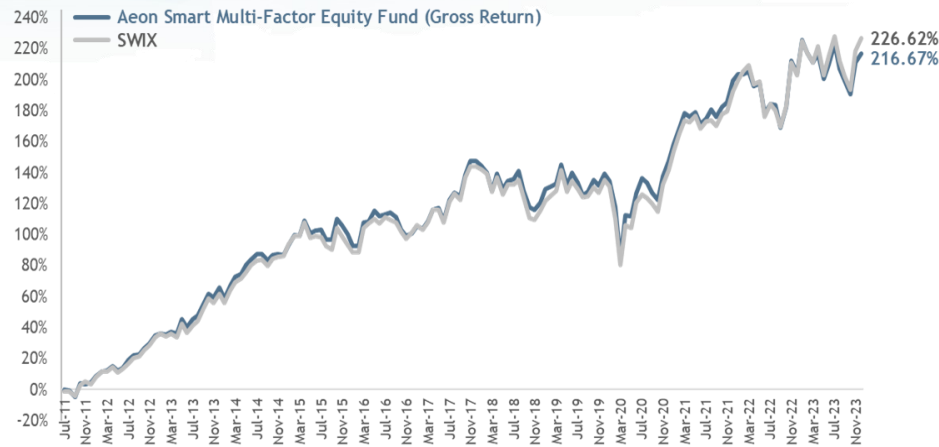
Aeon Smart Multi-Factor Equity Fund

Fund information as at 31 December 2023



Fund Performance

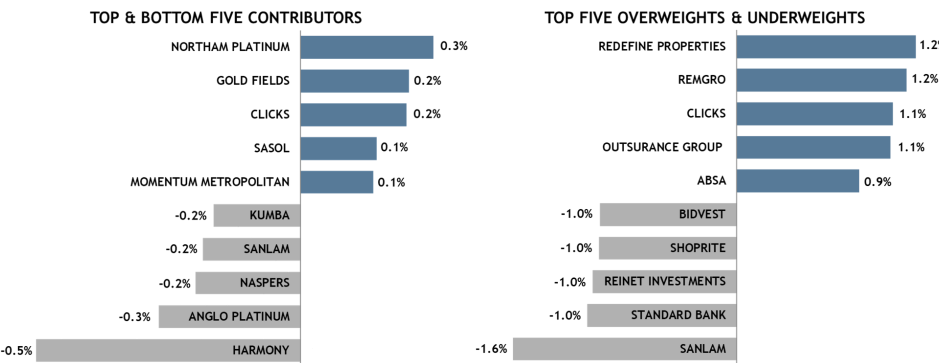
Cumulative Performance - since inception - Gross Return



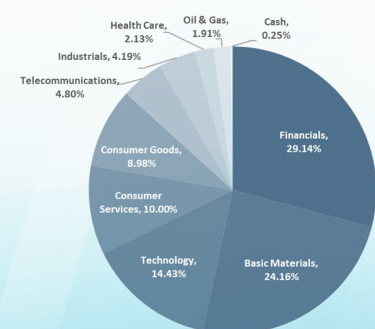
| Monthly - Gross Return | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------------------------|--------|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| 2018 Fund | -1.24% | -1.85% | -4.76% | 4.89% | -4.21% | 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% | 1.92% | -0.03% | -5.26% | 4.92% | 10.67% | -2.72% | 1.46% |
| 2022 Benchmark | 2.30% | 1.93% | 1.35% | -3.95% | 0.56% | -7.45% | 2.83% | -1.33% | -3.86% | 5.03% | 9.95% | -2.67% | 3.59% |
| 2023 Fund | 7.24% | -2.63% | -1.96% | 1.83% | -5.11% | 3.14% | 4.26% | -4.95% | -2.62% | -2.79% | 6.98% | 1.86% | 4.29% |
| 2023 Benchmark | 7.23% | -2.33% | -1.89% | 3.35% | -5.85% | 3.98% | 4.11% | -4.85% | -3.06% | -2.96% | 8.59% | 2.53% | 7.85% |

| Performance Summary - Gross Return | Fund | Benchmark | Active Return |
|------------------------------------|---------|-----------|---------------|
| 1 month | 1.86% | 2.53% | -0.68% |
| 3 month | 5.93% | 8.04% | -2.11% |
| 6 month | 2.22% | 3.75% | -1.53% |
| Year to date | 4.29% | 7.85% | -3.56% |
| 1 Year | 4.29% | 7.85% | -3.56% |
| 3 Year (annualised) | 8.56% | 10.59% | -2.03% |
| 5 Year (annualised) | 7.50% | 8.69% | -1.19% |
| 7 Year (annualised) | 6.73% | 7.18% | -0.44% |
| 10 Year (annualised) | 6.69% | 7.30% | -0.61% |
| Since Inception (cumulative) | 216.67% | 226.62% | -9.94% |
| Since Inception (annualised) | 9.66% | 9.93% | -0.27% |

Fund Holdings (for the quarter as at 31 December 2023)



Sector Allocation



Top Ten Holdings (%)

| | |
|--------------------------|-------|
| Naspers | 10.50 |
| FirstRand | 6.32 |
| Gold Fields | 4.96 |
| Standard Bank | 4.22 |
| Prosus | 3.93 |
| Anglo American | 3.71 |
| MTN Group | 3.57 |
| British American Tobacco | 3.33 |
| Absa Group | 3.08 |
| AngloGold Ashanti | 2.95 |

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 40.51 million
Investment horizon: Five years plus
Classification: South African - Equity - General
Asset Allocation: 99.7% Equity and 0.3% 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

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AEON Smart Multi-Factor Equity Fund

Fund information as at 31 December 2023



aeon
investment management
long term wealth creation

Fund Performance Review & Market Commentary

The Aeon Smart Multi-Factor Equity Fund underperformed its benchmark by 211 bps for the fourth quarter of 2023 and is underperforming its benchmark by 356 bps over a one-year period.

Overweight positions in Northam Platinum and Gold Fields were the main positive contributors to return for the fourth quarter of 2023. Underweight positions in Harmony and Anglo Platinum were the main detractors. The benchmark equity index was up 8.04% for the fourth quarter of 2023.

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 non-farm 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

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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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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