

Aeon Smart Multi-Factor Equity Prescient Fund

Class A1

Minimum Disclosure Document and General Investor Report as at 31 December 2023

Issue date: 16 January 2024

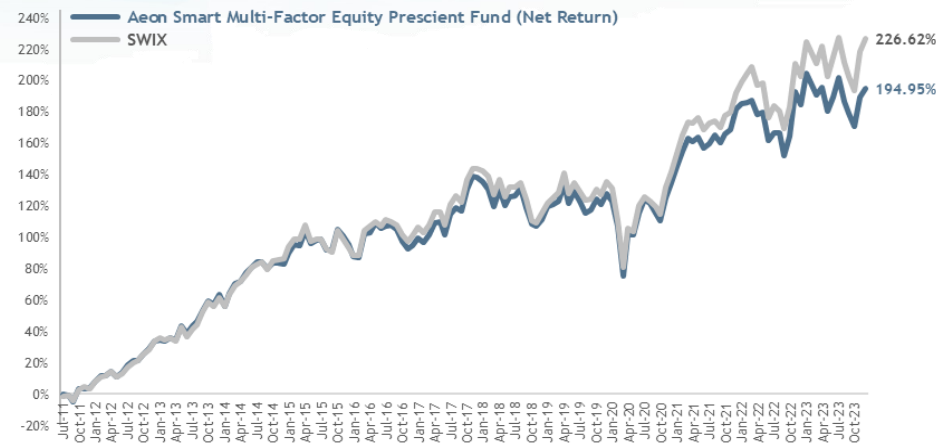
Assets managed by: Aeon Investment Management



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long term wealth creation

Fund Performance

Cumulative Performance - since inception - Net Return

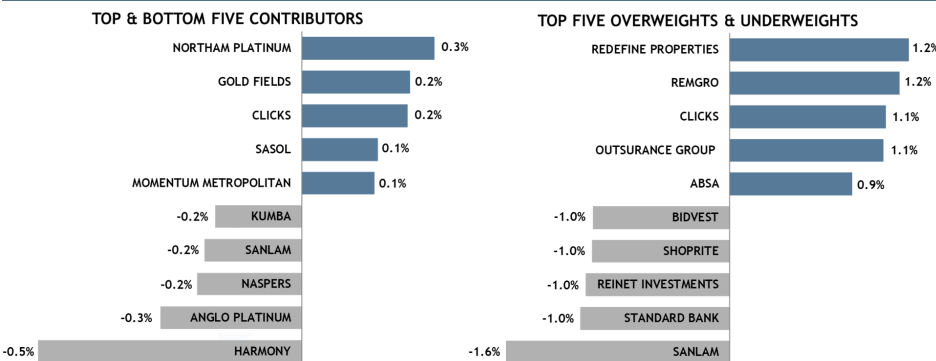


Monthly - Net Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018													
Fund	-1.29%	-1.90%	-4.81%	4.84%	-4.26%	2.29%	0.36%	2.11%	-5.37%	-4.60%	-0.74%	2.03%	-11.32%
Benchmark	-0.68%	-1.18%	-5.00%	4.29%	-4.73%	2.74%	0.10%	1.15%	-4.54%	-6.12%	-0.61%	2.90%	-11.67%
2019													
Fund	3.91%	0.66%	0.76%	5.22%	-5.58%	3.58%	-2.77%	-3.46%	0.94%	3.22%	-1.53%	3.36%	7.93%
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	-2.20%	-7.27%	-15.33%	15.23%	-0.14%	6.74%	4.25%	-1.16%	-2.76%	-2.23%	6.90%	4.08%	2.79%
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	4.38%	4.00%	3.40%	-0.90%	1.12%	-2.75%	1.16%	2.09%	-1.73%	2.16%	1.10%	4.86%	20.22%
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	1.22%	0.13%	0.49%	-3.08%	0.41%	-6.38%	1.87%	-0.08%	-5.31%	4.87%	10.62%	-2.77%	0.88%
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	7.20%	-2.68%	-2.01%	1.78%	-5.15%	3.09%	4.22%	-5.00%	-2.67%	-2.83%	6.93%	1.81%	3.69%
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%

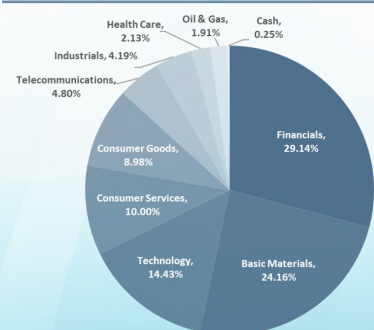
Performance Summary - Net Return	Fund	Benchmark	Active Return
1 month	1.81%	2.53%	-0.72%
3 month	5.78%	8.04%	-2.26%
6 month	1.92%	3.75%	-1.83%
Year to date	3.69%	7.85%	-4.16%
1 Year	3.69%	7.85%	-4.16%
3 Year (annualised)	7.94%	10.59%	-2.65%
5 Year (annualised)	6.89%	8.69%	-1.81%
7 Year (annualised)	6.13%	7.18%	-1.05%
10 Year (annualised)	6.08%	7.30%	-1.22%
Since Inception (cumulative)	194.95%	226.62%	-31.67%
Since Inception (annualised)	9.04%	9.93%	-0.89%

Net Return:	Highest Rolling One Year Return	Lowest Rolling One Year Return
Last 12 months:	13.16%	-0.97%
Since Inception:	50.26%	-21.36%

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



Sector Allocation



Top Ten Holdings (%)

Naspers	10.50
Firststrand	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

The Aeon Smart Multi-Factor Equity Prescient 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 Prescient 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 Prescient 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.

The portfolio has adhered to its fund objectives.

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
Number of Units for Class A1: 219 737
Price (net asset value per unit for Class A1): 206.56 cpu
Investment horizon: Five years plus
Classification: South African - Equity - General
Asset Allocation:

	31-Dec-23	30-Sep-23
Equity	99.7	87.8
Cash	0.3	12.2
Total (%)	100.0	100.0

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

Retail (Minimum lumpsum R10 000 or Debit Order R1 000):
Flat Fee: 0.50% p.a. plus VAT
Total Expense ratio (TER) & Transaction Costs (31-Dec-2023):
 TER - Retail: 0.68%

Fund Class	Retail (%)
Management Fee (excl. VAT)	0.50
Performance Fee	-
Other Fees*	0.18
Total Expense Ratio (TER)	0.68
Transaction Costs (TC)	0.20
Total Investment Charge (TIC)	0.88

Income distribution: Annually (March)
 2023 cpu of 7.95 (retail)

Administration

Fund auditor: Ernst & Young Incorporated
Fund trustee & custodian: Nedbank Investor Services
Fund administration: Prescient Fund Services (Pty) Ltd

Contact Details

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Aeon Investment Management (Pty) Ltd is an authorised FSP. FSP Number: 27126 I Level 1 B-BBEE Contributor.

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Fund Performance Review & Market Commentary

The Aeon Smart Multi-Factor Equity Prescient Fund underperformed its benchmark by 226 bps on a net return basis for the fourth quarter of 2023 and is underperforming its benchmark by 416 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 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.

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.

Portfolio Managers:

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Prescient Management Company (RF) (Pty) Ltd

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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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Third Parties

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Disclaimer

Collective Investment Schemes in Securities (CIS) should be considered as medium to long-term investments. The value may go up as well as down and past performance is not necessarily a guide to future performance. CIS's are traded at the ruling price and can engage in scrip lending and borrowing. The collective investment scheme may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. A schedule of fees, charges and maximum commissions is available on request from the Manager. There is no guarantee in respect of capital or returns in a portfolio. A CIS may be closed to new investors in order for it to be managed more efficiently in accordance with its mandate. CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (brokerage, STT, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio divided by the number of participatory interests (units) in issue. Forward pricing is used. The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's. During the phase in period TER's do not include information gathered over a full year. Transaction Costs (TC) is the percentage of the value of the Fund incurred as costs relating to the buying and selling of the Fund's underlying assets. Transaction costs are a necessary cost in administering the Fund and impacts Fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Fund, investment decisions of the investment manager and the TER.

Where a current yield has been included for Funds that derive its income primarily from interest bearing income, the yield is a weighted average yield of all underlying interest bearing instruments as at the last day of the month. This yield is subject to change as market rates and underlying investments change.

The Manager retains full legal responsibility for any third-party-named portfolio. Where foreign securities are included in a portfolio there may be potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks; and potential limitations on the availability of market information. The investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees. Please note that all documents, notifications of deposit, investment, redemption and switch applications must be received by Prescient by or before 13:00 (SA), to be transacted at the net asset value price for that day. Where all required documentation is not received before the stated cut off time Prescient shall not be obliged to transact at the net asset value price as agreed to. Funds are priced at either 3pm or 5pm depending on the nature of the fund. Prices are published daily and are available on the Prescient website.

Performance has been calculated using net NAV to NAV numbers with income reinvested. The performance for each period shown reflects the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. Full performance calculations are available from the manager on request.

For any additional information such as fund prices, brochures and application forms please go to www.aeonim.co.za

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Third Parties

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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.

Highest & Lowest return: The highest and lowest returns for any 1 year over the period since inception have been shown.

NAV: The net asset value represents the assets of a Fund less its liabilities.

cpu: cents per unit.

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

% Positive Month: The percentage of months since inception where the Fund has delivered positive return.

Dividend Yield: The weighted average dividend yield of all the underlying equity in the Fund.

The dividend yield of each company is the dividends per share divided by the price.

PE Ratio: The weighted average price earnings ratio of all the underlying equity in the Fund.

The price earnings ratio of each company is the price divided by the earnings per share.

High Water Mark: The highest level of performance achieved over a specified period.