

# Aeon Domestic Balanced Fund

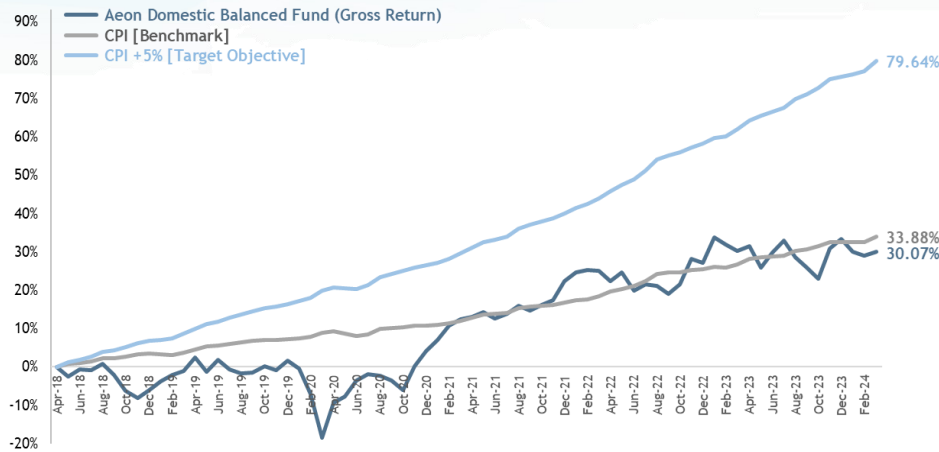
Fund information as at 31 March 2024



**aeon**  
investment management  
long term wealth creation

## Fund Performance

Cumulative Performance - since inception - Gross Return



Monthly - Gross Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019 Fund	2.34%	1.71%	1.13%	3.47%	-3.59%	3.17%	-2.33%	-1.21%	0.22%	1.75%	-1.09%	2.59%	8.15%
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	-1.99%	-6.83%	-12.19%	11.12%	1.94%	4.35%	1.91%	-0.60%	-1.09%	-2.77%	6.80%	3.81%	2.39%
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	2.77%	3.51%	1.52%	0.54%	1.17%	-1.58%	1.25%	1.83%	-1.19%	1.41%	0.99%	4.29%	17.62%
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	1.85%	0.42%	-0.11%	-2.15%	1.79%	-3.73%	1.30%	-0.30%	-1.63%	2.03%	5.45%	-0.83%	3.83%
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	5.26%	-1.45%	-1.27%	0.95%	-4.23%	3.08%	2.47%	-3.32%	-2.12%	-2.31%	6.55%	1.79%	4.87%
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%
2024 Fund	-2.38%	-0.88%	0.90%										-2.37%
2024 Benchmark	0.00%	0.10%	1.00%										1.10%
2024 Target Objective	0.42%	0.52%	1.42%										2.37%

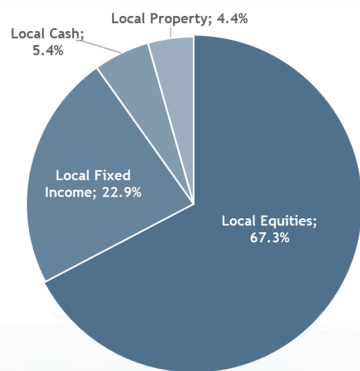
\*Benchmark: CPI data lagged by one month.

### Performance Summary - Gross Return

	Fund	Benchmark	Target Objective
1 month	0.90%	1.00%	1.42%
3 months	-2.37%	1.10%	2.37%
6 months	3.44%	2.52%	5.10%
Year to date	-2.37%	1.10%	2.37%
1 Year	-0.03%	5.63%	11.01%
3 Years (annualised)	5.01%	6.12%	11.53%
5 Years (annualised)	5.64%	5.23%	10.59%
7 Years (annualised)			
10 Years (annualised)			
Since Inception (cumulative)	30.07%	33.88%	79.64%
Since Inception (annualised)	4.54%	5.05%	10.41%

## Fund Holdings (as at 31 March 2024)

### Asset Allocation



### 2nd Level Asset allocation (%)

Bonds (0 - 1 Years)	0.42
Bonds (1 - 3 Years)	3.13
Bonds (3 - 7 Years)	1.89
Bonds (7 - 12 Years)	3.91
Bonds (Greater than 12 Years)	13.29
Inflation Linked Bonds	0.21
Cash	5.43
CIS - Domestic	0.25
Financials	15.55
Consumer Services	4.41
Basic Materials	20.95
Industrials	4.81
Technology	12.24
Consumer Goods	7.40
Oil & Gas	0.00
Telecommunications	1.70
Health Care	0.00
Property	4.40
<b>Total</b>	<b>100.0</b>

### Top Ten Holdings (as a % of total AUM)



## 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 Fear & Greed Index for appropriate protective structure overlays. Aeon Domestic Balanced Fund is based on our Aeon Balanced Prescient Fund (foreign exposure). The investment strategy encompasses active asset allocation and active management of underlying equity and fixed income assets. The fund has four diversified sources of alpha (GARP Active Equity, Smart Multi-Factor Equity, Diversified Income, Derivative Protective Overlay).

## Fund Objectives

The Aeon Domestic Balanced Fund seeks to achieve:

- Inflation-beating returns by investing in the full spectrum of domestic 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

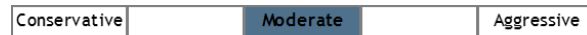


Jay Vomacka  
Senior Portfolio Manager

## Fund Information

**Benchmark:** CPI  
**Target Objective:** CPI +5%  
**Inception date:** 1 May 2018  
**Fund size:** R 887.54 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

**Base management fee:** 0.50% p.a. plus VAT.

## Administration

**Fund trustees & custodian:** Standard Bank  
**Fund administration:** Prescient Fund Services

## Contact Details

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# Aeon Domestic Balanced Fund

Fund information as at 31 March 2024



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## Fund Performance Review & Market Commentary

The Aeon Domestic Balanced Fund was down by 2.37% for the first quarter of 2024 and is down 0.03% over a one-year period.

The first quarter of this year was positive for global equities. This optimism was fuelled by the growing anticipation of a 'soft landing' or even the possibility of no economic slowdown at all. The US produced largely positive economic data, which helped alleviate fears of an impending recession. The Bank of Japan (BoJ) has put an end to its negative interest rate policy by raising its policy rate for the first time in 17 years. On the other hand, in China, the government has established a GDP growth target of 5% for 2024. However, there has been no additional communication about aggressive strategies to stimulate the Chinese economy, which left investors disappointed. For the quarter ended March, the Consumer sector emerged as the top performer led by index heavyweight Richemont followed by the Mr Price Group. On the other hand, Financials experienced the most significant decline during the quarter, led by First Rand and Standard Bank.

US inflation generally exceeded expectations in the first quarter. The commodity market saw a significant rise, particularly in Brent crude oil, copper and cocoa. The surge in copper prices, driven by supply risks and an increased demand for energy transition metals, shows no signs of abating. The escalation in commodity prices contributes to inflationary pressures, dampening investor sentiment and reducing the likelihood of the aggressive rate cuts previously anticipated by the market. This sustains the "higher-for-longer" narrative which tends to be negative for equity markets.

Locally, the GDP figures for the fourth quarter of 2023 revealed that the economy underperformed, growing a mere 0.1%. This led to an overall growth of 0.6% for 2023. The disappointing performance was attributed to supply-side issues, including issues at Eskom and Transnet. In February, inflation reached a four-month peak of 5.6% year-on-year, pushing back the timeline to achieve the targeted 4.5% inflation objective. In light of these factors, the SARB decided to keep its key repo rate steady at 8.25%.

Looking ahead, South Africa's financial future remains challenging, marked by sluggish GDP growth rates and high unemployment. These conditions are likely to lead to reduced consumer spending and a widening gap in income inequality. A significant event to watch in 2024 is the South African elections scheduled for May. These highly contested elections bring with them considerable political uncertainty and tension. Our strategy focuses on astute stock selection, guided by our Growth at a Reasonable Price philosophy (GARP), 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.

As part of showcasing our portfolio, we aim to provide you insight into our portfolio counters. This quarter, we highlight an existing portfolio counter, AngloGold Ashanti (ANG). ANG is the world's 5th largest gold producer with 11 geographically diverse operations across the globe. ANG has implemented the Full Asset Potential program (FAP) leading to decisive action being taken at loss-making assets, resulting in tangible operational efficiencies, such as a lower all-in-sustaining cost (AISC) predicted over the next two years. Geopolitical risk has propelled the gold price to all-time highs causing this levered gold producer to deliver exceptional returns year-to-date. ANG's restructuring to a primary listing on the NYSE provides further re-rating potential, to be comparable with global peers. ANG's disciplined management, the life of mine extensions, and the lower AISC all provide tailwinds for a continued share price rally. The current gold tailwinds being experienced enhance sector conviction. We look forward to seeing a continued gold price rally benefiting both ANG and all Aeon Investment Management stakeholders.

## 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.

#### Portfolio Managers:

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

## Fund Administration Services

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**Prescient**

## Custodian/Trustee

### Standard Bank

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

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