



# Aeon Enhanced Equity Prescient Fund

## Minimum Disclosure Document:

### Fund Description

Aeon Investment Management's Enhanced Equity Prescient Fund strategy uses selected fundamental and technical factors for security selection to manage a portfolio designed to outperform the SWIX benchmark. The portfolio is designed to add value in a risk managed framework.

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

### Investment Objective

Aeon's Enhanced Equity Prescient Fund strategy seeks to:

- Achieve consistent outperformance of the benchmark
- Generate excess returns that are positive, stable, explainable and replicable
- Manage risk through disciplined portfolio construction

### Fund Team

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**Aeon Investment Management is a Level-1 BBBEE Contributor.**

### Fund Details

Benchmark: SWIX Index  
Inception date: 1 July 2011  
Fund size: R14.74 million  
Risk profile: High

- 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.

Investment horizon: Five years plus  
Fund Classification: South African—Equity—General  
Asset Allocation: 99% Equity and 1% Cash

### Fees & Charges

Initial Fee: 0%  
Management Fee:  
Retail (Min R1 Million): 0.50% per annum  
A sliding scale is applicable for assets above R100m. Fees are excluding VAT.  
Total Expense Ratio (TER):  
Retail: 0.74%  
Income distribution: Annually (March)  
2017 cpu of 4.30 (retail)

### Administration

Fund auditors: KPMG  
Fund trustees & Custodians: Nedbank Investor Services  
Fund bankers: Nedbank  
Fund administration: Prescient Management Company (RF) (Pty) Limited

### Contact Details

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Aeon Investment Management (Pty) Ltd. Is an authorised FSP. FSP Number: 27126

## Performance Review & Market Commentary

The Aeon Enhanced Equity Prescient Fund outperformed its benchmark by 38 bps for the second quarter of 2017 on a gross return basis and is in line with its benchmark since inception.

Overweight positions in NEPI and Vodacom were the main positive contributors to return for the quarter. Overweight positions in Famous Brands and ArcelorMittal were the main detractors.

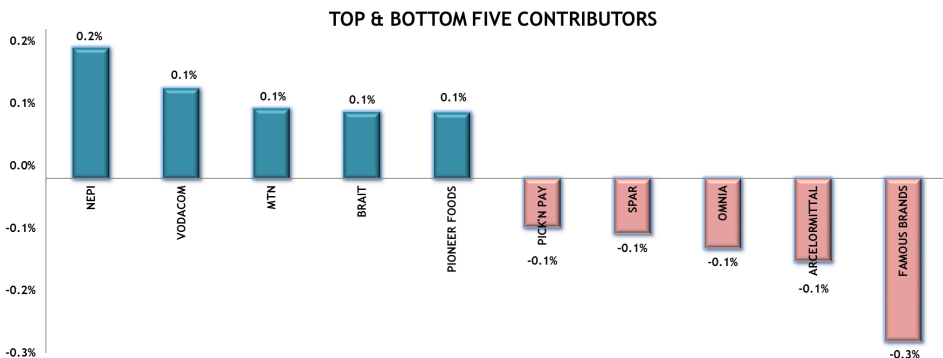
The strongest sector for second quarter of 2017, as was for the first quarter, was the Consumer Services Sector with Naspers leading the charge as it made new highs in May. The General Retailers Sector was the weakest due to depressed levels of consumer confidence and an increasing competitive landscape.

Globally, the two areas of focus dealt with Europe and the US. In Europe, it was a battle between Euro-centric and the Euro-sceptic. It seems as if the Euro-centrics have won as Macron's party easily won the French Parliament elections and the UK election resulted in the Conservatives losing their Parliament majority. Equity markets reacted positively to this as the Eurozone stability has increased. For the UK, there is now a lot of uncertainty over the Brexit policies and how it will be structured. On the other side of the Atlantic, the headlines are dominated by Trump. There is now greater concern that Trump will be unable to pass through new pro-growth fiscal policies in the short-term, negatively affecting the expectations of future US growth. Details are still short on business-friendly policies such as a decrease in taxes and loosening of regulations, as well as expected increased infrastructure spending. Currently, the focus is on the draft US Senate's health plan, so far unable to pass through parliament.

Locally, a rather difficult quarter as political and economic volatility increase. Economically, the S&P and Fitch downgraded SA's government debt to junk. Moody's also announced SA's downgrade to the lowest investment grade with the outlook remaining negative. This was due to poor growth prospects and increasing political turmoil. SA has now officially entered a recession for the first time since 2009. Politically, there has been a cabinet reshuffle and the new finance minister, Malusi Gigaba, is trying his best to reassure media that there would not be a change in the Treasury policies. The general headlines are focussed on the way forward with respect to Jacob Zuma. There was a NEC meeting held to once again discuss whether Jacob Zuma should be removed from leadership. The political battle is far from over but it appears that President Zuma is now under some pressure both from the powers that be and the citizens of South Africa. In general, lack of growth and political turmoil have negative implications on inflation, the Rand, and higher funding costs.

The cautious and prudent view would be that high volatility will remain, with more risks to the downside for equities and bonds. Gold and quality gold companies in a well-diversified portfolio may provide "insurance" in a more unpredictable environment.

## Fund Composition for the 2nd Quarter 2017



Net Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011 Fund							-0.33%	-0.44%	-4.06%	8.99%	-0.33%	0.57%	4.01%
Benchmark							-1.48%	0.48%	-3.32%	7.66%	1.96%	-1.38%	3.62%
2012 Fund	4.00%	2.97%	0.33%	2.30%	-2.59%	1.89%	4.33%	2.33%	0.40%	3.49%	2.41%	3.88%	28.73%
Benchmark	4.53%	2.81%	0.02%	2.72%	-3.11%	2.22%	3.19%	2.71%	1.20%	3.29%	2.14%	4.33%	29.09%
2013 Fund	0.64%	-0.42%	1.21%	-0.86%	6.64%	-3.44%	3.53%	1.72%	5.06%	4.11%	-1.65%	4.08%	22.09%
Benchmark	1.51%	-1.11%	1.22%	-1.68%	6.70%	-3.99%	3.26%	2.03%	5.57%	4.14%	-1.60%	3.50%	20.71%
2014 Fund	-4.39%	5.18%	3.61%	0.77%	3.30%	1.85%	1.90%	0.10%	-2.17%	1.88%	0.02%	-0.24%	12.04%
Benchmark	-3.34%	4.90%	3.33%	1.52%	2.28%	2.76%	1.36%	0.61%	-2.43%	2.83%	0.62%	0.28%	15.42%
2015 Fund	3.49%	3.21%	-0.33%	4.98%	-4.08%	0.74%	0.44%	-3.31%	-0.19%	6.90%	-1.94%	-2.88%	6.58%
Benchmark	3.99%	2.56%	0.20%	4.31%	-4.86%	0.64%	-0.15%	-3.10%	-1.00%	7.28%	-2.70%	-2.90%	3.62%
2016 Fund	-3.78%	-0.23%	8.04%	0.26%	3.19%	-1.75%	0.65%	0.44%	-1.34%	-3.94%	-2.23%	0.92%	-0.34%
Benchmark	-2.31%	0.06%	8.32%	1.25%	1.34%	-1.27%	1.88%	-0.66%	-0.89%	-2.81%	-2.35%	1.98%	4.13%
2017 Fund	2.42%	-1.14%	2.23%	3.86%	0.28%	-3.77%							3.76%
Benchmark	2.57%	-1.49%	2.24%	4.06%	-0.07%	-3.83%							3.30%

Net Return:	Highest Rolling 1 Year Return	Lowest Rolling 1 Year Return
Last 12 months:	8.49%	-3.93%
Since Inception:	30.49%	-4.05%

30 June 2017 MDD document was issued on the 10<sup>th</sup> July 2017



# Disclaimer

## Contact Details

### Investment Management:

**Aeon Investment Management (Pty) Limited**  
Registration number: 2005/013315/07 is an authorised Financial Services Provider (FSP27126) 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.

### Fund Managers

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

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### Management Company:

Prescient Management Company (RF) (Pty) Ltd  
Registration number: 2002/022560/07

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

### Trustee:

Nedbank Investor Services

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**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.

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## Third Parties

### Management and administration:

Prescient Management Company (RF) (Pty) Ltd. This portfolio operates as a white label fund under the Prescient Unit Trust Scheme, which is governed by the Collective Investment Schemes Control Act.

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. Money market Funds are priced at 1pm all other 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](http://www.aeonim.co.za)

## Glossary Summary

**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.

**Alpha:** Denoted the outperformance of the fund over the benchmark.

**Standard Deviation:** The deviation of the return stream relative to its own average.

**Max Drawdown:** The maximum peak to trough loss suffered by the Fund since inception.

**Max Gain:** Largest increase in any single month

**% 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

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

## Total Expense Ratio and Transaction Costs (31-Mar-2017) :

Fund Class	Retail (%)
Management Fee	0.50
Performance Fee	0.00
Other Fees*	0.24
<b>Total Expense Ratio (TER)</b>	<b>0.74</b>
<b>Transaction Costs (TC)</b>	<b>0.18</b>
<b>Total Investment Charge (TIC)</b>	<b>0.92</b>