



# Aeon Enhanced Equity Prescient Fund

## Fund Description

The Aeon Enhanced Equity Prescient Fund 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.

The Aeon Enhanced Equity Prescient fund is aimed at investors with a long term investment horizon (5 years or more) seeking capital growth 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
- Target tracking error below 2%
- Employ low cost trading techniques
- Manage risk through disciplined portfolio construction.

## Investment Philosophy

A disciplined approach enables one to exploit sources of value in stock selection and trading.

Strategies are designed, tested and managed on a systematic basis, but always underpinned by a fundamental (qualitative) rationale.

Rigorous risk management and qualitative portfolio analysis is needed to remove excessive risk.

The fund's strategy comprises a number of bespoke techniques which increases the level of potential outperformance, at a lower level of risk, by delivering alpha from a number of different sources.

## Investment Process

The Aeon Enhanced Equity Prescient Fund combines three systematic strategies:

1. **Fundamental Factor Model:** We select securities using a multiple factor model that is driven by carefully chosen fundamental factors. These fundamental factors are correlated with outperformance in a way that is consistent and explainable.

2. **Momentum Strategy:** We only select securities that reflect the fundamental view in their actual share price. Factors are generally based on momentum.

3. **Trading Strategy:** We overlay a trading strategy that seeks to earn additional return by taking advantage of short term mispricing. Factors are generally based on mean reversion.



## Aeon Enhanced Equity Prescient Fund

### Risk Management and Return Modelling

The portfolio is structured with overweight and underweight positions relative to the benchmark. A real time model monitors the portfolio positions, and the effect of the sector and stock selection decisions on the performance relative to benchmark.

The risk management framework encourages diversification and reduces the risk of significantly underperforming the benchmark.

### Strategy Benefits

Investing in the Aeon Enhanced Equity Prescient Fund provides the investor with a portfolio that is:

- Exposed to a fully invested, diversified equity portfolio.
- Cost efficient.
- Able to capture diversified sources of equity return.
- Privy to a highly skilled investment team.

### Fees

Retail Class

Fee: 0,5% p.a.

Institutional:

Fee: 0,35% p.a.

A sliding scale is applicable for assets above R100m. Fees are excluding VAT.

### Portfolio Management Team

Asief Mohamed – CIO  
BCom (UCT), CA, CFA



Asief is the director and Chief Investment Officer of Aeon Investment Management. He is the portfolio manager for Aeon equity, balanced and absolute return funds.

Asief has over 26 years investment experience, having previously been CIO at Metropolitan Asset Managers where he managed R45bn worth of equities, including the General Equity Fund. He has been the recipient of several Raging Bull, S&P and ABSIP awards during his career.

Jay Vomacka – Portfolio Manager  
CFA, MSc(Eng)(Ind), BSc(Eng)(Elec), CFTe (IFTA)



Jay is a co-portfolio manager at Aeon Investment Management. He has over 9 years of investment experience. He focuses on the active equity, enhanced equity, and the balanced funds. He is responsible for both the fundamental and quantitative investment analysis of all these funds. Jay joined Aeon in Jan 2013.

### Aeon Investment Management

4th Floor, MontClare Place  
Cnr Campground & Main Roads  
Claremont, 7708  
Cape Town

Phone: +27 (0)21 670 5297/8  
E-mail: [funds@aeonim.co.za](mailto:funds@aeonim.co.za)  
[www.aeonim.co.za](http://www.aeonim.co.za)

CIS Risk 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. 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. A Money Market portfolio is not a bank deposit account and the price is targeted at a constant value. The total return is made up of interest received and any gain or loss made on any particular instrument; and in most cases the return will have the effect of increasing or decreasing the daily yield, but in the case of abnormal losses it can have the effect of reducing the capital value of the portfolio. The yield is calculated as a weighted average yield of each underlying instrument in the portfolio. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures and a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed. A Fund of Funds is a portfolio that invests in portfolios of collective investment schemes, which levy their own charges, which could result in a higher fee structure for these portfolios. A Feeder Fund is a portfolio that invests in a single portfolio of a collective investment scheme which levies its own charges and which could result in a higher fee structure for the feeder fund. 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. Prescient is a member of the Association for Savings and Investments SA. 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. Prices are published daily and are available on the Prescient website.