

Aeon Balanced Prescient Fund

Class A2

Minimum Disclosure Document and General Investor Report as at 30 September 2023

Issue date: 16 October 2023

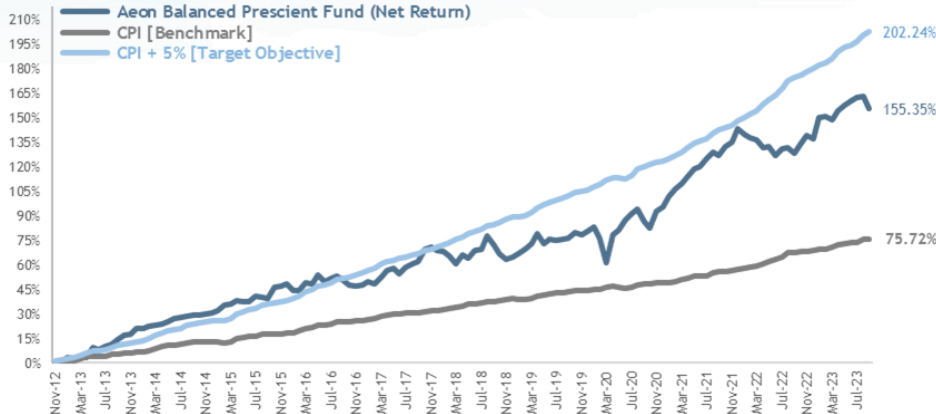
Assets managed by: Aeon Investment Management



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Fund Performance

Cumulative Performance - since inception - Net Return



Monthly - Net Return													YTD
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
2018 Fund	-0.05%	-1.82%	-2.66%	3.31%	-1.27%	2.91%	0.34%	4.69%	-3.00%	-3.23%	-1.96%	0.95%	-2.15%
2018 Benchmark	0.50%	0.30%	0.80%	0.40%	0.80%	0.19%	0.40%	0.80%	-0.10%	0.50%	0.50%	0.20%	5.42%
2018 Target Objective	0.92%	0.72%	1.22%	0.82%	1.22%	0.61%	0.82%	1.22%	0.32%	0.92%	0.92%	0.62%	10.78%
2019 Fund	1.08%	1.75%	2.18%	3.37%	-3.53%	1.66%	-0.27%	0.11%	0.46%	2.13%	-0.81%	0.95%	9.26%
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	1.84%	-3.86%	-8.66%	10.91%	1.48%	3.21%	2.21%	1.31%	-3.59%	-2.36%	5.47%	1.63%	8.55%
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	3.13%	2.40%	1.57%	1.97%	2.37%	0.34%	2.19%	2.06%	-1.02%	2.55%	1.03%	3.46%	24.34%
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	-1.35%	-0.82%	-0.65%	-1.90%	0.30%	-2.44%	1.82%	0.12%	-1.35%	2.58%	2.08%	-0.80%	-2.53%
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	5.52%	0.20%	-0.80%	2.24%	1.23%	1.24%	0.77%	0.24%	-2.84%				7.84%
2023 Benchmark	0.40%	-0.10%	0.70%	1.00%	0.40%	0.20%	0.20%	0.90%	0.30%				4.07%
2023 Target Objective	0.82%	0.32%	1.12%	1.42%	0.82%	0.62%	0.62%	1.32%	0.72%				8.02%

* Benchmark return lags by one month.

Performance Summary - Net Return

	Fund	Benchmark	Target Objective
1 month	-2.84%	0.30%	0.72%
3 months	-1.86%	1.41%	2.67%
6 months	2.82%	3.03%	5.62%
Year to date	7.84%	4.07%	8.02%
1 Year	12.02%	4.90%	10.25%
3 Years (annualised)	11.00%	5.84%	11.23%
5 Years (annualised)	8.22%	5.04%	10.40%
7 Years (annualised)	7.84%	5.02%	10.37%
10 Years (annualised)	8.38%	5.23%	10.59%
Since Inception (cumulative)	155.35%	75.72%	202.24%
Since Inception (annualised)	8.97%	5.30%	10.66%

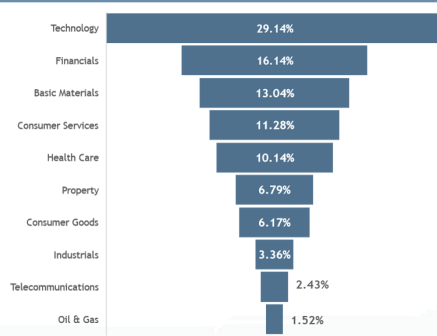
Net Return:	Highest Rolling One Year Return	Lowest Rolling One Year Return
Last 12 months:	14.78%	-2.53%
Since Inception:	30.19%	-7.01%

Fund Holdings (as of 30 September 2023)

Asset Allocation

	30-Sep-23	30-Jun-23
Equities	61.7%	67.2%
Cash	13.1%	11.1%
Fixed Income	18.6%	18.0%
Property	4.50%	3.74%
	97.8%	100.0%
Local Equities	29.8%	35.8%
Foreign Equities	31.9%	31.4%
Local Cash	8.1%	5.1%
Foreign Cash	4.9%	6.0%
Local Fixed Income	18.6%	18.0%
Foreign Fixed Income	2.2%	0.0%
Local Property	2.9%	2.9%
Foreign Property	1.6%	0.8%
	100.0%	100.0%

Sector Allocation (as a % of Equities)



Top Ten Holdings (as a % of Equities)



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 Currency Model for foreign asset allocation and the Fear & Greed Index for appropriate protective structure overlays. Aeon Balanced Prescient Fund's investment strategy encompasses active asset allocation and active management of underlying equity and fixed income assets. The fund has five diversified sources of alpha (GARP Active Equity, Smart Multi-Factor Equity, GARP Foreign Equity, Diversified Income, Derivative Protective Overlay).

Fund Objectives

The Aeon Balanced Prescient Fund seeks to achieve:

- Return target of CPI +5%
- Inflation-beating returns by investing in the full spectrum of domestic and foreign 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

The portfolio has adhered to its fund objectives.

Fund Managers



Asief Mohamed
Chief Investment Officer



Jay Vomacka
Senior Portfolio Manager



Zaid Paruk
Portfolio Manager & Analyst

Fund Information

Benchmark: CPI

Target Objective: CPI +5%

Inception date: 1 November 2012

Fund size: R 284.98 million

Number of Units for Class A2: 63 755 915

Price (net asset value per unit for Class A2): 174.25 cpu

Investment horizon: Five years plus

Classification: South African - Multi Asset - Medium Equity

Regulation 28 compliant: Yes

Risk Profile

Conservative	Moderate	Aggressive
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- 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

Retail (Minimum lumpsum R10 000 or Debit Order R1 000):

Flat Fee: 0.50% p.a. plus VAT.

Total Expense ratio (TER) & Transaction Costs (30-Jun-2023):

TER - Retail: 0.65%

Fund Class	Retail (%)
Management Fee (excl. VAT)	0.50
Performance Fee	-
Other Fees*	0.15
Total Expense Ratio (TER)	0.65
Transaction Costs (TC)	0.09
Total Investment Charge (TIC)	0.73

Income distribution: Annually (March)

2023 cpu of 8.85 (retail)

Administration

Fund auditor: Ernst & Young Incorporated

Fund trustees & custodian: Nedbank Investor Services

Fund administration: Prescient Fund Services (Pty) Ltd

Contact Details

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FSP Number: 27126 I Level-2 BBBEE Contributor.

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Fund Performance Review & Market Commentary

The Aeon Balanced Prescient Fund was down by 1.86% on a net return basis for the third quarter of 2023 and is up by 12.02% over a one-year period.

The quarter ended September was negative for global equities as cautious statements from global central banks regarding expectations of interest rate cuts were negatively received by investors. The “higher-for-longer” interest rate narrative filtered negatively on sentiment. The price of oil also increased due to Russia and Saudi Arabia’s supply cuts, decreased shale output from the US, and Russia’s temporary ban on fuel exports. This caused market participants to become concerned that central banks would need to maintain higher interest rates to counteract the impact of the higher oil price on inflation.

Previously, investors had displayed optimism due to Chinese government stimulus measures and indications that global inflation was gradually subsiding. However, this optimism was set against the backdrop of prior high inflation rates and aggressive interest rate hikes by central banks worldwide. The global inflationary trend is starting to show signs of easing, with expectations that some central banks may shift toward cutting interest rates in the future. However, strong U.S. employment data and the emergence of geopolitical risk could signal the potential for sustained inflation levels, and market participants are reassessing future inflation expectations.

For the quarter ended September, the Industrial sector emerged as the top performer, led by Mondi and Bidvest. On the other hand, Consumer Discretionary experienced the most significant decline during the quarter, led by index heavyweight Richemont.

Locally, sentiment remains subdued. The nation faces numerous structural growth challenges, most notably the persistent energy supply issues that continue to disrupt businesses, consumer trade, and erode confidence. South Africa’s fiscal position remains constrained due to historical policy decisions and a lack of effective government implementation. The issue of load shedding is expected to persist as a part of everyday life for the foreseeable future. The financial outlook for South Africa in the coming years looks challenging, characterised by low GDP growth rates, high unemployment, resulting in weakened consumer spending and widening income inequality. Looking ahead, the growth prospects of the local economy appear to hinge on several key factors, including global economic trends, commodity prices, increased confidence, positive government initiatives, and inflation management.

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 Mr. Price Group Ltd., a relatively recent addition to our portfolio. Mr. Price is a cash-focused, value-driven retailer with over 1,700 stores across Africa and a track record of impressive earnings growth. Apparel retailers have faced substantial challenges recently. Factors like load shedding, supply chain disruptions, a weaker consumer environment, and intensified competition have squeezed profit margins. Mr. Price, similar to its industry counterparts, contended with these challenges, especially as most of its stores lacked backup power solutions, and consumers redirected their spending toward essentials like food and travel. Despite these challenges, our investment philosophy and process have identified substantial upside potential in Mr. Price’s current price. Our analysis suggests that the market may be overestimating the long-term impact of loadshedding and the weakened consumer environment. Additionally, concerns surrounding Mr. Price’s acquisitive growth strategy have weighed on its valuation.

Taking all these factors into account, we are optimistic about Mr. Price’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.

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.

cpi: 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.



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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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Zaid Paruk — Portfolio Manager & Analyst
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Registration number: 2005/013315/07

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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.

Below are fund specific risks:

Default risk: The risk that the issuers of fixed income instruments (e.g. bonds) may not be able to meet interest payments nor repay the money they have borrowed. The issuers credit quality is vital. The worse the credit quality, the greater the risk of default and therefore investment loss.

Derivatives risk: The use of derivatives could increase overall risk by magnifying the effect of both gains and losses in a Fund. As such, large changes in value and potentially large financial losses could result.

Developing Market (excluding SA) risk: Some of the countries invested in may have less developed legal, political, economic and/or other systems. These markets carry a higher risk of financial loss than those in countries generally regarded as being more developed.

Foreign Investment risk: Foreign securities investments may be subject to risks pertaining to overseas jurisdictions and markets, including (but not limited to) local liquidity, macroeconomic, political, tax, settlement risks and currency fluctuations.

Interest rate risk: The value of fixed income investments (e.g. bonds) tends to be inversely related to interest and inflation rates. Hence their value decreases when interest rates and/or inflation rises.

Property risk: Investments in real estate securities can carry the same risks as investing directly in real estate itself. Real estate prices move in response to a variety of factors, including local, regional and national economic and political conditions, interest rates and tax considerations.

Currency exchange risk: Changes in the relative values of individual currencies may adversely affect the value of investments and any related income.

Geographic / Sector risk: For investments primarily concentrated in specific countries, geographical regions and/or industry sectors, their resulting value may decrease whilst portfolios more broadly invested might grow.

Derivative counterparty risk: A counterparty to a derivative transaction may experience a breakdown in meeting its obligations thereby leading to financial loss.

Liquidity risk: If there are insufficient buyers or sellers of particular investments, the result may lead to delays in trading and being able to make settlements, and/or large fluctuations in value. This may lead to larger financial losses than expected.

Equity investment risk: Value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. bankruptcy), the owners of their equity rank last in terms of any financial payment from that company.

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 15:00 or 17:00 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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