

WHAT IS THE FUND'S OBJECTIVE?

The fund aims to maximise long-term growth from investing in a select group of small to medium-sized JSE-listed companies.

It seeks to outperform the combined JSE Mid and Small Cap Indices.

WHAT DOES THE FUND INVEST IN?

The fund invests in companies outside the forty largest companies on the JSE, across all primary equity sectors (resources, industrials and financials).

The fund will be fully invested in shares.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS



The fund actively seeks out attractively valued companies that could offer strong long-term growth.

Shares are selected following rigorous research into the long-term potential of a company, and whether it is currently attractively valued relative to its sector.

Shares can be volatile investments, and smaller companies in particular may experience price swings. Smaller companies have fewer shares trading freely in the market, which can restrict trading and amplify price movements. Consequently, there is a heightened risk of capital loss over the short term.

However, given its focus on investing only in attractively valued shares that could offer long-term growth, the fund may preserve capital better than its benchmark over the long run.

The fund is concentrated and only invests in one sector of the market, making it riskier than a general equity fund.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The fund is managed to deliver the best possible returns over the long term; an investment horizon of five years or more is therefore ideal.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are building wealth, and who

- ▶ wish to benefit from the potential growth in medium-size and small companies;
- ▶ want to diversify their investments to include specific exposure to companies outside of the top forty largest listings;
- ▶ accept the inherent volatility in investing in less liquid shares;
- ▶ want to hold the Smaller Companies Fund as one of multiple funds in their investment portfolio.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 1.00% (excl. VAT) is payable.

Fund expenses that are incurred in the fund include trading, custody and audit charges. All performance information is disclosed after deducting all fees and other portfolio costs.

We do not charge fees to access or withdraw from the fund.

More detail is available on www.coronation.com.

WHO ARE THE FUND MANAGERS?



ALISTAIR LEA
CA (SA), CFA



SIPHAMANDLA SHOJI
BSc (Actuarial)

GENERAL FUND INFORMATION

Launch Date	1 April 1997
Fund Class	R
Benchmark	Composite: JSE Mid & Small Cap Indices
Fund Category	South African – Equity – Mid and Small Cap
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORSPEG
ISIN Code	ZAE000019824
JSE Code	COSG

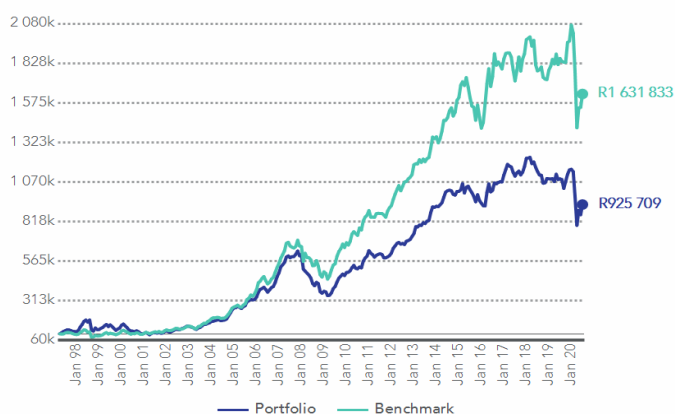
CLASS R as at 30 June 2020

Fund category	South African - Equity - Mid & Small Cap
Launch date	01 April 1997
Fund size	R95.49 million
NAV	5588.52 cents
Benchmark/Performance	Composite: FTSE/JSE Africa Mid & Small Cap Indices
Fee Hurdle	Cap Indices
Portfolio manager/s	Alistair Lea and Siphamandla Shozi

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.22%	1.21%
Fund expenses	1.00%	1.00%
VAT	0.07%	0.07%
	0.15%	0.15%
Transaction costs (inc. VAT)	0.13%	0.17%
Total Investment Charge	1.35%	1.38%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	825.7%	1531.8%	(706.1)%
Since Launch (annualised)	10.0%	12.8%	(2.7)%
Latest 20 years (annualised)	10.9%	14.9%	(4.0)%
Latest 15 years (annualised)	8.3%	12.2%	(3.9)%
Latest 10 years (annualised)	6.0%	8.4%	(2.4)%
Latest 5 years (annualised)	(1.9)%	0.3%	(2.2)%
Latest 3 years (annualised)	(5.8)%	(1.6)%	(4.1)%
Latest 1 year	(15.1)%	(12.2)%	(2.8)%
Year to date	(19.6)%	(21.2)%	1.6%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	18.5%	17.4%
Sharpe Ratio	0.04	0.20
Maximum Gain	67.2%	63.6%
Maximum Drawdown	(50.2)%	(38.2)%
Positive Months	60.9%	61.3%

	Fund	Date Range
Highest annual return	68.3%	May 1997 - Apr 1998
Lowest annual return	(41.4)%	Nov 2007 - Oct 2008

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2020	(1.3)%	(13.9)%	(19.0)%	12.2%	(3.2)%	7.6%							(19.6)%
Fund 2019	(0.1)%	0.2%	(1.8)%	4.5%	(3.1)%	0.5%	(0.4)%	(5.3)%	4.3%	4.2%	2.5%	0.4%	5.6%
Fund 2018	0.1%	0.4%	(3.4)%	0.9%	(2.8)%	(2.3)%	(1.9)%	(0.1)%	(4.6)%	0.3%	2.6%	(0.2)%	(10.7)%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2020
Domestic Assets	100.0%
■ Equities	95.4%
Basic Materials	12.0%
Industrials	10.0%
Consumer Goods	12.0%
Health Care	5.6%
Consumer Services	22.5%
Telecommunications	0.8%
Financials	25.0%
Technology	6.0%
Derivatives	1.5%
■ Real Estate	2.5%
■ Commodities	1.0%
Metals	1.0%
■ Cash	1.1%

TOP 10 HOLDINGS

As at 30 Jun 2020	% of Fund
RMI Holdings	6.3%
Spar Group Ltd	5.7%
Quilter plc	5.5%
Metair Investments Ltd	5.4%
Allied Electronics Corp	4.8%
Advtech Ltd	4.4%
Mr Price Group Ltd	4.3%
Distell Group Ltd	4.0%
PSG Group	3.8%
Coronation Fund Managers Limited	3.7%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2020	01 Apr 2020	204.99	191.64	13.35
30 Sep 2019	01 Oct 2019	74.64	70.41	4.23
29 Mar 2019	01 Apr 2019	34.54	31.69	2.85
28 Sep 2018	01 Oct 2018	70.18	67.92	2.25

Please note that the commentary is for the retail class of the Fund.

In the second quarter of 2020 (Q2-20), the Fund returned 16.8%, regaining some of the lost ground experienced in the first quarter. Despite the recovery, the Fund's one-, three- and five-year returns still show -15.1%, -5.8% and -1.9% per annum (p.a.) respectively. It has been a tough period for small cap shares over the last few years. The Fund remains the top-performing small/mid-cap fund over three- and five-year periods.

Markets all over the world recovered strongly as lockdown restrictions were eased, with some businesses being allowed to operate, albeit under some form of restrictions, resulting in reduced operational capacity. Fears of a liquidity crunch quickly evaporated as central banks intervened and governments initiated historic stimulus to support businesses and employees. All of this has led to markets recovering to pre-Covid-19 levels.

On the domestic economy front, things are not looking as positive. The stimulus announced with much fanfare doesn't seem to be reaching those who need it most. Our fiscal response is limited by our weak public finances. Companies are reporting retrenchments as they seek to offset lost revenues, which will worsen the employment situation and deplete the spending capacity of the consumer.

Given the economic environment we find ourselves in, we have doubled our efforts in understanding the medium- and long-term effects to various industries and businesses. We know that, in these uncertain times, the market creates mispriced assets that can be taken advantage of by the disciplined investor. We have sharpened our pencils on the balance sheets of businesses, stress-testing various scenarios to get a handle on the most vulnerable. Overall, we have not changed our investment process, but have intensified it even further, as we believe opportunities will continue to present themselves.

The largest addition to the Fund over the past quarter was Woolworths (WHL), which came into our universe after dropping out of the Top 40 largest shares. WHL is a well-managed, Southern Hemisphere retail group with operations in both South Africa (SA) and Australia. The SA food operation, which comprises just under half of value, is a high-quality business with strong franchise value, an aspirational brand and significant opportunity for further share gains as it transitions from a niche to a mainstream food retailer. The clothing business combines both SA (15%) and Australian (30%) operations into a scale apparel player, with opportunity to extract synergies as both enjoy common seasonality. The improved buying power should allow for superior negotiating power with suppliers, driving better value for customers. The Australian business has had a couple of false starts due to specific issues we believe are being corrected and should be resolved in time. WHL is attractively valued; trading on 7.1 times our assessment of normal earnings.

We have been reducing our stake in Cartrack. The share has performed very well for us and held up well against most stocks that had come under pressure during the sell-off. We used the proceeds to take advantage of mispriced opportunities.

While things remain as uncertain as ever, we continue to build resilient portfolios that should be able to withstand challenges within our given universe of stocks.

Portfolio managers**Alistair Lea and Siphamandla Shozi**

as at 30 June 2020

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION SMALLER COMPANIES FUND

The Smaller Companies Fund should be considered a long-term investment. The value of units may go down as well as up, and therefore Coronation does not make any guarantees with respect to the protection of capital or returns. Asset allocation and top 10 holdings are reflected on a look-through basis. Coronation Management Company (RF) (Pty) Ltd is a Collective Investment Schemes Manager approved by the Financial Sector Conduct Authority in terms of the Collective Investment Schemes Control Act. Portfolio managed by Coronation Asset Management (Pty) (FSP 548) Ltd, an authorised financial services provider. The Management Company reserves the right to close the fund to new investors if we deem it necessary to limit further inflows in order for it to be managed in accordance with its mandate. Unit trusts are allowed to engage in scrip lending and borrowing. Standard Chartered has been appointed as trustees for the fund (www.sc.com/za; 011-2176600). Coronation is a full member of the Association for Savings & Investment SA (ASISA).

HOW ARE UNITS PRICED AND AT WHICH PRICE WILL MY TRANSACTION BE EXECUTED?

Unit trusts are traded at ruling prices set on every trading day. Fund valuations take place at approximately 15h00 each business day, except at month end when the valuation is performed at approximately 17h00 (JSE market close) and forward pricing is used. Instructions must reach the Management Company before 14h00 (12h00 for the Money Market Fund) to ensure same day value. The payment of withdrawals may be delayed in extraordinary circumstances, when the manager with the consent of the fund trustees deem this to be in the interest of all fund investors. These circumstances may include periods when significant underlying markets suspend trading which will prevent accurate valuation of the instruments held in the fund. When the suspension of trading relates to only certain assets held by the fund, these assets may be side-pocketed. This process allows normal liquidity on the assets that can be valued, but will delay liquidity on the affected portion of the fund. If the fund is faced with excessive withdrawals, the affected withdrawals may be ring-fenced, which is the separation and delayed sale of the assets reflecting the interest of the liquidity seeking investors. It ensures that the sale of a large number of units will not force Coronation to sell the underlying investments in a manner that may have a negative impact on remaining investors of the fund.

HOW WAS THE PERFORMANCE INFORMATION INCLUDED IN THIS FACT SHEET CALCULATED?

Performance is calculated by Coronation as at the last day of the month for a lump sum investment using Class A NAV prices with income distributions reinvested. All underlying price and distribution data is sourced from Morningstar. Performance figures are quoted after the deduction of all costs (including manager fees and trading costs) incurred within the fund. Note that individual investor performance may differ as a result of the actual investment date, the date of reinvestment of distributions and dividend withholding tax, where applicable. Annualised performance figures represent the geometric average return earned by the fund over the given time period. Unannualised performance represents the total return earned by the fund over the given time period, expressed as a percentage.

WHAT IS THE TOTAL EXPENSE RATIO (TER) AND TRANSACTION COSTS (TC)?

TER is calculated as a percentage of the average net asset value of the portfolio incurred as charges, levies and fees in the management of the portfolio. The TER charged by any underlying fund held as part of a fund's portfolio is included in the fund expenses portion of the TER, but trading and implementation costs incurred in managing the fund are excluded. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. The 1 year TER is for the 12 months to end of September 2019 (updated annually). The 3 year TER is for a rolling 36-month period to the last quarter end (December, March, June and September).

Transaction costs are a necessary cost in managing a fund and impacts the fund's return. They should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, the investment decisions of the investment manager and the TER.

The Total Investment Charge is the sum of the Total Expense Ratio (TER) and transaction costs.

ADVICE AND PLATFORM COSTS

Coronation does not provide financial advice. If you appoint an adviser, advice fees are contracted directly between you and the adviser. For more information please contact the relevant platform (Linked Investment Service Provider or Life Assurance Provider).

WHERE CAN I FIND ADDITIONAL INFORMATION?

Additional information such as daily fund prices, brochures, application forms and a schedule of fund fees and charges is available on our website, www.coronation.com

IMPORTANT INFORMATION REGARDING TERMS OF USE

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