

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**Risk Profile****Maximum growth/
minimum income exposures**

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

GENERAL FUND INFORMATION

Launch Date	1 April 1997
Fund Class	R
Benchmark	Market-cap weighted 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

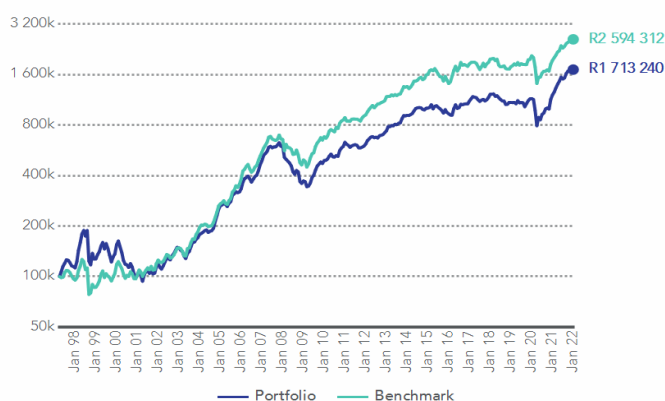
CLASS R as at 31 December 2021

Fund category	South African - Equity - Mid & Small Cap
Launch date	01 April 1997
Fund size	R348.88 million
NAV	9652.82 cents
Benchmark/Performance	Market-cap weighted composite:
Fee Hurdle	FTSE/JSE Africa Mid & Small Cap Indices
Portfolio manager/s	Alistair Lea

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.20%	1.21%
Fund expenses	0.98%	0.99%
VAT	0.07%	0.08%
Transaction costs (inc. VAT)	0.15%	0.15%
Total Investment Charge	0.26%	0.20%
	1.46%	1.41%

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)	1613.2%	2494.3%	(881.1)%
Since Launch (annualised)	12.2%	14.1%	(1.9)%
Latest 20 years (annualised)	14.2%	16.4%	(2.1)%
Latest 15 years (annualised)	8.7%	10.9%	(2.2)%
Latest 10 years (annualised)	10.8%	10.9%	(0.2)%
Latest 5 years (annualised)	9.0%	6.9%	2.1%
Latest 3 years (annualised)	16.3%	13.3%	3.0%
Latest 1 year	41.5%	33.3%	8.2%
Year to date	41.5%	33.3%	8.2%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	18.4%	17.2%
Sharpe Ratio	0.18	0.30
Maximum Gain	67.2%	63.6%
Maximum Drawdown	(50.2)%	(38.2)%
Positive Months	62.3%	62.6%

	Fund	Date Range
Highest annual return	79.4%	Jun 2020 - May 2021
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 2021	4.0%	5.6%	5.4%	4.2%	5.8%	(2.6)%	1.7%	6.3%	3.1%	2.4%	(3.4)%	3.4%	41.5%
Fund 2020	(1.3)%	(13.9)%	(19.0)%	12.2%	(3.2)%	7.6%	1.9%	5.9%	1.3%	(1.5)%	14.2%	6.4%	5.1%
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)%
Fund 2017	3.2%	2.8%	(0.9)%	(0.5)%	(3.0)%	(2.2)%	1.9%	1.0%	(2.2)%	1.6%	3.1%	4.6%	9.6%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2021
Domestic Assets	100.0%
■ Equities	94.7%
Basic Materials	5.9%
Industrials	12.8%
Consumer Goods	8.0%
Health Care	3.3%
Consumer Services	21.0%
Telecommunications	2.6%
Energy	2.3%
Financials	33.5%
Technology	2.0%
Derivatives	3.3%
■ Preference Shares & Other Securities	3.7%
■ Real Estate	0.9%
■ Cash	0.6%

TOP 10 HOLDINGS

As at 31 Dec 2021	% of Fund
RMI Holdings	5.6%
Spar Group Ltd	5.5%
PSG Group	4.0%
Metair Investments Ltd	3.7%
Reinet Investment SCA	3.7%
Mondi Limited	3.6%
Wilson Bayly-Ovcon	3.6%
Invicta Holdings Ltd	3.4%
Nedbank Group Ltd	3.3%
Aspen Phamacare Holdings Ltd	3.3%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2021	01 Oct 2021	219.90	214.95	4.95
31 Mar 2021	01 Apr 2021	333.27	329.77	3.50
30 Sep 2020	01 Oct 2020	36.40	34.80	1.60
31 Mar 2020	01 Apr 2020	204.99	191.64	13.35

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

The Fund has had a successful year, delivering a return of 41.5%. Over three years, the Fund has returned 16.3% per year, making it the best performing fund in its category and the fourth consecutive year in which the Fund has achieved this. Looking back on the difficulties that the world has faced over the past two years, we still find it somewhat surprising that the Fund (and equity returns in general) has performed as well as it has. This is partly testament to the resilience of many SA companies, as well as the willingness of markets to place high ratings on equities in general.

The two largest additions to the Fund in the past quarter were Santam and Telkom. Santam has been a very successful business for many years. As a consequence, it has often been valued by the market at levels that don't offer much upside. As a short-term insurer, the Covid-19 pandemic has not been positive for the business, and Santam's share price has therefore performed poorly relative to many other shares we hold. We are always on the lookout for a good entry point into high-quality shares, and we think that this was the case here.

Telkom is not known for being a high-quality business. It operates in a highly competitive telecoms industry, and its legacy fixed line voice business has declined significantly in relevance over the past few decades. It is also burdened by a large SA government shareholding, which is never a positive when trying to run a commercial business. Despite all of this, Telkom has been very well run for the past five years, and the business has been repositioned in much higher growth and more relevant technologies, mobile and fibre. Telkom Mobile has arguably emerged as the most credible third operator in the mobile landscape, and Openserve, Telkom's fibre business, is the market leader. We believe that Openserve is significantly undervalued within the Telkom stable, and that a separate listing of this business would unlock value for Telkom shareholders.

The two largest sells in the quarter were Distell and ADvTECH. The Heineken offer to buy Distell was announced in the quarter and has capped the upside in the share, especially considering the considerable amount of time before shareholders will receive the offer proceeds. We think we can do better in other shares than the return we will get from holding onto Distell.

ADvTECH has been a remarkable performer over the past few years, both from a business sense and as a share. At R19, the price at which we trimmed our holding, the upside no longer justified a high weighting within the Fund. We continue to hold ADvTECH and remain optimistic about both its schools and tertiary businesses.

Moving into 2022, our hope is that the world can move beyond treating Covid-19 as a pandemic and the quoting of case numbers on a daily basis. We further hope that the seemingly milder Omicron variant will allow us all to return to some level of normalcy. This would, in all likelihood, be positive for everyone, markets included.

Portfolio manager**Alistair Lea**

as at 31 December 2021

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 R 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.

BENCHMARK DETAILS

The benchmark used for performance purposes is a free-float market cap weighted index of small and mid-cap indices excluding real estate.

Note that we use the FTSE/JSE Africa Small Cap Index for compliance monitoring purposes.

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 the current financial year (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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