

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

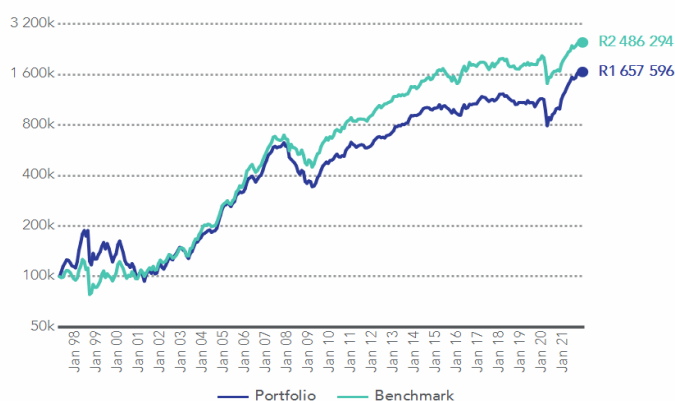
CLASS R as at 30 November 2021

Fund category	South African - Equity - Mid & Small Cap
Launch date	01 April 1997
Fund size	R337.41 million
NAV	9339.31 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)	1557.6%	2386.3%	(828.7)%
Since Launch (annualised)	12.1%	13.9%	(1.9)%
Latest 20 years (annualised)	14.3%	16.4%	(2.1)%
Latest 15 years (annualised)	8.9%	11.0%	(2.1)%
Latest 10 years (annualised)	10.7%	10.6%	0.1%
Latest 5 years (annualised)	9.2%	6.8%	2.4%
Latest 3 years (annualised)	14.9%	13.0%	1.9%
Latest 1 year	45.6%	34.7%	11.0%
Year to date	36.9%	27.8%	9.1%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	18.4%	17.2%
Sharpe Ratio	0.17	0.29
Maximum Gain	67.2%	63.6%
Maximum Drawdown	(50.2)%	(38.2)%
Positive Months	62.2%	62.5%

	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)%		36.9%
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	30 Nov 2021
Domestic Assets	100.0%
■ Equities	95.2%
Basic Materials	6.1%
Industrials	12.8%
Consumer Goods	12.2%
Health Care	3.6%
Consumer Services	20.8%
Telecommunications	0.6%
Energy	2.4%
Financials	32.3%
Technology	2.1%
Derivatives	2.3%
■ Preference Shares & Other Securities	3.6%
■ Real Estate	0.9%
■ Cash	0.3%

TOP 10 HOLDINGS

As at 30 Sep 2021	% of Fund
Spar Group Ltd	6.0%
RMI Holdings	5.4%
Distell Group Ltd	4.8%
Metair Investments Ltd	4.7%
Aspen Phamacare Holdings Ltd	4.5%
Advtech Ltd	3.9%
Nedbank Group Ltd	3.8%
Invicta Holdings Ltd	3.6%
Mondi Limited	3.4%
Wilson Bayly-Ovcon	3.4%

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 had another strong quarter, delivering an 11.6% return. It remains the best performing small and mid-cap fund over 1, 3 and 5 years, delivering a return of 16.5% per annum for the past three years. We are very happy with this performance relative to inflation and competitor funds.

Corporate actions by shares that are held in the Fund gave it a decent boost during the quarter. The Fund has already benefited from Distell's announcement of a potential deal with Heineken and has recently been on the right side of a few other corporate announcements.

AVI, the Fund's largest purchase in the quarter, issued a cautionary that we suspect could relate to international interest in some of its businesses. Likewise, Omnia issued a similar cautionary that again resulted in a positive share price reaction. We suspect that this could relate to interest in its international biological fertiliser business, which has become a fast-growing and attractive business because its biological product is considered more environmentally friendly than chemical fertilisers.

The third announcement came from RMI, a top-five holding in the Fund, announcing a string of corporate actions (including the unbundling of their holdings in Discovery and MMI and a rights issue to reduce centre debt), which we think is positive. Again, the share price reacted favourably to the announcement.

While we don't buy shares based on the potential for corporate activity, we are often well aware of this possibility. AVI has a portfolio of very dominant and attractive brands that would be desirable to a global FMCG company seeking exposure to South Africa and Africa (Much like PepsiCo's purchase of Pioneer Foods a few years ago). For a while now, Omnia management has been saying that their biological fertiliser business is experiencing rapid growth and would be attractive to a competitor wishing to gain exposure to this growing segment of the fertiliser market. Due to the large discount inherent in similar structures, RMI's holding company structure, with large stakes in two listed companies, has increasingly been questioned by investors.

The Fund owns a few other shares where value-enhancing corporate activity is a real possibility. Zeder has publicly announced its intention to realise possible value for some of its assets. Ethos Capital, a large shareholder (and manager) in Brait, has also made it clear that it wishes to sell assets held by Brait. Lastly, Metair announced a while ago that it had received expressions of interest in its energy storage businesses. While the Covid pandemic disrupted progress in exploring this further, we expect that this potential avenue of unlocking value may now be put back to the table.

The two largest disposals in the quarter were Exxaro and Mpac. Exxaro is the largest coal mining business in South Africa and is also a shareholder in Kumba Iron Ore. While coal still has a big role to play in the energy future of the world and South Africa, there is immense pressure to move to greener sources of energy. Exxaro sees these pressures and has announced an ambitious plan to diversify its business away from coal. While we can't argue with these plans, they do present risks to shareholders. Although we see coal remaining a dominant part of our country's energy mix for a while still, owners of coal mines face an uncertain future. As such, we chose to sell our share in Exxaro.

We reduced our position size in Mpac following its very strong performance in the past year (up more than three-fold from its lows). It remains a large holding in the Fund.

Portfolio managers

Alistair Lea

as at 30 September 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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