

**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 that form part of the JSE Small or Mid Cap Indices, or in companies that have a market capitalisation smaller than the company with the lowest market capitalisation in the JSE Large Cap Index.\*

\*The investment universe has been amended to align with the ASISA category specifications for Mid and Small Cap Funds

**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 JSE Large Cap Index;
- 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](http://www.coronation.com).

**WHO ARE THE FUND MANAGERS?**

**ALISTAIR  
LEA**  
CA (SA), CFA

**GENERAL FUND INFORMATION**

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

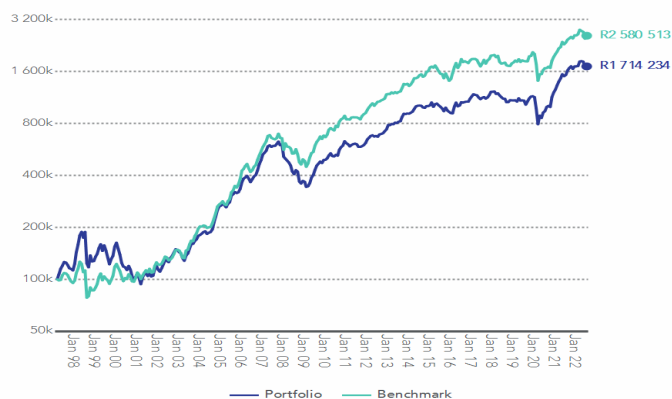
CLASS R as at 31 July 2022

ASISA Fund Category	South African - Equity - Mid & Small Cap
Launch date	01 April 1997
Fund size	R371.62 million
NAV	9603.53 cents
Benchmark	Market-cap weighted composite: 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%	0.07%
Transaction costs (inc. VAT)	0.15%	0.15%
Total Investment Charge	0.26%	0.23%
	1.46%	1.43%

## 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)	1614.2%	2480.5%	(866.3)%
Since Launch (annualised)	11.9%	13.7%	(1.8)%
Latest 20 years (annualised)	14.0%	16.2%	(2.2)%
Latest 15 years (annualised)	7.3%	9.6%	(2.3)%
Latest 10 years (annualised)	9.9%	9.2%	0.6%
Latest 5 years (annualised)	8.7%	7.7%	1.1%
Latest 3 years (annualised)	16.5%	11.9%	4.5%
Latest 1 year	12.1%	9.4%	2.7%
Year to date	0.1%	(0.5)%	0.6%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	18.3%	17.1%
Sharpe Ratio	0.17	0.29
Maximum Gain	67.2%	63.6%
Maximum Drawdown	(50.2)%	(38.2)%
Positive Months	62.5%	62.2%

	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 2022	0.2%	0.2%	6.4%	0.4%	(0.6)%	(7.9)%	1.9%						0.1%
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)%

## PORTFOLIO DETAIL

## EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Jul 2022
<b>Domestic Assets</b>	<b>100.0%</b>
■ <b>Equities</b>	<b>98.7%</b>
Basic Materials	6.9%
Industrials	13.2%
Consumer Goods	11.9%
Health Care	2.4%
Consumer Services	20.4%
Telecommunications	3.3%
Financials	33.4%
Technology	4.5%
Derivatives	2.7%
■ <b>Real Estate</b>	<b>1.0%</b>
■ <b>Cash</b>	<b>0.3%</b>

## TOP 10 HOLDINGS

As at 30 Jun 2022	% of Fund
Spar Group Ltd	6.2%
Hosken Consolidated Investments	5.2%
Invicta Holdings Ltd	3.8%
Reinet Investment SCA	3.6%
PSG Group	3.5%
RMI Holdings	3.4%
Metair Investments Ltd	3.2%
Advtech Ltd	3.0%
Sanlam Life Assurance Limited	2.9%
Telkom SA Ltd	2.8%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2022	01 Apr 2022	58.71	54.60	4.12
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

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

The second quarter of the year (Q2-22) has been a tough period, with the Fund declining by 7.9%. Over three years, the Fund has returned 15.6% per year, making it the best performing fund in its category.

The two largest additions to the Fund in the quarter were Bytes Technology Group and Astral Foods.

The tech-led market sell-off has not spared Bytes, with its share price falling some 30% year to date. This is despite the company reporting very strong results and confirming their very positive outlook going forward. Bytes continues to grow its earnings strongly, on the back of very strong growth in Microsoft's cloud service. Bytes also has enviable financial metrics – high returns on equity and cash flows which are likely to exceed reported earnings. This allows the company to pay healthy dividends as well as special dividends. It is unusual for a company growing strongly to also be able to pay strong dividends.

While Astral is a very different business to Bytes (it's a poultry business), it is similar in that it has very strong fundamentals – strong demand for its product, high returns on capital and healthy cash flows. It also has a strong balance sheet, which allows it to pay a good portion of its earnings as dividends. Global feed costs (maize and soya) are currently elevated due to the supply disruptions from the war in Ukraine. This is negative for Astral in that feed costs make up a material portion of their cost of sales and is the reason why the share price has been under pressure. However, it is encouraging that Astral has been able to pass on a good portion of these costs in price increases and maintain a level of profitability. This shows how important chicken is as a protein source in South Africa. What excites us is what Astral can do when feed costs normalise.

The two largest sells in the quarter were Pick n Pay and Discovery.

We did not hold Pick n Pay for long, having changed our mind on the investment merits of the business. The new CEO has recently come out with some very ambitious targets for the business, one of which is to grow revenues by a compound annual growth rate of 10% for the next four years. This is very strong growth, far stronger than what was achieved in the past five years, and it will require significant investment to have a chance of being achieved. It does however introduce far more risk into the investment proposition, and we are somewhat sceptical of whether such a change of fortunes for the business can be achieved.

We inherited the Discovery position after RMI Holdings unbundled these shares to its shareholders. Being a large cap company, our mandate does not allow us to hold Discovery, and we therefore sold our position.

SA mid and small caps have performed very well in the past few years, especially relative to many of the larger cap shares that are more exposed to global issues and volatility. This quarterly correction is not unexpected, and we suggested in our Q1-22 commentary that the performance of the past few years was unlikely to be matched going forward. We continue to hold a diversified portfolio of mostly high-quality businesses which we think are attractively valued. As such, we are optimistic on the Fund's prospects over the medium to long term while accepting that returns in the short term are unpredictable.

**Portfolio manager**  
**Alistair Lea**  
as at 30 June 2022

**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](http://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 underlying 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 previous financial year (updated annually). The 3 year TER is for a rolling 36-month period to the last available 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](http://www.coronation.com)

**IMPORTANT INFORMATION REGARDING TERMS OF USE**

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