

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 fund is mandated to use derivative instruments for efficient portfolio management purposes.

*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



■ Growth Assets: 100%
■ Income Assets: 0%

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.

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 excluding real estate
ASISA 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

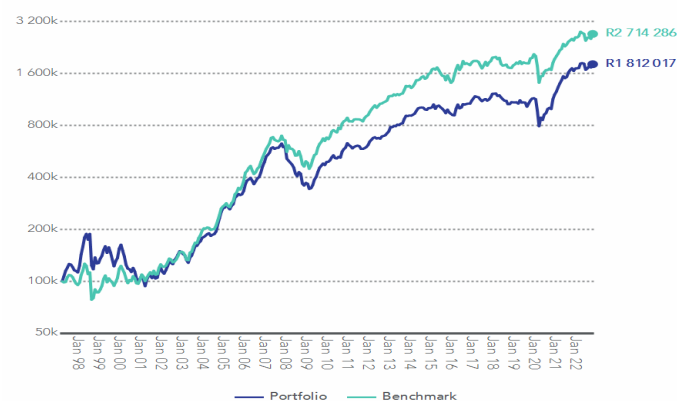
CLASS R as at 31 October 2022

ASISA Fund Category	South African - Equity - Mid & Small Cap
Launch date	01 April 1997
Fund size	R388.61 million
NAV	9786.33 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%	1.20%
Fund expenses	0.98%	0.99%
VAT	0.07%	0.07%
Transaction costs (inc. VAT)	0.15%	0.15%
Total Investment Charge	0.26%	0.22%
	1.46%	1.42%

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)	1712.0%	2614.3%	(902.3)%
Since Launch (annualised)	12.0%	13.8%	(1.8)%
Latest 20 years (annualised)	13.5%	16.0%	(2.4)%
Latest 15 years (annualised)	7.3%	9.5%	(2.2)%
Latest 10 years (annualised)	9.9%	9.5%	0.5%
Latest 5 years (annualised)	9.9%	7.9%	2.0%
Latest 3 years (annualised)	17.5%	11.4%	6.0%
Latest 1 year	5.6%	6.8%	(1.2)%
Year to date	5.8%	4.6%	1.1%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	18.2%	17.1%
Sharpe Ratio	0.18	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%	3.0%	(1.8)%	4.6%			5.8%
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 Oct 2022
Domestic Assets	100.0%
■ Equities	99.2%
Basic Materials	4.7%
Industrials	17.2%
Consumer Goods	11.5%
Health Care	2.4%
Consumer Services	23.4%
Telecommunications	2.3%
Financials	31.4%
Technology	4.0%
Derivatives	2.2%
■ Real Estate	0.4%
■ Cash	0.4%

TOP 10 HOLDINGS

As at 30 Sep 2022	% of Fund
Spar Group Ltd	6.4%
Hosken Consolidated Investments	5.7%
Metair Investments Ltd	3.7%
Advtech Ltd	3.5%
RMI Holdings	3.4%
Reinet Investment SCA	3.3%
Invicta Holdings Ltd	3.2%
Telkom SA Ltd	3.1%
KAP International Holdings Ltd	3.0%
Sanlam Life Assurance Limited	2.8%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2022	03 Oct 2022	351.57	345.81	5.76
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

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

Performance

It has been another tough quarter for equity markets and, to a lesser extent, the Fund. The Fund returned 3.0% in the quarter and 17.3% per year for the past three years, making it the second-best performing fund in its category. The current macro environment is marked by high inflation, rising interest rates and global geopolitical uncertainty, all of which are negative for equities, with returns in the short term bearing witness to this. However, this is providing some very good opportunities to buy materially undervalued shares. As such, we remain positive on the medium- to longer-term prospects for the Fund.

Fund positioning

The two largest additions to the Fund in the quarter were CA Sales Holdings and Hudaco.

CA Sales offers route-to-market services (across BNLS* countries) to blue-chip brand owners of FMCG (fast-moving consumer goods) products. This includes distribution, warehousing and merchandising. The business was unbundled out of PSG Group as part of PSG's delisting from the JSE. CA Sales is a relatively small and unknown company, and it is our belief that many PSG shareholders who received CA Sales shares were sellers. As such, the share price has come under undue pressure in its first month as a listed company, which we think has been a good opportunity to acquire shares. We think it's a decent quality business for the following reasons:

- It has grown earnings per share by a compound annual growth rate of around 15% for the past seven years;
- It has generated good cash flows in this time;
- Its returns on equity are reasonable at about 15%; and
- It has good prospects to continue delivering strong growth.

At the current share price, it trades on between a 6 and 7 times forward multiple.

Hudaco is a distributor of engineering consumables and consumer products. It has been a very good business for decades, generating a lot of cash and decent returns on equity. It is one of the best managed small caps in South Africa, and has done an outstanding job of allocating capital between share buybacks, dividends and small value accretive acquisitions. It is currently trading on about a 7.2 times forward multiple, which is too low for a business of this quality.

The two largest sells in the quarter were Omnia and Pan African Resources (Pan).

Omnia has been a fantastic holding for the Fund. The business has performed well in the past few years, driven by very strong demand for its fertiliser and has also managed to sell its bio-fertiliser business, Oro Agri, for a great price. This enabled Omnia to pay a special dividend. Our decision to sell was based on the fact that Omnia no longer offers significant upside to our assessment of fair value.

We have held Pan, a gold miner, predominantly for the portfolio diversification benefits of gold. However, as shares have become increasingly cheap, the competition for a place in the portfolio has increased, and some shares had to give way. The company also seems keen to expand its exploration into Africa, which we think adds to the risk of holding the share.

Portfolio manager

Alistair Lea

as at 30 September 2022

** Botswana, Namibia, Lesotho and Swaziland*

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 is a free-float market cap weighted index of small and mid-cap indices excluding real estate.

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 over the period referenced. 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

IMPORTANT INFORMATION REGARDING TERMS OF USE

This document is for information purposes only and does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase any particular investment. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance upon the information.