

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

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
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORSPEG
ISIN Code	ZAE00019824
JSE Code	COSG

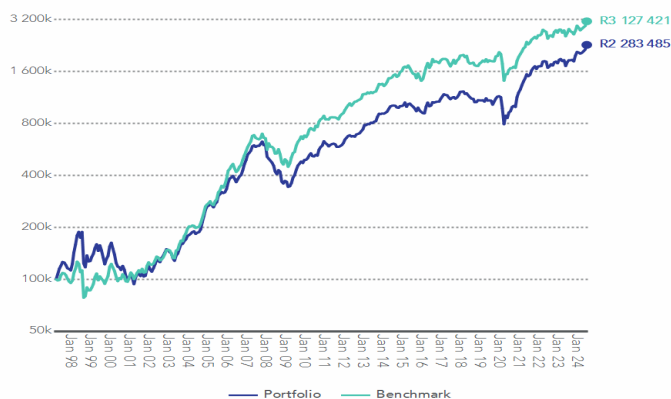
CLASS R as at 30 June 2024

ASISA Fund Category	South African - Equity - Mid & Small Cap
Launch date	01 April 1997
Fund size	R489.56 million
NAV	11761.10 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	1.18%	1.18%
Fund expenses	0.99%	0.99%
VAT	0.04%	0.04%
Transaction costs (inc. VAT)	0.15%	0.15%
Total Investment Charge	0.08%	0.15%
	1.26%	1.33%

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)	2183.5%	3027.4%	(843.9)%
Since Launch (annualised)	12.2%	13.5%	(1.3)%
Latest 20 years (annualised)	13.3%	14.7%	(1.4)%
Latest 15 years (annualised)	12.3%	12.3%	0.0%
Latest 10 years (annualised)	8.5%	7.8%	0.7%
Latest 5 years (annualised)	15.9%	11.0%	5.0%
Latest 3 years (annualised)	15.0%	10.8%	4.2%
Latest 1 year	25.9%	16.8%	9.1%
Year to date	9.8%	6.0%	3.8%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	17.9%	16.9%
Sharpe Ratio	0.19	0.28
Maximum Gain	67.2%	63.6%
Maximum Drawdown	(50.2)%	(38.2)%
Positive Months	62.7%	61.8%

	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 2024	(0.8)%	(1.5)%	1.1%	2.0%	2.2%	6.5%							9.8%
Fund 2023	4.9%	0.9%	(2.8)%	1.4%	(7.6)%	5.3%	2.7%	0.0%	0.5%	(2.0)%	8.1%	5.0%	16.4%
Fund 2022	0.2%	0.2%	6.4%	0.4%	(0.6)%	(7.9)%	1.9%	3.0%	(1.8)%	4.6%	0.9%	(2.3)%	4.3%
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%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2024
Domestic Assets	100.0%
■ Equities	98.6%
Basic Materials	3.4%
Industrials	23.4%
Consumer Goods	10.4%
Health Care	3.3%
Consumer Services	24.7%
Financials	22.8%
Technology	4.7%
Derivatives	6.0%
■ Real Estate	0.2%
■ Cash	1.2%

TOP 10 HOLDINGS

As at 30 Jun 2024	% of Fund
Advtech Ltd	5.7%
Raubex Group	4.8%
Spar Group Ltd	4.7%
Quilter Plc	4.5%
Dis-chem Pharmacies Ltd	4.5%
Ca Sales Holdings Ltd	4.2%
Kap International Holdings Ltd	3.8%
Coronation Fund Managers Limited	3.5%
Invicta Holdings Ltd	3.4%
Aspen Phamacare Holdings Ltd	3.3%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
28 Mar 2024	02 Apr 2024	135.12	120.45	14.67
29 Sep 2023	02 Oct 2023	178.56	167.44	11.12
31 Mar 2023	03 Apr 2023	163.82	154.56	9.26
30 Sep 2022	03 Oct 2022	351.57	345.81	5.76

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

Performance

The Fund experienced a strong quarter (Q2-24), delivering a return of 11.1%. In the March commentary, we said that a benign SA election result could be positive for the Fund. While it is early days, our sense is that the election outcome is largely positive for our country and this is reflected in the strong share price performance of many businesses exposed to the SA economy as well as the relatively strong rand. The Fund has returned a compound annual growth rate of 15.0% for the past three years, making it the best fund in its category.

Fund positioning

The two biggest additions to the Fund in the quarter were Raubex and Metair.

Raubex is one of the largest construction companies in SA. Its recent results show that the company is in rude health, with an all-time high order book and good prospects to grow its earnings in the years ahead. Raubex, along with Wilson Bayly Holmes Ovcon (WBHO), are essentially the last men standing in the construction industry. Many listed competitors failed in the past decade as construction activity in SA all but dried up. We now have a situation where activity has picked up, and there are very few large contractors able to execute the work. This bodes well for Raubex and WBHO.

Metair is a manufacturer of automotive components and batteries. It has had a torrid few years, essentially the result of two issues. Firstly, one of its subsidiary businesses, Hesto, won a very large contract to supply wiring harnesses (these are the copper wires in a vehicle) to Ford which necessitated the building of a large new facility. This is the biggest single contract in Metair's history and has had several teething problems, which resulted in Hesto reporting a material loss in its first year of production for Ford. Secondly, Metair's largest battery manufacturing business is located in Turkey, which has been a tricky country to do business, to put it mildly. Inflation has been above 50%, and borrowing costs have also been in the region of 50%. These two factors have put significant strain on Metair's earnings and cash flow, resulting in uncomfortable levels of debt. A new management team has been introduced and we feel that they are starting to make progress on dealing with the issues. The market however is taking a wait-and-see attitude, with the share price remaining close to its multi-year lows. We are somewhat more hopeful that the negative issues of the past few years can be resolved, in which case Metair is worth materially more than its current depressed value.

The two biggest sells in the quarter were Nedbank and Mr Price.

We initially bought the position in Nedbank in the Covid panic months of 2020 when Nedbank fell below R100 per share and entered the universe of shares the Fund can invest in. At around R250 per share today, the easy money has largely been made, and Nedbank is more or less fairly valued and should now move in line with SA economic activity. As such, we sold out of Nedbank.

Our sell of Mr Price was valuation-driven. The share has been strong in the past year and, similar to Nedbank, is fairly valued. The outlook for the business is also muted, in our opinion, with the SA consumer under significant strain and an ever-evolving competitive landscape. The likes of Shein and Temu are now providing apparel consumers another shopping option at price points that Mr Price most likely cannot match.

Portfolio manager

Alistair Lea

as at 30 June 2024

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. Past performance is not necessarily an indication of future performance. 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) Ltd (FSP 548), 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

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