LAURIUM CAPITAL

LAURIUM LIMPOPO AFRICA FUND

Quarterly Commentary | June 2025

“Nothing ever happens” certainly can’t be used to describe this past quarter, which started with Trump’s seismic “Liberation Day” trade tariffs, spawned a new acronym in the TACO (Trump Always Chickens Out) trade and then ended with a bang or two in the Middle East.

And yet for African equity markets it felt like not much did actually happen – with a +3.4% return for the tumultuous April and +14% return for the quarter. Africa is still largely reliant on commodity exports, including gold, copper, and oil and gas rather than finished product exports to the US, and thus largely shrugged off trade war fears. Africa ex-SA equity markets are still primarily being driven by:

- extremely attractive valuations,
- ongoing strong recovery in GDP growth and company earnings following last year’s large currency devaluation in Nigeria and Egypt,
- the return of foreign investors back into frontier and small emerging markets,
- the return of local investors as local interest rates continue to fall from a high base,
- ongoing economic reforms, including a shift to sensible and orthodox economic and monetary policies and removal of costly subsidies, and
- generally successful refinancing and restructuring of expensive hard currency debt and reduction in debt sustainability fears.

Our benchmark index, the RisCura Africa RealView Index retuned +10.2% for the quarter and the MSCI Africa ex ZA TR index was up +10%.

The fund saw good returns from Nigeria, Ghana, Kenya, Egypt, Morocco and the Cote d’Ivoire-based regional BRVM. Mauritius proved to be the only detractor at country level. Nigeria, Ghana and Kenya together contributed close to 8% of the total return with the remaining countries contributing the remained in roughly equal proportions.

The resources and energy sector exposures were also strong contributors to performance, with global commodity prices enjoying strong upward movements year to date and stock selection within these sectors, positively adding to our returns.

Despite the recent fall in oil price Nigeria is slowly but surely regaining investor confidence. The Naira is around where it was 12 months ago vs the USD, and the rate appears to be genuinely market driven and funds are easily repatriated. Somewhat counterintuitively we are pleased to see a fair degree of volatility in the rate and would be more worried if we saw an unnaturally stable exchange rate. Nigeria’s gross foreign reserves now stand at USD37bn vs just over USD30bn in April last year.

Our telco stocks in Kenya and Ghana performed exceptionally well, returning 43% and 48% in dollars respectively. In Kenya's case this comes on the back of renewed foreign buying, and in Ghana's case the driver was a 50% strengthening of the Ghana Cedi as a result of the sustained high gold price and strong export volumes. Gold now accounts for almost 60% of the country's exports, and just under 10% of GDP.

We remain extremely confident about the near-term prospects for Africa as a whole, and, based on valuation and earnings growth prospects, our portfolio of companies in particular.

Performance declaration for Laurium Limpopo Africa Fund (Class A) Net of Fees	FUND (USD)	BENCHMARK Riscura RealView Africa ex SA TR Index
Annualised return since inception	+4.9%	-0.5%
Cumulative return since inception	+72.6%	-5.4%
1 Year	+39.3%	+38.8%
3 Years (annualised)	+20.3%	+10.8%
Fund inception date	1 January 2014	