



**LAURIUM
CAPITAL**

LAURIUM BCI STRATEGIC INCOME FUND

Commentary & Attribution | June 2025

April was a dramatic month in global financial markets as the steep “Liberation Day” tariff announcements on nearly all US trading partners led to a large global sell off and large spikes in volatility - across both equity and longer dated fixed income markets. The tariff announcements, subsequent escalations with China and extraordinary uncertainty surrounding the potential path forward immediately led investors to factor in the likelihood of a US recession with pricing of riskier assets responding accordingly. Fed Chair Powell warned that the announced tariffs were “significantly larger than expected” and that the Fed had an obligation to keep longer term inflation expectations anchored - the correct response for a central bank, but this promise was weakened by comments from the US President that undermined the Fed’s independence and raised questions as to whether the Fed Chair would be allowed to serve his remaining term unchallenged. In addition, the US dollar weakened along with US stocks as well as longer dated bond yields - surprising price action relative to previous risk off episodes and raising questions about the credibility of the new US administration as well as concerns that foreigners may be considering sales of their US Treasury holdings. Some calm started to return towards the end of the month as President Trump announced a 90-day pause to the reciprocal tariffs and as the US administration began trade negotiations with a range of countries.

Looking ahead, markets remain cautious as the 90-day tariff pause approaches its end in July. Direction from monetary policy also remains uncertain. The US Federal Reserve is expected to maintain interest rates between 4.25% and 4.5% but is balancing weak GDP data and worsening consumer confidence, with still-robust job growth and tariff/cost-based inflation concerns. Investors are closely monitoring developments in both trade and monetary policies to gauge future market directions, and elevated volatility remains likely.

Local sentiment showed signs of strain this quarter, as business confidence stalled, signaling concerns over strained US-SA trade relations, local policy uncertainty regarding the budget, and anxiety within the Government of National Unity (GNU). However, tensions eased as President Cyril Ramaphosa successfully re-engaged with President Trump, indicating diplomatic continuity. The third iteration of the budget in May was a response to the reversal of a highly opposed VAT hike within the GNU. National Treasury (NT) maintained fiscal prudence, projecting a debt-to-GDP peak of 77.4% in FY25/26, compared to Budget 2’s forecast of 76.2%. Upside spending pressures remain due to the cancellation of U.S. aid to key programs and ongoing social support requirements.

The South African Reserve Bank (SARB) pivoted in May, expressing a preference for a lower inflation target and reinforcing a dovish tone in the market. As headline inflation continued to surprise on the downside, the Monetary Policy Committee (MPC) reduced the repurchase rate to 7.25% and indicated the possibility of further cuts to the repo rate. Additionally, the second phase of Operation Vulindlela (OV) was launched, deepening the reform agenda to address inefficiencies in local government and enhance service delivery and spatial imbalances, which bodes well for long-term structural growth.

A strong performance from local currency +3.45% over the quarter, and local bonds followed suit as the All-Bond index outperforming by +5.88% over the quarter, with the 1-3yr sector returning +2.76%, 3-7yr sector +5.36%, 7-12yr sector returning +6.87% and 12+yr sector returning at +6.64%. Inflation linked bonds also delivered positive returns +0.88% over the same period, 1-3yr sector +0.99% 3-7yr sector returning +1.46%, 7-12yr sector +1.32% and +12yr sector at +0.47%.

Performance declaration for Laurium BCI Strategic Income Fund (Class B)

	FUND	BENCHMARK (110% of STeFI call)
Annualised return since inception	+8.1%	+7.4%
Cumulative return since inception	+128.8%	+114.4%
1 Year (annualised)	+11.3%	+9.0%
3 Year (annualised)	+10.1%	+8.6%
5 Year (annualised)	+8.5%	+6.9%
Highest rolling 1-year return (cumulative since inception)	+14.1%	
Lowest rolling 1-year return (cumulative since inception)	+4.6%	
Fund inception date	7 November 2014	

Collective Investment Schemes in securities are generally medium to long term investments. The value of participatory interests may go up or down and past performance is not necessarily an indication of future performance. The Manager does not guarantee the capital or the return of a portfolio. Collective Investments are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees, charges and maximum commissions is available on request. BCI reserves the right to close the portfolio to new investors and reopen certain portfolios from time to time in order to manage them more efficiently. Additional information, including application forms, annual or quarterly reports can be obtained from BCI, free of charge.

Boutique Collective Investments (RF) Pty Ltd retains full legal responsibility for the third party named portfolio.

Although reasonable steps have been taken to ensure the validity and accuracy of the information in this document, BCI does not accept any responsibility for any claim, damages, loss or expense, however it arises, out of or in connection with the information in this document, whether by a client, investor or intermediary. This document should not be seen as an offer to purchase any specific product and is not to be construed as advice or guidance in any form whatsoever. Investors are encouraged to obtain independent professional investment and taxation advice before investing with or in any of BCI/the Manager's products.

Boutique Collective Investments (RF) (Pty) Ltd ("BCI") is a registered Manager of the Boutique Collective Investments Scheme, approved in terms of the Collective Investments Schemes Control Act, No 45 of 2002 and is a full member of the Association for Savings and Investment SA. A portfolio that derives its income primarily from interest-bearing instruments in accordance with section 100(2) of the Act, whether the yield is historic or current as well as the date of calculation of the yield.

Access the BCI Privacy Policy and the BCI Terms and Conditions on the BCI website (www.bcis.co.za).