



LAURIUM
CAPITAL

LAURIUM STABLE PRESCIENT FUND

Quarterly Commentary | June 2025

The past quarter and indeed the whole first half of 2025 was marked by heightened levels of trade uncertainty. The announcement by US President Donald Trump of reciprocal tariffs in early April sent equity markets sharply lower and (more notably) US treasury yields higher alongside broad US dollar weakness. The weakness seen in US treasuries and the US dollar, usually safe havens during asset price volatility and rising risk aversion, was unusual in comparison with previous market sell-offs. In the face of these dislocations, and with trading partners including China beginning to engage with the US on broader trade-related matters, President Trump backtracked by delaying the tariff implementation into July (at least). This, coupled with a challenge to the legality of the tariffs, saw US markets rallying strongly through May and June, and reverting to prior record levels. Equity investors also took encouragement from broadly stable US labour market dynamics, stable earnings outlooks from the bellwether US technology firms, and ongoing bullishness for key industrial segments of the economy (notably electrification, AI and defence).

Conflict in the Ukraine and the Middle East continued throughout the period culminating in the US bombing Iranian nuclear facilities in mid-June. The tragic loss of life in these regions notwithstanding, the immediate impact on markets from the above conflicts was muted. Oil prices lifted temporarily in June before reversing all gains. The key Strait of Hormuz, through which c.25-30% of global oil exports flow, remained open and Iran's production levels (if lost) could easily be met by spare OPEC capacity. Nevertheless, ongoing geopolitical tensions remain high and ideological differences remain entrenched on all sides. As a result, market confidence in peaceful settlement in both regions is low, reflected in the elevated gold price, and in ongoing investment in the global defence sector.

President Donald Trump's isolationist stance, weaponisation of tariffs and trade policy and targeted sectoral spending cuts have challenged the global order and traditional market relationships. He has also not been shy to openly attack the US Federal Reserve Governor Jerome Powell and is likely to replace Powell with a more dovish candidate within a year. As mentioned, the sell-off in April was remarkable in that US treasury yields rose, and the US dollar weakened whilst equity markets sold off (usually yields head lower and the dollar strengthens in such instances). Recent auctions of 30-year US treasuries have seen weak demand. The upshot is that the US dollar's reserve status has been incrementally challenged, and the market view of US treasuries as a safe

safe haven has been openly questioned. Investor positioning in US equities remains at all-time highs, coupled with stretched valuation differentials of such assets when compared to the rest of the world. This is justifiable only while US corporate earnings are growing faster or deemed more stable than other regions. However, an increase in trade uncertainty (which may impact US consumer sentiment), a stabilised Chinese economy and a boost in German fiscal policy (with increased EU defence spending) are all likely to see investor positioning broadening further into other, increasingly attractive capital markets and thus retain pressure on the US dollar.

On the back of Trump's tariff announcement, the Rand weakened to R19.93 to the US dollar in early April, a level last seen in May 2023 prior to the formation of the Government of National Unity (GNU). The Rand recovered strongly from these lows to end the period at R17.71 to the US dollar, up 6.3% versus the end of 2024. This recovery was driven by the tariff moratorium and reduced tensions between the ANC and DA as the DA finally supported an adjusted South African fiscal budget. Whilst hiccups within the GNU are likely to continue given the nature of coalition governments, we remain constructive on structural growth improvements over the medium term. The private sector and government continue to engage each other on future private public partnership (PPP) investments in logistics and infrastructure

The local market performed well, with the FTSE-JSE Capped SWIX up 9.7% in ZAR (up 13.7% in USD) in the 2Q25 and up 16.1% in ZAR (up 23.8% in USD) for the 6 months to June 2025. The South African government bonds also had a good month with the All Bond Index gaining 2.3%, as the market started to factor in a potential move to a lower inflation target of 3%.

The **Laurium Stable Prescient Fund** delivered a 5.1% return on the quarter (up 6.6% YTD), most of the return was driven by its 26% exposure to South African equities. The fund's 8% exposure to foreign equity also contributed to returns in spite of the strong rand. Strong security selection in that component of the fund added value. Domestic South African bonds which are the largest component of the fund also contributed to returns. The only real detractor over the course of the quarter was the fund's 4% exposure to USD cash that detracted mainly as a result of ZAR strength.

The fund remains well diversified with a good mix of assets that we believe should protect capital and provide investment growth going forward.

* Performance declaration for Laurium Stable Prescient Fund (Class A2)

	FUND	BENCHMARK (CPI +3% p.a.)
Annualised return since inception	+9.8%	+7.7%
Cumulative return since inception	+85.5%	+63.3%
1 Year	+13.9%	+6.1%
3 Years (annualised)	+12.0%	+7.6%
Highest rolling 1-year return (since inception)	+21.0%	
Lowest rolling 1-year return (since inception)	-4.3%	
Fund inception date	1 December 2018	

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Performance for the A1 class has been calculated using net NAV to NAV numbers with income reinvested. The performance for each period shown reflects the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividends withholding tax. Full performance calculations are available from the manager on request.

Annualised performance: Annualised performance show longer term performance rescaled to a 1 year period. Annualised performance is the average return per year over the period. Actual annual figures are available to the investor on request. Highest & Lowest return: The highest and lowest returns for any 1 year over the period since inception have been shown. NAV: The net asset value represents the assets of a Fund less its liabilities. High Water Mark: The highest level of performance achieved over a specified period. Prescient Management Company (RF) (Pty) Ltd is registered and approved under the Collective Investment Schemes Control Act (No.45 of 2002) . Laurium Capital (Pty) Ltd, Registration number: 2007/026029/07 is an authorised financial services provider. (FSP34142) under the Financial Advisory and Intermediary Services Act (No. 37 of 2002) For any additional information such as fund prices, fees, brochures, minimum disclosure documents and application forms please go to www.lauriumcapital.com

