



**LAURIUM
CAPITAL**

LAURIUM SA FLEXIBLE PRESCIENT FUND

Quarterly Commentary | June 2025

Donald Trump's "Liberation Day" antics in early April resulted in a very difficult start for equity markets at the beginning of the second quarter. However, sanity prevailed with the Trump administration placing a 90-day moratorium on the implementation of trade tariffs in the expectation that the US would negotiate revised trade agreements with its trading partners. The heightened uncertainty with respect to global tariffs, the direction of US fiscal and monetary policy remains and continues to pose a risk to global economic growth.

Despite these risks, global equity markets, including the US, recovered strongly from their April 2025 lows. The S&P 500 (+10.9%) and Nasdaq (+18%) returned positive USD returns for the 2Q25 which resulted in both indexes reflecting positive returns of 6.2% and 5.9% respectively for the 1H25.

Conflict in the Ukraine and the Middle East continues, with the US bombing the Iranian nuclear facilities in middle June. Notwithstanding the tragic loss of life, the immediate impact on global growth and inflation of the above conflicts has been muted. Oil prices lifted temporarily in June to ~\$80 a barrel before reversing all gains. The key Strait of Hormuz, through which c.25-30% of global oil exports flow, remains open and Iran's production levels if lost could be easily met by spare OPEC capacity. However ongoing tension is likely to reduce confidence and investment activity.

Donald Trump's uncertain trade policy, weaponisation of the dollar, isolationist stance and proposed budget changes (cuts in spending and taxation) continue to challenge the global order and traditional market relationships. The weakening of the US dollar against all currencies continued, with EURUSD currency appreciating 13.8% in the 1H25 to close the half year at 1.179. The US dollar's reserve status remains incrementally challenged, and the markets view of US treasuries as a haven, is being questioned.

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 2Q25 performance was driven by platinum group metal companies, Naspers, Prosus, MTN, Capitec, AngloGold and British American Tobacco. The more domestic-focussed companies like Nedgroup, Standard Bank, Mr Price and The Foschini Group underperformed the overall market during the period.

The **Laurium SA Flexible Prescient Fund** ended June up 15.3% YTD and 8.5% in the last quarter. The fund's performance over the quarter can largely be attributed to its holdings in South African equity attributed to its positions in Prosus, AngloGold, AB InBev, Impala, Northam Platinum, Momentum, Growthpoint. The fund's exposure to The Foschini Group, Motus, Woolworths and Nedbank Group detracted from performance on a relative basis to the market. The fund's exposure to South African government bonds and to offshore equities also contributed to returns.

Whilst the gold price remained supported in the 1h25 (+25.8%), platinum and palladium prices were particularly strong in the 2Q25, both up 36% and +12% respectively. The fund's holdings in Northam, Impala and AngloGold contributed positively to fund's performance in both the 2Q25 and the half year to June 2025. We remain positive on the outlook for PGM metal prices supported by a continuing weaker US dollar environment, lower forecast EV penetration rates and an evolving outlook for platinum jewellery in China.

The fund continued to benefit from the large positions in Prosus and Naspers. Tencent (Prosus's largest investment) is well placed to utilise artificial intelligence (AI) opportunities given its already substantial user base and distribution channels. Furthermore, the e-commerce assets of Prosus have turned cash positive and are thus anticipated to be self-funding going forward. This should enable the full Tencent dividend to be passed through to shareholders, aiding a narrowing of the group discount (currently 30%). Continued Prosus buybacks remain NAV per share accretive, and we remain bullish on the prospects for both Prosus and Tencent.

AB InBev rallied from depressed levels as the company continues to deliver operationally as it wins back market share in the US and continues to guide to steady growth in EBITDA earnings. On a forward PE of 17.5x we consider AB InBev to be attractively valued.

Fixed investment and activity levels remain low across the SA economy, and credit growth remains anaemic in both the retail and corporate banking space. However food inflation is moderating, and we expect further – albeit limited – rate cuts. At the margin this should aid a consumer recovery boosting the outlook for retail and banking shares. Any upside from expected PPP investments into logistics and infrastructure projects will also further contribute to local economic growth.

Geopolitical conflicts, trade uncertainty and large government deficits globally will continue to hamper growth at the margin and keep risks elevated. These risks to domestic assets are offset partly by the view that a potential rotation out of US assets will be beneficial for Emerging Markets such as South Africa.

The fund has a 19% exposure to South African government bonds mainly in the belly of the yield curve, which should benefit should the SARBs drive to lower the inflation target come to fruition. The fund's domestic equity exposures are geared towards companies with attractive valuations, improving earnings outlooks and which are well positioned to benefit should growth accelerate. SA Banks, with their high dividend yields, are such an example and the fund has exposure to First Rand and ABSA. In addition to banks, the fund continues to hold insurers such as Momentum and Sanlam, as well as Remgro, The Foschini Group, Woolworths and Mr Price.

The fund continues to hold positions in Rand hedges like AB InBev, Bidcorp and British American Tobacco. These businesses are well diversified, with earnings growth expectations and valuations that appear attractive to us.

As such we believe the fund is well positioned to benefit from any upside in the local economic conditions.

Performance declaration for Laurium SA Flexible Prescient Fund (Class A1)

| | FUND | BENCHMARK (CPI + 5%) |
|---|----------------|----------------------|
| Annualised return since inception | +20.1% | +9.1% |
| Cumulative return since inception | +40.9% | +17.7% |
| 1 Year | +26.5% | +8.1% |
| Highest rolling 1-year return (since inception) | +30.3% | |
| Lowest rolling 1-year return (since inception) | +15.6% | |
| Fund inception date | 16 August 2023 | |

Collective investment schemes in Securities CIS should be considered as medium to long-term investments. The value may go up as well as down and past performance is not necessarily a guide to future performance. CIS's are traded at the ruling price and can engage in scrip lending and borrowing. A schedule of fees, charges and maximum commissions is available on request from the Manager. There is no guarantee in respect of capital or returns in a portfolio. A CIS may be closed to new investors in order for it to be managed more efficiently in accordance with its mandate.

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 divided 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