



LAURIUM
CAPITAL

LAURIUM FLEXIBLE PRESCIENT FUND

Quarterly Commentary | September 2025

Markets continued to power ahead during the third quarter, supported by generally accommodative monetary policy, as the US Federal Reserve embarked on rate cuts during September.

The MSCI World Index was up 7.4% for the quarter and 17.8% year-to-date (YTD), with the S&P 500 up 8.1% and 14.8%, the DAX Index down 0.2% and 35.7%, the Nikkei 255 up 9.1% and 21.9% and the MSCI Emerging Markets Index up 10.9% and 28.1% (for the quarter and YTD in US dollars).

Domestically, the FTSE-JSE Capped SWIX was up 12.8% for the quarter and 31.7% YTD in Rands. As the Rand has strengthened, supported by a weakening US dollar, the FTSE-JSE Capped SWIX was up 15.8% for the quarter and 43.3% year-to-date in US dollars. However, the domestic rally has been somewhat narrow. Performance was largely driven by gold stocks, PGMs (platinum group metals), Naspers, Prosus and MTN.

The **Laurium Flexible Prescient Fund** delivered a pleasing 8.2% return over the quarter, with its exposure to both South African equities (60% of fund) and fixed income (10% of fund) contributing to returns. Within domestic equities the fund benefitted from gold's rally, ending the quarter above \$3800 (+45% YTD) due to heightened geopolitical risks, central bank buying, a weakening US dollar, in addition to concerns around the US Federal Reserve Bank independence. Platinum Group Metals (PGMs) have followed gold, further supported by an improved demand outlook for investment and jewellery, and auto-catalysts (due to lower than expected battery electric vehicle sales and higher sales of hybrid vehicles). The South African equity component of the portfolio is exposed to gold and PGMs largely via AngloGold, Goldfields, Impala Platinum and Northam Platinum. The fund increased its exposure to Valterra Platinum via the accelerated bookbuild when Anglo American sold its remaining 19% stake. All of these were meaningful contributors to performance over the quarter.

The Federal Reserve faced renewed threats to its independence from President Trump. Initially, the Federal Open Market Committee (FOMC) adopted a cautious approach by maintaining the policy rate. By the end of the quarter, the committee identified a shift in the balance of risks and prioritised the employment component of its dual mandate over inflation. This reassessment resulted in the first interest rate cut in nine months, lowering the federal funds rate target range to 4% to 4.25%

The South African Reserve Bank (SARB) made a significant shift this quarter by expressing a clear preference to target the lower end of the inflation range, specifically aiming for 3% in doing so the central bank decided to keep interest rates steady at 7% during two consecutive meetings. This approach was positively received by the market, as evidenced by the performance of local bonds. The closest proxy for a 10 year bond, the South African Government bond maturing in 2035 (R2035) rallied by 79 basis points over the quarter, driving a 6.9% rally in the All Bond index over the quarter. The fund has benefitted from its exposure to South African government bonds.

Domestic focused companies have lagged and offer attractive opportunities. An interesting dynamic related to this is the dislocation between our bond yields and domestic equity valuations. SA bond yields have rallied strongly as markets priced in the anticipated 3% inflation target. Domestic focused stocks typically price off the SA government bond yield as the risk-free rate used in the cost of equity but have not followed during the recent SA bond rally. As a result, we think SA focused stocks offer a compelling opportunity at current valuations.

Internationally after strong price gains, headline index valuations are high in historical terms and require ongoing strong earnings and cashflow growth to justify investor optimism **The Laurium Flexible Prescient Fund** hold shares in high-quality companies that are very well-placed to meet and beat market expectations over time. While periodic volatility should be expected after such a strong period of price gains, the outlook for several key segments of the global economy remains highly attractive.

Against this backdrop, we believe valuations are attractive and that the fund is well positioned to benefit from potential upside driven by these factors.

Performance declaration for Laurium Flexible Prescient Fund (Class A1)

	FUND	BENCHMARK (CPI + 5%)
Annualised return since inception	+12.6%	+10.2%
Cumulative return since inception	+347.8%	+242.0%
1 Year	+22.8%	+8.7%
3 Year (annualised)	+17.7%	+9.4%
Highest rolling 1-year return (since inception)	+45.3%	
Lowest rolling 1-year return (since inception)	-15.1%	
Fund inception date	01 February 2013	

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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 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