



LAURIUM
CAPITAL

LAURIUM HEDGE FUNDS

Quarterly Commentary | December 2025

Fund Performance and Attribution

The local market was broadly defined by two major themes, namely: the stunning rise in the gold price and the reduction in the risk-free rate.

Much has been written about the gold price rally this year, so we won't add much other than to say it was rather odd. Gold typically rises in a risk off environment and/ or a period of low or negative real yields. Gold's 50% rally this year was despite a healthy risk on environment (loosening financial conditions, rising stock markets) and real yields remaining at normalised levels (c.2%). Central bank buying has been noted as the major driver this year. On our estimates central bank buying amounted to c.20% of new supply (mined and recycled jewellery) albeit that this buying amounts to less than 50 bps of above ground stock. Market commentators have also linked gold's rally to rising US debt levels and potential USD debasement (not helped by growing threats to the FED's independence). However, the US debt markets themselves are reflecting very little of these worries – with treasury inflation protected securities (TIPS) remaining calm and long dated yields well anchored. One of these two markets may prove to be wrongly priced. Further signs of debasement or financial repression will certainly add to the gold rally but the metals behaviour this year has questioned its long-held role as risk off hedge.

The South African Reserve Bank's (SARB) official move to a 3% inflation target (from a previous target band of 3-6%), continuing fiscal discipline and removal from the FATF grey list has seen a steady reduction in risk free rates with the ten-year bond yield reducing to 8.5% (having started the year above 10%). Borrowing costs in the real economy have reduced with policy rate reductions and downward parallel moves in the swap curve. Local equites have however lagged this recalibration (with our proprietary index of local equities only 5% up for the year) as earnings have been slow to turn and the consumer remains under pressure.

Returns were made across the technology, gold and precious group metals as well as banking and industrials. Index protection and currency hedges cost performance although in aggregate, losses from the short book, despite the strong markets, were minimal. Long positions in SA retail shares also cost performance.

Outlook

We are broadly constructive on risk assets heading into the year. South African economic activity is showing tentative signs of life with improving port volumes, improved momentum on fixed investment spending and interest rates having eased across the private and public sector. Recent business and consumer surveys have also risen. Terms of trade are supportive with exporting commodities (gold and platinum) outperforming import commodities (mainly oil) resulting in a strong rand and easing financial conditions. The dislocation between yields and stock ratings means risk premiums in SA equities remain compelling.

We however would guard against a fully invested passive stance.

The risk to the above remain local politics. End 2026 will see local government elections with the two major parties of the GNU (ANC and DA) going head-to-head. 2027 will see the ANC elective conference, another key risk event with binary outcomes.

Golds and platinum's meteoric rise have substantially changed the shape of the SA market with these single commodity miners now comprising 25% of the local index posing substantial risks if gold does not perform its usual risk off hedge role. That said protection, via puts, remains affordable despite this dynamic.

Short opportunities also exist in industries with shifting competitive landscapes and where we think certain counters will battle to grow earnings sustainably.

An absolute return minded strategy with the ability to manage this risk whilst taking advantage of upsides appears compelling. We remain excited about what 2026 is likely to bring for our strategies.

Performance declaration for Laurium Long Short Prescient RI Hedge Fund (Class D)

	FUND	BENCHMARK (STEFI)
Annualised return since inception	+10.8%	+6.8%
Cumulative return since inception	+493.7%	+212.3%
Quarter to date	+4.0%	
1 Year	+18.3%	+7.5%
3 Years (annualised)	+10.1%	+8.0%
Highest rolling 1-year return (since inception)	+45.8%	
Lowest rolling 1-year return (since inception)	-24.0%	
Fund inception date (CIS inception date 1 August 2016)	01 August 2008	

Performance declaration for Laurium Market Neutral Prescient RI Hedge Fund (Class D)

	FUND	BENCHMARK (STEFI)
Annualised return since inception	+10.6%	+6.6%
Cumulative return since inception	+456.0%	+197.6%
Quarter to date	+2.9%	
1 Year	+15.5%	+7.5%
3 Years (annualised)	+11.6%	+8.0%
Highest rolling 1-year return (since inception)	+31.9%	
Lowest rolling 1-year return (since inception)	-10.8%	
Fund inception date (CIS inception date 1 August 2016)	01 January 2009	

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Performance declaration for Laurium Aggressive Long Short Prescient QI Hedge Fund (Class C)

	FUND	BENCHMARK (STIFI)
Annualised return since inception	+15.3%	+6.6%
Cumulative return since inception	+533.0%	+128.6%
Quarter to date	+4.7%	
1 Year	+21.3%	+7.5%
3 Years (annualised)	+12.6%	+8.0%
Highest rolling 1-year return (since inception)	+69.8%	
Lowest rolling 1-year return (since inception)	-33.6%	
Fund inception date (CIS inception date 1 August 2016)	01 January 2013	

Performance declaration for Laurium Enhanced Growth Prescient RI Hedge Feeder Fund (Class C)

	FUND	BENCHMARK (STIFI)
Annualised return since inception	+25.2%	+8.0%
Cumulative return since inception	+51.1%	+15.1%
Quarter to date	+4.3%	
1 Year	+22.4%	+7.5%
3 Years (annualised)	-	-
Highest rolling 1-year return (since inception)	+28.0%	
Lowest rolling 1-year return (since inception)	+16.1%	
Fund inception date	01 March 2024	

Performance declaration for Laurium Enhanced Growth Hedge Fund (UCITS) (Class A1)

	FUND (USD)	BENCHMARK (SOFR*)
Annualised return since inception	+19.7%	+43%
Cumulative return since inception	+45.1%	+10.1%
Quarter to date	+3.9%	
1 Year	+20.5%	+4.3%
3 Years (annualised)	-	-
Highest rolling 1-year return (since inception)	+22.9%	
Lowest rolling 1-year return (since inception)	+15.1%	
Fund inception date	05 December 2023	

*The Fund does not have a benchmark referenced in the fund supplement. The benchmark performance shown is for illustrative purposes only.

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Annualised performance: Annualised performance shows 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.

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