



**LAURIUM
CAPITAL**

LAURIUM FLEXIBLE PRESCIENT FUND

Quarterly Commentary December 2025

Global equity markets performed very strongly in 2025, but the final quarter's performance was subdued in comparison to the previous nine months. South Africa remained the star performer with the FTSE-JSE Capped SWIX up 9.5% for the quarter and 43.4% for calendar year 2025 (all in ZAR). As the Rand continued to strengthen against most currencies and supported by a weakening US dollar, the FTSE-JSE Capped SWIX was up 14% in the final quarter and ended the calendar year up 63.5% in US dollars.

In comparison, the MSCI World Index was up 3.2% for the quarter and 21.6% for the year, with the S&P 500 up 2.7% and 17.9%, the DAX Index up 2.5% and 39.1%, the Nikkei 255 up 6.0% and 29.3% and the MSCI Emerging Markets Index up 4.7% and 34.2% (for the quarter and calendar year in US dollars).

As was largely expected, the US Federal Reserve (FED) cut its benchmark interest rate twice in the last quarter, by 25bps on each occasion, in October and December. Oil prices however have dipped below \$60 for the first time this year - most likely driven by expectation of a surplus market which could initially be exacerbated by an easing in sanctions on Russian oil should a ceasefire negotiation be successful. While all parties continue to work towards a successful resolution of the Ukrainian / Russian conflict an immediate solution seems unlikely.

Much has been written about the dramatic rally in the gold price which ended the year at \$4,319/oz up 65% over the course of the year. Gold typically rises in a risk off environment and / or a period of low or negative real yields. The gold rally in 2025 has happened despite a healthy risk on environment (rising stock markets, loosening monetary policy) and real yields remaining at normalised levels. Continued buying of gold by central banks remains one of the major drivers this year. Market commentators have also linked gold's rally to rising US debt levels, growing threats to the FED's independence and an urge to diversify away from US treasuries given the potential USD debasement threat.

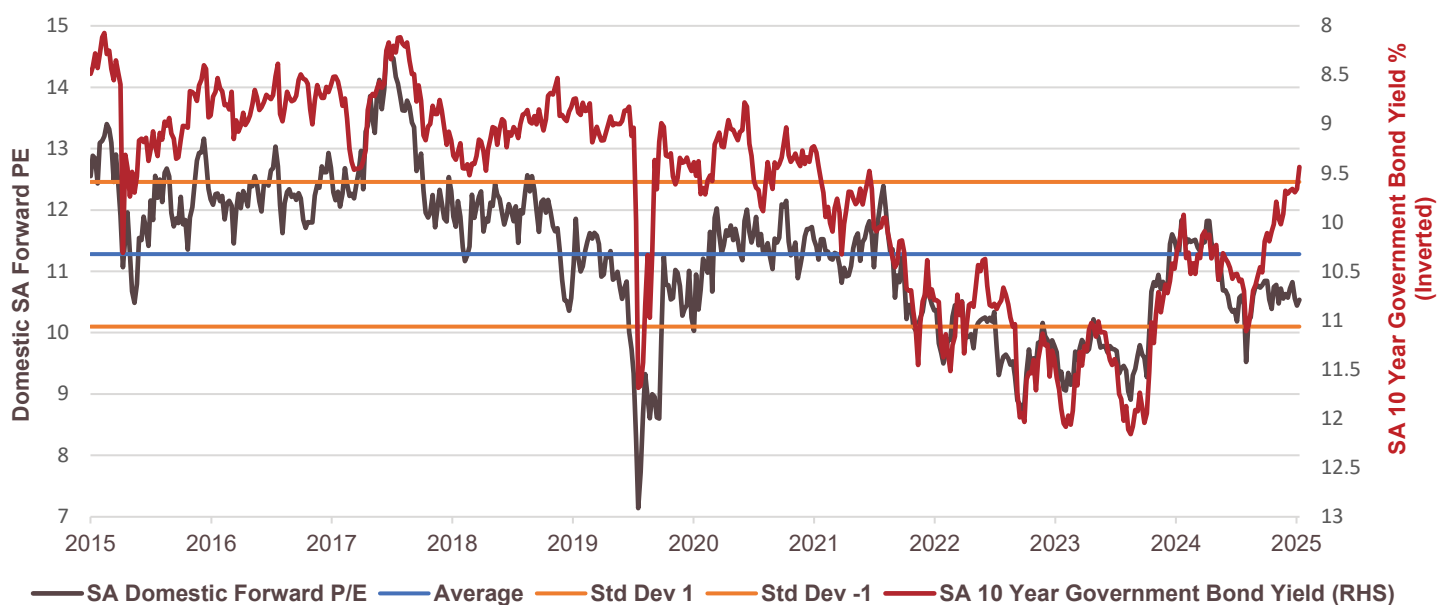
Platinum group metal (PGM) prices outperformed gold in the final quarter, with platinum up 30.7%, palladium up 28.4% ending the year at \$2,060 and \$1,620 respectively. The key drivers remain limited supply growth, further reductions in anticipated electric vehicle penetration rates as the US abolished EV subsidies and Europe backtracked on its plan to ban the sale of all ICE from 2035.

PGM and gold equities, financials (banks and insurers) and domestic property stocks drove the overall equity market performance in the fourth quarter. The breakdown of the FTSE-JSE Capped SWIX calendar year return of close on 43% was very narrow with only the PGM equities, gold equities, telco stocks, British American Tobacco and domestic property stocks beating the Capped Swix Index.

The SA Reserve Bank's (SARB) official move to a 3% inflation target (from previous target band of 3-6%), continuing fiscal discipline and South Africa's removal from the FATF grey list has seen the 10-year SA government bond yield ending the year at 8.19% – after starting the year above 10%. As previously highlighted the dislocation between South African bond yields and domestic equity valuations continues to persist. Domestic focused stocks should typically price off the SA government bond yield (risk-free rate used in the cost of equity) but valuations have not followed the rally in SA bonds. Coupling this domestic valuation argument with the benefits of stronger commodity prices on local economic growth and expected benefits from regulatory reforms we believe SA focused stocks offer an attractive opportunity at current valuations.

Figure 1:
Domestic SA Forward PE and 10 year bond yield.

Source: Bloomberg



The **Laurium Flexible Prescient Fund** is up 5.9% for the quarter and 29.6% for the calendar year 2025.

Positive contributors to performance in the 4Q25 were the fund's bank exposure with positions in ABSA Bank, FirstRand and Standard Bank all contributing to performance. Resource exposure through Valterra and AngloGold were strong positive contributors. The fund also benefited from the strong rally in the South African government bond curve with its 7% position in the 2035 expiry bond also contributing. Detractors to performance were Naspers and Prosus, and positions in Foschini Group (TFG) and Mr Price which underperformed in the quarter following a disappointing trading update from TFG and a surprising acquisition announced by Mr Price in late December.

Over the last year the largest contributors to the funds return were AngloGold Ashanti, Prosus, Northam and ABSA. While the notable detractors were TFG, Mr Price and Woolworths, with the South African retail sector under pressure.

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Our fund retains exposure to gold and PGMs via holdings in AngloGold, Goldfields, Impala Platinum and Valterra Platinum. Positions in Anglo American plc and Glencore provide the fund with exposure to copper growth. SA Inc exposure is largely via banks, with FirstRand and ABSA our preferred plays, which should benefit from an expected increase in corporate lending and infrastructure funding. The fund retains positions in insurers (Sanlam and Discovery), Mr Price, The Foschini Group and Bidvest.

Prosus and Naspers remain high conviction positions in the fund. Tencent is a genuine AI beneficiary, as it benefits from AI deployment across its 1.4 billion WeChat user base. Furthermore, the non-Tencent assets have turned free cash positive, which will further contribute to the unlocking of value in these assets.

The fund still holds rand hedges such as AB InBev and Bidcorp, which are well diversified businesses, with reasonable growth opportunities and importantly remain attractively valued.

Based on our assessment of valuation levels and growth opportunities the fund is well positioned to benefit from potential upside in the South African equity market. It has retained its offshore exposure through a 9.6% position in the Laurium Global Active Equity fund, and 4% of the fund is exposed to a range of global ETF's. Given the rally in South African government bonds the fund has cut its bond exposure over the course of the quarter.

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

	FUND	BENCHMARK (CPI + 5%)
Annualised return since inception	+12.8%	+10.1%
Cumulative return since inception	+374.3%	+247.1%
1 Year	+29.6%	+9.0%
3 Year (annualised)	+16.7%	+9.2%
Highest rolling 1-year return (since inception)	+45.3%	
Lowest rolling 1-year return (since inception)	-15.1%	
Fund inception date	01 February 2013	

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