



LAURIUM GLOBAL ACTIVE EQUITY FUND

Commentary December 2025

2025 will be remembered as a noteworthy and challenging year in global equity markets. Investors were faced with substantial uncertainty in the form of shifting geopolitical narratives, President Trump's weaponisation of US trade policy, and rapidly evolving AI technology progress. As a result, elevated stock market volatility (especially earlier in the year) provided investors with many reasons to diversify risk exposure.

The US dollar, hitherto a safe haven in times of risk aversion, weakened materially despite stronger-than-expected US GDP growth. US Treasuries likewise sold off amid higher yields. Investors had to recalibrate the US Federal Reserve's monetary policy reaction function in the face of mounting political pressure to cut interest rates and contradictory labour and inflation data. As a result, gold bullion and other supply-constrained metals gained support as a store of value. This anti-US dollar trade became commonly referred to as "the debasement trade".

Regionally, non-US performance highlights for the year as a whole included Europe, Japan and China. European equity markets were bolstered by a strong fiscal U-turn from the new German coalition and increased EU defence spending. Japanese equities reflected increased optimism that political change and the absence of deflationary fears would add to newfound growth momentum. In China, industrial overcapacity and weak domestic demand are still weighing on the economic outlook. However, investors responded positively to DeepSeek, which provided a cost-effective AI solution for technology companies. Other Asian markets benefited from supportive capital inflows and the broadening technology trade.

Against this multi-faceted and challenging investment backdrop, it is pleasing to report on a further rally in global stock indices and in the fund returns through the end of the fourth quarter 2025, building on the strong gains reported for the first nine months of the year. While equity markets were undoubtedly supported by the US Federal Reserve cutting policy rates in September, October and December, the key ingredient supporting share prices into the close remained persistently strong earnings growth, in particular reports posted by the bellwether US technology shares which have led this equity bull market higher since early 2023.

Nevertheless, share returns broadened out all year given the diversifying capital flows described earlier, and the MSCI ACWI Index reflected strong gains of over 22% in US\$ for the year as a whole, ahead of the gains made by the US technology-heavy S&P500 Index.

Fund Performance and Portfolio Strategy

The fund performed ahead of the MSCI ACWI Index over the year as a whole and matched it in the final quarter.

Notable contributors to performance in the final quarter of the year included pharmaceutical holdings AstraZeneca, Eli Lilly, Sandoz and Johnson & Johnson. AstraZeneca has been a core holding over the last several years while it proves-up the efficacy of its oncology and rare disease drug pipeline. The sector as a whole benefited from tariff and pricing deals struck with the US administration that largely assuaged investor nerves on the profit outlook. There was also strong performance from the rebounding Samsung Electronics on the back of a surge in memory chip prices and an improved outlook for its foundry business, and further strong performance from GE Vernona (upgraded orderbook and margins) and AngloGold Ashanti which has had an exceptional year on the back of the rising bullion price but also improved mining performance.

For the year as a whole other noteworthy contributors included Broadcom (especially in absolute terms, as its custom AI chips gained traction), Quanta Services and Lloyds Banking Group (heading the list amongst the financial stocks in the portfolio).

Detractors from performance in the final quarter included Fiserv as well as Prosus and the German defence companies which pulled back after strong gains in the preceding period. Fiserv has been a real disappointment and the position was exited following more specific disclosure of its Argentinian revenues, which had previously been glossed over in management interactions. We harbour increasing concern over management credibility as a result.

For the year as a whole, the other noteworthy detractors from performance were UnitedHealth Group, Flutter, Compass Group Plc and Novo Nordisk. UnitedHealth Group faced leadership transitions and heightened scrutiny over its claims management practices. Novo Nordisk faced rising competition in the weight-loss sector. The fund's Novo exposure was switched into Eli Lilly during the year, a move which paid off handsomely in the fourth quarter as the market digested the ongoing strength of demand for Lilly's range of GLP-1 drugs, gaining increasing market share from Novo's current product basket.

Portfolio management throughout 2025 was unusually active and this continued in the final quarter of the year, taking advantage of share price volatility to enhance positions in core holdings. As of the end of the period, the fund remains overweight in Materials, Healthcare, Consumer Staples, and Financials, while remaining underweight in IT and Communication Services.

2026 Outlook

Headline equity valuations are demanding by historical measures, but prospective yields from cash or fixed interest instruments are not all that compelling either. This is especially true when one considers the inexorable rise of fiscal indebtedness in many developed national accounts, and looser monetary discipline in prospect. As a result, high quality growth equities underpinned by resilient cashflows remain a very appealing investment proposition, albeit with greater volatility risk. In this context, patient investors with the appropriate longer-term investment horizon will be rewarded by maintaining exposure through inevitable drawdowns.

Management teams in fund portfolio companies remain highly optimistic about the order pipelines for electrification, factory automation, defence, road infrastructure, and data centres. The portfolio retains diversification across sectors and demand-drivers to withstand unstable economic and geopolitical conditions. As before, our research remains focused on identifying well-managed, financially healthy companies with tailwinds for growth, improving their odds of beating market expectations over time.

Performance declaration for **Laurium Global Active Equity Fund**
(Class LGAE1)

	FUND	BENCHMARK
Annualised return since inception	+24.8%	+21.7%
Cumulative return since inception	+58.7%	+50.6%
1 Year	+31.5%	+22.3%
Highest rolling 1-year return (since inception)	+31.5%	
Lowest rolling 1-year return (since inception)	+11.9%	
Fund inception date	05 December 2023	

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The forecasts are based on reasonable assumptions, are not guaranteed to occur and are provided for illustrative purposes only.