



**LAURIUM
CAPITAL**

LAURIUM STABLE 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.

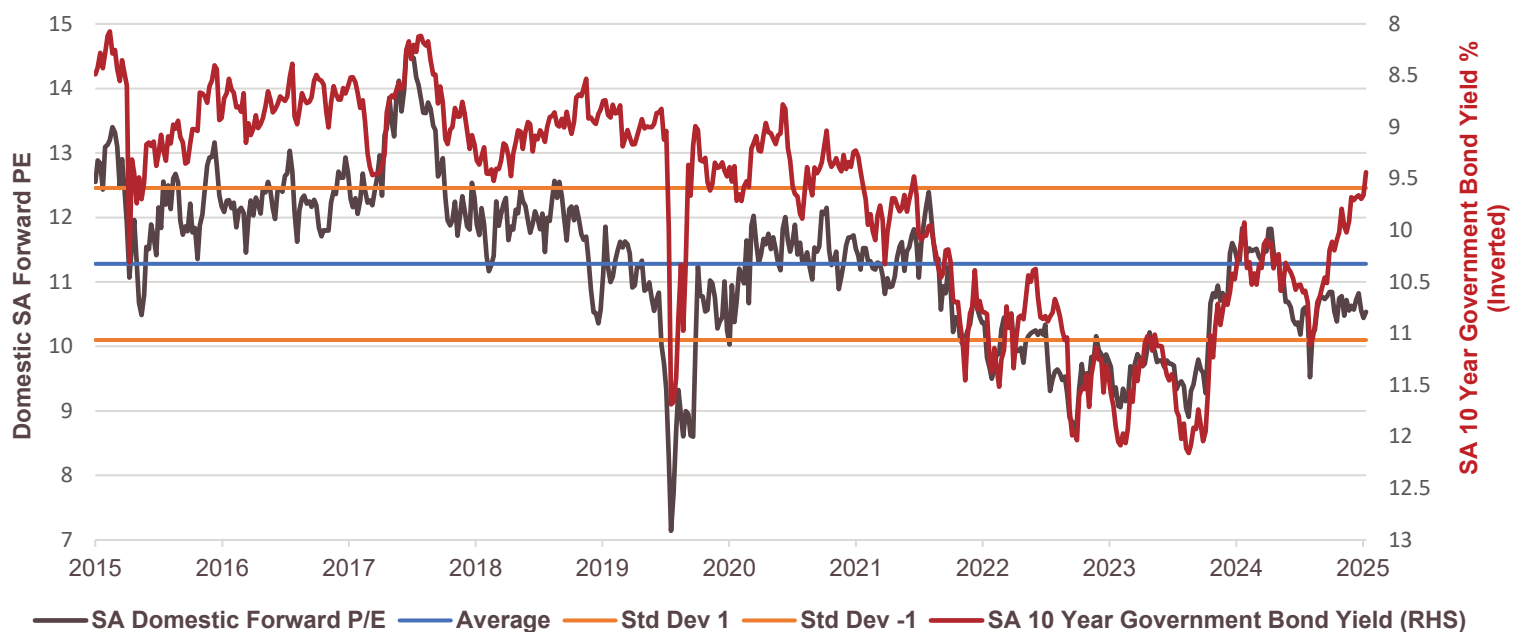
Much has been written about the dramatic rally in the gold price which ended the year at \$4,319/oz up 65% over the course of the year. Gold typically rises in a risk off environment and / or a period of low or negative real yields. The gold rally in 2025 has happened despite a healthy risk on environment (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 Stable Prescient Fund** is up 4.9% for the quarter and 19.1% for the calendar year 2025.

Given the strong rally in the SA Government Bond curve with the 2035 expiry rallying from 9.1% to 8.2% over the quarter, the largest contributors to fund performance were the funds exposure to SA Government bonds across the curve, the single largest contributor benefiting from its longer duration was the funds exposure to the 2044 expiry bond. Other notable contributors were the funds exposure to Global equities through its exposure to the Laurium Global Active Equity fund.

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In the SA equity component of the fund, positive contributors to performance in the 4Q25 were the fund's positions in ABSA Bank, AngloGold, FirstRand, Impala Platinum and Growthpoint. Detractors to performance were both 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.

Based on our assessment of valuation levels and growth opportunities the **Laurium Stable Prescient Fund** is sufficiently diversified across fixed income, offshore and local equity. It is positioned well to benefit from potential upside in the South African equity market, with the fixed income component providing stability and yield.

* Performance declaration for Laurium Stable Prescient Fund (Class A2)

	FUND	BENCHMARK (CPI +3% p.a.)
Annualised return since inception	+10.8%	+7.6%
Cumulative return since inception	+107.1%	+68.0%
1 Year	+19.1%	+6.9%
3 Years (annualised)	+13.7%	+7.1%
Highest rolling 1-year return (since inception)	+21.0%	
Lowest rolling 1-year return (since inception)	-4.3%	
Fund inception date	1 December 2018	

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 dividends 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.

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