LAURIUM HEDGE FUNDS
Quarterly Commentary | June 2026

The first half of 2026 was defined by a sharp escalation in geopolitical risk, post the breakout of war in Iran and the subsequent closure of the Strait of Hormuz. Finally, following numerous false starts, a peace deal, albeit a very fragile one, was signed on the 17th of June 2026 and for now appears to be holding. Maritime activity in the Strait of Hormuz is beginning to pick up as much needed shipments of crude oil and other energy products have started to increase, and Brent oil is back to $72.95, approaching pre-war levels, after climbing to ~$118/bl at the end of March. If energy prices remain near current levels, the risk of higher global inflation should ease. The gold price declined by 14.1% in the 2Q 2026 on expectations of higher global interest rates primarily due to persistently higher post-war inflation expectations and a particular hawkish address from the Federal Governor, Kevin Warsh, in addition to lower retail flows into gold.

Post the March 2026 sell-off, global equity markets recovered into the second quarter with strong gains in the months of April and May. The S&P 500 ended the quarter up 15.2%, erasing its first-quarter losses and bringing its first-half return to 10.2%. Emerging markets had a particularly strong Q2 2026 with the MSCI Emerging Markets Index posting a 24.1% return, taking the YTD return to 24.0% (all in US dollars). This rally in the MSCI (and Taiwan and Korean Indices) was underpinned by an AI-driven “memory supercycle”- high-bandwidth memory (HBM) chips used in AI accelerators remained in chronic short supply.

In May the SARB raised the repo rate by 25bps in response to the energy-induced inflation threat and the Rand strengthened by 3.2% ending the half at R16.38/$). The SA 10-year bond rallied from ~9.2 - at the end of March to ~8.2% at the end of June. In contrast to global equities, South African equities declined by 2.4%- in the quarter to June 2026 delivering a -2.8% YTD return. Resource counters, particularly gold and PGMs, after a strong Q1 2026, were the primary drivers of this negative Q2 2026 return. Banks and industrials performed strongly in Q2 2026.

Performance across the net long funds broadly tracked the market. Key contributors for the quarter included domestic financials, retailers and industrials, while global consumer counters such as AB InBev also delivered strong returns. Detractors included the funds’ position in Prosus, where weakness was driven by the declining share price of Tencent, its largest holding. We believe Tencent—and, by extension, Prosus—remain highly attractive at current levels, with Tencent positioned to benefit from AI developments rather than be disadvantaged by them. Weakness in gold and platinum shares also weighed on results.

Outlook

Contrary to our expectation, a truce in Iran was timeously agreed and is, for now, holding, and oil prices have declined rapidly. Another surprise during the quarter was the resilience of the global economy to the closure of the Strait of Hormuz. Despite the closure of the Strait - through which 20% of global oil production flows - oil prices only peaked at ~$118/bl at the end of March. A combination of increased pipeline exports, rising production elsewhere, moderate demand reductions and large inventory drawdowns buffered the impact. As was proved during the introduction of tariffs, the global economy remains highly resilient.

Part of this resilience is because of the AI capex supercycle which is defining markets and economies in two ways.

Firstly, the quantum of spending is creating substantial revenues for certain counters and as a result leading to high concentration in market indices. As an example, three semi-conductor companies, SK Hynix, Samsung Electronics and TSMC, now make-up almost 30.7% of the MSCI EM Index combined. Similar concentrations are of course also present in the US market.

Based on past precedent it would be highly unusual if this capex cycle does not result in bubble-like conditions with resulting potentially poor returns for the subset of the companies leading the investment and receiving the benefit of this spend.

However, it would also be unusual if such large amounts of spend did not lead to high levels of productivity improvement and thus the second key derivation is that the AI cycle holds the promise of rising global growth. This is likely to serve economies well, and outside of those companies who are experiencing elevated earnings at present, stands to benefit the future growth potential of companies more broadly. Of course, there will be both winners and losers and thus stock selection will remain paramount.

On this basis we think a totally benchmark agnostic approach– of which hedge funds are the purest example – is likely to serve investors well over the next few years. We continue to construct a portfolio balanced between risk and reward, with nets and gross spread across sectors and geographical exposure.

Performance declaration for **Laurium Long Short Prescient RI Hedge Fund (Class D)**	FUND	BENCHMARK (STEFI)
Annualised return since inception	+10.2%	+6.8%
Cumulative return since inception	+468.5%	+222.8%
Quarter to date	-2.4%	
1 Year	+5.5%	+7.1%
3 Years (annualised)	+10.6%	+7.9%
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	+10.5%	+6.6%
Cumulative return since inception	+474.6%	+207.6%
Quarter to date	+2.4%	
1 Year	+10.6%	+7.1%
3 Years (annualised)	+13.4%	+7.9%
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	

Performance declaration for **Laurium Aggressive Long Short Prescient QI Hedge Fund (Class C)**	FUND	BENCHMARK (STEFI)
Annualised return since inception	+14.4%	+6.6%
Cumulative return since inception	+512.5%	+136.3%
Quarter to date	-1.9%	
1 Year	+8.6%	+7.1%
3 Years (annualised)	+13.1%	+7.9%
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 (STEFI)
Annualised return since inception	+18.8%	+7.7%
Cumulative return since inception	+49.5%	+18.9%
Quarter to date	+1.9%	
1 Year	+9.1%	+3.1%
3 Years (annualised)	-	-
Highest rolling 1-year return (since inception)	+28.0%	
Lowest rolling 1-year return (since inception)	+10.9%	
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	+15.1%	+4.6%
Cumulative return since inception	+43.5%	+12.1%
Quarter to date	+0.6%	
1 Year	+9.1%	+3.9%
3 Years (annualised)	-	-
Highest rolling 1-year return (since inception)	+24.4%	
Lowest rolling 1-year return (since inception)	+9.1%	
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.