LAURIUM CAPITAL

LAURIUM SA FLEXIBLE PRESCIENT FUND

Quarterly Commentary | June 2026

Q2 2026 was a strong quarter for global risk assets, although June provided a clear reminder that the market backdrop had become more complicated. Over the quarter, global equities delivered robust USD returns, with the MSCI ACWI up 15.1% and MSCI Emerging Markets up 24.2%.

The key shift was the Federal Reserve's hawkish pivot under new Chairman Kevin Warsh, which altered the tone of the markets. In the June FOMC meeting Warsh signalled that the next move in rates was more likely to be a hike than a cut, pushing two-year Treasury yields sharply higher on the day and lifting the dollar.

In South Africa the rand strengthened over Q2, moving from R16.94/USD on 31 March to R16.39/USD on 30 June, a gain of around 3.2% despite the DXY which measures the USD against its key trading partners rising 1.2% over the same period. This reflected improving geopolitical conditions, lower oil prices, attractive carry and sustained foreign demand for local bonds.

The rand was supported by the SARB's first rate hike in three years. Foreign investors were net buyers of South African bonds, helping the SA 10-year bond rally from ~9.2% at the end of March to ~8.2% at the end of June.

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 1Q26, were the primary drivers of this negative 2Q26 return. Banks and industrials performed strongly in 2Q26.

The Laurium SA Flexible Prescient Fund returned -1.3% for the second quarter of 2026. The main positive drivers were the fund's exposure to banks, global consumer shares, discretionary retailers, and other financial stocks, while the main detractors were holdings in precious-metals, gold, and the Prosus/Naspers complex. Banks and global consumer shares each added 1.0% over the quarter, with discretionary retailers adding 0.5% and insurance and other financials a further 0.4%. These gains were more than offset by losses in resources, where PGM exposure detracted 2.3% and gold exposure detracted 1.4%, alongside a 0.8% drag from Prosus.

The strongest single contributor was FirstRand, which added 0.8%. We increased the position during April, partly by switching from Standard Bank and partly by adding to our preferred banking exposure after relative underperformance. That decision helped as local banks performed well through the quarter, supported by improved domestic sentiment, better sovereign perceptions and a constructive backdrop for rate-sensitive shares. Standard Bank also contributed positively, adding 0.3%, while Sanlam added 0.2%. The broader pattern across the quarter was that domestically geared financials, property and selected consumer businesses performed better than the large China- and technology-linked shares that weighed on the local market.

Within consumer exposure, Anheuser-Busch InBev added 0.6%, Mr Price added 0.5% and Richemont added 0.2%. NEPI Rockcastle contributed 0.2% and Remgro added 0.2%. These holdings benefited from the stronger showing in rate-sensitive and domestic shares during the period. The fund's derivatives book was modestly positive overall, with options on the local large-cap equity market adding 0.6%.

The largest detractors were concentrated in precious metals. Impala Platinum reduced returns by 1.1%, Valterra by 0.8%, AngloGold Ashanti by 0.7%, Gold Fields by 0.7%, the rhodium ETF by 0.3% and Northam by 0.2%. Glencore also detracted 0.5%. We added to PGM exposure in late May following a pullback, reflecting our view that market deficits remain likely and that valuations had become more supportive.

Prosus was one of the main stock-specific headwinds. During April we switched Naspers exposure into Prosus after the discount narrowed, and we added again in May following weakness after its business update, where iFood downgrades drove the share price lower. Our view was that this weakness was adequately reflected in the price, but the position remained a drag over the reporting window.

Clicks detracted 0.5%. We added modestly in June on valuation, with the stock trading on about 15 times forward earnings, as we believe several near-term issues should unwind. These included a low regulated price increase this year, unusually strong supplier support for a competitor, operational issues linked to systems and warehousing, and slow pharmacy licence approvals. Our view remains that the core business is defensive, cash generative and capable of resuming around 10% earnings growth, but that was not reflected in returns over this quarter.

The fund also participated selectively in new equity issuance where pricing was attractive. We took part in the Boxer accelerated bookbuild in May and in the Vukile accelerated bookbuild later that month.

The fund remains flexible and is alive to any opportunities that present themselves. The remainder of 2026 will be interesting as we head into the US mid-term elections, local elections in South Africa and a shifting political landscape in the UK. Fed policy will be a key driver of US and global equities, as will the situation in the Middle East.

Inflation both locally and in the US should moderate into year end. We believe there is a low probability of further rate hikes this year. In this scenario the USD is likely to weaken modestly which should be good for commodities, emerging markets and the SA equity market.

Performance declaration for Laurium SA Flexible Prescient Fund (Class A1)	FUND	BENCHMARK (CPI + 5%)
Annualised return since inception	+19.5%	+9.5%
Cumulative return since inception	+66.9%	+29.8%
1 Year	+18.5%	+10.1%
Highest rolling 1-year return (since inception)	+48.4%	
Lowest rolling 1-year return (since inception)	+15.6%	
Fund inception date	16 August 2023	

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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 Intermediatory 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**