LAURIUM CAPITAL

BCI Boutiques on Wednesday

Laurium BCI Strategic Income Fund

November 2024

Laurium Capital at a Glance

LAURIUM CAPITAL

+16 year track record

20 YEARS

Average Investment Team Industry Experience

B-BBEE LEVEL 1 CONTRIBUTOR

DIVERSE TEAM

Degrees, backgrounds, genders, perspectives

SA, AFRICA AND GLOBAL

Skills Across Regions And Asset Classes

TOP TIER TEAM

R57 BN AUM

OWNER MANAGED

BOUTIQUE MINDSET

Nimble, Opportunistic, Flexible

The Investment Team (Fixed Income Team)

INVESTMENTS

MURRAY WINCKLER
Co-Founder Portfolio Manager

GAVIN VORWERG
Co-Founder Portfolio Manager

JUNAID BRAY
Portfolio Manager & Research Coordinator (SA)

BRIAN THOMAS
Portfolio Manager Analyst

ROB OELLERMAN
Global Equities Portfolio Manager

PAUL ROBINSON
Portfolio Manager & Research Coordinator (Africa)

MIKE LAWRENSON
Portfolio Manager & Analyst

MATTHEW POUNCETT
Portfolio Manager & Analyst

MELANIE STOCKIGT
Fixed Income Portfolio Manager

SHWEBI GQOSHA
Fixed Income Analyst

SIZIPIWE MSIMANG
Fixed Income Analyst

TINASHE HOVE
Analyst

YAAMEEN GOSAIN
Analyst

ROSS YAMMIN
Business Development Global Analyst

TSWALEDI MOHALE
Analyst (Internship)

TRADING & QUANTS

KEVIN SHEIN
Head Trader

KAILAN VANDAYAR
Trader & Analyst

DAVID MCCLELAND
Quantitative Analyst

JAEDON VAN SCHALKWYK
Quantitative Analyst

The Three Most Important Factors Driving SA Fixed Income Markets

Fixed Income Process

The Three Rs

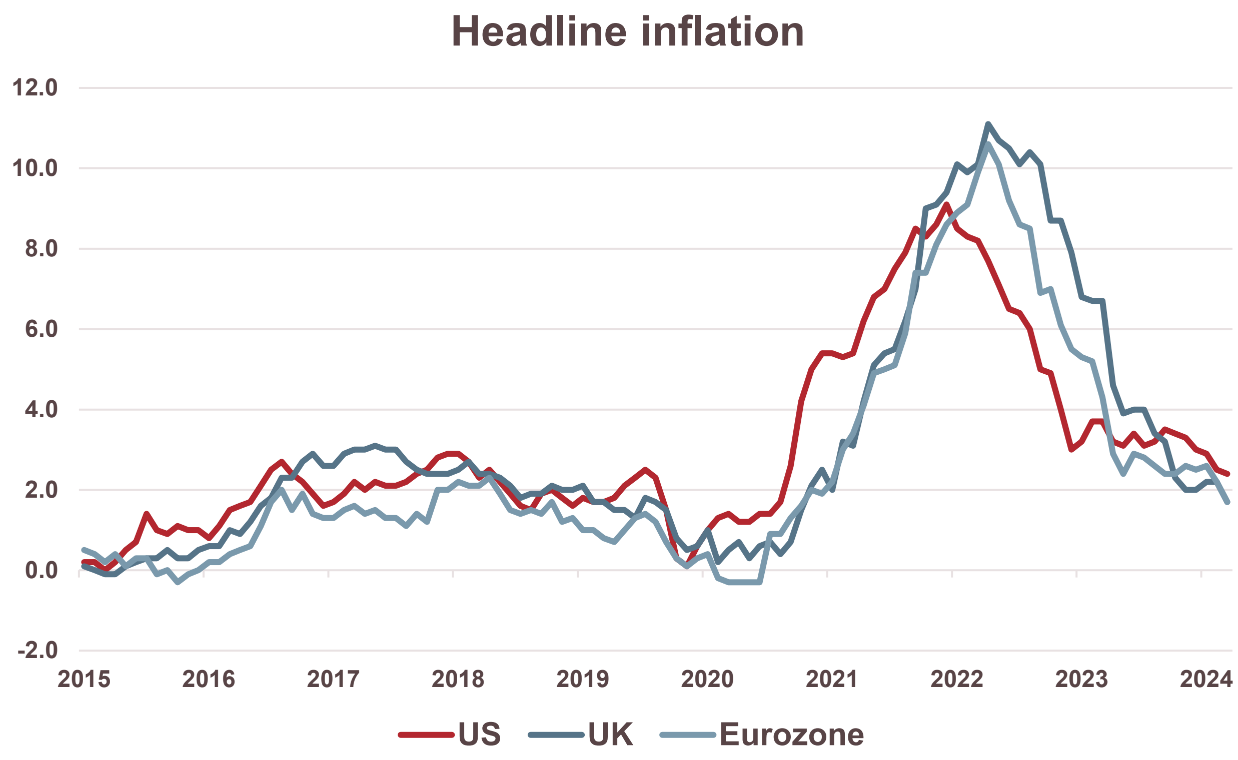
Developed Market Bond Drivers

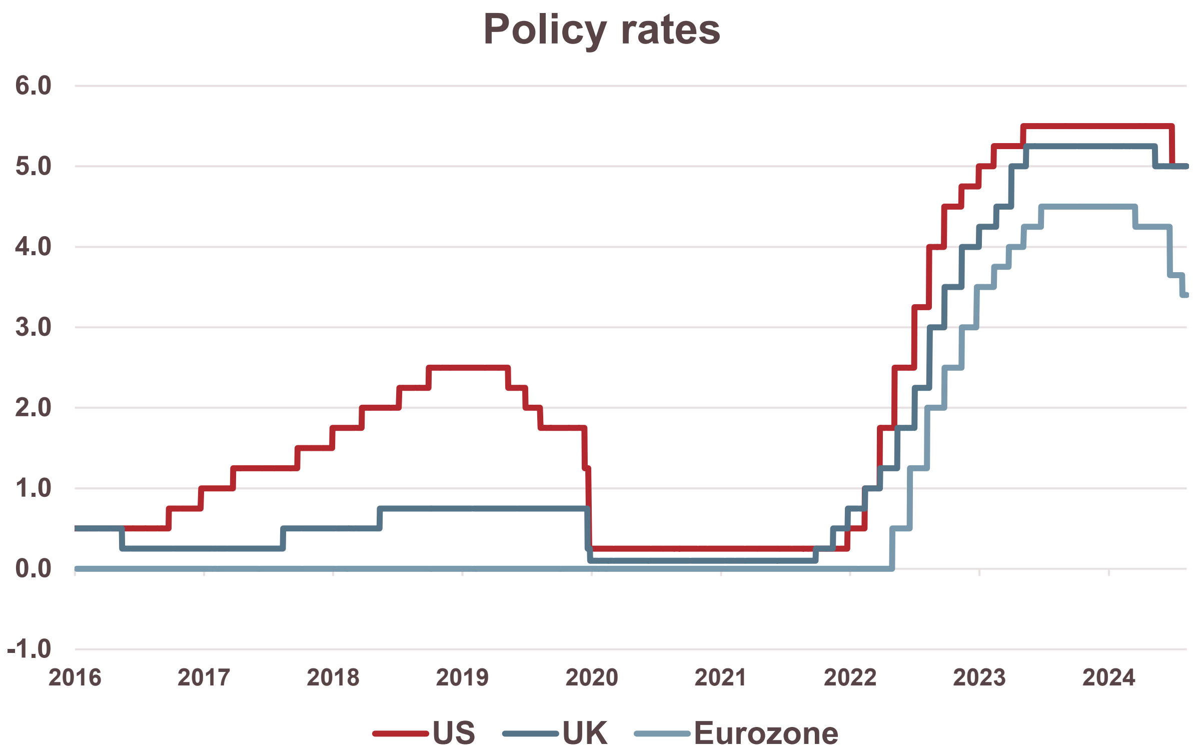
US Interest Rates and Bond Yields

Zooming out

Source: Bloomberg

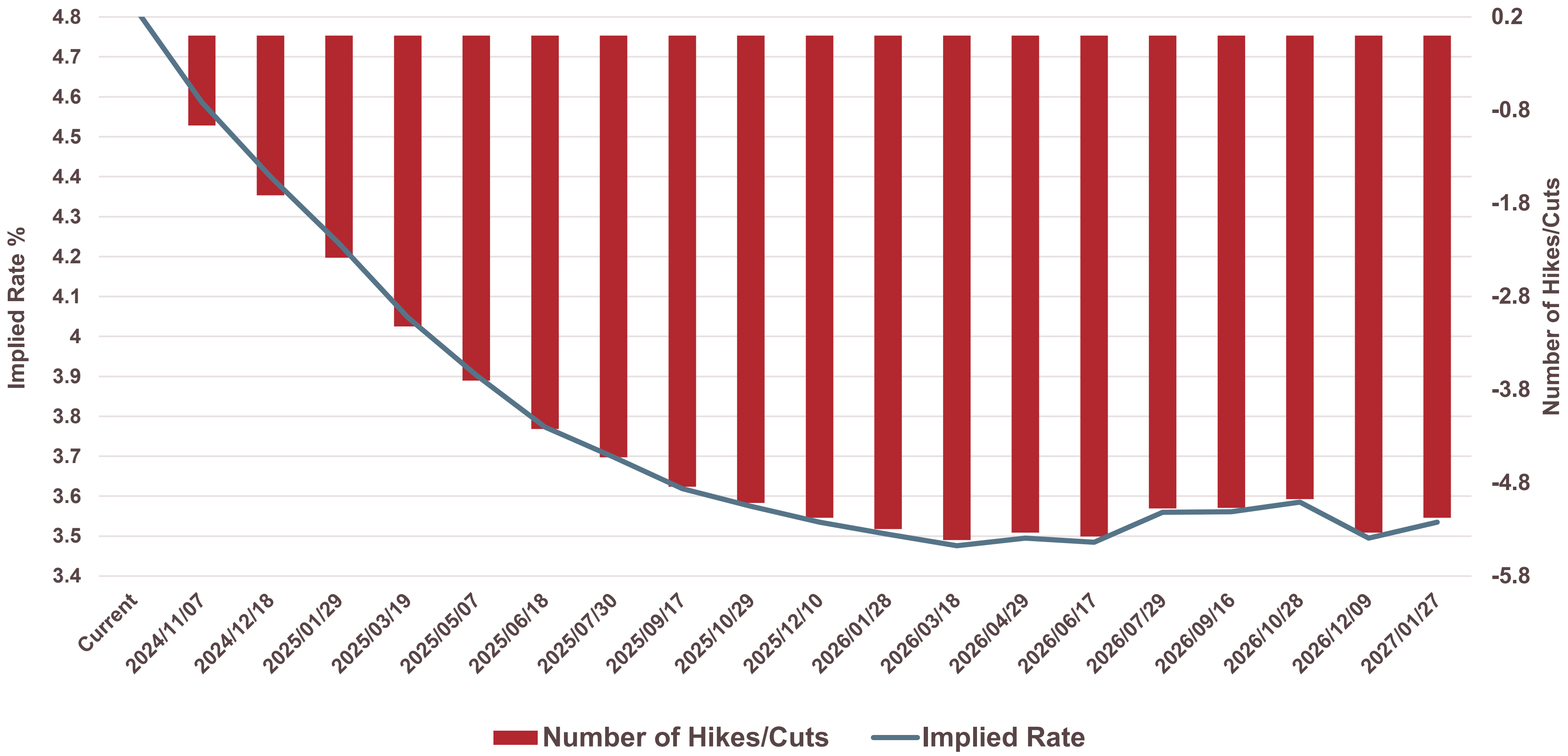
Developed Market Inflation and Interest Rates





Source: Bloomberg

US Interest Rates
Shifting market expectations



Source: Bloomberg

US Interest Rates and Bond Yields

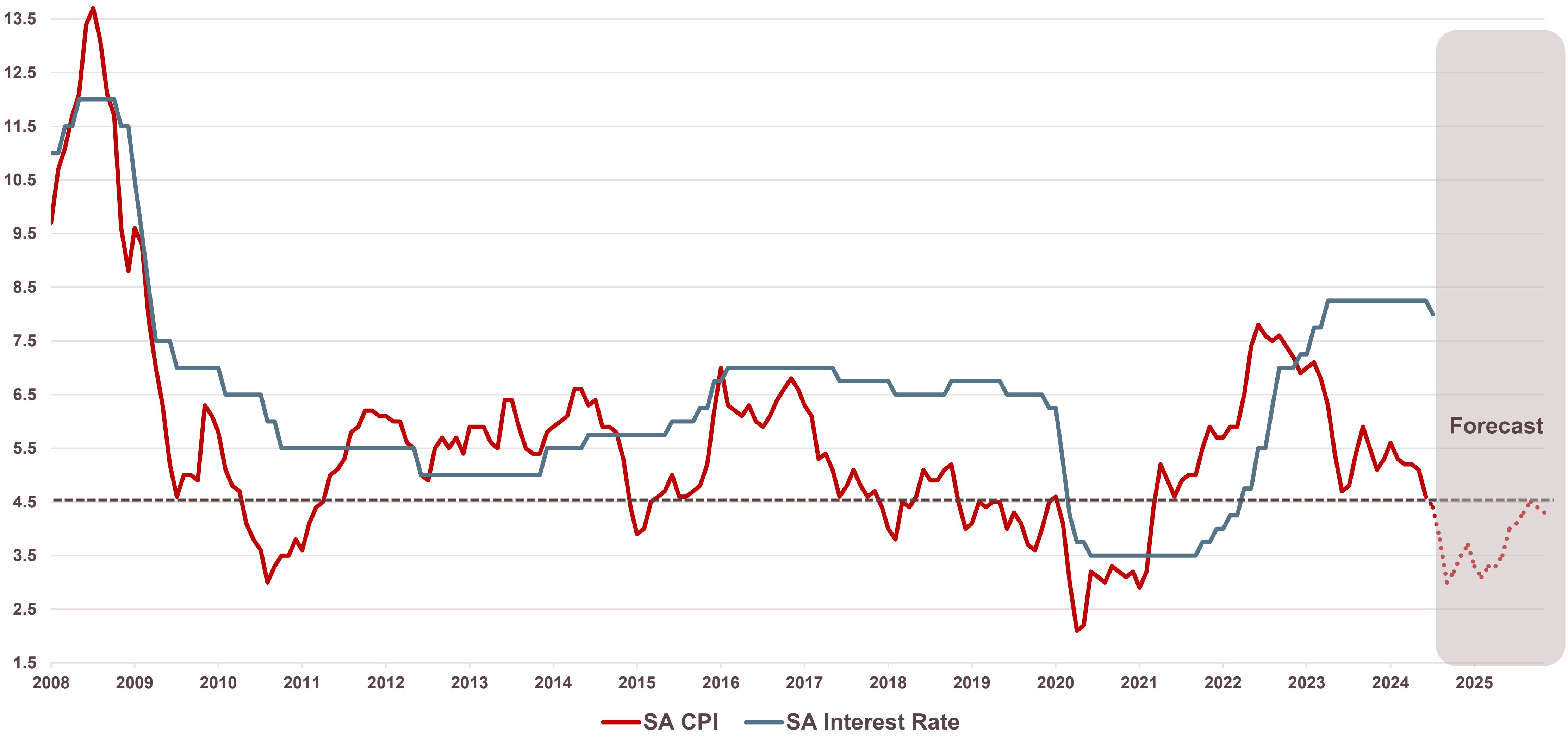
Where are we going to?

- What does neutral look like? Why is the Fed cutting rates?
- Terminal rate scenarios:
  - No landing: 4%
  - Soft landing: 3%
  - Hard landing: 2%
- Curve shape: when and how much does the market start to fret about the fiscal outlook?

SA Interest Rates and Inflation

SA Inflation and Interest Rates

Zooming out

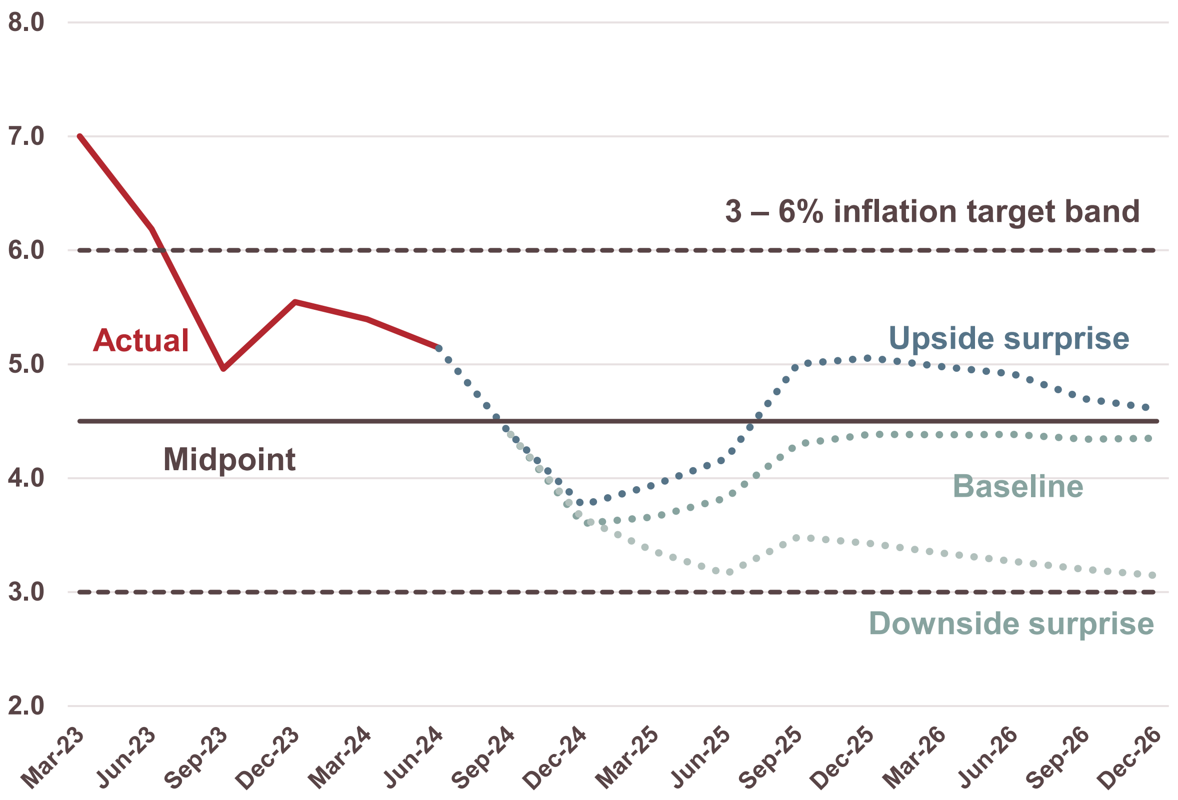


Source: ABSA, Bloomberg

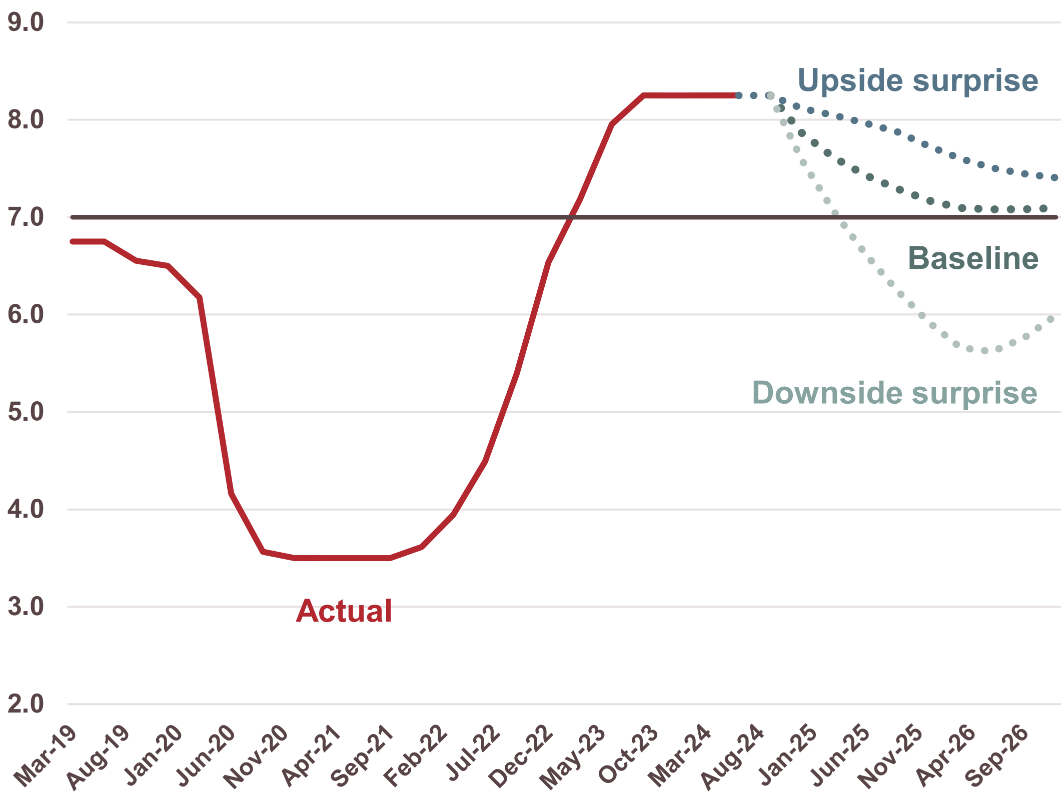
SA Inflation and Interest Rates

Where are we going to?

Headline inflation

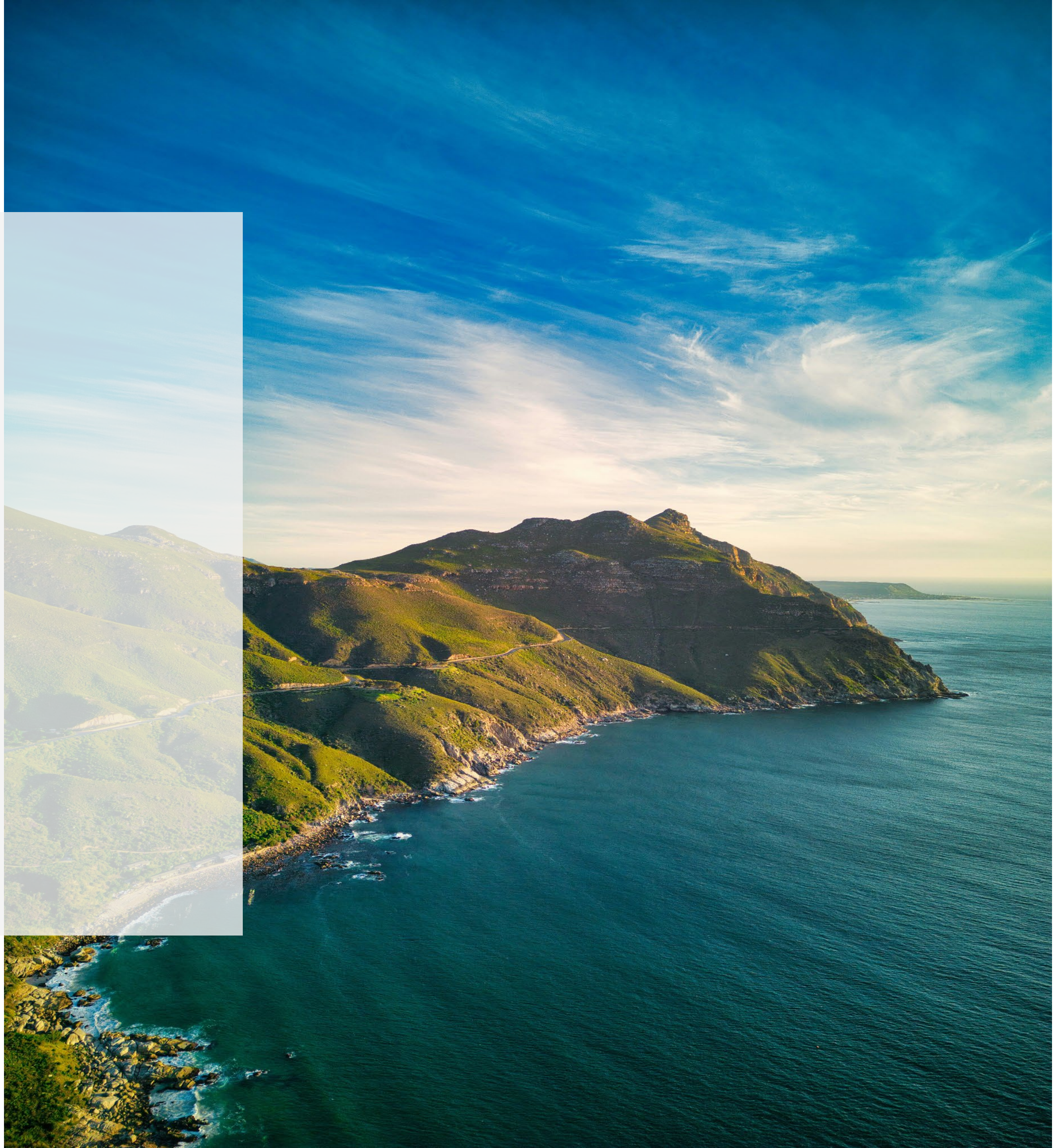


Nominal repo rate

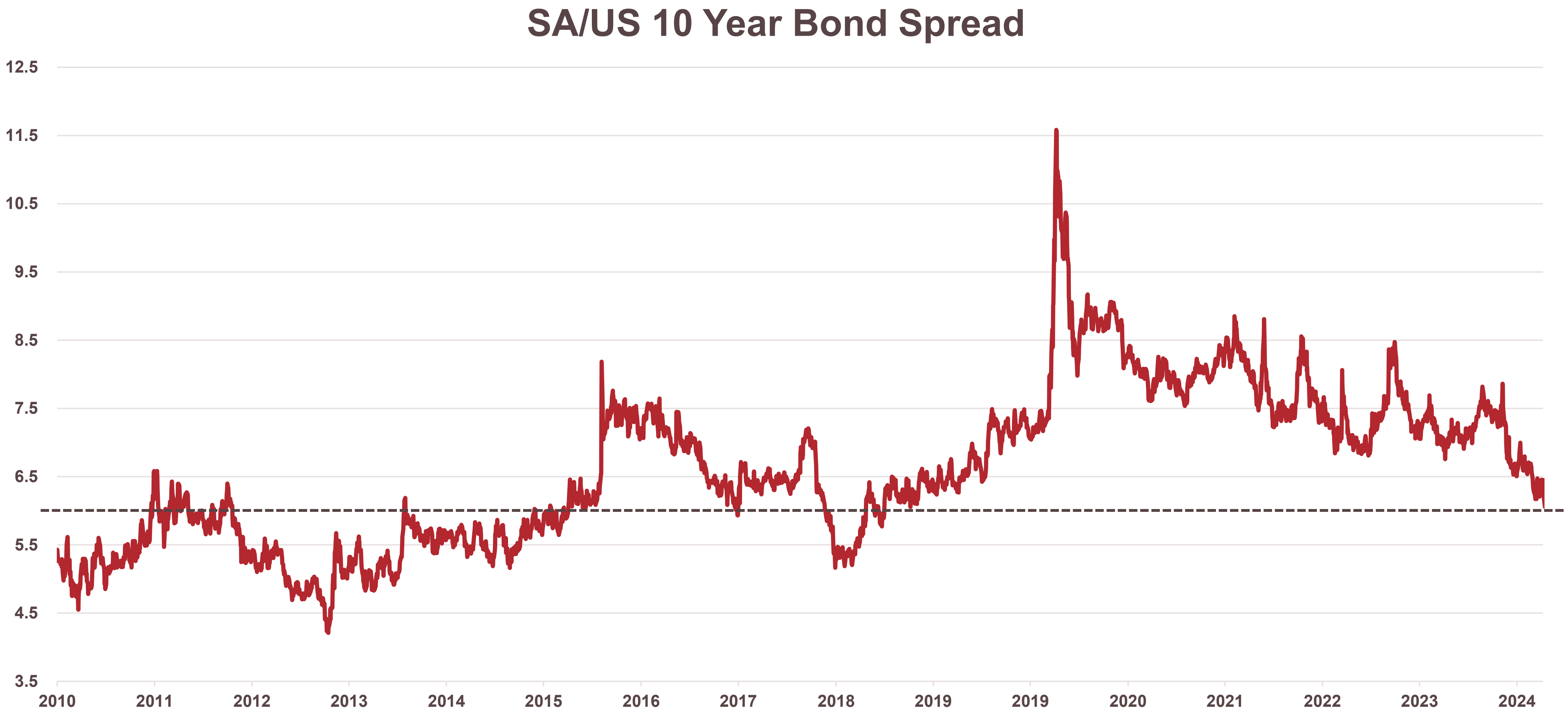


Source: SARB

SA Risk Premium



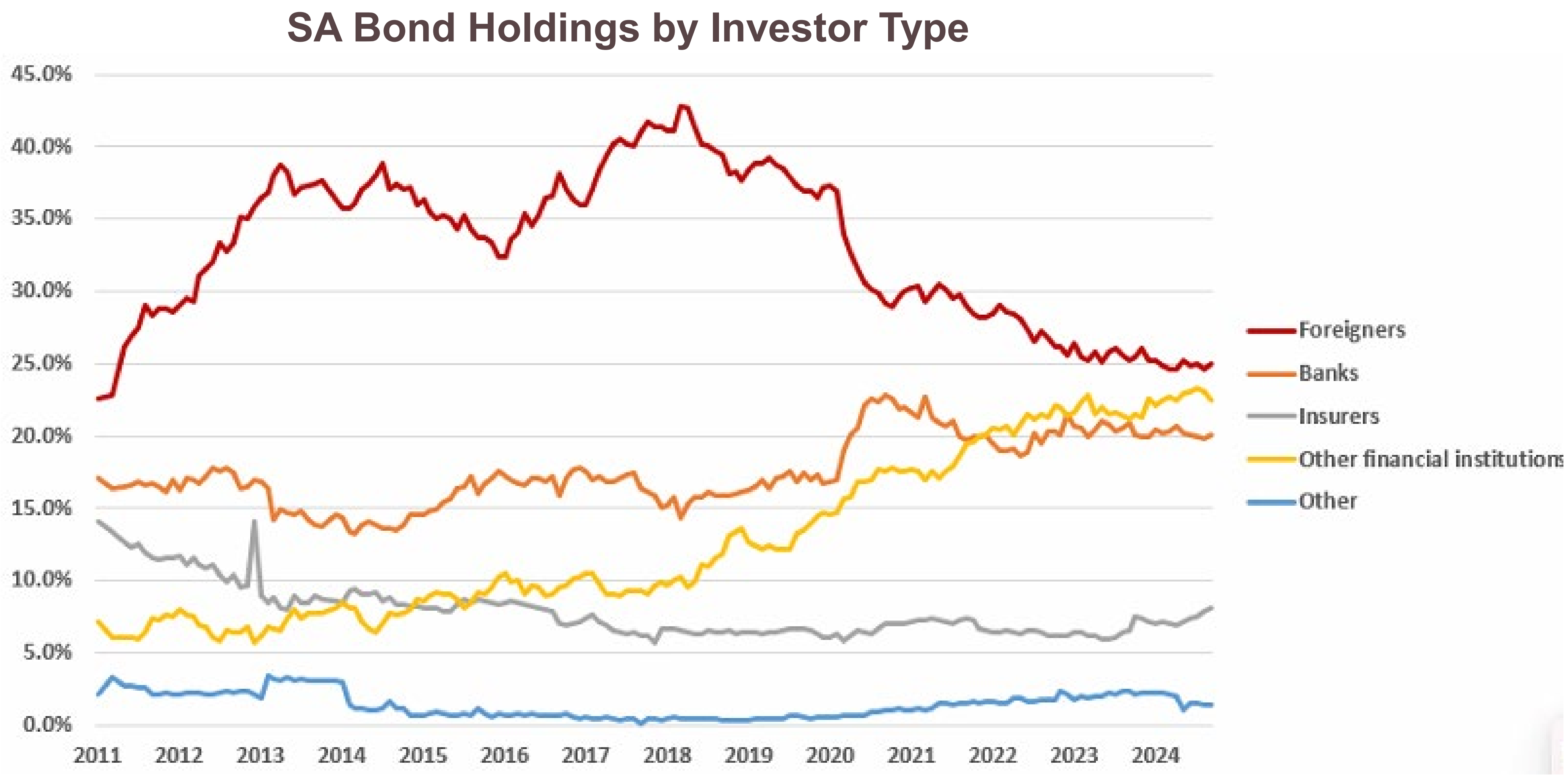
SA Risk Premium



Source: Bloomberg, Laurium

SA Risk Premium

Where are we going to? Foreign demand will be key to valuations

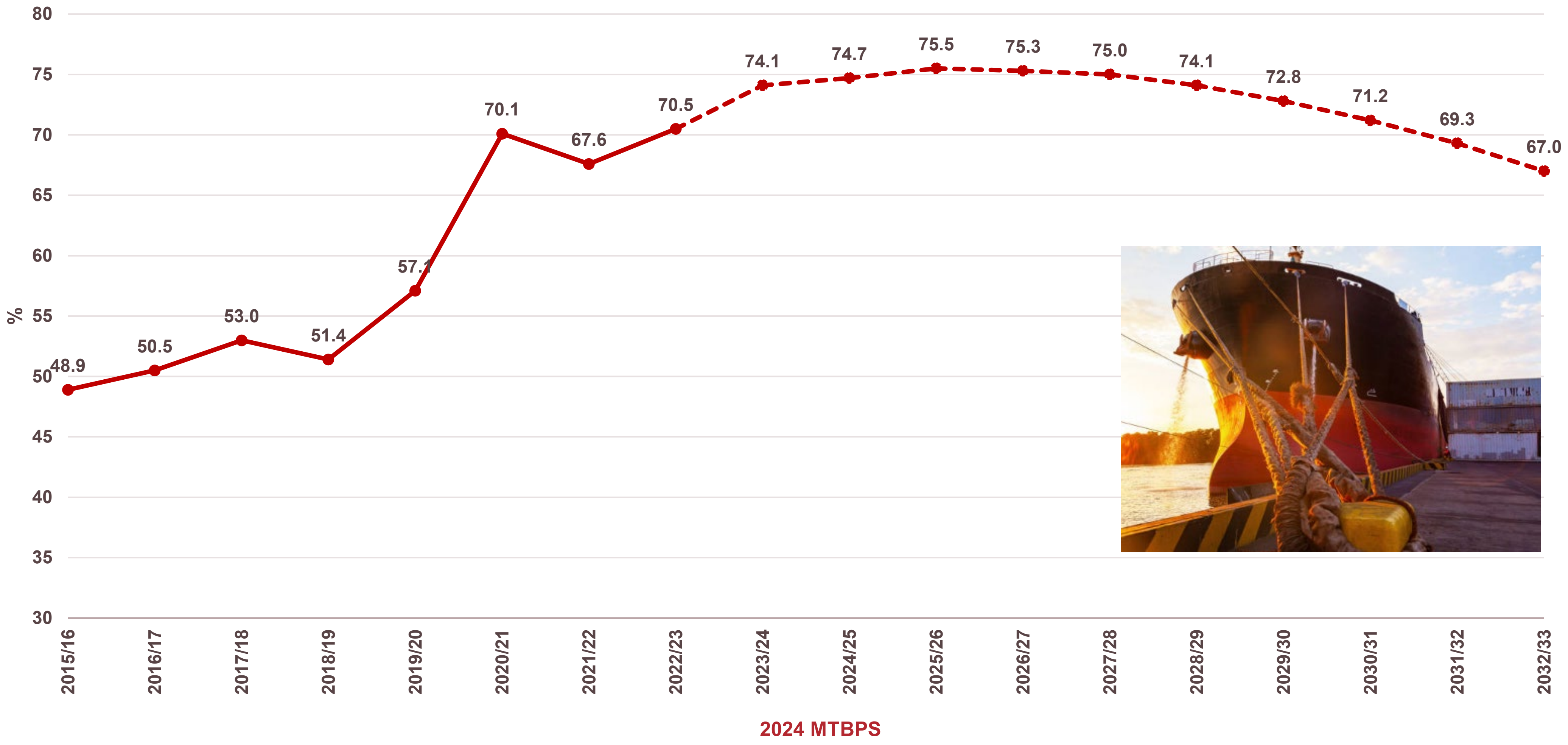


Source: National Treasury

SA Risk Premium

Where are we going to? Fiscal Outlook will be key to valuations

SA Debt to GDP



Source: National Treasury

SA Risk Premium

Where are we going to? SA Economic Growth will be key to valuations

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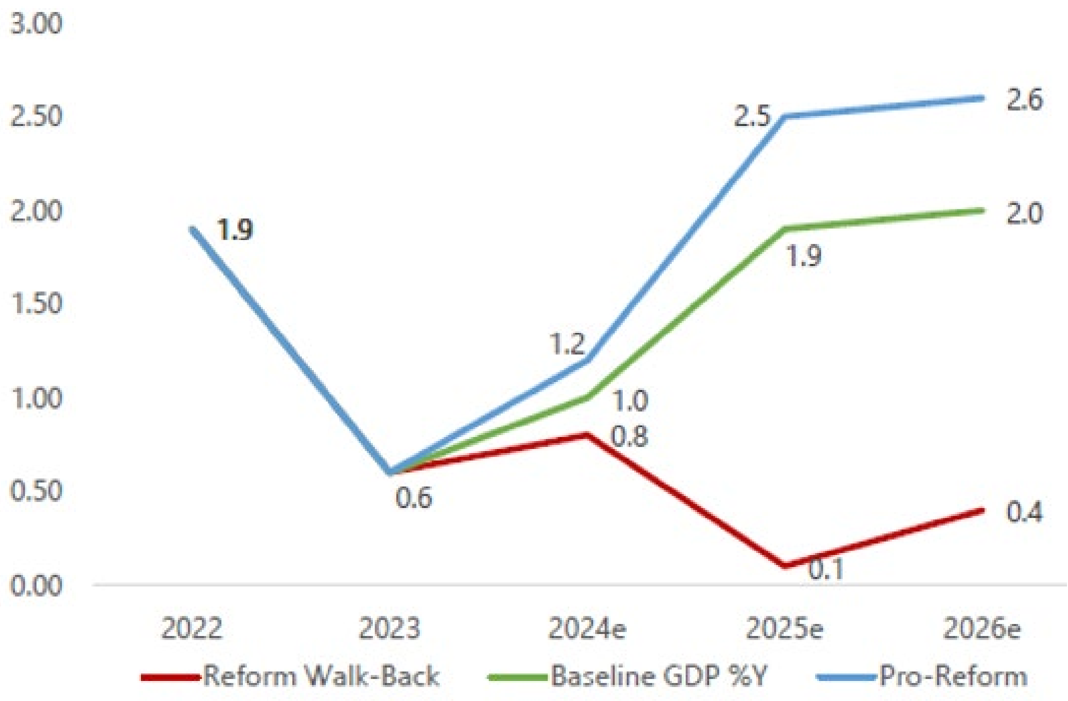
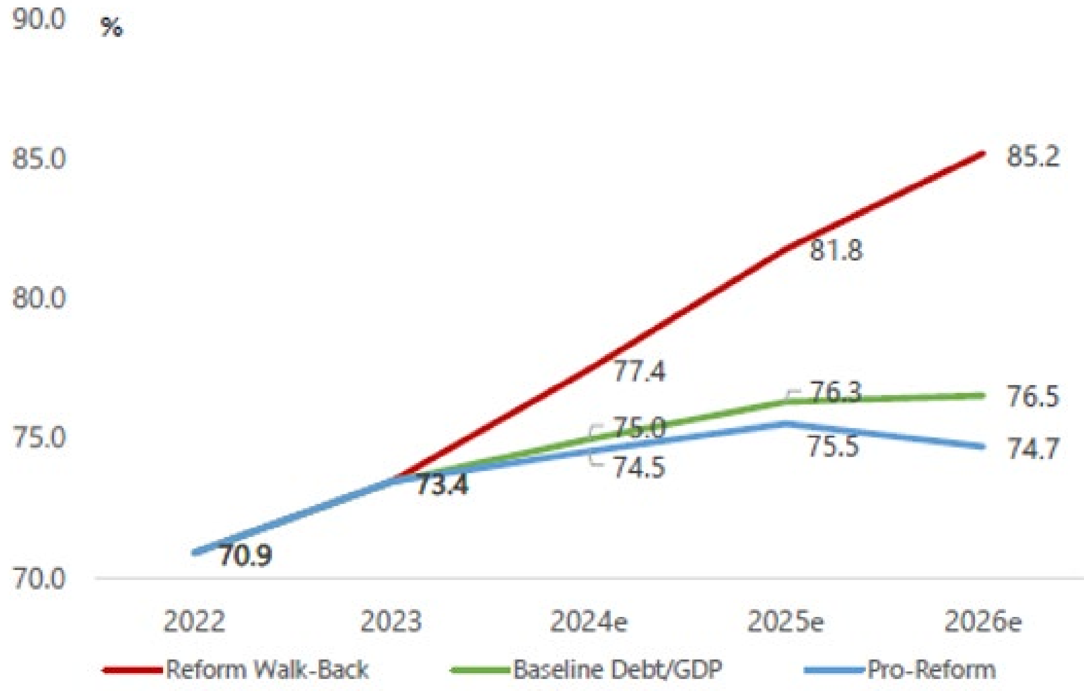
Range of GDP estimates depending on the policy drift adopted



Source: Stats SA, RMB Morgan Stanley Research forecasts (2026 is an indicative estimate for the purposes of this exercise).

Gross government debt estimates depending on the policy drift



Source: Stats SA, RMB Morgan Stanley Research forecasts (2026 is an indicative estimate for the purposes of this exercise).

Source: RMB Morgan Stanley Research, Stats SA

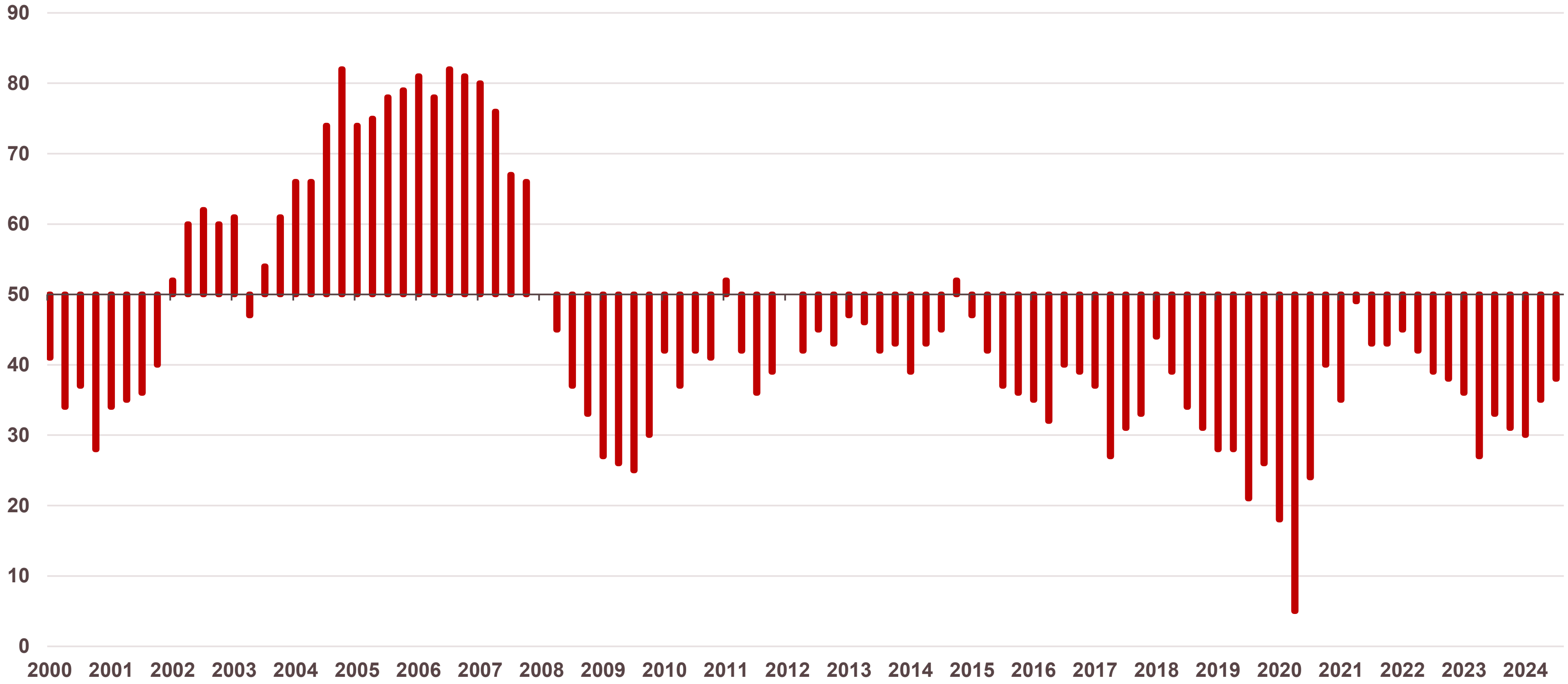
GNU-phoria - what makes this time different?

- Clear **reform plan** and reform **engine**: Operation Vulindlela
  - Limited number of **high impact** priorities
  - Blueprint of Eskom shows success of including **private sector**
- Driven by **Presidency** – ownership, buy-in
- **GNU** loosens constraints of ANC ideology, competition across Ministers/ries, checks and balances
- **2% growth rate**: was seen as elusive, now the consensus view
- **Risks** to the growth outlook are to the **upside**

What were the growth potholes?

SA businesses can't remember what confidence feels like

Business confidence

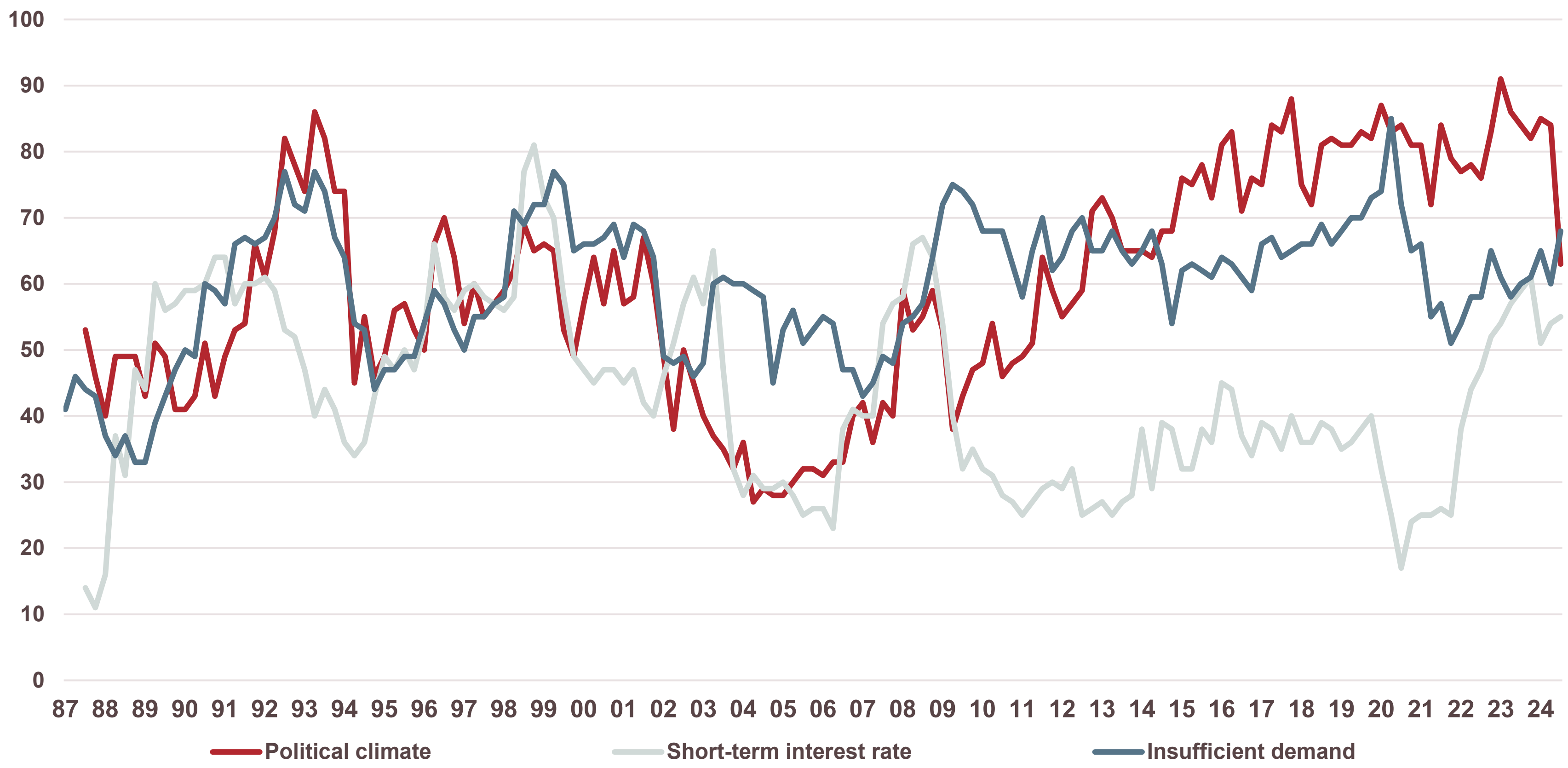


Source: Bureau for Economic Research

Barometer of political climate

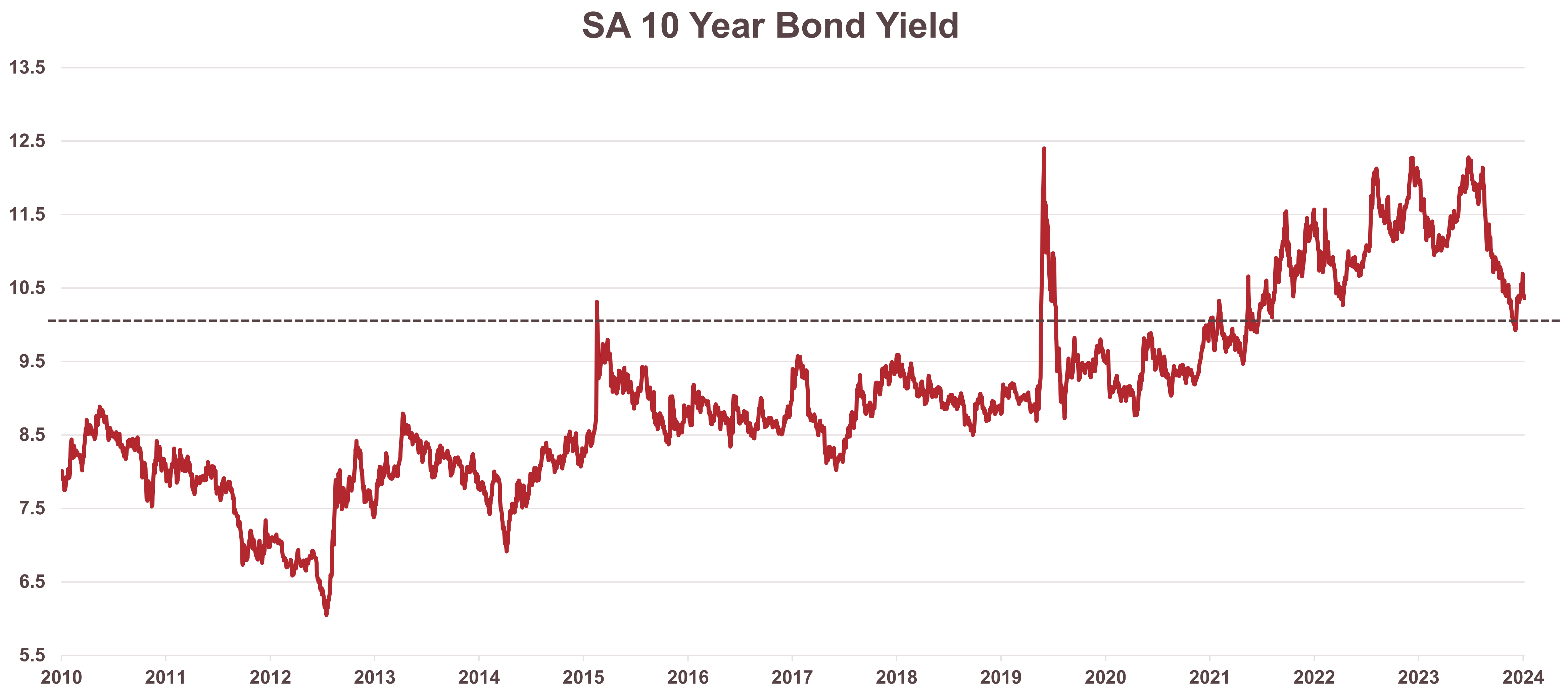
Persistent constraint to business confidence

% of firms regarding the current climate as a constraint to economic activity



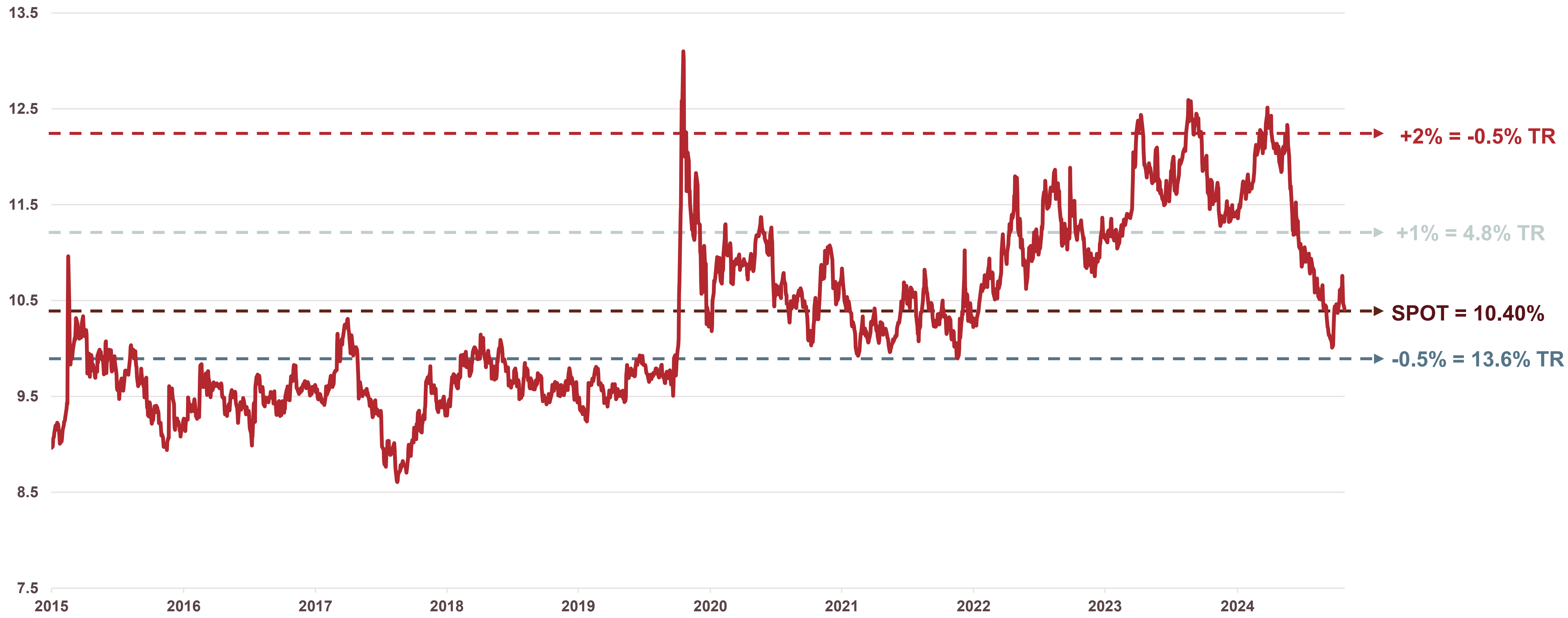
Source: Bureau for Economic Research, Absa

SA 10-year yield



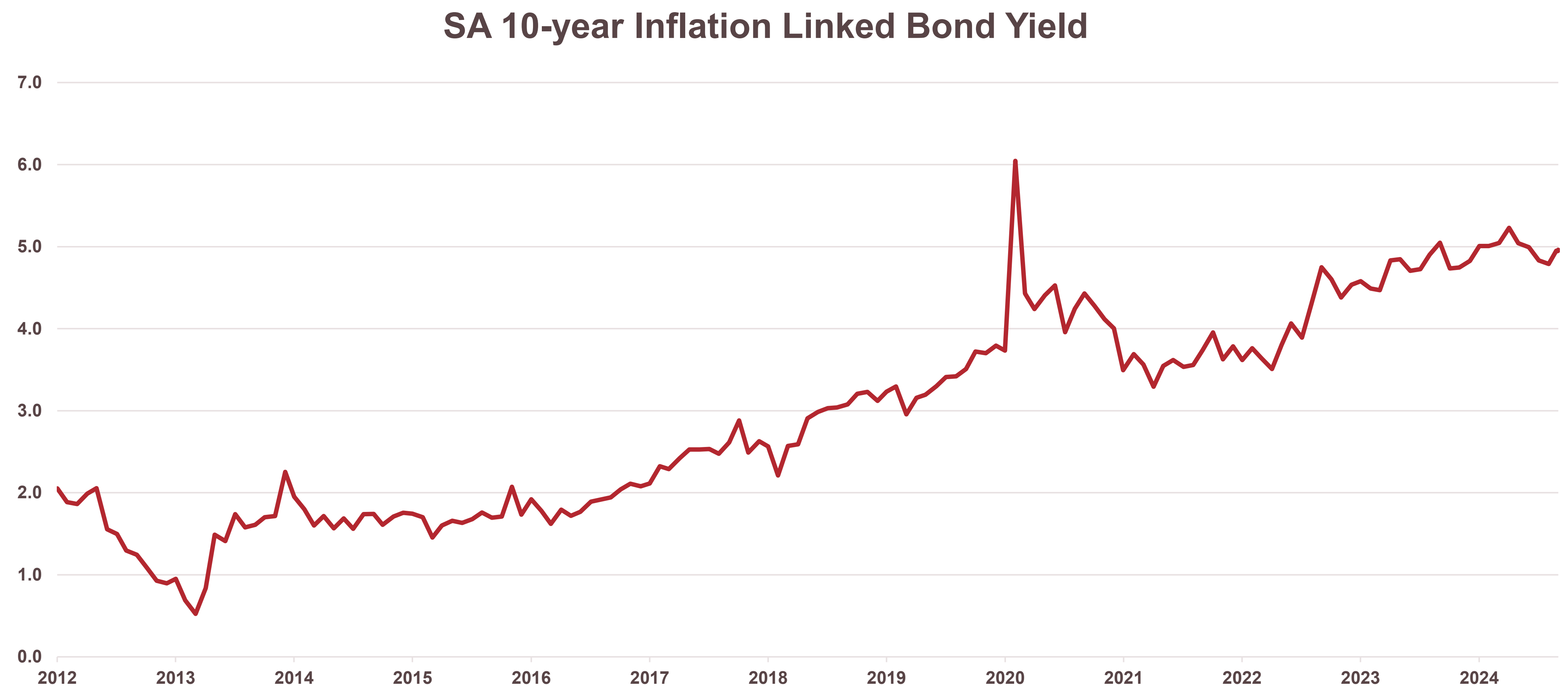
Source: Bloomberg, Laurium

SA 10-year yield



Source: Bloomberg, Laurium Capital. *Maturity 28 February 2035

High real yields on inflation linked bonds



Source: Bloomberg, Laurium

Performance and Positioning

Fund Overview

Laurium BCI Strategic Income Fund

LAURIUM CAPITAL

- Collective Investment Scheme. governed by CISCA
- Launch date **7 November 2014**
- Regulation 28 Compliant, Multi-Income ASISA Fund
- ASISA category allows for Max 45% offshore
- Benchmark: STeFi Composite x 110%
- Low volatility, low risk
- **108/116 positive months (93%)**
- **Rolling positive quarters (97%)**

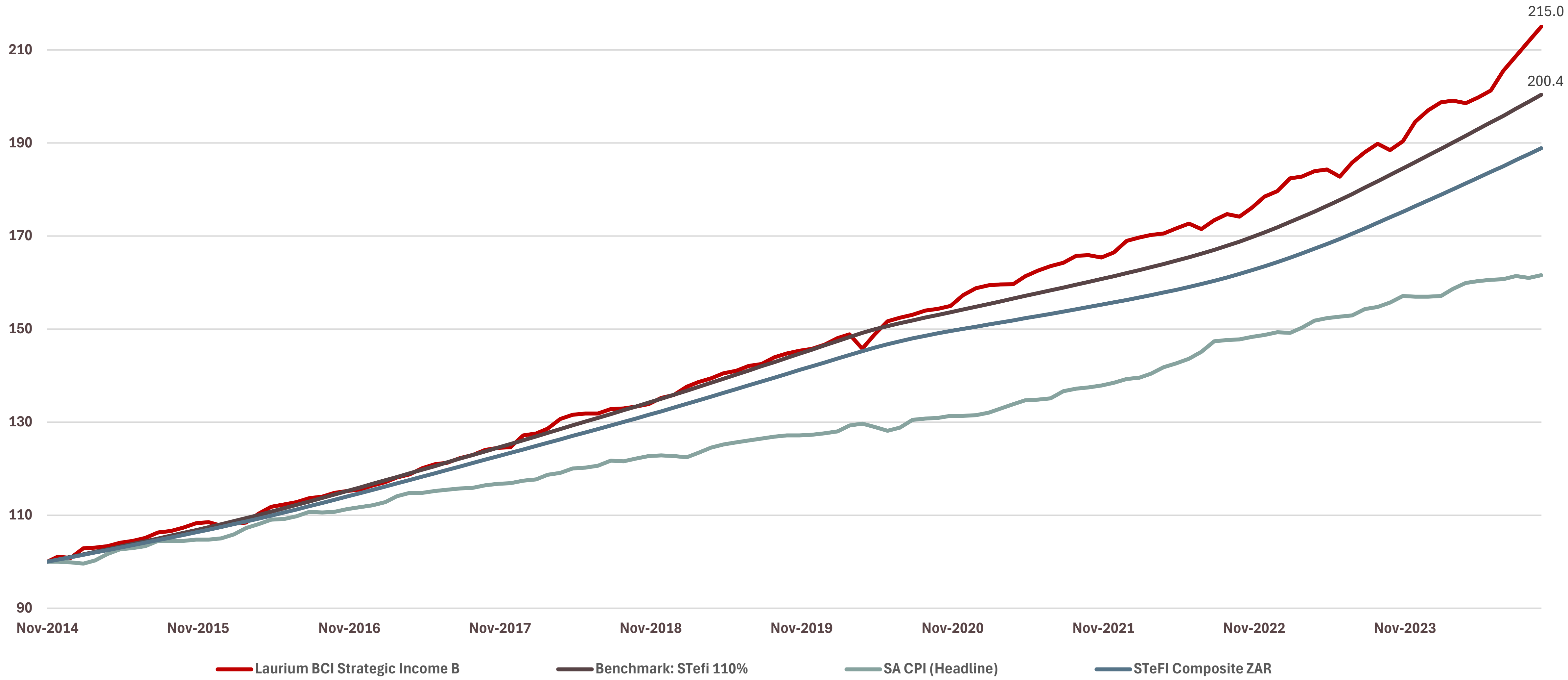
Year	Jan (%)	Feb (%)	Mar (%)	Apr (%)	May (%)	Jun (%)	Jul (%)	Aug (%)	Sep (%)	Oct (%)	Nov (%)	Dec (%)	YTD (%)
2015	2.1	0.1	0.3	0.7	0.4	0.6	1.2	0.3	0.7	0.9	0.2	-0.7	**6.9**
2016	0.4	0.2	1.8	1.3	0.4	0.4	0.8	0.3	0.7	0.3	0.3	0.8	**8.0**
2017	0.6	0.8	0.6	1.1	0.7	0.3	0.8	0.6	0.9	0.4	0.1	2.0	**9.2**
2018	0.3	0.8	1.6	0.7	0.2	0.0	0.7	0.1	0.3	0.4	1.0	0.5	**6.8**
2019	1.3	0.7	0.6	0.8	0.4	0.8	0.3	1.0	0.6	0.4	0.3	0.6	**8.0**
2020	1.0	0.6	-2.1	2.1	1.9	0.5	0.4	0.6	0.2	0.4	1.5	0.9	**8.3**
2021	0.4	0.1	0.0	1.1	0.7	0.6	0.5	0.9	0.1	-0.3	0.7	1.5	**6.4**
2022	0.4	0.3	0.2	0.6	0.6	-0.7	1.1	0.7	-0.3	1.2	1.4	0.7	**6.2**
2023	1.6	0.2	0.6	0.2	-0.8	1.0	1.2	1.0	-0.7	1.0	2.2	1.3	**9.7**
2024	0.9	0.2	-0.3	0.6	0.7	2.1	1.6	1.6	1.5				**9.1**

Since Inception (annualised): Fund: 8.0% | Benchmark: 7.3%

Source: Morningstar, Net performance of the B-class since 1 Jan 2015

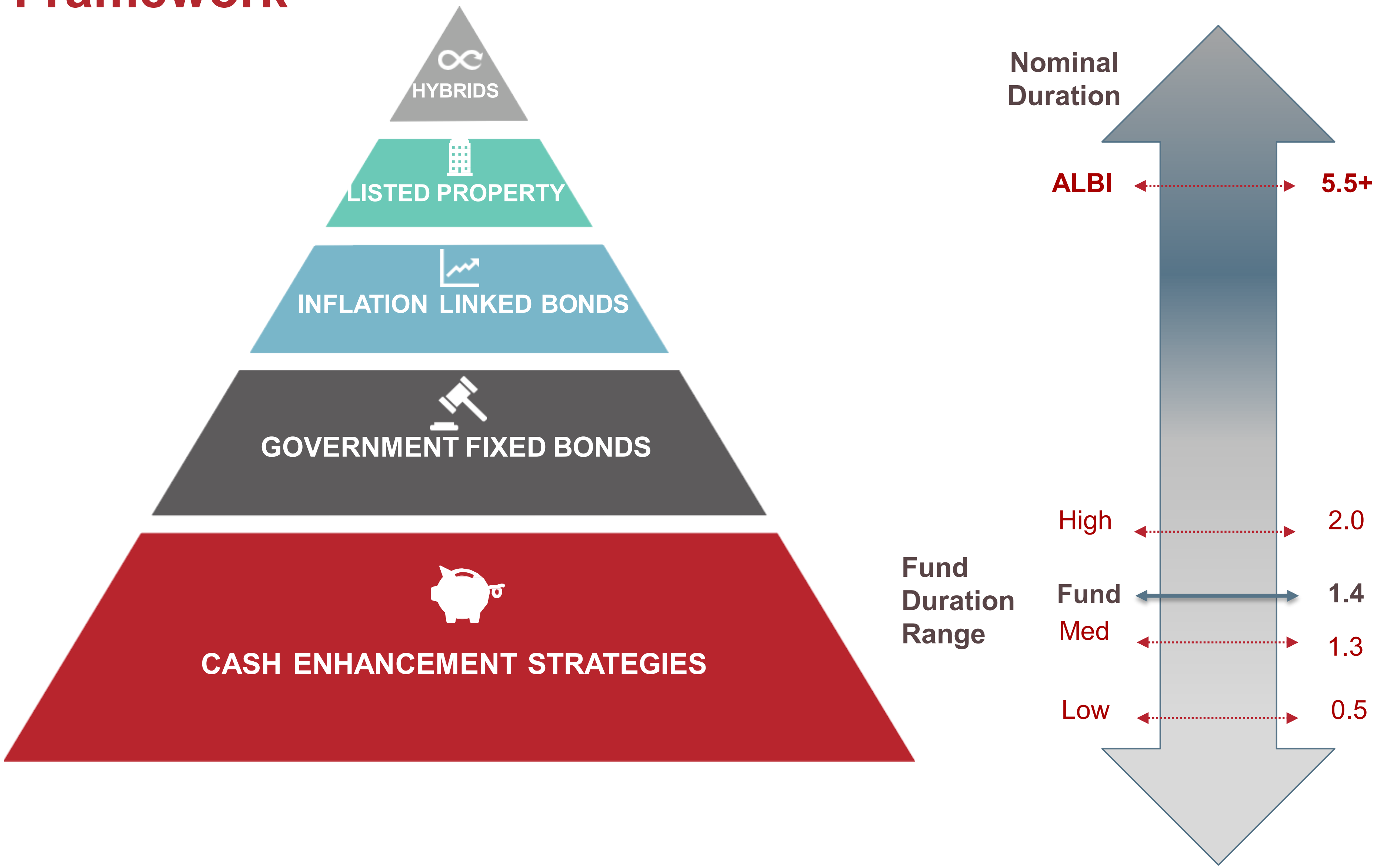
Fund Performance

Laurium BCI Strategic Income Fund

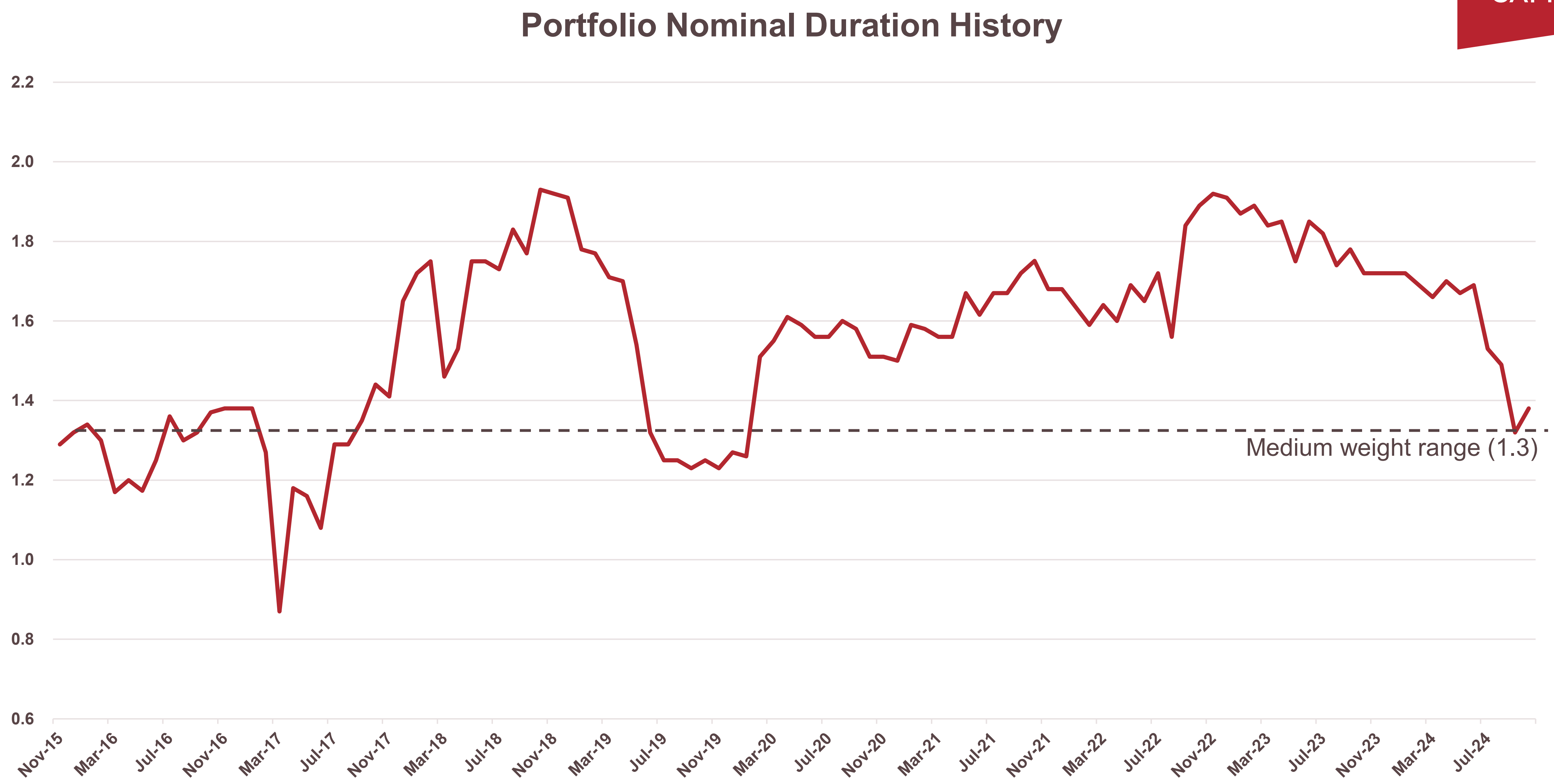


Source: Morningstar, Net performance of the B-class since 1 Jan 2015

Asset Allocation Framework



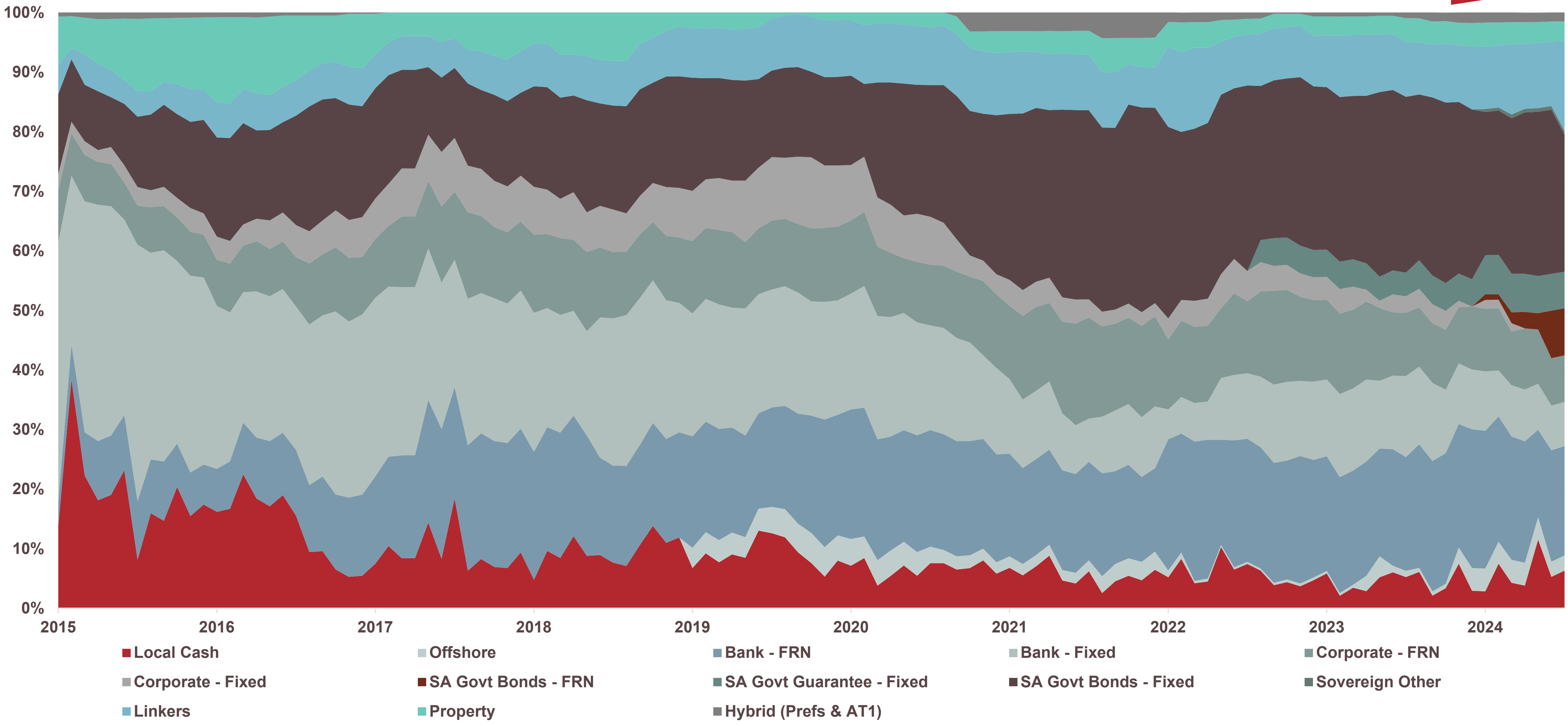
Portfolio modified duration is actively managed



Source: Laurium

Laurium BCI Strategic Income Fund

Historical Asset Allocation up to October 2024



Source: Laurium

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LAURIUM
CAPITAL
CELEBRATING 16 YEARS

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