



LAURIUM
CAPITAL

Alternative Investments Forum
Matthew Pouncett | 11 April 2024



Hedge Funds

Beating the Efficient Frontier

LAURIUM CAPITAL AT A GLANCE

+300 Years

Combined Investment Team Experience

20 Years

Average Investment Team Industry Experience

Diverse Team

50% Team Are Black, 40% Are Women



SA, Africa and Global

Skills Across Regions And Asset Classes

Top Tier Team ★★★★★

R52 bn AUM

Owner Managed

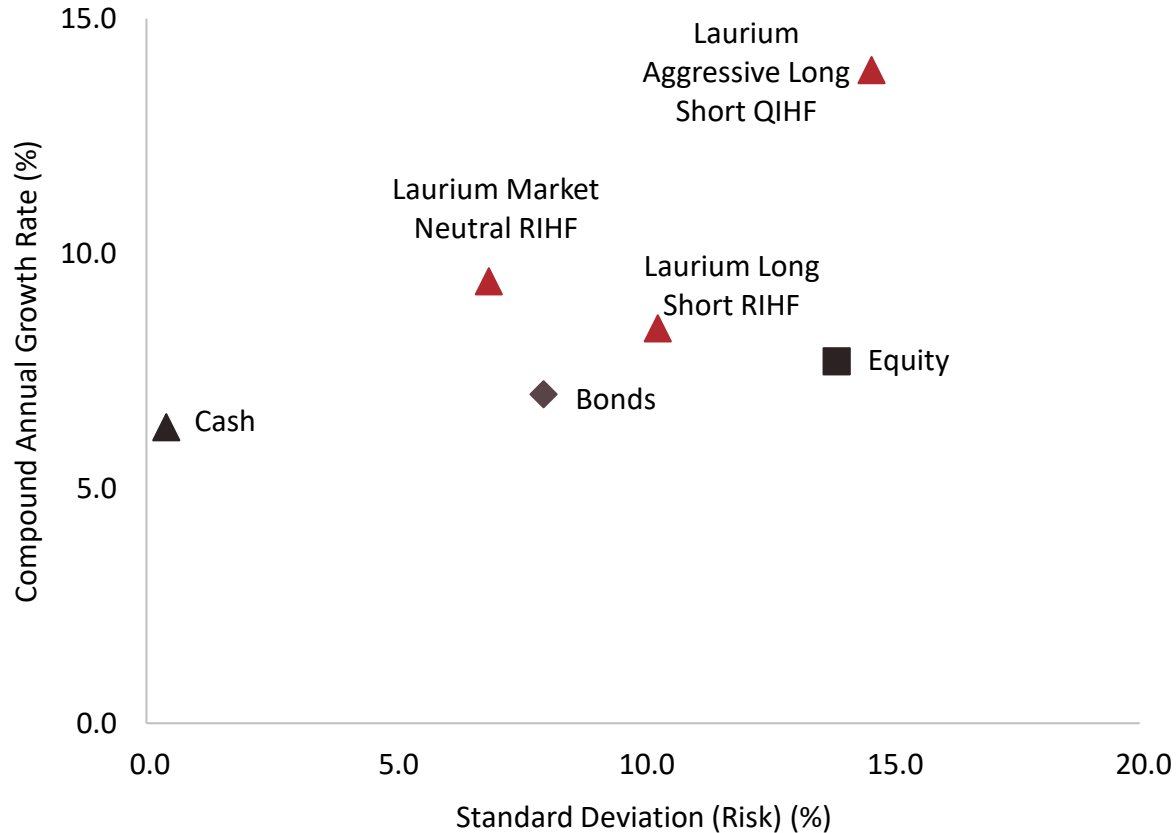


Boutique Mindset

Nimble, Opportunistic, Flexible

LAURIUM CAPITAL HEDGE FUNDS

Risk Return Scatterplot: Laurium Hedge vs SA Indices

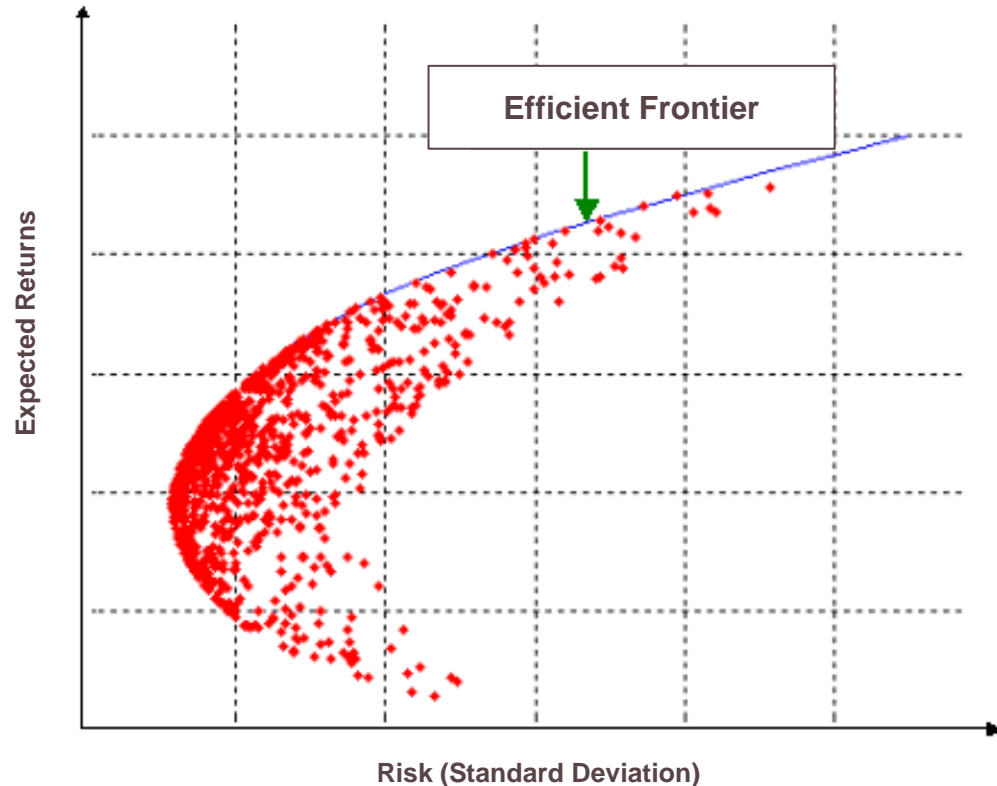


Source: Laurium, Morningstar, Since Inception of Laurium Aggressive Long Short QI Hedge Fund 1 January 2013 to 29 February 2024

BUILDING AN OPTIMAL PORTFOLIO

The Efficient Frontier

- **Optimal portfolio** for a defined level of **Risk**
- Risk reflected as **standard deviation** or **volatility**
- Ensuring **best outcome** for investors



DOES VOLATILITY MATTER?

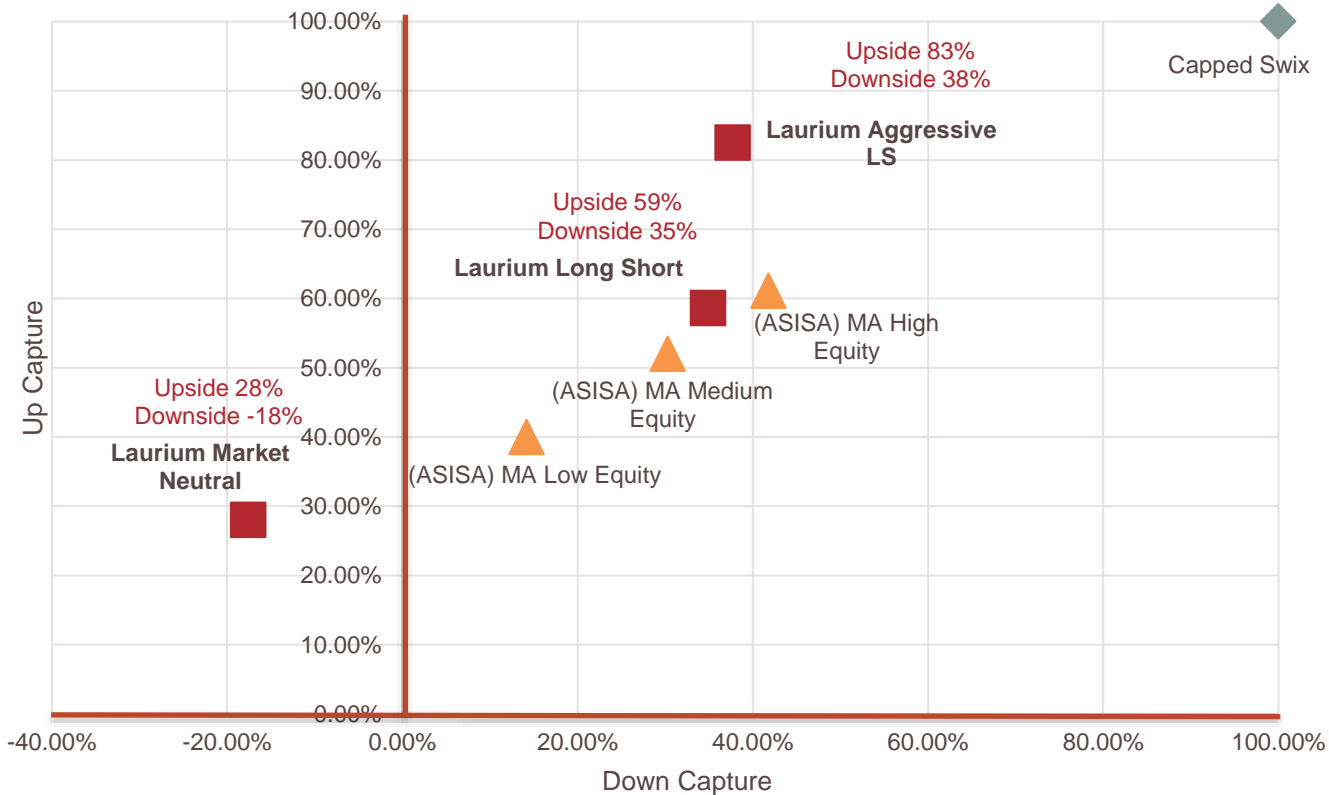
- Fund Returns overstate actual investor outcomes*
- *“Stems from poorly timed purchases and sales of fund shares”*
- *“The more volatile a fund, the more trouble investors tended to have capturing its full return”*
- *“Funds with higher levels of volatility generally experienced wider return gaps”*



* Morningstar Mind the Gap 2023 report

PROTECTING CAPITAL

Upside and Downside Capture, Since Aggressive Long Short Inception (+10 Years)

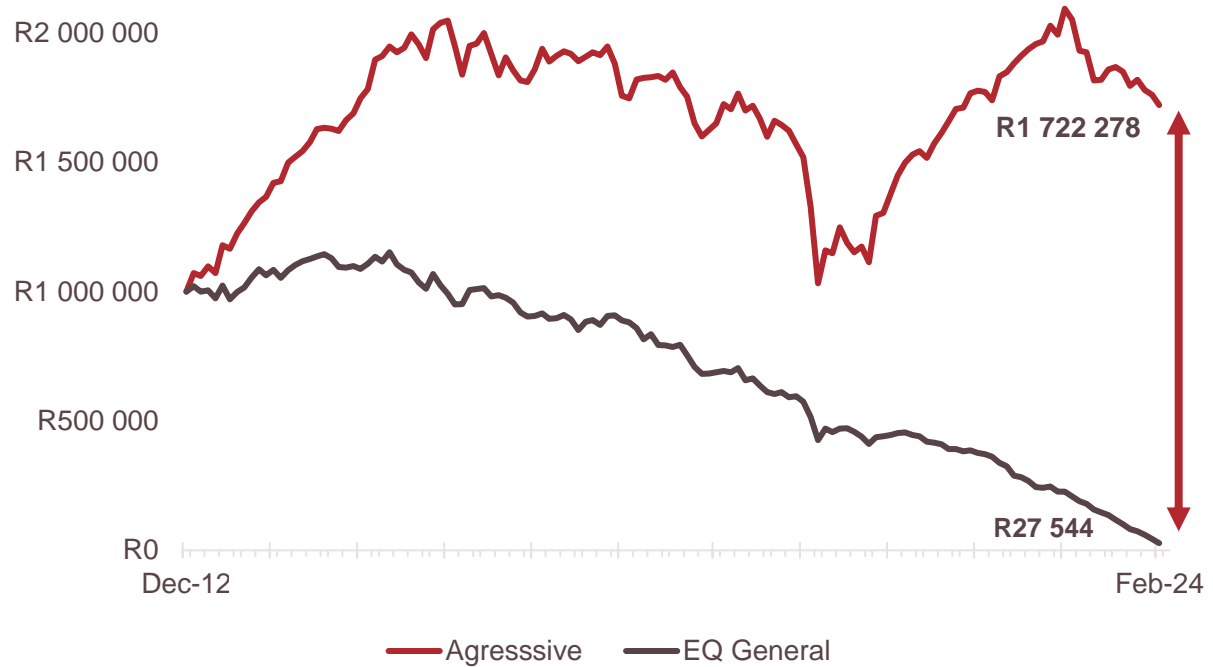


DOES VOLATILITY MATTER?

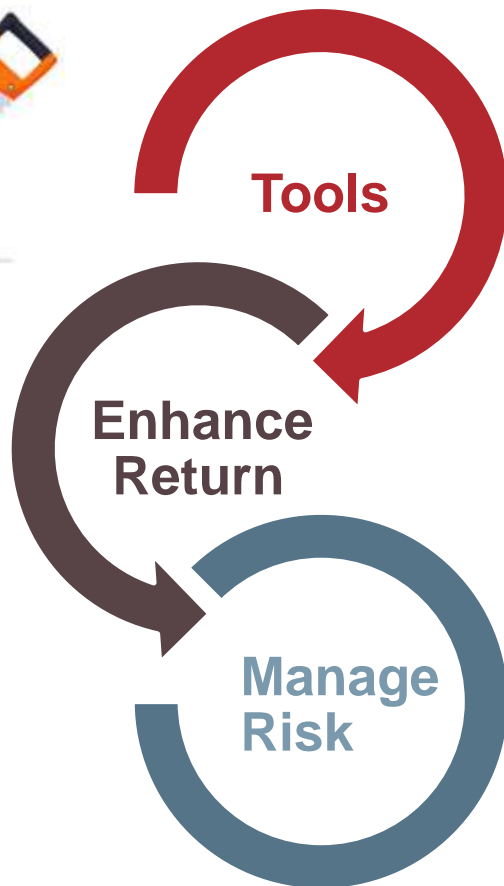
Sequencing Risk – The Drawdown Effect

Scenario assumptions:

- Cash Withdrawals:
 - R8000 monthly income
 - Increasing 6% p.a.



THE HEDGE FUND ADVANTAGE



- Liquidity
- Shorting
- Unconstrained mandate
- Flexibility

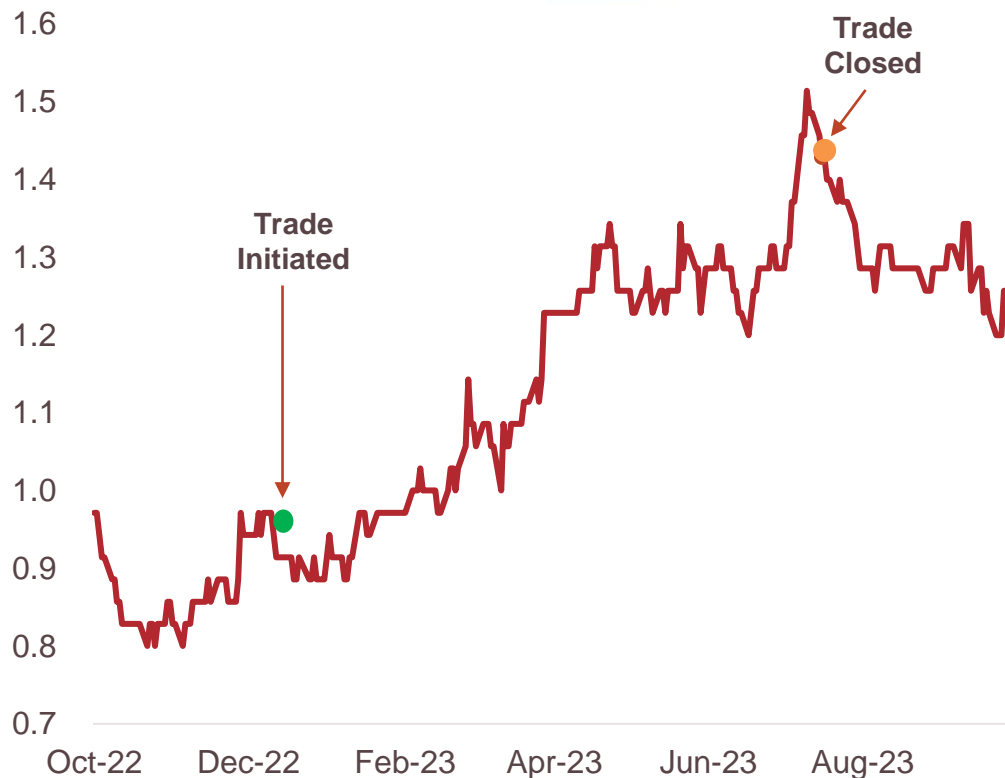
- Execution Speed
- Over-valued companies
- Pair Trades
- Corporate actions
- High yield / hybrid debt

- Dynamic net and gross exposure
- Reducing factor exposures

PAIR TRADE EXAMPLE

Lar Espana / Vukile

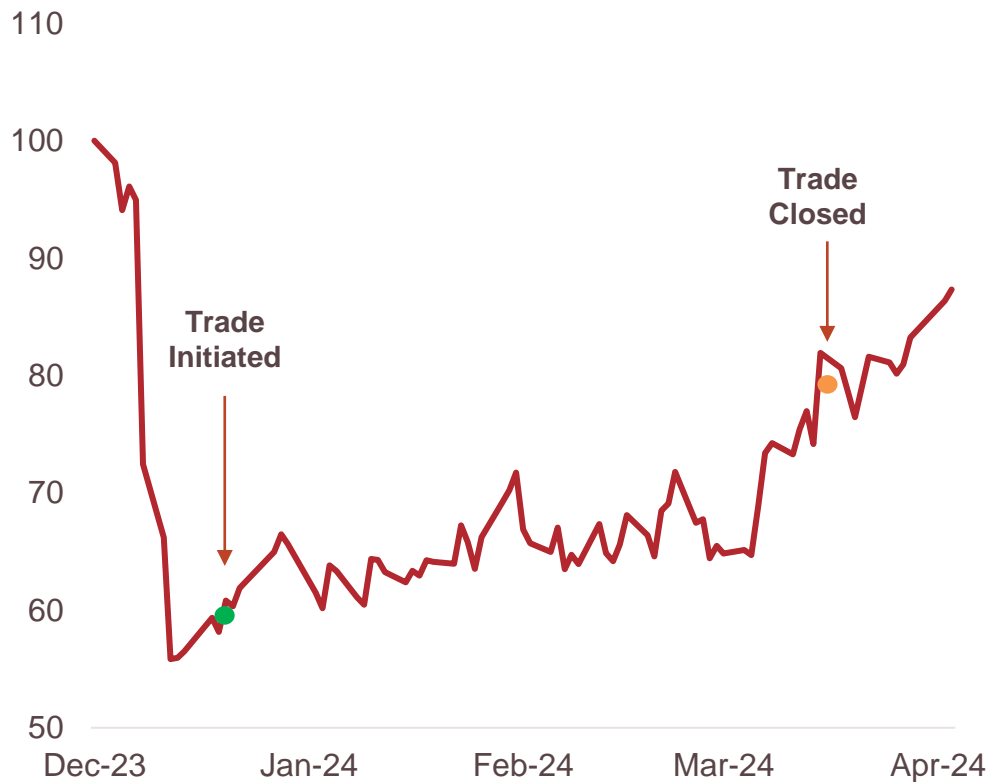
- **Pair Trades generate return *without adding to overall market risk***
- Dislocations create valuation differentials
- **Lar Espana (LRE) vs. Vukile**
 - Spanish retail property exposure
 - Value reflected in Vukile
 - LRE significantly undervalued



RUMP TRADE EXAMPLE

Anglo American PLC

- Gain exposure to the most attractive aspects of an investment case
- Amplifying returns, eliminate risks
- Anglo “Rump”
 - Traded down to <3x EV/EBITDA
 - Quality Copper assets
 - Sum of the parts underpin
 - Takeover target
 - Avenues to unlock value



SMALL / MID-CAP OPPORTUNITIES

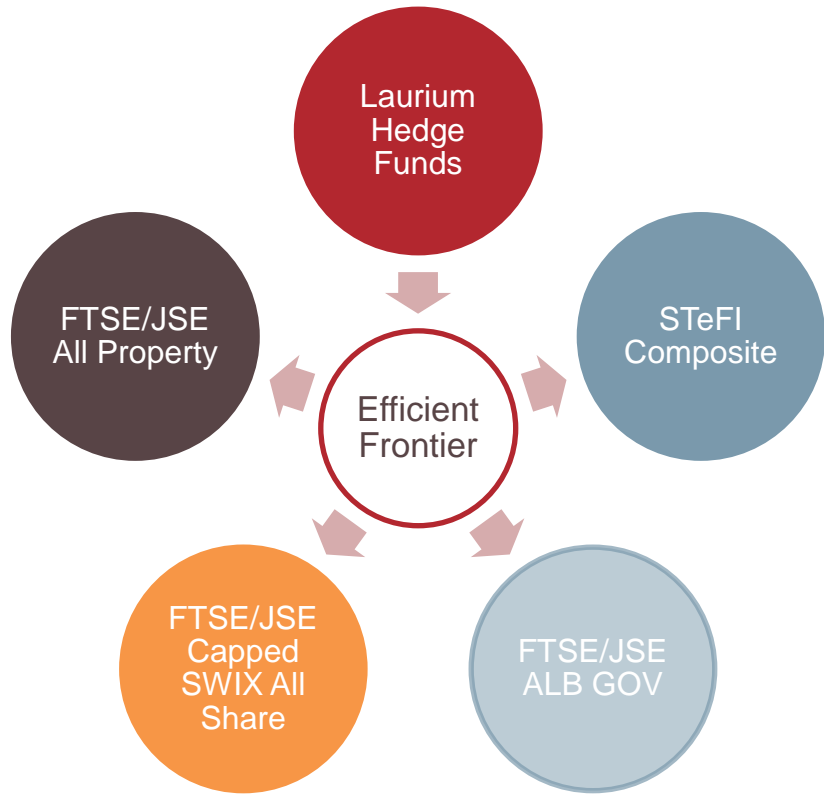
ADvTECH



- Targeted exposure to growing sectors
- Ability to invest across the market
- Less efficient / lower coverage
- ADvTECH
 - Private Education
 - Significant capital expenditure complete
 - Strong moats
 - Attractively valued (11x Price Earnings)



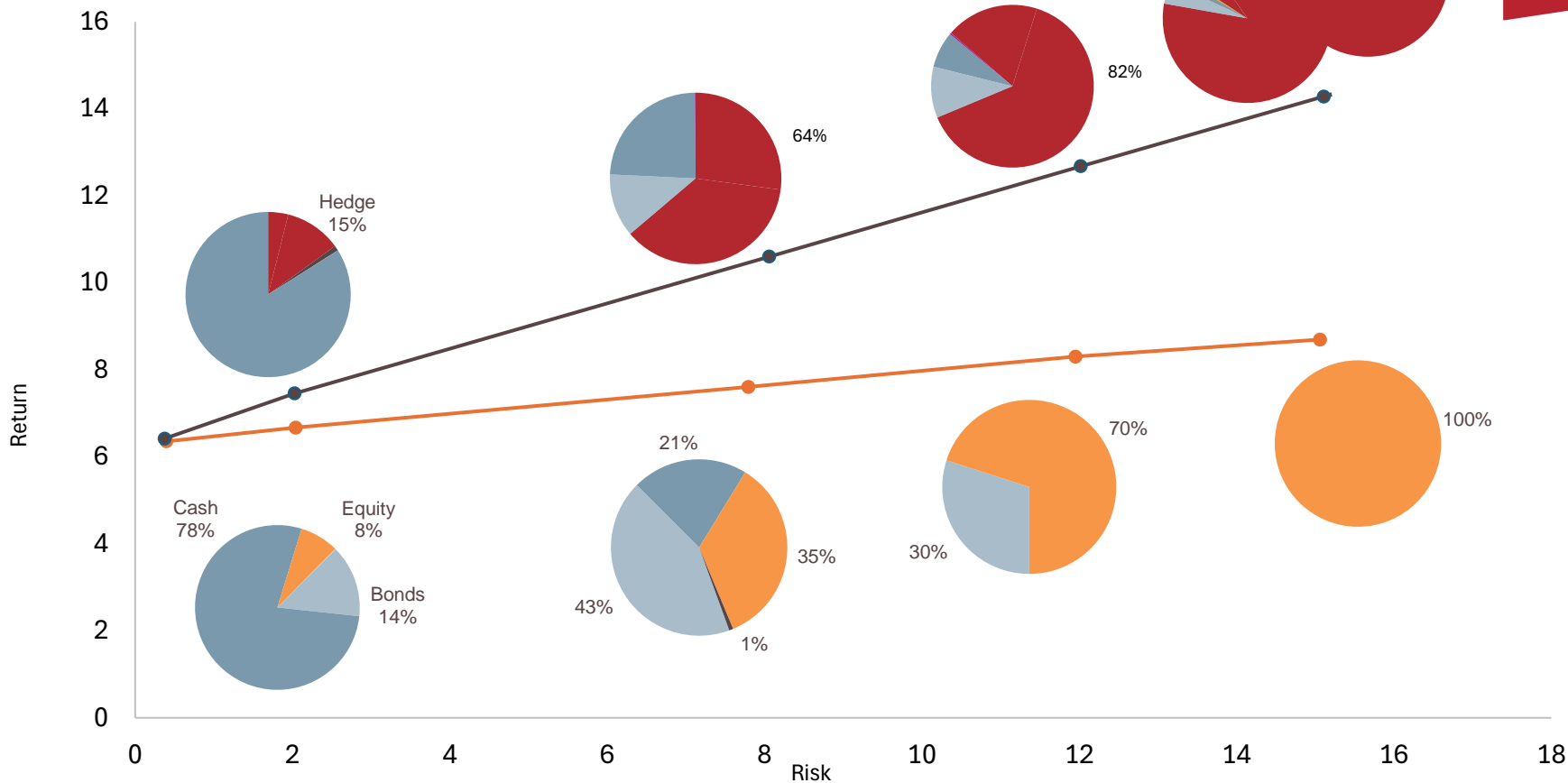
BUILDING AN OPTIMAL PORTFOLIO



Scenario assumptions:

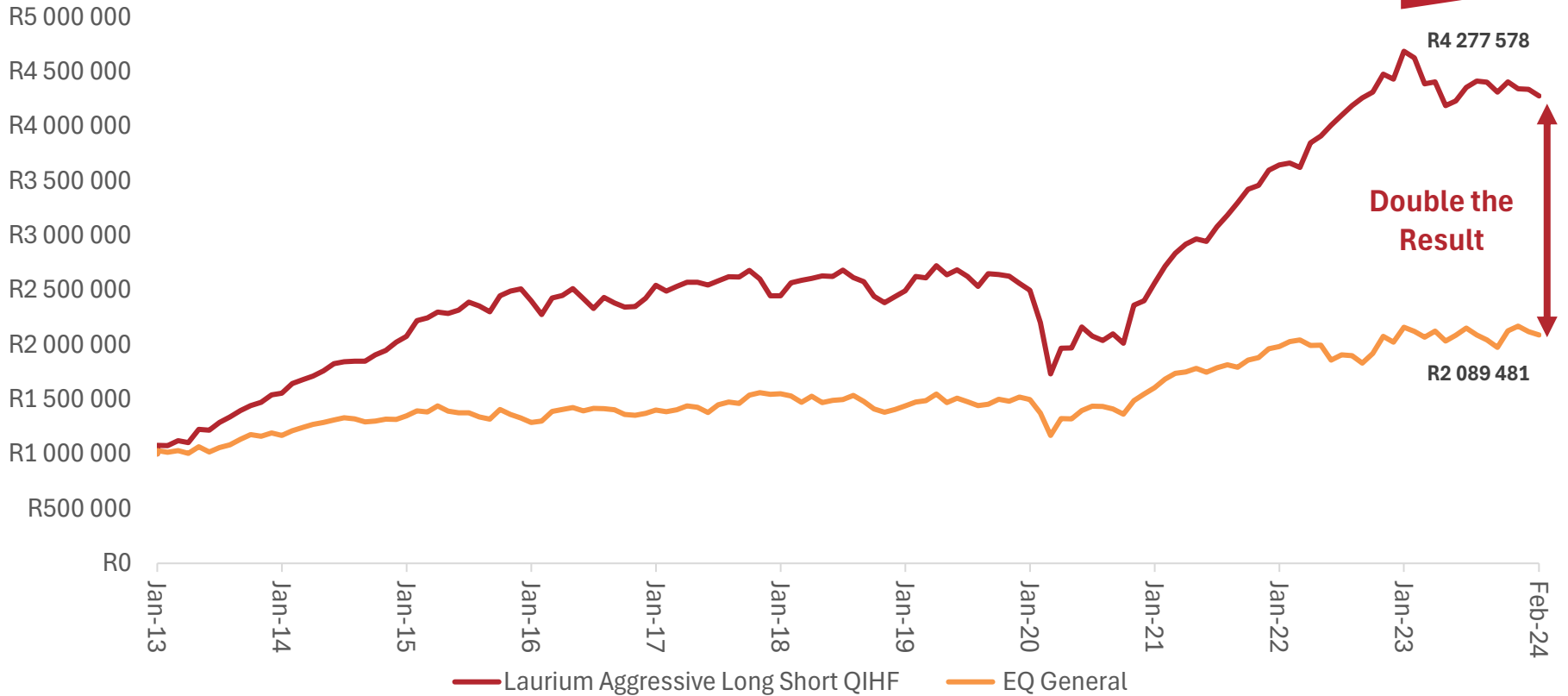
- Scenario 1: Unconstrained asset mix **excluding** Laurium Hedge Funds
- Scenario 2: Unconstrained asset mix, **including** Laurium Hedge Funds
- Simulation run from 1 Jan 2013 - 29 Feb 2024
- South African assets

BEATING THE EFFICIENT FRONTIER



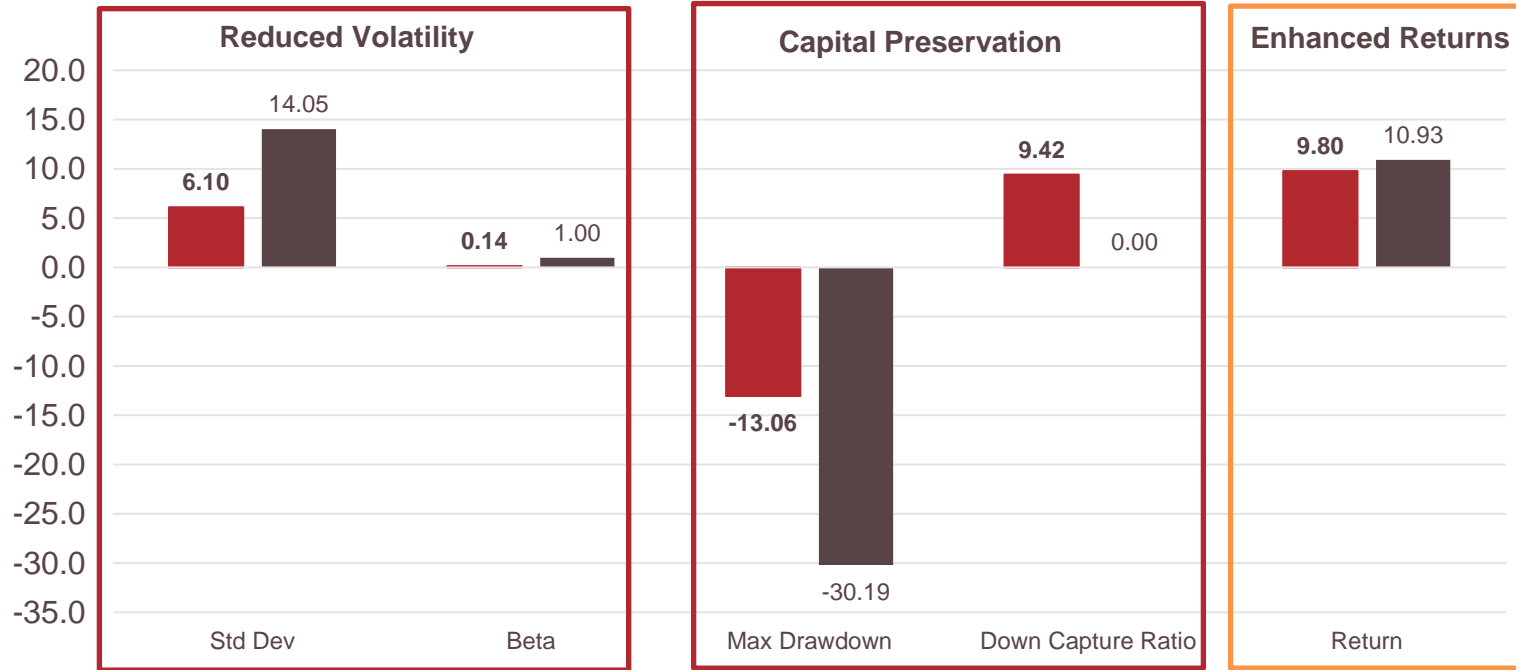
Source: Morningstar 1 January 2013 to 29 February 2024.

HEDGE FUNDS ARE SUITABLE FOR GROWTH



Source: Morningstar 1 January 2013 to 29 February 2024. Investment performance is for illustrative purposes only and is calculated by considering actual initial and ongoing fees. The above chart refers to a % cumulative return since inception.

...AND PROTECTING CAPITAL



■ Laurium Market Neutral RIHF ■ Capped SWIX TR ZAR

IN SUMMARY, HEDGE FUNDS WORK



- **You can beat** the traditional **efficient frontier!**
- Greater **hedge fund toolset** enhances returns and manages risk
- **Inclusion of hedge funds** necessary for optimal portfolio construction



LAURIUM
CAPITAL

15 YEARS
passion. purpose. performance

We could not have reached this milestone of achievement without you

Passion: Our highly competitive team is passionate about investing and exceeding our clients' expectations

Purpose: Custodian of our clients' money, to grow their wealth, while operating in an ethical, sustainable manner

Performance: Performance driven culture, striving for superior returns

Investing for your future

DISCLAIMER AND WARNING

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 dividend withholding tax. Full performance calculations are available from the manager on request. **Annualised performance:** Annualised performance shows 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 and 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. Market Neutral highest rolling 1-year return 31.9%, lowest rolling 1-year return -10.8% and Benchmark: 6.4%; Long Short highest rolling 1-year return 45.8%, lowest rolling 1-year return -24.0% and Benchmark: 6.5%; Aggressive Long Short highest rolling 1-year return 69.8%, lowest rolling 1-year return -33.6% and Benchmark 6.2%. Laurium Capital (Pty) Ltd is an authorized FSP (FSP34142). Prescient Management Company (RF) (Pty) Ltd is registered and approved under the Collective Investment Schemes Control Act (No.45 of 2002). For any additional information such as fund prices, fees, brochures, minimum disclosure documents and application forms please go to www.lauriumcapital.com

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