

A wide-angle landscape photograph of a rugged coastline. In the foreground, there are dark, layered rock formations. The middle ground shows a steep, green valley leading down to a sandy beach and the ocean. The background features rolling hills and mountains under a sky with scattered white clouds.

Glacier Investment Summit

Laurium BCI Strategic Income Fund

February 2023

Melanie Stockigt

A landscape photograph featuring a single acacia tree standing in a vast, golden field. The sky is a deep blue with scattered, light-colored clouds. The image is partially obscured by a semi-transparent grey rectangle on the left side, which contains the title text.

Making sense of the Fixed Income Market

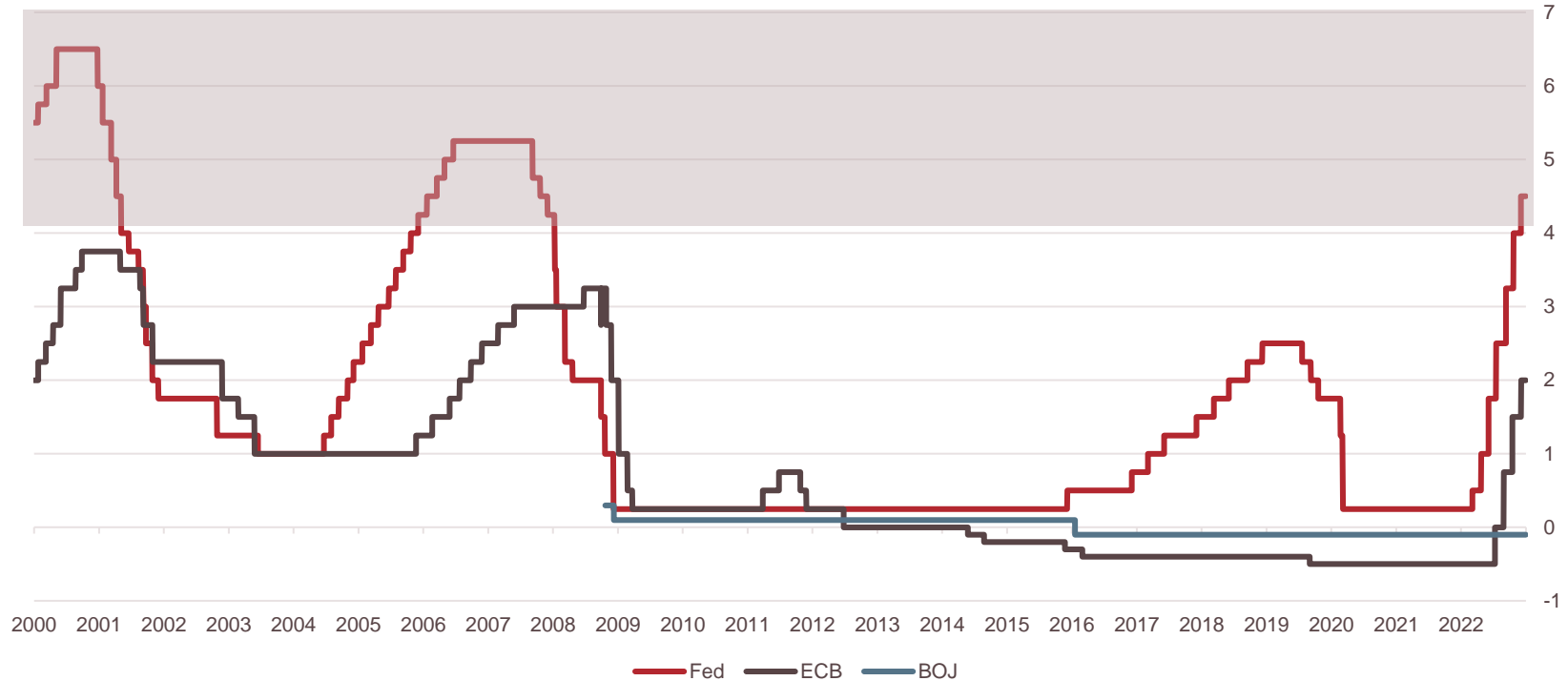
What do we know going into 2023?

- 1) The 'new normal' global monetary policy era has ended
- 2) The SARB is a credible and committed inflation targeting central bank
- 3) SA's sovereign ratings slide has stabilised
- 4) SA bonds still demand a risk premium, but this is priced in



Era of 'new normal' monetary policy has ended

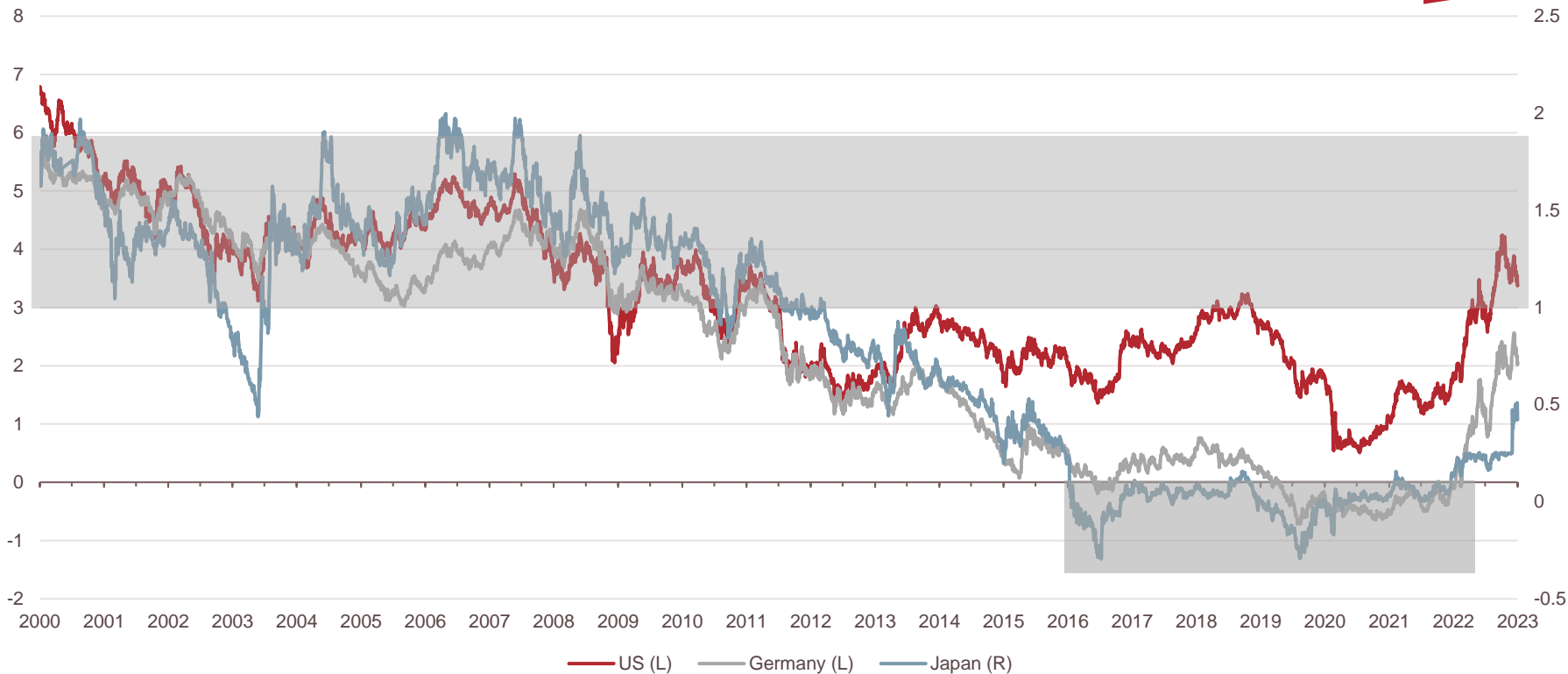
Interest rates: Fed - then ECB - now BoJ



Source: Bloomberg

Era of 'new normal' monetary policy has ended

Ten year bond yields



Source: Bloomberg

Era of 'new normal' monetary policy has ended

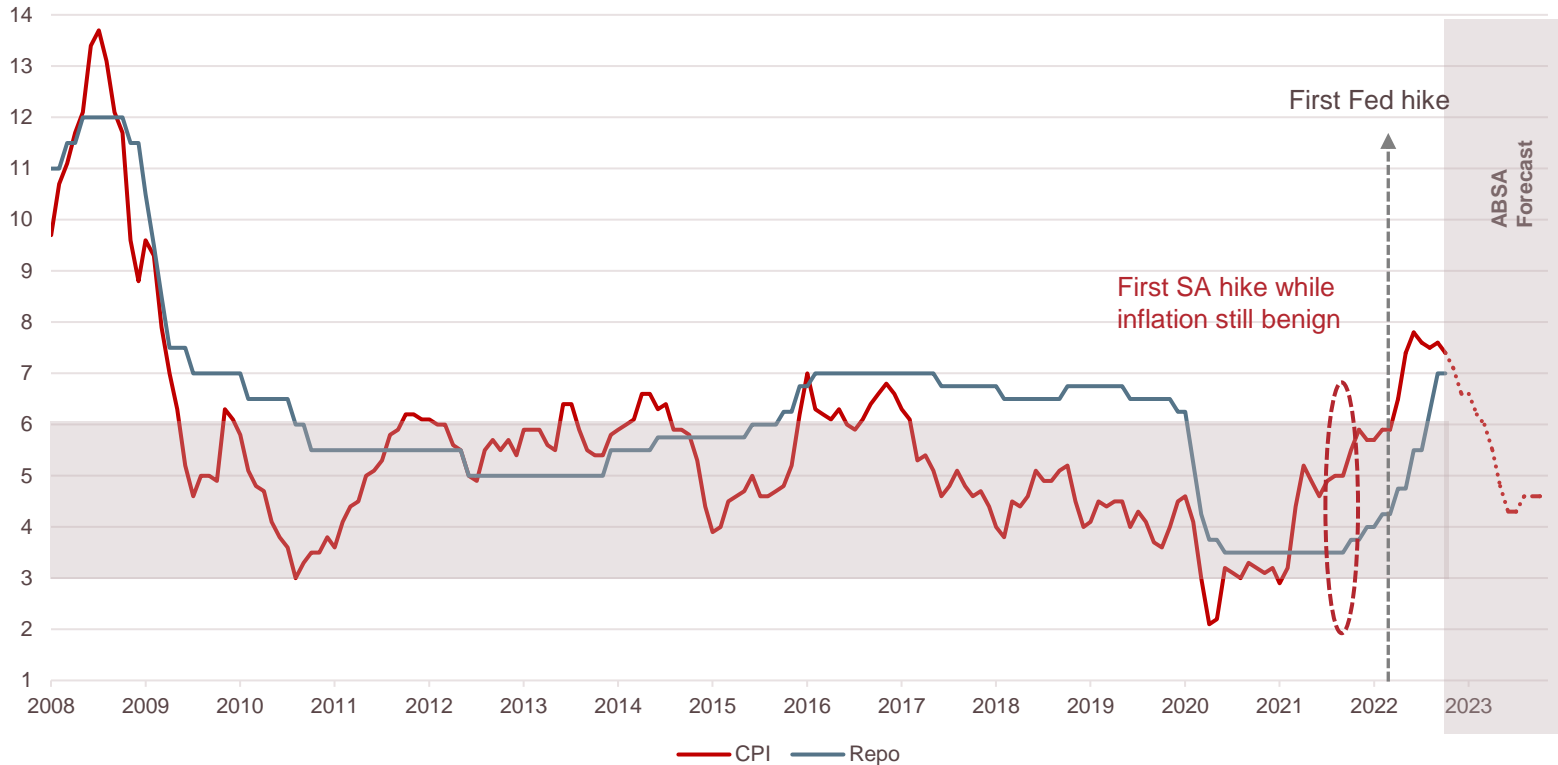
Value of global bond market that has traded at negative yields over time: now fallen to zero



Source: Bloomberg



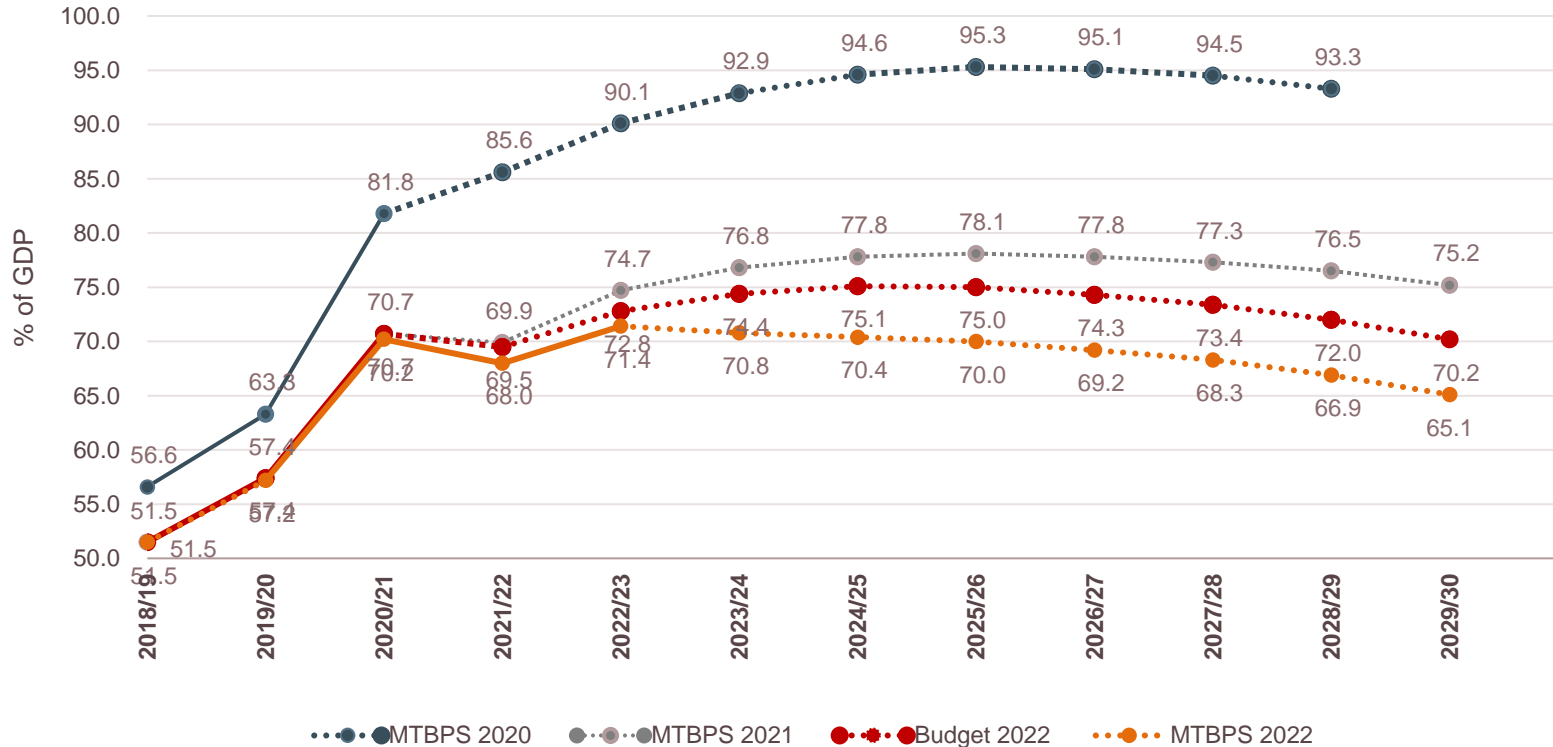
The SARB is a credible and committed inflation targeter



Source: Bloomberg, ABSA

SA fiscal risks high, but significantly improved

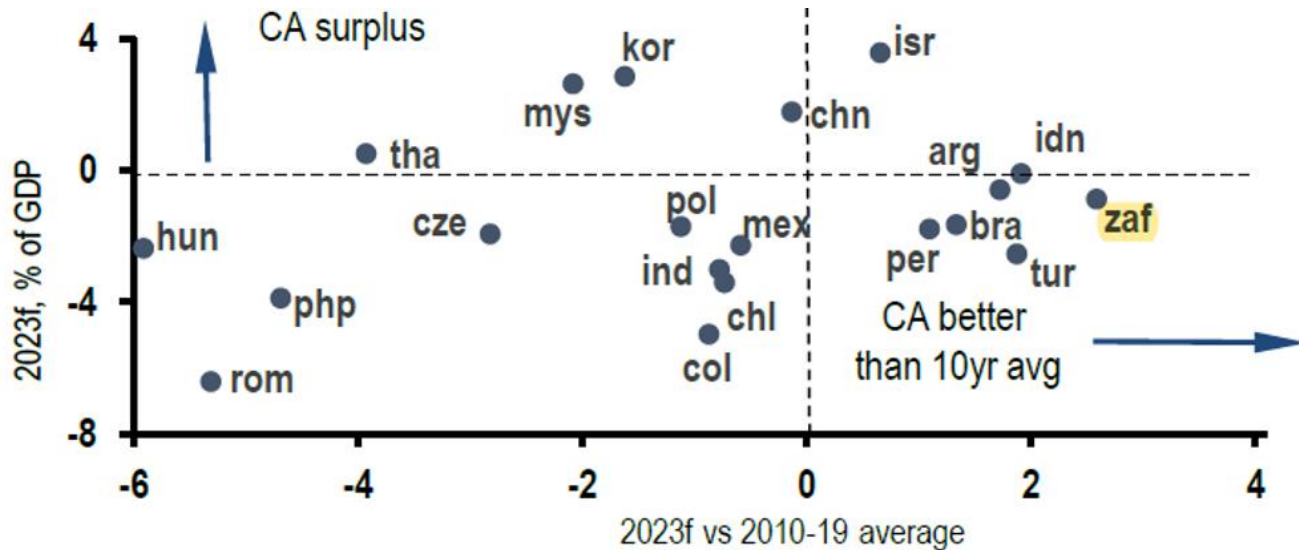
SA Debt/GDP: long term growth outlook key to whether SA debt stabilises



Source: Laurium, National Treasury

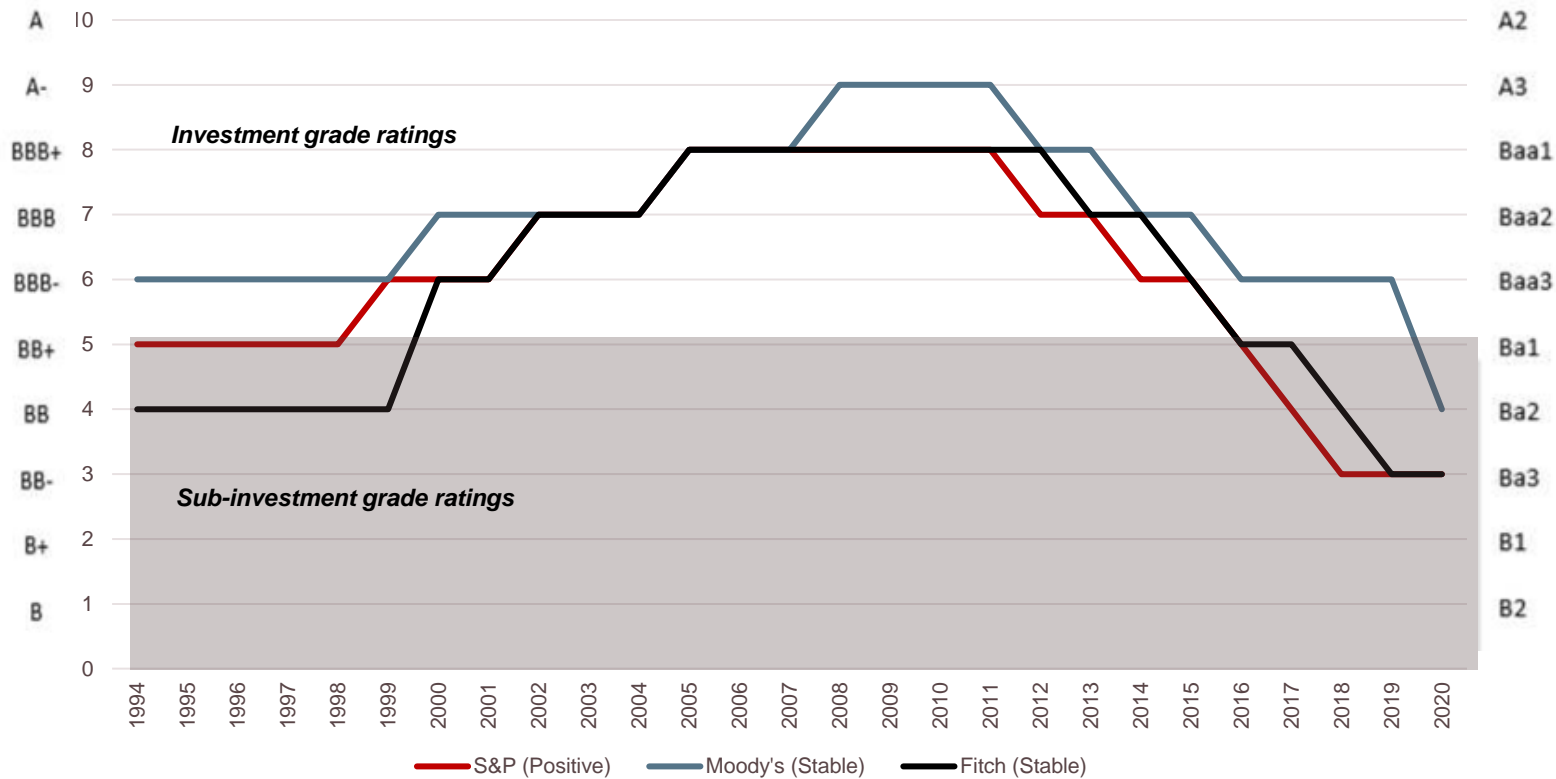
SA Current Account

Has shown remarkable resilience



Source: J.P.Morgan. *Includes EU funds for CE-4

SA Government Sovereign Credit Ratings



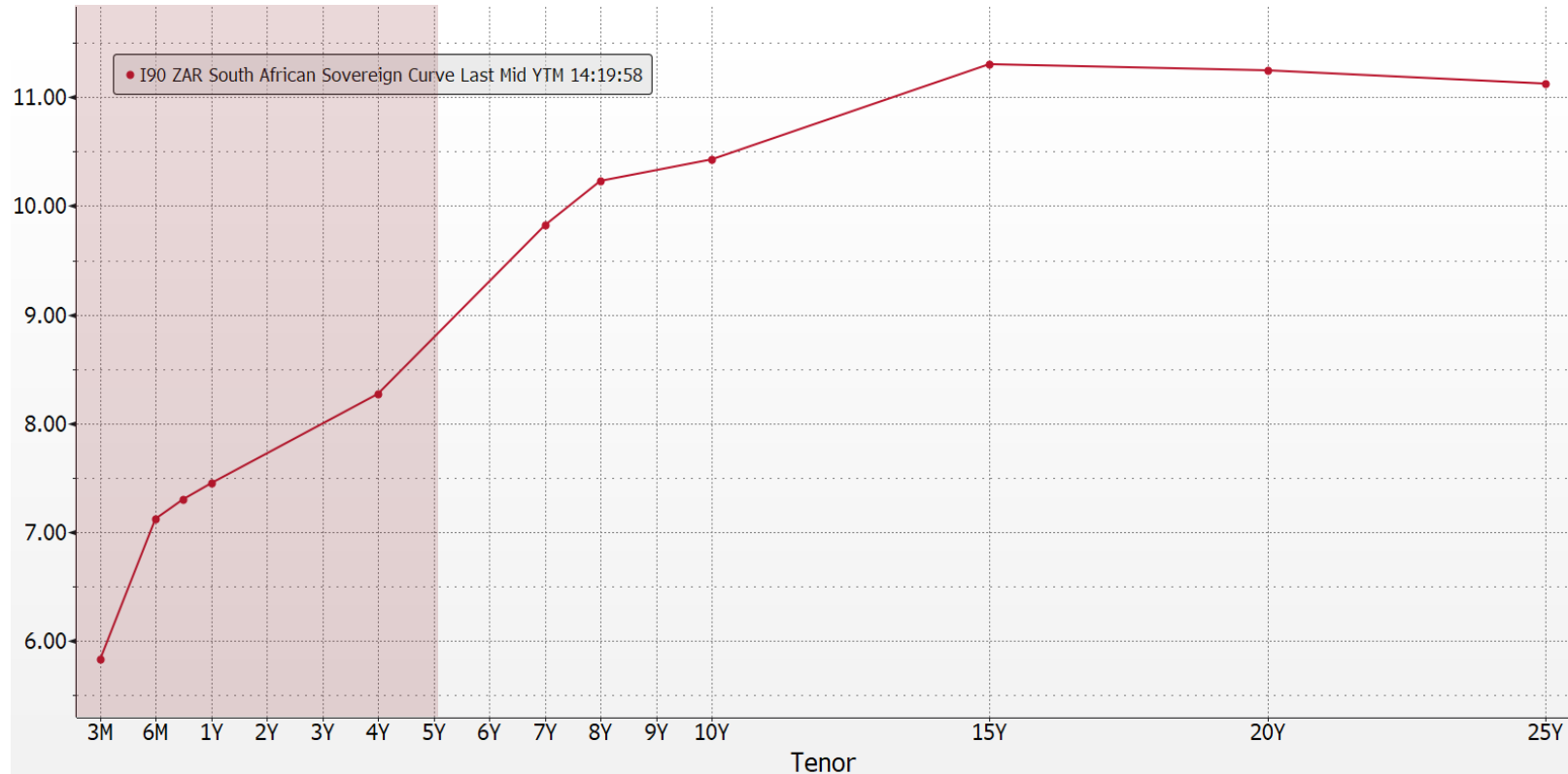
Source: Bloomberg, Laurium

SA bonds still require a risk premium

- Political risks are heightened
- Potential further fiscal improvement now challenging
- SA economic growth is too low
- SA energy security deteriorating
- Global bond risks still prevalent



SA Government Bond Yield Curve – is there value?



Shorter dated SA bonds – is there value?



Source: Bloomberg

10-year SA bond yield: is there value?



Large margin of safety on a 12 month view

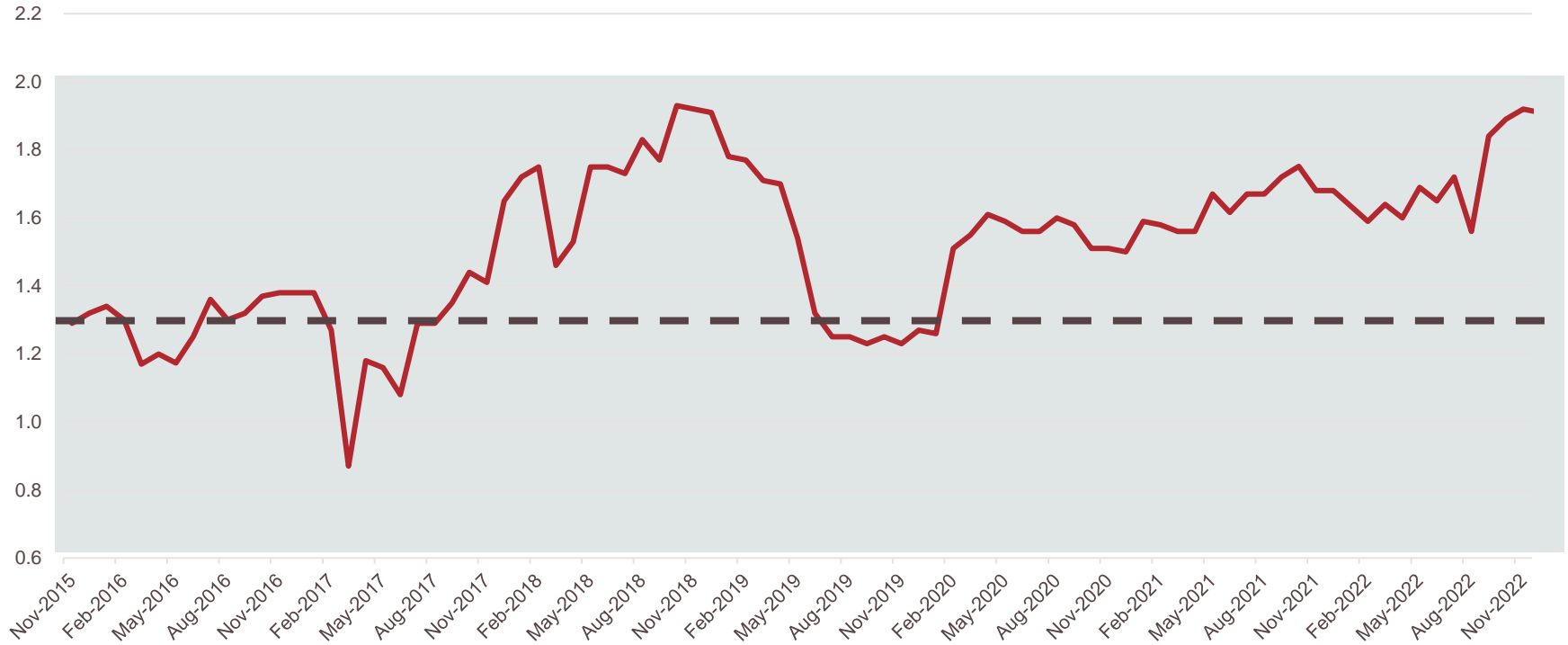


Source: Bloomberg, Laurium

Portfolio duration is actively managed



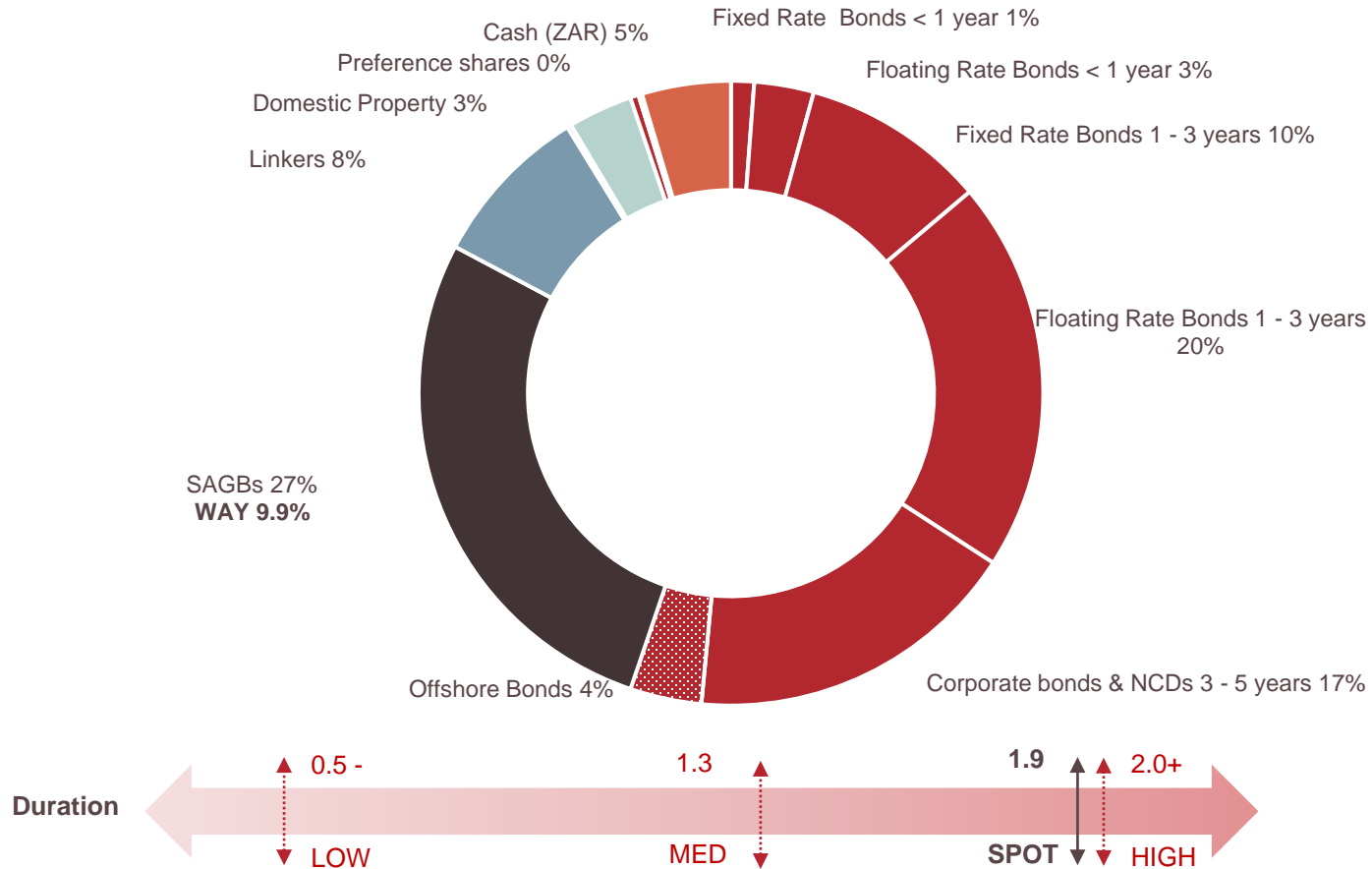
Laurium BCI Strategic Income Fund: Nominal Duration over Time



Source: Laurium

Laurium BCI Strategic Income Fund

Asset Allocation and Duration Positioning





LAURIUM
CAPITAL

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YEARS

Top quartile performance across our **specialist & multi-asset investment offerings**

Established **local and international client** base of **R46billion AUM**

32 member strong, stable **team** with **extensive depth & experience**

Global company with offices in **Johannesburg, Cape Town & London**

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