

For three years we have been generating  
stable and growing income solutions for  
investors whilst preserving capital.



## The Evolution of Granate: 2020 and beyond

June 2019

The Granate Asset Management (Granate) team, together with its shareholders, are pleased to inform their clients and other stakeholders of imminent business developments that are set to drive and accelerate its growth as it enters the next important phase of its lifecycle.

On the 1<sup>st</sup> of April 2019, Granate reached their 3-year investment track record milestone, with the Granate Multi-Income Fund receiving a 1st quartile performance ranking in the ASISA Multi-Asset Income category over this time period.

Granate is also proud to announce that in June 2019, Paul Bosman and Henno Vermaak will be joining the Granate team. Paul will assume the overall leadership responsibility for Granate and together with Henno and the rest of the team, build out a multi-asset offering which will initially include the launch of two new Granate funds: A Domestic Balanced Fund and a Domestic Flexible Fund.

While excited by this new development, the team is also saddened to bid farewell to Jonathan Myerson. Jonathan has decided to join Visio Fund Management (Visio) on 1 July 2019. Visio is an affiliate of RMI Investment Manager's (RMI IM) associate company, Royal Investment Managers (RIM). RIM acquired a 30% equity stake in Visio in 2018.

The new Granate team structure will also see a shift in shareholding to align with RMI IM's business model of supporting owner-managed businesses. Granate staff will, going forward, own a direct equity stake of 70% in the business alongside RMI IM's minority stake of 30%. Simultaneously, the business will be recapitalised to ensure its long-term sustainability and positioning for future growth.

### 3-year track record

Granate celebrated its 3<sup>rd</sup> birthday on 1 April 2019 with all three of its offerings achieving 1<sup>st</sup> or 2<sup>nd</sup> quartile performance in their respective Association for Savings and Investments South Africa (ASISA) categories over this time period.

Fund	Annualised Return	Benchmark	Relative	Rank	Quartile
Granate SCI Multi Income Fund	9.11%	8.42% <sup>1</sup>	+0.69%	12 of 64 <sup>5</sup>	1st
Granate SCI Money Market Fund	7.75%	7.44% <sup>2</sup>	+0.31%	7 of 27 <sup>4</sup>	1st
Granate SCI Unconstrained Fixed Interest Fund	8.53%	9.30% <sup>3</sup>	-0.73%	19 of 64 <sup>5</sup>	2nd

*Table 1. Granate Asset Management 3-Year Track Record*

*Source: Granate Asset Management as at [30 April 2019] 1. STeFI +1%; 2. STeFI (Short Term Fixed Interest Index); 3. 125% of STeFI; 4. ASISA South Africa IB Money Market; 5. ASISA South Africa MA Income*

The Granate funds have a broad-based appeal across the fixed interest spectrum and are designed to take care of investors' capital growth and preservation objectives. Investors can access a wide range of fixed interest investments managed by a team that has a long and proven track record. Prior to joining Granate in 2015, the investment team managed R18bn of third-party investments across fixed interest, credit and money market asset classes at Cadiz Asset Management.

From the outset, Granate's business ambition was to diversify into other asset classes by attracting high calibre investment individuals and teams that were drawn to the affiliate model and aspired to an owner-managed culture.

### A growing investment team

Paul Bosman and Henno Vermaak will join the Granate team in June 2019. Paul and Henno are highly regarded in the investment industry, and previously held senior positions at PSG Asset Management (PSG).

Paul started his investment career at PSG in 2004 and was the appointed lead manager of the PSG Stable Fund since 2011 and PSG Balanced Fund since 2013. He was also co-manager of the PSG Diversified Income Fund and over the past 7 years expanded his area of investment expertise to include fixed income markets.

Henno joined PSG in 2008 and was appointed the fund manager of the PSG Global Flexible Fund in 2011 and the PSG Global Equity Fund in 2013. After leaving PSG, he founded Capensis Capital, an independent asset management business, in 2016.

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### **Simplified product set**

The vision for the next phase of the business is to build out a simplified product set across the risk spectrum for retail investors including multi-asset. Granate will continue with its tried and tested investment philosophy and process, focusing on quality investments for their fixed income clients in the near term, while introducing the new multi-asset funds in the coming months. Portfolio managers, Bronwyn Blood and Vaneshen Naidoo, will continue to replicate the excellent and consistent performance that investors have become used to in their respective fixed income products. Having previously co-managed the PSG Diversified Income Fund, Paul brings a wealth of expertise in the fixed income space, which will add significant value in credit investing which is a core focus of the Multi-Income Fund.

### **A new home for the Unconstrained Fixed Interest Fund**

Jonathan Myerson will be leaving Granate to join Visio on the 1st of July 2019 where he will be responsible for developing their fixed interest capability. Jonathan felt this opportunity resonated with his personal and career growth objectives and through mutual engagement and agreement, the Granate Unconstrained Fixed Interest Fund will be transitioned to Visio under his management, subject to regulatory approval. RMI IM holds an equity stake in Visio through their associate company RIM and will continue to support Jonathan in his new role at Visio as part of their broader affiliate portfolio.

### **Continued partnership with RMI Investment Managers**

RMI IM will dilute its shareholding in Granate to a minority stake of 30%, which aligns Granate with its business model of partnering owner-managed boutique investment businesses. RMI IM will continue to provide the Granate team with strategic, operational, funding and distribution support to assist their growth to scale.

As Granate moves sustainably into the next chapter of its life, the team and shareholders are confident that these developments are in the best interests of its clients and fervently believe that the business is poised to prosper and grow into an enduring and proudly South African investment management firm.