

Granate *Global* Flexible Fund



One of my favourite memes is the record scratch/freeze frame trope. You easily recognise it, with the narrator saying, “Yep, that’s me. You’re probably wondering how I got here.” Meanwhile, the intro to Baba O’Riley by The Who starts playing in the background.

Henno Vermaak

30 September 2025 was a day that gave me similar vibes. The Granate Global Flexible Fund officially launched, and I had the pleasure of reflecting on the journey that we undertook to get here.

In August 2015, I found myself at the end of a period of gardening leave. I’m not big into gardening, but I did enjoy the few months during which my previous employer paid me not to come into the office and not to work for anyone else. It was also two months before the birth of our first child, so I decided to extend my gardening leave into a sabbatical (just a fancy name for earning no money). The idea was to learn what it means to be a father and perhaps figure out how I want my future to look.

I filled the months reading, thinking and talking to people in the industry. I said yes to anyone who wanted to meet over coffee and I reached out shamelessly to people I respected and admired. I learned a lot during these

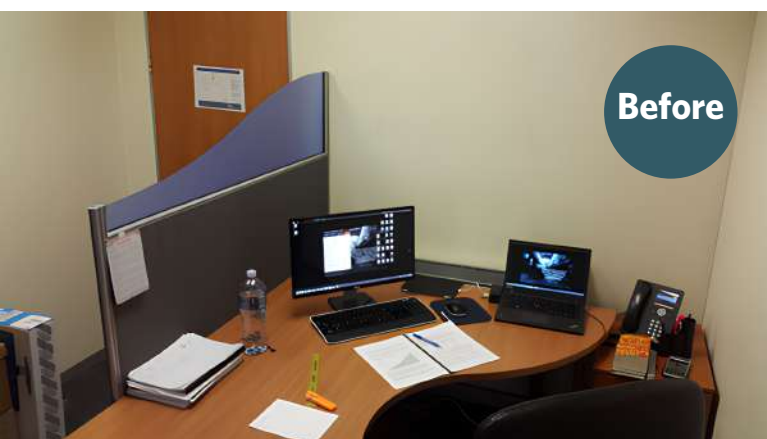
months, most notably that people are incredibly kind and supportive when you are asking for advice, bucking that dated ‘everyone is competition’ mentality that plagues so many minds.

The culmination of this period was another birth: that of Capensis Capital in 2016. It took a while before this baby could crawl, with all the regulatory requirements I needed to satisfy. I developed increased respect for all the people in our broader financial services industry who made the decision to start their own company. It’s not easy.

In April 2017 ‘we’ were ready to accept clients at Capensis. Capensis was very much a one-man shop, outsourcing as much as possible to create time for investment research and portfolio management. This was an incredibly fun time for me, and I was amazed by the friends and family who signed up to be clients of this new venture. It’s an honour when people trust you with their hard-earned

savings and a wonderful responsibility to protect and grow their capital.

The totality of 'our' operation is captured in the following picture:



Unfortunately, it's not easy to see the quote on the background of the PC, but it's a quote from Berkshire Hathaway's 1986 shareholder letter written by Warren Buffett. "We intend to continue our practice of working only with people whom we like and admire. This policy not only maximizes our chances for good results, it also ensures us an extraordinarily good time." Looking at this picture now makes me think that perhaps reading a book on interior design during my sabbatical would not have been a waste of time.

One major drawback of being a one-man-show was loneliness; the lack of camaraderie and people sitting next to me challenging my views. I missed being part of a team. In the following years, Capensis was incredibly fortunate that a couple of people who 'we' liked and admired indicated that they would be interested in joining forces. However, the normal notice periods and gardening leave requirements meant that nothing could happen quickly. 'We' had to wait for Paul and Alex to join so I could finally drop the inverted commas.

We also had the incredible fortune of meeting with the people of Investment Managers Group (IMG), a company that invests in asset management businesses. They introduced us to a talented fixed income team at a fairly recent start-up called Granate Asset Management. We realised that we had enough overlap in culture and values, and not much overlap in our skillsets, to convert this one-man-show into a comprehensive

asset management business. We had a strong balance sheet and a very clear shared purpose. Ultimately, we needed each other to thrive. Capensis Capital joined Granate Asset Management on 1 July 2019, thereby becoming an integrated subsidiary of Granate. We also significantly improved our office space!

Within Granate we were able to build very strong operational backbone, a team that could look after our clients and an expanded investment team with numerous arrows in our quiver. We launched the Granate BCI Balanced Fund and the Granate BCI Flexible Fund in February 2020, incorporating all the research ideas that Capensis had developed over the previous few years. The team significantly improved on these ideas as well.

We recently changed the name of Capensis to Granate Portfolios and on 30 September 2025 we launched the Granate Global Flexible Fund, the unitised version of what we had been running for our Capensis clients. We will be launching the ZAR feeder fund in January 2027.

Looking back at the performance of our clients' portfolios since Capensis and Granate became one shows an encouraging start to this strategy. Over the period, the portfolio delivered 12.7% (in USD) per annum after all fees, compared with 9.8% per annum for the benchmark (US CPI + 6%).

The Granate Global Flexible Fund is domiciled in Guernsey with IP Fund Managers (a subsidiary of Apex Group). Butterfield Bank serves as custodian, and Apex acts as administrator. Apex also administers our domestic unit



	Annualised Return			
	1 year	3 years	5 years	Since July 2019
Granate Portfolios	19.8%	26.3%	13.5%	12.7%
Benchmark (US CPI + 6%)	8.8%	9.0%	10.5%	9.8%

Source: Interactive Brokers and Granate. Representative client portfolio returns to 30 September 2025.

trusts, which means that the operational infrastructure supporting the Fund is already familiar, proven and robust.

The Fund will be managed in line with the same mandate and philosophy that has guided the portfolio to date: a flexible global mandate with the goal of delivering US CPI + 6% over the long term. We believe the Fund structure will give us even greater flexibility than stockbroking accounts have historically allowed.

Initial investors include Granate colleagues and their families, all of whom have transferred from the Portfolios into the Fund. We will continue to invest alongside you on the same terms as other investors.

The Fund's fees are structured as follows:

- 0.85% management fee per annum
- Custody and administration capped at 0.30% per annum
- No performance fee

From those early Capensis days to being part of an extraordinary collection of people at Granate, has been a joyful start to an exciting journey. There is no final destination we are trying to reach. We prefer to take in our surroundings together while constantly learning with each step as we collectively work towards our shared purpose.

Granate is a people business.

We are committed to creating a rich and rewarding culture through our shared values. Granate is configured thoughtfully and intentionally so that our team can thrive for the benefit of our clients. We care about the same things you do and are *relentlessly* committed to protect and grow your savings.

Granate Asset Management (Pty) Ltd ('Granate') is an authorised Category II financial services provider in terms of the Financial Advisory and Intermediary Services Act No. 37 of 2002 ('FAIS Act'), with FSP number 46189. The information contained in this brochure should not be construed as advice as defined in the FAIS Act, neither does it constitute an investment recommendation. Investors should take cognisance of the fact that there are risks involved when buying, selling or investing in any financial product. The value of financial products can increase as well as decrease over time, depending on the value of the underlying securities and market conditions. Past returns may not be indicative of future returns and an investor should seek independent professional financial, legal and tax advice relevant to their individual circumstances before making any investment decision.

