GRANATE
ASSET MANAGEMENT

Investing in the time of COVID-19

These are unusual times, and we don't have the answers many seek. We don't know much about virology. We don't know how long this will last, and we won't try to guess. It is also impossible to predict how markets will move. We do know that this is going to impact all of us, and it's going to be a challenging period for the citizens of our country.

Many South Africans have lost their jobs, many learners have lost their one meal a day and many entrepreneurs are battling for survival. At Granate we remind ourselves of this and have launched internal campaigns to assist in our immediate community. We have found that you don't need to look very far from home to find desperate need.

What to make of the markets? In the good times, markets reward indiscriminately. In the bad times, they punish indiscriminately. We are buying where the punishment is significantly misplaced. This is how, over time, you build a portfolio of 'A Team' shares and bonds – and then you keep them.

Now is the time for calm minds and sensible actions. This does not mean pretending that we understand the ramifications of COVID-19. It does not mean buying the shares and bonds that have fallen the most. In fact, we're doing quite the opposite. We are building "I can't predict" portfolios. We are buying the securities of entities and companies that are very likely to be around (and prosper) after COVID-19: companies with strong balance sheets that can survive for a protracted period with little or no revenue, and companies that have proven their resilience pre COVID-19 amid recessionary conditions.

There might not be much to celebrate this Friday, but in weeks or months from today we will look back and wish we had worried less about falling prices and more about the people around us. Look after yourself and your loved ones. And while we bunker down, please don't forget your communities.