

Everlong

The Granate SCI Multi Income Fund turns four

Nirvana, a pioneer that paved way for a protégé

American rock band Nirvana disbanded in 1994 after the sad death of frontman Kurt Cobain. Nirvana was a pioneer of the Seattle grunge scene, elevating this genre of music out of the shadows and into the spotlight. They were in the company of other iconic bands such as Pearl Jam, Stone Temple Pilots and Soundgarden.

Formed in 1987, Nirvana's reign on the big stage only lasted about four years from when they were catapulted into fame after releasing 'Nevermind' in 1991. In terms of reverence and praise, there are few comparisons to Nirvana in that era. Although relatively short-lived, the influence their music had on a generation of 1990s teenagers and adults alike is unquestionable. This influence undeniably also extended to future generations – after all, Nirvana gave birth to the Foo Fighters.

Foo Fighters takes – and holds – the stage

Foo Fighters was formed by Dave Grohl, Nirvana's drummer, shortly after Nirvana disbanded. He moved from the back of someone else's band to the front of his own. More than 25 years later, Foo Fighters are still delighting their fans. They have been consistent and bold. They tour the globe extensively and have won 12 Grammy Awards. If you have ever been to one of their concerts, you will know that they pour themselves into what they do.

Will their influence on the music world be as impactful as Nirvana? Probably not. But their success in serving their fans is close to unparalleled. Only this week, a cover of the band's hit 'Times Like These'¹ topped the UK singles chart. It features an ensemble line-up that includes the likes of Dua Lipa, Rita Ora, Chris Martin and Grohl himself, with proceeds from the sale of the song going to charities providing Covid-19 relief.



Photo credit: Brantley Gutierrez via loudwire.com

If Granate could be a rock band, we would want to be the Foo Fighters

We acknowledge that likening an asset manager to a rock band is a giant leap. In fact, it's ridiculous. Foo Fighters have an international fan club of millions; we have a Newlands-based book club of 13. Foo Fighters get to charge around a stage headbanging. We get to sit behind computer screens head scratching. They are cool; we are nerds. They are rock stars; we are not. We get that, but please bear with us as we slip into a deluded fantasy.

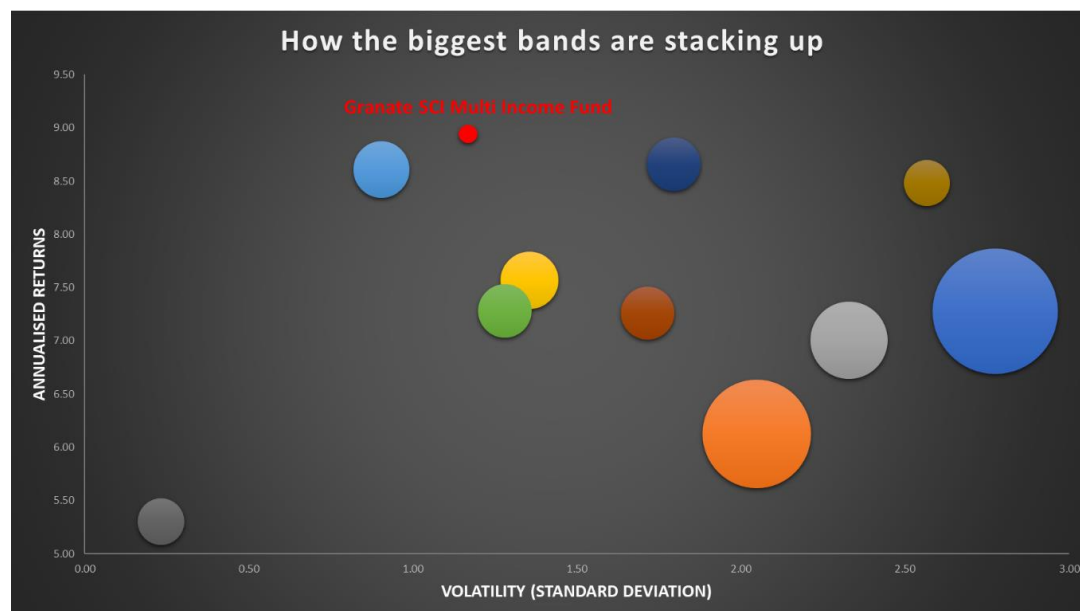
The Foo Fighters' success comes from staying true to who they are

When they perform for their fans, they can't go out on stage strumming the same song every time. The pavements are littered with one-hit wonders. So, they create new songs that speak to their music philosophy and style. Within this framework, they use the stage they have to keep delivering a dazzling performance. It's what their fans need. This speaks to us. Immensely.

The Granate SCI Multi Income Fund performs for a smaller audience, but keeps rocking on

The Granate SCI Multi Income Fund is four years old, but we have been playing our songs for far longer. Our team was formed from the drummers of someone else's band. Now, we are the frontmen and women of our own. Unlike Nirvana, in our four years we have not made it into the spotlight. We don't have millions of adoring fans – but we certainly have very loyal and happy ones to whom we are very grateful. These fans have had a private show of some of the asset management music we're most proud of. Not only has this music featured right up on the charts, but it has done so consistently.

Below you can see a layout of the ten biggest rock bands in the Multi Asset Income space and the size of the stadiums they fill. We added ourselves there too. The attractive returns the Granate SCI Multi Income Fund has been able to deliver at relatively low levels of volatility is evidence that the Granate concert consistently rocks our little venue (top and to the left is where you want to be)



Source: Morningstar. Four years to 30 April 2020 (preliminary)

Like the Foo Fighters, we have a philosophy and process from which we don't stray

It's repeatable, allowing us to move across the investment stage seeking out opportunities to perform. We look to harvest returns when mispricing is at its greatest. We aim take the least possible risk for the maximum possible return. When the tempo increases, we will move quickly. This helps us deliver the consistent and favourable returns we've achieved to date.

Occasionally, rock stars dive off the stage to raise the hype of the crowd. Dave Grohl once broke his leg when misjudging his boundaries during a concert in Sweden (but returned a few hours later to carry on performing in a leg cast). The stage is there for good reason. Asset managers too can jump off the stage erroneously. On the launch it makes for great viewing, but it's the landing that's problematic – and it's clients whose legs end up breaking. We do not allow ourselves that kind of showmanship at Granite.

We intend to be around for a very long time, consistently delighting our fans

Where we differ from the Foo Fighters is that we prefer to perform in smaller venues. We cannot perform as effectively in a big stadium, so tickets to the show will be limited. While we know we will have moments that we trip over a mic stand, we will never forget our lyrics or who we are playing for.

¹ <https://www.youtube.com/watch?v=7GEIP4YdrBE>
