

30 June 2020

Dear Fellow Investor,

We trust that you and your family are in good health and that COVID-19 and lockdown has not been too limiting on you.

As we write, the Western Cape is experiencing a spike in infections as other parts of the world face new waves of the virus. Anecdotal evidence from management teams of listed and unlisted South African businesses is that our political and virus-induced economic malaise will be deep and protracted. Local GDP is expected to contract by more than 8% in 2020, immediate business-friendly policies are the only solutions to reinvigorate an ailing system. This Northstar Quarterly Report expands on some easy-wins that Government could enact to float the economy.

It does take a good crisis to create opportunities and as active managers, we were busy during the sell-off in markets over the quarter. Northstar funds were under-risked (held excess cash) leading into COVID, allowing us an opportunity to purchase underpriced quality fixed income and equity securities as prices collapsed. As examples, in our [Quarterly Report](#), Rory unpacks our investment thesis for Goldman Sachs and Simphiwe does the same for MultiChoice. Mark's article on South Africa's debt crisis makes for excellent reading, demonstrating that smart managers, following a rigorous research process, can avoid fear and noise, stay focused and deliver exceptional returns to our clients. The Northstar SCI Income Fund, managed by Mark, is profiled this quarter.

Chelsea and Ludi (Northstar's Client Services Team) have been working tirelessly with our clients and where appropriate, their financial advisors, over the past few years, to diversify away from SA-only equity portfolios and into a wider range of domestic and international assets, including currencies. This strategy proved highly effective during COVID – client investments where Northstar have been resilient against the turmoil. We remain of the view that intelligent diversification is the 'only free lunch' and we advocate that clients and advisors reach-out to us for any assistance needed in this regard.

We conclude our Quarterly Report by profiling Sarah Henderson, Sarah services our institutional clients with her sprightly approach to life and passion for investments.

We recently hosted our first live Webinar, a Q&A with our Portfolio Managers, which was very well received. The recording thereof can be found on the Northstar website or by [clicking here](#).

We look forward to continuing our efforts to realise your financial journey and thank you for being a loyal client to our firm.

Kind regards,

Adrian Clayton and the Northstar Team