

Dear Fellow Investor,

We trust that you are safe, healthy and enjoying the final throes of summer.

It seems implausible that just twelve months ago, global stock markets melted under the weight of COVID-19, yet today, bourses are hitting new highs.

In the real world of course, the virus is ever present with certain governments continuing to adopt ongoing draconian lockdowns, a rather blunt and rudimentary instrument for managing a pandemic. But other states, such as Israel and the UAE have demonstrated that a proactive vaccination policy can liberate a nation psychologically and economically! Indisputable however, is that the market is betting on a return to normalcy and soon.

One homogenous response from governments to the pandemic has been their aggressive monetary and fiscal economic interventions. These exceed anything witnessed before; take the US, as an example, its 12-month fiscal response equals 27% of its annual GDP. Some economists argue that such a gargantuan deployment of stimulus will ultimately harm an economy that was already bouncing back quite naturally from the abyss.

As more countries vaccinate and continue with loose monetary and fiscal policies, a robust rebound in global economic growth is anticipated in 2021 (5.5% IMF forecast) and in 2022 (4.2% IMF forecast). The IMF predicts that the USA will grow by 5.1% in 2021, but many leading economists believe this number could exceed 6%. An unfortunate bi-product of COVID-19 is that inflation is rearing its head driven by constrained supply chains being met by rampant demand, further fuelled by monetary and fiscal policy. We cover this topic in the lead article of our Northstar Quarterly Market Report.

Another fascinating outcome of the pandemic has been the corporate winners and losers list. Quite clearly, online retailers, workspace solutions, particularly remote work platforms like Zoom, and online entertainment hubs were podium takers. On this note, Simphiwe Msibi's article delves into Tencent and Alibaba – two behemoth Chinese internet stocks and he provides some clarity around their differing performances over the year.

Considering bank accounts offer 3.5% interest to depositors, we felt it opportune for Mark Seymour, our Northstar director of fixed income to discuss his fund: how it is positioned and the market opportunities currently available. This is one of South Africa's top performing income funds over the past 5 years and it presently yields over 6%, which is a worthy and safe option for investors needing to enhance returns away from a bank account.

We conclude our Quarterly Report by introducing Domanique McClean, Northstar's very sprightly Business Development Manager for the southern region. Dom is a breath of fresh air in the office, she is a chartered accountant by trade and very well equipped to assist supporting advisors with their clients or institutions that are investing with Northstar.

Thank you for your ongoing patronage of our firm, we look forward to working hard and smartly in your best interests in the quarter ahead.

Yours sincerely,

Adrian Clayton and the Northstar Team