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Dear Fellow Investor,

According to the World Health Organisation's official website, since the start of the COVID-19 pandemic, 177m people have contracted COVID. 3.84m people have tragically, died. Africa has registered 3.75m cases, South Africa 1.78m of these or 47% of the total and we have recorded 58 323 deaths.

Considering the world's population is 7.7bn, this implies that 2.3% of humanity has been infected and 0.05% has died. As we enter what is hopefully the back strait of the pandemic, a time when analysis and reflection slowly replaces panic, one cannot help but wonder how history will judge our collective response to this event?

There is no denying that this disease has caused intolerable suffering to many families as their loved ones have perished. But the COVID health headlines fail to capture another crisis – that being unemployment – according to the International Labour Organisation, 144 million people lost their jobs in 2020 and tens of millions more have been left idle, surviving on government grants. Sadly, much of this was self-inflicted – a function of lockdowns, business shutdowns and penal laws that have hamstrung the global economy.

A by-product of these economic interventions was that the world piled-on further global debt in 2020/2021, reaching almost $300 trillion or 3.5 times the size of the World's collective annual GDP. A debt created today is a debt repayable tomorrow. Our current actions aim to use debt to stimulate current GDP growth, but this dictates lower future GDP growth.

To avoid being too somber, it is heartening that global vaccinations now total almost 2.4 billion, significantly larger than the official rate of infections. Also, the extent of stimulus created by governments and central banks to lift economies has driven asset prices; equity markets have soared since the lows of quarter 1, 2020. As of writing this commentary, year-to-date, the JSE Capped Swix has gained almost 17% (rands) and the MSCI World index just over 4% (rands) and about 12% in dollars.

In this Market Report, '**The Big Picture**' proves Buffett's theory that the odds of successful investing are skewed positively when buying into cheap markets. Global markets are currently fully valued and we provide insights into our tool kit to deal with this.

Rory addresses the tricky subject of **risk and investment performance**, he argues that the majority of managers running global flexible mandates have underperformed equity indices since 2009 because they failed to take enough risk. Marco writes about the **minefield of SA investing**, but that COVID has presented opportunities for the biggest and best companies which have been winning at the expense of weaker competitors. We conclude our quarterly feedback to you by **introducing Alex Holmes**, Alex joined Northstar earlier this year and is our Business Development Manager in the North (Gauteng and surrounds) – Northstar is very pleased to announce that we have opened an office in Gauteng.

We hope you find our **Northstar Quarter Two, Market Report** good bedtime reading and we look forward to engaging you further in the months ahead.

Yours sincerely,

Adrian Clayton and the Northstar Team