

27 September 2023

Dear Fellow Investor

Despite a deeply challenging market backdrop, Northstar clients have enjoyed sound investment returns in 2023. High levels of staff competency and their dedication to delivering favourable customer outcomes are the foundation of these results.

In the past, South African investment managers could generate acceptable returns by only owning domestic assets – cash, bonds, property, and equity. Those days are well past us and at Northstar we recognised this 11 years ago, consequently, one of the first steps we took when we joined the firm in 2012, was to build our global expertise and create offshore solutions for our clients. Our next step was to externalise your capital in a sensible fashion.

Despite our loyalty to South Africa, we could not over the years ignore the obvious degradation of the economy and then with it, the domestic investment ecosystem. Our response to this was to create offshore domiciled global investment vehicles for our clients and our obligation was to ensure that these would perform. The importance of this diversification is evident today.

Having a global focus, but running a South African business, has meant that we needed to create three pockets of investment expertise – our fixed income team enhances your income, and our two equity research teams (one local and the other global) generate the growth for your investments.

Northstar manages 6 funds – four are domiciled in South Africa and the other two reside in offshore jurisdictions (Ireland and Mauritius) and are dollar denominated. All our funds are positioned in the top 30% of managers in their respective categories in 2023 whilst one of these funds is ranked in the top 10% of managers this year.

In terms of our global capabilities specifically, the Northstar Global Flexible Fund in 2023 is positioned in the top quartile (top 25%) of 266 global managers within its sector, having returned 7.36% in dollars this year. The hallmark of the fund is its consistency of performance, it is in the top 30% of managers over 1 year, top 40% over 2 years, top 30% over 3 years, top 15% over 4 years and top 10% over 5 years.

We have recently launched the Northstar Global Income Fund, it is our global version of the top performing, SA focused, Northstar BCI Income fund, which has been successfully managed by Mark Seymour and our income team for the past nine years. Global income assets can now be bought cheaply versus the past decade, and we believe this should create generous levels of hard currency income for our clients. We launched the fund to replicate our local range – income, balanced and equity, but also because income assets offered value for the first time in a decade.

All the above talks to the importance of having your investments diversified geographically, but also between asset classes to achieve your individual financial goals. Four years ago, we embarked on a strategy of engaging you to reassess your individual financial goals and to ensure that your investments were appropriate to achieve these. This process has led to improved performance and reduced the risk of unfulfilled investment goals. We appeal to any of our clients that have yet to follow this practice with us, to do so now! It works!

With regards to the Northstar Quarterly Report for Q3, 2023. It is an easy read and includes two articles – one written by me – my belief that markets are diverging from what will ultimately be proven to be a normal economic cycle and then Mark, writes about the value in fixed income assets.

NORTHSTAR

ASSET MANAGEMENT

We conclude the market report with our 'meet the team' segment where we interview Hlelo (Lo) Giyose. Lo is our colleague from First Avenue, our sister company in Gauteng – as we have written about before, our investment teams merged at the beginning of the year. Lo, the Chief Investment Officer of First Avenue, is deeply academic and highly experienced and brings a wealth of knowledge to the combined businesses of Northstar and First Avenue. He is also just a great guy and a pleasure to work alongside.

Wishing you a wonderful final quarter of the year.

Kind regards,

A handwritten signature in black ink, appearing to read 'Adrian Clayton', with a stylized flourish at the end.

Adrian Clayton on behalf of all of us at Northstar Asset Management