

Dear Fellow Investor and Client,

It is such a pleasure writing to you as the sun's rays travel a shorter distance to the southern hemisphere.

Spring catalyzes renewal and much of this is also playing out in the global economy and so too at home. As I write, the South African Reserve Bank reduced interest rates by 0.25% to 8%, thus finally initiating a cutting cycle. This followed on the coattails of the Federal Reserve that aggressively slashed the Fed fund's rate by 0.5%.

Stock markets are imperfect forecasters of the future, but they are dead accurate reflections of sentiment. This has been no more apparent than in South Africa, where, over the last couple of years, utter gloom has not only besieged daily life, but so too the JSE. Despite this despair, many South African businesses have navigated their way through turbulent waters and sustained remarkable levels of profitability, yet until very recently, their share prices have not reflected this success.

With our focus on data and facts rather than emotion, we knew that it was purely a matter of time and market participants would reward companies that could outmaneuver the poor SA macro environment. Likewise, through our research lens, it was apparent that SA government bonds were undervalued, and the rand was too cheap.

These views we have communicated publicly through the press, in our Quarterly Market Reports and of course, at our client meetings. But actions speak louder than words, and our assessment on South Africa is best illustrated in that we have retained exposure to local assets on your behalf whilst also diversifying your wealth globally over the past 12 years to capture the uniqueness of other markets. This dual approach is working very well and 2024 has been a rewarding time for our clients at Northstar.

Year-to-date, Northstar's locally based funds have reflected SA's rising tide, the Northstar BCI Income Fund has returned 8.26%, the Northstar BCI Balanced Fund 9.24% and the Northstar BCI Equity Fund 14.01%.

And offshore markets have also been kind to our clients. The Northstar Global Flexible Fund (\$), domiciled in Ireland, has gained 11.58% this year, and our Mauritius based Northstar Global Income Fund (\$), has risen by 4.58% in 2024, having returned 7.41% in dollars over the past 12 months.

We acknowledge that we, like all managers, are susceptible, to short term fluctuations in investment performance, yet we would like to share some gratifying performance highlights that encourage our team to sustain their momentous efforts.

Firstly, our domestic income and global equity track records now exceed a decade at Northstar, and we have produced best of breed outcomes in these categories.

Secondly, our global performance in the global dollar flexible sector is industry leading. For the seven years that we have competed against 112 global managers, Northstar's Global Flexible Fund (\$) is ranked 6<sup>th</sup>. In addition to being highly ranked since inception, over 1, 3 and 5 years, the fund is also a consistent top performer against a category that has subsequently swelled to 266 competitors.

Finally, our domestic equity team has enjoyed a massive rebound of performance since 2020. We ascribe this to the creation of three focused investment teams (Income, SA equities and Global equities) this has allowed for high degrees of specialization and deep levels of expertise. In addition, hard and smart work has been key to turning the fund's performance around.

We believe that all our performance engines are very well constructed and that Northstar should deliver peer beating returns across all our fund offerings over the course of an investment cycle.



The Northstar Market Report for the third quarter of 2024 contains two articles and then it introduces Adam Strydom, who joined our firm earlier this year.

I drafted the article called Myth Busters, it aims to contrast avarice and excess against patience and non-indulgence. Although I reference bubbles from the 1600's, the article covers the overindulgences that I have witnessed over the course of my career, 30 years, and my observations on how winners win, and losers fail.

Then Mark has written a fascinating but complex article on strategic asset allocation. It highlights the importance of asset managers that can appropriately value assets and utilize their expertise to reduce exposures to expensive asset classes whilst increasing positions in undervalued assets through the cycle.

Thank you for your ongoing support of Northstar. Through our efforts, we hope to do justice to it.

All the best,

Adrian and the entire team at Northstar

