

29 September 2026

Dear Fellow Investor,

There is a great African proverb: *"if you close your eyes to facts, you will learn through accidents."*

The Northstar Market Report for Quarter 3, 2026 might just prove to be one of our most predictive reports ever written.

We make some judgement calls that we believe will have a high potential outcome in the near to medium term. They are predicated on folly investor behaviour, ripe for unpleasant accidents.

There is an enormity, something quite seismic about the geopolitical and socioeconomic global adjustments presently taking place, which are upending two decades of seemingly, economic stability.

Of course, this stability was masking ever-escalating developed-market government debt levels that propped-up fragile systems, and no sin is forever left unpunished!

This new world is defined by trade protectionism, economic nationalism, anti-globalism, alliance scepticism, realpolitik and strongmen. And markets are trying to price for this!

In Mark Seymour's article, "Playing with Fire" he describes the weight of the task facing Scott Bessent, US Treasury Secretary, as he tries to stave off attacks on the US bond market.

I wrote the Big Picture article, it deals with the folly of chasing yesterday's winners.

We write on how beautiful the market is in creating wealth, and its inflation-beating successes.

We then delve into index investing, pragmatism, patience and the dangers of greed.

"The market giveth and the market taketh away." We quote this as we are of the view that sustainable returns are earned.

Consequently, we question how much work is involved in owning an index versus the outsized rewards that index investors have enjoyed.

The corollary being many super smart active managers that have been on the wrong side of the market since 2011. We ask, have these managers become stupid, and lost their touch?

Before we over-tell and instead leave you to read our article, let's just say, economist Paul Samuelson's quote, *"investing should be more like watching paint dry or watching grass grow. If you want excitement, take \$800 and go to Las Vegas"*, best sums up our view on an investing world that is in for a reality check.

In our final article, Donovan Stefan discusses Corpay, a global stock which we have held for 18 months and which has richly rewarded our clients.



It's an example of a quality business that adds real value to its clients, driven by a brilliant management team.

As we head into the final quarter of 2026, we believe that the robustness of our research infrastructure should assist us in managing an increasingly complex and risky investment environment.

Thank you for your patronage.

A handwritten signature in black ink, appearing to read "Adrian Clayton".

Adrian Clayton and the entire Northstar Team