

Northstar Notes

“If you don’t think too good, don’t think too much.”

– Ted Williams

Notes from Henry and Linda

On March 8, 2020 we wrote: Our portfolio companies will likely experience enormous price swings. These will occur as a consequence of temporary, perhaps severe, changes to their operating environment. Added to the numbers will be fear and dread, i.e. the emotional component, amplified by the administration’s perceived bumbling response. *Little did we know.*

In the advisory business, we don’t use the word “undoubtedly” loosely. However, this year, this unimaginable 2020, this annus horribilis, was undoubtedly the most transformational year in world history since the end of World War Two. Yet, well before the vaccine for COVID-19 was approved, at the moment when the market was roughly at its bottom, we saw the first signs that the stock market would reach all-time highs again well before the end of the pandemic was in sight. It was clear that many massive businesses were not only recovering but were becoming more successful than ever. The lines outside Costco along with fleets of shiny new Amazon Prime vans told the story across America.

Businesses that prospered from the shift to home offices saw their revenues surge. Formerly unknown businesses like Zoom became synonymous with personal contact. Accordingly, its stock soared to what Warren Buffett might call “miraculous” heights. Our Northstar morning meetings were as productive as ever, even in a virtual format.

Even the typically slow-moving film industry changed forever as the user base of Disney+ reached roughly the equivalent of one-sixth of the United States population by the end of their fourth quarter.

As we sought to navigate through waves of news from politics to health to finance, here are a few of the accomplishments for Northstar Clients in 2020 in which we take particular pride:

Buying a home

In the early days of the pandemic, before once whole-hearted city dwellers realized that there was indeed more space outside the city, low interest rates and low home prices in the suburbs made for an attractive buyer's market. Thanks to the level of financial dignity which patience and commitment leads to, some of our younger clients (and employee Bobby Asher) were able to take advantage of this state of affairs before home prices began to soar to multiple times asking prices. It's nice to be ready.

New Chapters in Life

Our own Jeff Dziegielewski and his wife Kelly welcomed their baby boy into the world (or, at least, New Jersey), starting a new wonderful chapter.

At Northstar, we are in the business of helping clients prepare financially for the most important chapters in life, whether that means getting ready for your first child, supplementing pre- and post-retirement income, or navigating the possible avenues of philanthropy for you and your family. Our work is about people, not only the numbers on a statement. We are advisors, not "money managers." When you call Northstar, even during a Pandemic (or, perhaps, especially during a pandemic) you will connect with a person, not a digital directory.

This philosophy helped make "silver linings" more available to our clients looking to pursue life objectives which were made possibly a bit more comfortable, and possibly available a little bit earlier, thanks to their trust in us as financial professionals. That trust extends to our core investing philosophy, so that we think of ourselves as true owners of iconic brands with immense financial strength. Whether they outperformed the market in a short one-year time frame (Apple and Amazon) or lagged the index

(Berkshire Hathaway), the underlying businesses should produce handsome returns for patient shareholders with long time horizons. This message should sound familiar, because it is at the heart of all of our communications, and it is in our investment DNA.

Iconic brands don't become iconic by resting on their laurels. They need to be managed and nurtured. Part of what has made this year so astonishing is that immense companies seemed to defy common sense on an almost daily basis by pivoting on a dime to wholly new ways of interacting with consumers. While traditional financial analysis might tell a vital part of the story, chances are, when we look back at what The Walt Disney Company did for us in 2020, we will likely remember Disney+'s streaming of "Hamilton," their streaming release of "Mulan," and the cult classic "The Mandalorian" more than specific figures for their theme parks during the global pandemic.

If there is one message to take from 2020, it might well be the wisdom that Henry's father George Asher imparted near the end of his very long life: "It is about people, or nothing at all." 2020 has taught us about connection and the true value of a simple email, text, or phone call, more than ever.

Before we close, we have to acknowledge another part of the big picture. As big business was prospering, the smaller businesses that are the financial and emotional backbone of so many American communities were suffering, as they are to this day. Millions lost their jobs, food bank lines stretched for miles, tenants staved off eviction one day at a time. Most tragically, a small U.S. city's worth of people had their lives taken by COVID-19, and over 5% of the U.S. population fell ill from the horrific virus.

Here at Northstar, we believe good fortune comes with a set of responsibilities to the society that helped you succeed. Last year brought us to the essence of responsible financial behavior; we remained calm in the face of a severe bear market in February and March, and rational during the market's later surge. But there is more to portfolio success than the numbers on the page; a wise person once said that investing is not about the battle between fear and greed, but instead it is the contest between fear and love.

Financial dignity is the freedom to live free from the degradation of financial insecurity, the freedom to provide for those whom we love, and the freedom to help those in our society whose needs are made even more visible by the scars of the pandemic. We would love to work with even more of our clients to establish meaningful charitable programs, including direct stock gifts and donor-advised funds.

All best wishes for a brighter New Year!

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