

Northstar Notes

“Superficial, sudden, unsifted, too fast for the truth, must be all telegraphic intelligence. Does it not render the popular mind too fast for the truth?...What need is there for the scraps of news in ten minutes?”

– The New York Times, August 19, 1858, on the telegram

“I don’t trust books. They’re all fact, no heart.”

– Stephen Colbert

We are living in an age of epic news flow, and despite our best attempts, I sometimes feel as if we are in danger of substituting tidbits, gossip and tweets for knowledge, wisdom and truth.

So, let me start with a brilliant observation by Joe Queenan, the noted humorist and critic. He was asked to review a biography of Warren Buffett in the early 90’s. He reached the conclusion that studying Buffett was akin to a conservatory student analyzing every one of Mozart’s compositions and realizing, after four arduous years, that “He was Mozart, and you are not.”

I was reminded of Mozart’s brilliance on a recent Sunday. In the quiet hours of a perfect summer morning, I began to watch a wonderful masterclass given by Mitsuko Uchida. She is one of the world’s greatest pianists, and has profound insights into the music she plays. At one point, she brilliantly demonstrated a moment where Mozart took the music from a perfectly acceptable path into a new direction that can only be described as sublime. Genius is made up of such moments.

Now that I've meditated on Mozart's mastery of composition, you may be wondering how all of this relates to investing.

Music lovers, and even performers, cannot "own" Mozart's works. On the other hand, as connoisseurs of great businesses, we are able to participate in their moments of sublime innovation. This era that we are all part of features a degraded political life standing in stark contrast to monumental achievement in many corners of the business community. One does not need to be Steve Jobs in order to use an iPhone or to own Apple shares; and one does not need to be Larry Page or Sergei Brin in order to search the vast internet for unimaginable amounts of information. We have witnessed changes to our basic capacity, as humans, for retrieving and processing information. This is largely, if not completely, a positive development. Steve Jobs did something Mozartean: he blazed a path from a functional and acceptable phone to a place of utter design brilliance. He uncovered new truths about how billions of people want to experience the world.

To hear some media prognosticators tell it, we live in a "post-truth" world. The word got thrown around so much during last year's endless election cycle that Oxford Dictionaries named "post-truth" as the 2016 word of the year (succeeding the entry for 2015, the crying-laughing emoji). Oxford's dictionary editors are not saying that 2016 was the year the truth died. They are simply taking note of what words are being used, and what ideas have taken hold. In 2016, "post-truth" was one of those ideas.

Here at Northstar, we don't agree that the truth is in any more danger now than it ever was. We do not live in a post-truth world. Or, if we do, it's no more post-truth than it has ever been.

The theory that human beings are more influenced by their emotions and personal beliefs than by cold hard facts is not a new one. In 2002, Daniel Kahneman won a Nobel Prize in Economics for his research on the pitfalls of human judgment when it comes to making decisions. Used car salesmen the world over have long known that a heated discussion with a non-existent manager is often all that is needed to sell an old Honda for far more than it's worth.

And now, let us calmly and gently discuss the elephant in the room, the one the 2016 campaign circus left behind for us. Believing that any one man, institution, or country has the power to damage the truth is as hubristic as believing that one man on a

sputtering motor scooter can injure a moose. Sure, he might deal out some superficial damage. Ultimately, though, the truth, like an angry moose, is resilient, and will have the upper hand. Truth does not care whether or not it is believed in—it just is.

Our job at Northstar is to look for the truth in all of its forms, and apply what we've learned towards choosing wise investment behaviors to help realize financial goals and dreams on our clients' behalf. In times of uneasiness, and even crisis, we have reduced our anxieties about the market to the level of the absurd by asking absurdly simple questions. Will men stop shaving? Will drivers stop insuring their cars? Will the American populace stop shopping for food? Asking these kinds of simple test questions helped return us to a point of intellectual and emotional equilibrium, and we were able to move past psychological gridlock to make sound choices.

The other benefit of asking questions like these of ourselves is that it keeps our minds open to integrate new companies and trends into our worldview. Men will always need razor blades, but will they get them from Gillette, or a “dollar shave club?” Drivers will always need to insure their cars, but will they go to insurance brokers to do so, or just buy insurance on their phones? Americans will always buy groceries, but how much of those groceries will be moving through Amazon's supply chain?

And so on. There is nothing in our approach that makes our investments vulnerable to the words, or actions, of one man. The truth is a stubborn thing.

Changes at Northstar

At the beginning of the summer, we had to bid a very fond farewell to Shourya Sen, as he embarked on a journey to Laos, where he is teaching English under the auspices of the Fulbright program. While we miss his brilliant presence in our office, we have the new-found pleasure of reading Shourya's observations about life in Vientiane.

We were fortunate to welcome Jeff Dziegielewski to our team in early July. Jeff joined Northstar after spending the previous five years working in strategic management consulting where he advised major financial institutions on their complex change needs. Jeff, who holds a BS in Finance from the Kelley School of Business at Indiana University, earned the CFA designation in 2016 with the goal of transitioning into a

career where he could follow his passion for analyzing the markets and, of critical importance, helping individuals and families plan for their long-term financial goals.

At the office, Jeff helps with market research, asset allocation, portfolio management, and client service projects. Outside of Northstar, he enjoys spending his time running, golfing, travelling, and trying every slice of pizza New York City has to offer.

Henry Asher
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