

| Fund                                    | YTD  | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception* |
|---|------|--------|--------|--------|---------|------------------|
| Starlight Global Growth Fund, Series F* | 9.2% | 19.8%  | 0.3%   | 6.2%   | 11.4%   | 8.5%             |

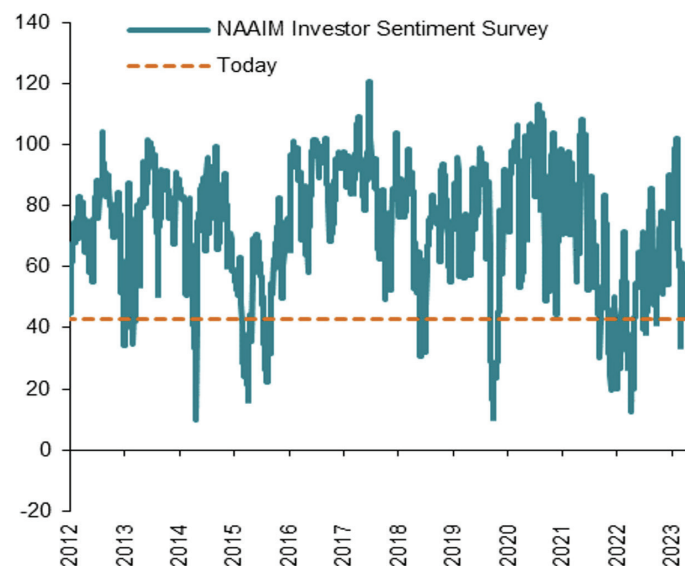
\*Inception date August 1, 2003 (Series F). Formerly Stone Global Growth Fund, renamed effective June 21, 2023.  
Source: Starlight Capital, as of September 30, 2023.

### Performance Summary

 In the third quarter, the fund returned **-4.6%**.  
Year to date, the fund is up **9.2%**.

A recent survey of investor sentiment indicated that one third of investors are bullish, one third bearish and one third neutral — total confusion and lack of conviction. **We expect kangaroo markets to continue this year as investors vacillate between recession risk, sticky inflation risk and the potential for a helpful drop in interest rates if something starts to break.**

### Manic markets



Source: Exane BNP Paribas

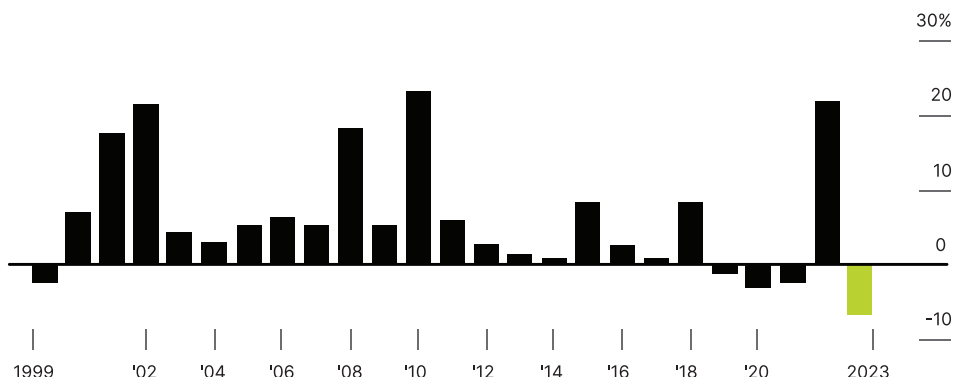
September was the weakest month of the year for global equities (not an altogether unusual occurrence historically). There are a multitude of challenges, including renewed inflation fears on the back of rising oil prices, relatively hawkish central banks reiterating their “higher for longer” stances on rates, sharply higher bond yields, and continued stress in China’s property sector. The bears make a credible case for higher-for-longer interest rates and a wild variety of company results show signs of stress creeping into corporate earnings globally. The lagged effect of previous interest rate hikes is still yet to be fully felt. Then there’s the persistently inverted bond yield curve (when bonds maturing in a year or two yield more than those for five and 10-year maturities) — an ominous sign that’s historically rarely been wrong in predicting a looming recession.

But positioning and the direction of travel matters. While economists and strategists have been universally bearish, their year-end targets already imply the worst second-half outlook on record — an interesting sign that potentially a lot of bad news has been front loaded.

## Wall Street strategists stick to cautious equity view

Their S&P 500 target points to most bearish second-half outlook on record

### ■ S&P 500's second-half outlook implied by strategists' average year-end target



Source: Bloomberg

While many investors are hiding in cash as the risk of recession is high, we believe that a confirmed earnings recession could be the final confession that drives a new bull market.

But it must be accompanied by benign inflation that gives central banks some breathing space to pivot away from rate increases and focus on delivering a soft landing (i.e. avoiding a large spike in unemployment).

Strategists have talked on and off about a soft landing over the past year, but it often gets ignored as Pollyannaish. A common misconception is that soft landings are some sort of economic nirvana. But in a soft landing, most economic indicators still look poor, the headlines are scary and company earnings stagnate — just like they do during recessions. But, unlike in a recession, in a soft landing *the labour market remains resilient*. If a significant rise in unemployment can be avoided, a US soft landing can be engineered — and the most widely anticipated recession of all time might just be avoided. But by the time we know for sure, the stock market will have already made its move.

**We believe a soft landing is possible, but now isn't the time for one-way bets. We have built in the portfolio balance to try to withstand frequent market tantrums and a variety of economic scenarios. Ultimately, though, you must believe in high-quality growth equity investing and have the patience of years to ride out the worst of the ups and downs.**

| Q3 top contributors                |      |  |
|------------------------------------|------|--|
| PARTNERS GROUP HOLDING AG          | +29% | private markets investing                        |
| INTUIT INC                         | +25% | TurboTax and QuickBooks                          |
| ALPHABET INC-CL C                  | +20% | Google search and services                       |
| HOWDEN JOINERY GROUP PLC           | +17% | fitted kitchens, appliances and joinery products |
| BROADRIDGE FINANCIAL SOLUTIONS INC | +16% | financial technology                             |

| Q3 bottom contributors              |      |                                       |
|-------------------------------------|------|---------------------------------------|
| ADYEN NV (sold)                     | -77% | payment processing                    |
| DEXCOM INC                          | -51% | medtech                               |
| ASML HOLDING NV                     | -33% | semiconductor equipment               |
| LVMH MOET HENNESSY LOUIS VUITTON SE | -32% | luxury goods                          |
| LONZA GROUP AG-REG                  | -31% | pharmaceutical, biotech and nutrition |

We invite you to partner with us.

## Starlight Capital Mutual Fund

| Diversified Equities         |
|------------------------------|
| Starlight Global Growth Fund |

Inception – 2003

### Investment Objective

To provide superior long-term investment returns through capital growth. The Fund invests primarily in common shares and debt obligations anywhere in the world other than Canada. The portfolio will predominately consist of large capitalized growth companies anywhere in the world other than Canada.

### Fund Codes

Series A (SLC995)  
Series F (SLC997)  
Series T8 (SLC9958)

### Distribution Frequency

T8 Monthly

## Investment Management Team



Starlight Global Growth Fund is sub-advised by Rathbones Unit Trust Management Limited.



**James Thomson**  
Portfolio Manager



**Sammy Dow**  
Portfolio Manager

## About Starlight Capital

Starlight Capital is an independent Canadian asset management firm with over \$1 billion in assets under management. We manage Global and North American diversified private and public equity investments across traditional and alternative asset classes, including real estate, infrastructure and private equity. Our goal is to deliver superior risk-adjusted, total returns to investors through a disciplined investment approach: Focused Business Investing. Starlight Capital is a wholly-owned subsidiary of Starlight Investments. Starlight Investments is a leading global real estate investment and asset management firm with over 360 employees and \$25B in AUM. A privately held owner, developer and asset manager of over 77,000 multi-residential suites and over 9 million square feet of commercial property space. Learn more at [www.starlightcapital.com](http://www.starlightcapital.com) and connect with us on LinkedIn at [www.linkedin.com/company/starlightcapital/](https://www.linkedin.com/company/starlightcapital/)

## Invest With Us

For more information on our investment solutions, learn more at [starlightcapital.com](http://starlightcapital.com) or speak to our Sales Team.

### Important disclaimer.

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