2015

3RD QUARTER

QUARTERLY COMMENTARY

Angeles

INVESTMENT ADVISORS

Go West! (and East, North and South)

Humans have inhabited the earth for what is a mere blink of the eye. The Universe was formed around 13 ½ billion years ago, the Earth 7 billion years later, and in the past 4 ½ billion years of the Earth's existence, the genus Homo arose just 2 ½ million years ago, and Homo sapiens (that would be us), evolved only in the past 200,000 years. We haven't been here long.

About 70,000 years ago, our species decided it no longer wanted to stay in East Africa, and began spreading across the Eurasia land mass, reaching the Americas 16,000 years ago. There are few lands left that humans have not visited, yet still, our urge to move is unabated.

We are not alone as a species in this urge. The annual migration of gray whales and monarch butterflies, arctic terns and leatherback turtles criss-cross the earth, from pole-to-pole and around the equator.

No single activity has had a greater impact on our planet—literally, changing the face of it—than human migration. For example, within 2,000 years of arriving in the Americas, North America lost an estimated 34 out of 47 genera of large animals and in South America, 50 of the 60 large animals disappeared. Mammoths and mastodons, native horses and camels, all vanished. Giant ground sloths that weighed eight tons and stood 20-feet tall became extinct, as did sabre-tooth tigers, which had flourished for the previous 30 million years.

ANGELES INVESTMENT ADVISORS
429 SANTA MONICA BLVD, SUITE 650
SANTA MONICA, CA, 90401

PHONE: 310.393.6300
FAX: 310.393.6200

www.angelesadvisors.com

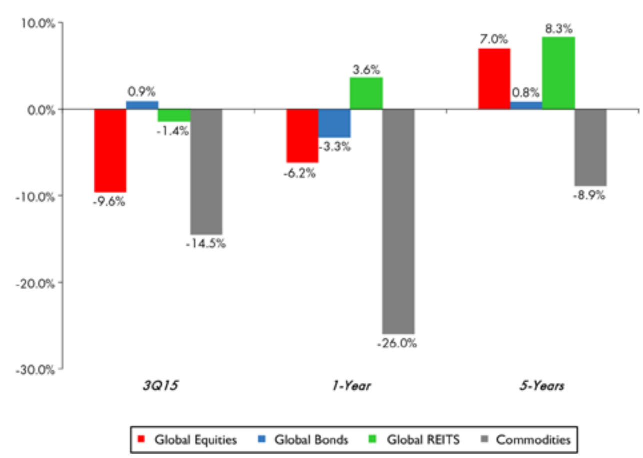
Migration is spurred by myriad factors: fleeing danger, searching for food, seeking more space, a yearning for something new. Or all of the above. Often, there is a catalyst—war, famine, royal decree—but rarely are large migrations led by a single person. There are a few notable exceptions (Moses comes to mind), but virtually all result from thousands, or millions, of simultaneous, independent, individual decisions that, collectively, have had enormous effects on history.

The most profound impact on the development of American history was the westward settlement across the continent. In the years following independence, settlers poured across the Appalachians to the Northwest Territory of Ohio, Kentucky and Indiana, spreading to the banks of the Mississippi. But there it halted, because the terrain west of the Mississippi was more arid, less fertile and populated with particularly hostile native tribes. The Mississippi, then, marked the natural edge of the American frontier. In 1832, Captain Benjamin Bonneville led an Army expedition that reached the Green River in Wyoming, but concluded the country was not fit for habitation, and returned to Washington to file his report.

Yet a decade later, thousands, tens of thousands of Americans were filling the western United States each year in a migration that changed the course of American history. Like most migrations, it was not led by a single person. But it would never have occurred when it did and the way it did but for the most unlikely source: a sometime school teacher from Prattsburgh, New York, who became the most famous woman of her day. Her impact on American history can hardly be overstated. Her story is extraordinary, and thoughts about human migration lead naturally to the investment theme of capital migration today.

What an ugly quarter it was that just ended. The magnitudes of loss were bad enough—global equities dropped 10%, commodities lost 15%—but the declines were pervasive. There was almost nowhere to hide, much less make money. MSCI follows 23 developed equity markets, 24 emerging markets and 31 frontier markets, and among these 78 countries, just one eked out a positive return in the quarter.[1] Some, such as Brazil, lost more than a third of their value in the past three months. At least Brazil isn't Kazakhstan, which is off more than half this year.[2]

Capital Market Performance



[1] Kudos to those who guessed Estonia, up 4% last quarter.
[2] About a quarter of the country's economy is oil-related, so we can see why it's struggling.

The mid-year drop in asset prices stems from a weakening in the world economy. Global manufacturing and production have stagnated (Chart 2), while world trade growth is barely positive by volume (+1.7%, versus the long-term average of +5%), and down 13% by value (Chart 3).

Part of the decline in trade reflects weaker overall economic growth. Europe, for example, accounts for one-third of world trade (and about one-quarter of global GDP), and its economy has struggled to show any growth in recent years. China, the world's largest trading nation, too, has seen growth slow. But part of the decline in trade may be more permanent than temporary weakness.

China's trade elasticity[3] has been falling as it turns more to domestic, rather than imported, components for its exports. Likewise, domestic energy production has reduced US imports of petroleum by about 25% in the past five years. Greater reliance on domestic goods and services may limit the growth of trade.

Slowing world trade is a concern for two reasons. It is the principal (maybe only) way by which poor countries can join the world supply chain and thus pull out of poverty. And it may be the only "free lunch" in economics: trade makes all partners wealthier.[4]

The slowdown in the world economy is most pronounced in the developing countries, continuing a trend of the past five years. Emerging economies grew at a 7.5% pace coming out of the global financial crisis, falling steadily to just 4.6% last year and probably 4.0% this year, well below the 5 ½% average of the previous 20 years.

Following the Asian debt crisis of 1997-98, which saw some assets fall 80-90%, many developing economies were well-positioned to benefit from the subsequent period of sustained growth and low inflation driven by the confluence of a number of favorable trends. China joined the World Trade Organization in 2001, opening its economy to trade, and driving a new super-cycle in commodity prices. Many developing countries hit the sweet spot of demographics, with working-age populations soaring. Faster growth translated into reserves accumulation, keeping inflation low and bolstering sovereign balance sheets which, in turn, attracted greater flows of capital.

CHART 2

World Trade, Industrial Production, and Manufacturing PMI

(Three-month moving average; annualized percent change unless noted otherwise)

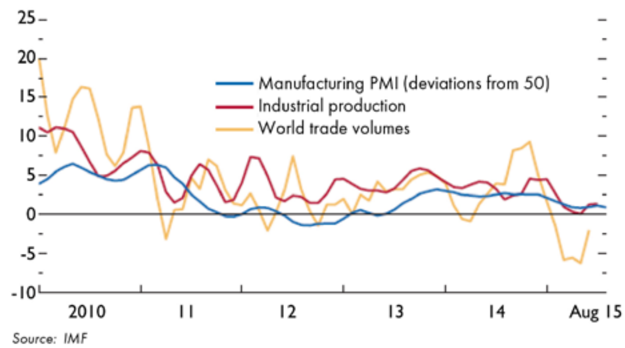
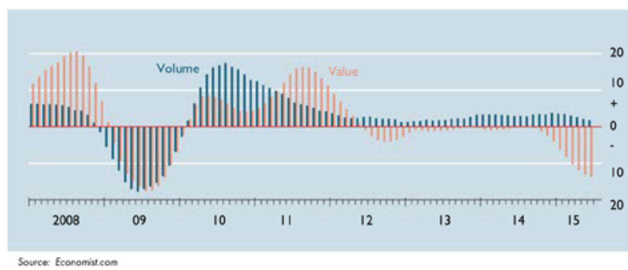


CHART 3

Global Trade, Six-Month Average, % Change on Year Earlier



3 Trade elasticity is the sensitivity of trade to income.
4 David Ricardo first postulated this in 1817 as the Law of Comparative Advantage.

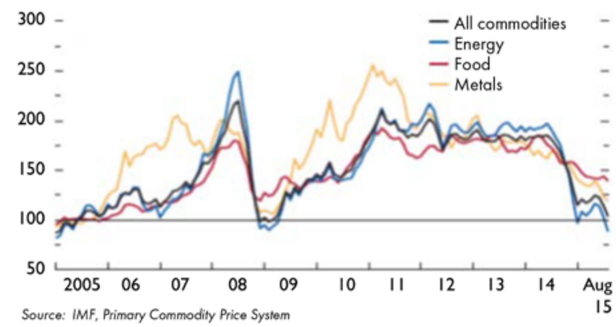
These developments have now reversed. China's infrastructure and export-led growth has reached its natural end, and China has turned to a more domestic consumption model of growth. The commodity super cycle has ended (partly for this reason), impacting those producers who became reliant on Chinese imports. China still accounts for half the global consumption of iron ore, aluminum, copper and nickel. And so commodity prices have come full circle over the past decade (Chart 4) to levels last seen more than 40 years ago (Chart 5). Few commodity producers, which are primarily the developing countries of the world, developed other means of economic growth, and are suffering the consequences.

Collectively, developing countries accumulated more than $12 trillion of reserves over the past decade, representing considerable opportunity costs of foregone investment and capital misallocation. These reserves were meant for the rainy day, to bolster asset prices, including currencies, if capital ever flowed out of their economies. Well, it's monsoon season. Over the past year, $200 billion of private capital inflows to emerging economies has reversed to $700 billion in outflows, and developing countries have sold approximately $600 billion of reserves, $350 billion from China, in attempts to bolster their currencies. Especially vulnerable are the commodity-dependent and mismanaged countries facing high inflation, plunging currencies and contracting economies. Brazil's GDP will shrink 3% this year, inflation is running at 9%, and the real lost 20% in the past quarter. Russia's economy will contract by 4%, inflation is at 15% and the ruble is off 15% in the past three months (Chart 6).

CHART 4

Commodity Prices Indices

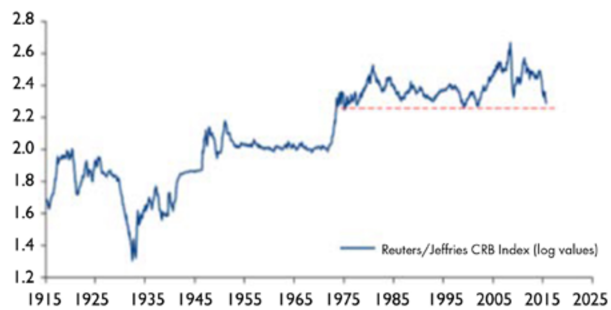
(2005=100)



Source: IMF, Primary Commodity Price System

CHART 5

Commodity Prices Since 1915

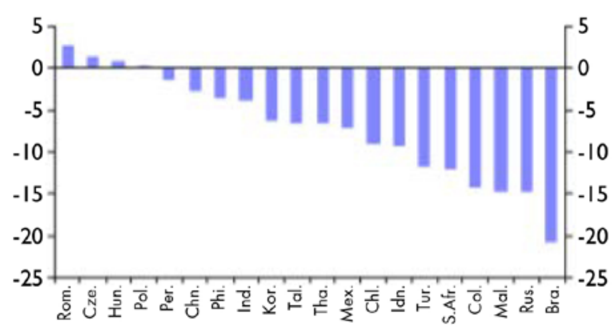


Source: BofA Merrill Lynch Global Equity Strategy, Global Financial Data (GFD), Bloomberg

CHART 6

Exchange Rate

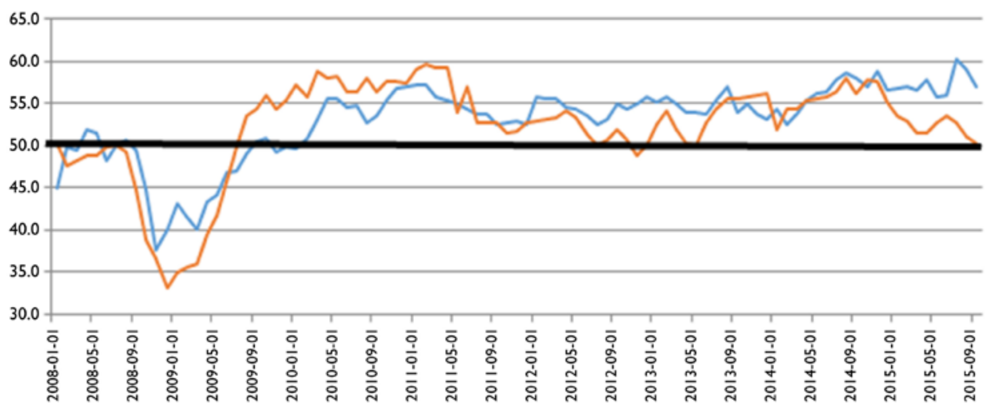
(% change vs. US$ since 1st July)



Courtesy: Capital Economics

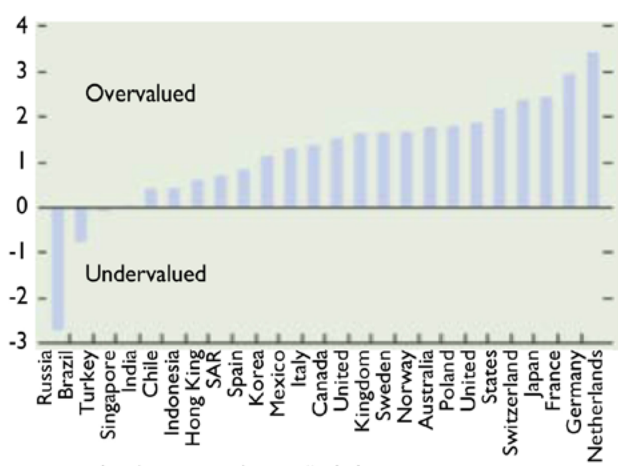
Divergent paths characterize many aspects of the world economy. Emerging economies continue to slow relative to developed countries, and there are stark differences within each group. Developing economies reliant on foreign capital are at risk, as noted above, while among advanced economies, those dependent on commodity exports (Australia, Canada, Norway) will see far more sluggish growth. Across developed countries we see diverging paths for services versus manufacturing, with services strong and manufacturing weaker (Chart 7 with US data).

CHART 7 Manufacturing & Non-Manufacturing PMI, 2008-2015



Source: FRB – St. Louis

CHART 8 Sovereign Bond Valuations
(Standard deviations)



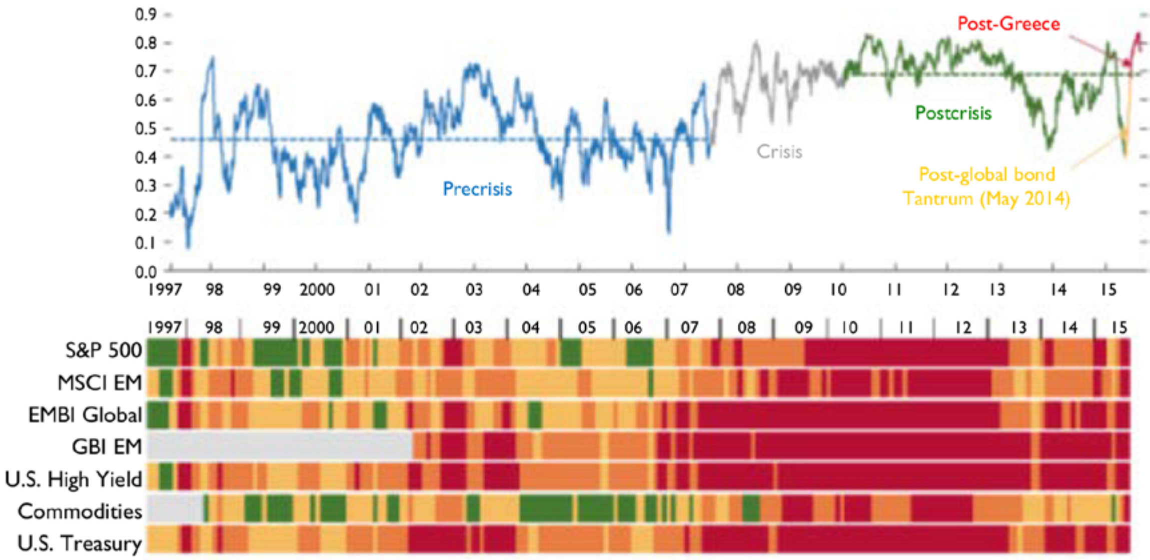
Source: Bloomberg, L.P.; and IMF staff calculations.
Note: Five-year-five-year sovereign bond yield in local currency terms minus five-year-five-year survey-based expectation of real GDP growth and inflation. Z-score computed as mean-adjusted return, scaled by the standard deviation: (y-y bar)/σ. Inverted, up = overvalued.

Monetary policy is one area where there has been global convergence. More than half of world government bonds yield less than 1%, and 15% yield less than zero. The Federal Reserve has held the Fed funds rate at zero for seven straight years (since December 2008), longer than even the Depression/War record of August 1937 to September 1942.

Exceptionally easy monetary policies distort capital flows in a number of ways. Government bonds are severely overvalued relative to underlying economic fundamentals (Chart 8). And quantitative easing ("QE") removes long duration, risk-free assets from the market, forcing investors into riskier assets.

Hyper-accommodative monetary policies have also raised cross-asset correlations (Chart 9). Higher correlation among global markets heightens the risk of financial contagion should there be a shock to one part of the system. The widespread adoption of accommodative monetary policies thus makes the financial system less stable.

CHART 9 Cross-Asset Correlations (median daily) and Correlation Heat Map

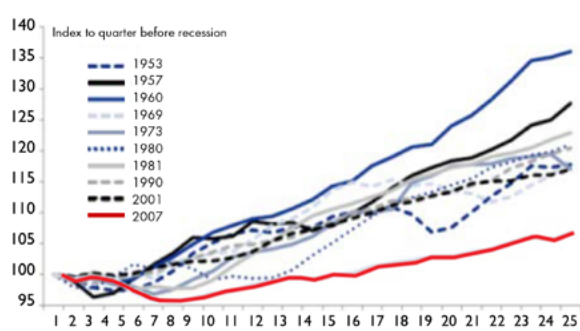


Source: Bank of America Merrill Lynch; Bloomberg, L.P., and IMF staff estimates
Note: The correlation index summarizes the median daily cross-asset correlations of Sharpe ratios across all of the following asset classes; U.S. Standard & Poor's 500, MSCI Emerging Markets, U.S. Treasuries, EMBI Global Bond Index, GBI Emerging Markets Bond Index (local currency), U.S. High Yield, and Commodities. The heat map displays the underlying median correlation for each of the seven asset-classes against the remaining six asset classes. The correlation of U.S. Treasuries, being a "risk-free" asset, is expressed in absolute terms, as it is typically negative vis-à-vis risk.
Correlation key: green 0.00-0.30; yellow 0.31-0.50, orange is 0.51-0.65; and red is 0.66-1.00.

Growth in the US slipped to 1 ½% in the third quarter, from 3.9% in the previous quarter, and is up 2% over the past year. The growth rate was held lower in the third quarter by a large decline in inventories, which took 1.4% off of GDP, so the underlying growth rate was a lot stronger. Still, this has been the weakest recovery in over 60 years (Chart 10).

CHART 10

US GDP Growth Tracks Below Equivalent Points in Past Recoveries



Courtesy: Goldman Sachs

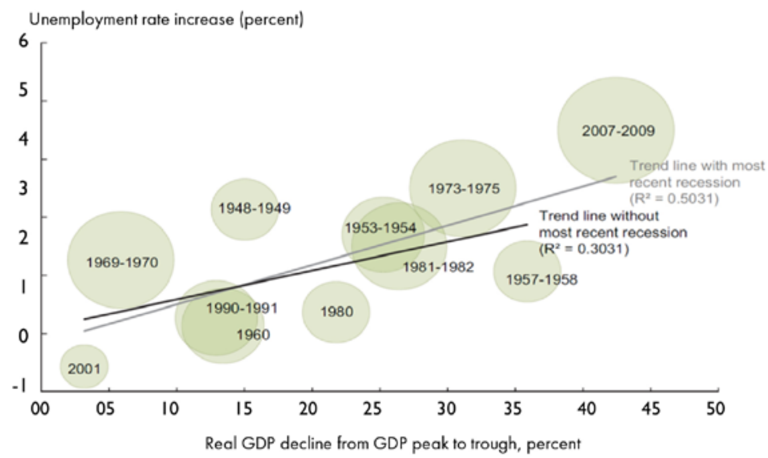
One of the curiosities about this weak recovery has been the strength of the labor market. Net new jobs have been added each month for the past five years. At 5.1%, the unemployment rate is well below the average of 5.8% over the past 70 years, and the fewest initial claims for unemployment insurance have been filed since 1973, when the workforce was about half the size of today.[5]

The economy contracted 4.2% in 2008-09 and employment declined 5%, a ratio of GDP-to-employment close to historical averages (Chart 11). Gaining those jobs back has been a slow process, but then this recovery has been particularly feeble. If anything, the unemployment rate should be about two full percentage points higher given the pace of recovery (Chart 12). In other words, job creation has been much stronger than the weak GDP growth would suggest.

Coinciding with the decline in the unemployment rate is a drop in the labor participation rate to a 40-year low (Chart 13). The participation rate began rising in 1965, primarily as women entered the workforce in large numbers. The rate peaked in 2000, and has been in decline for the past 15 years, so the reasons behind the decline are likely to be more structural than cyclical, although a full explanation remains elusive.

CHART 11

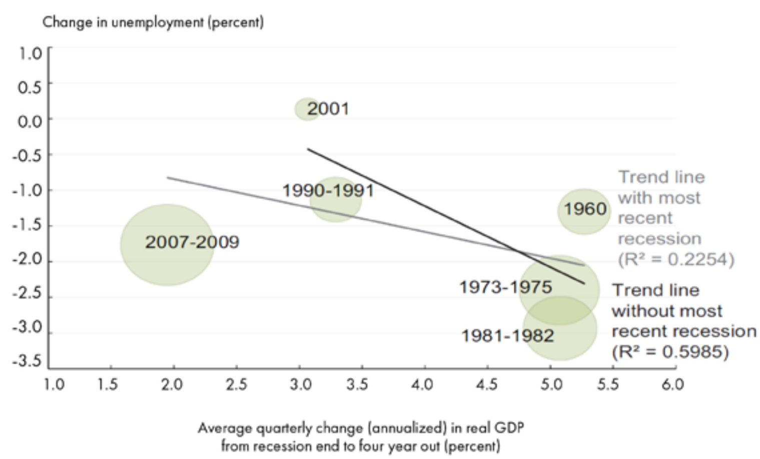
Real GDP and Unemployment During the Recession



Source: FRB - Cleveland

CHART 12

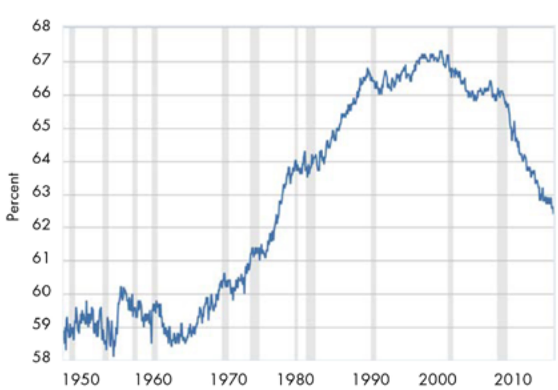
Recovery in Real GDP and Unemployment: Four Years Out



Source: FRB - Cleveland

CHART 13

Civilian Labor Force Participation Rate Four Years Out



Source: U.S. Bureau of Labor Statistics
Research.stlouisfed.org

[5] Approximately 77 million were working in 1973 versus 142 million today.

Aging of the population is probably the single broadest reason for the decline in labor participation, but two other factors have also contributed. The largest decline in participation is found among the youngest workers. In 1978, 59% of 16-19 year olds were working, compared with just 33% today. Presumably, most of those decided to continue their education rather than enter the work force.

The second factor contributing to the drop in the labor participation rate is the increase in disability (Chart 14). Social Security reports nearly nine million recipients of disability insurance today.

So, we have conflicting data: a labor market with a record number of employed, a low, and falling, unemployment rate, rising job openings, but also with a declining number seeking jobs, not just via retirement, but also among the core, working-age population, along with a rise in disabilities. Some, maybe most, of these developments can be reasonably explained, but there are enough anomalies to suggest that there are long-term, structural shifts occurring in the labor market.

One clear, structural shift is that the world labor market is aging and shrinking. In the developed world, the working population peaked in 2011. Over the past decade, three new workers entered the work force for every retiree; over the next ten years, there will be just one new worker for each retiree (Chart 15). As a result, the dependency ratio[6] will soar in the coming years (Chart 16).

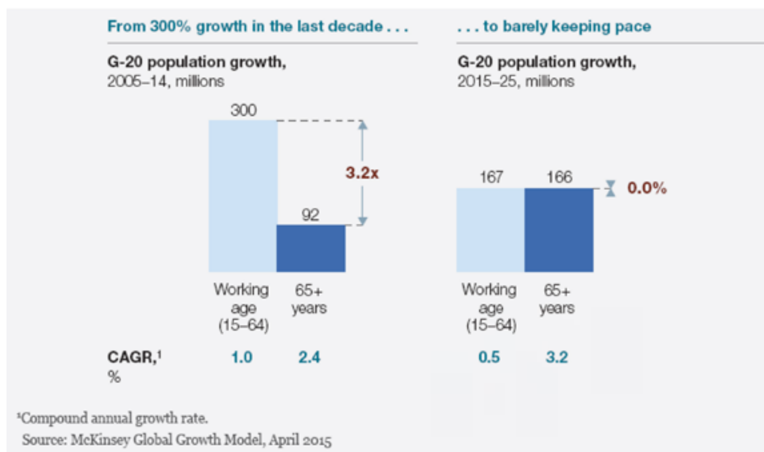
CHART 14

Labor Force Disabilities, 200-2015

Source: Department of Commerce, Goldman Sachs Global Investment Research

CHART 15

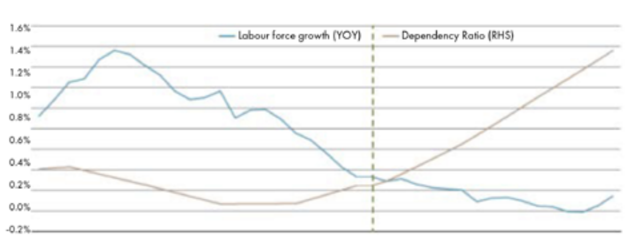
G-20 Population Growth, By Age



[1] Compound annual growth rate.
Source: McKinsey Global Growth Model, April 2015

CHART 16

Labor Force Growth & Dependency Ratio, 1993-2029



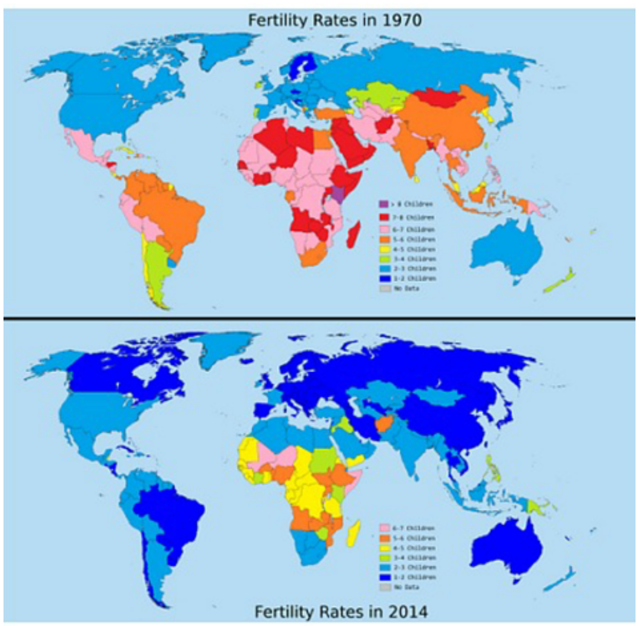
Source: UBS, Haver Analytics, United Nations
Dependency ratio is ratio of population age 0-14 and 65+ per hundred population age 15-64

[6] Ratio of dependents-to-workers.

Not only will there be more dependents for each worker, those dependents will be dependent longer. In 1970, the average retiree could expect to live less than five years after retirement; today, retirees in advanced economies will live more than 15 years after retirement (Chart 17).

The precipitous decline in fertility rates around the world, but especially in Asia and Latin America, accounts for this demographic shift. In 1970, the average woman of child-bearing age had 4.85 children; today, that rate has been cut in half (2.43) with every region of the world seeing declining fertility (Chart 18).

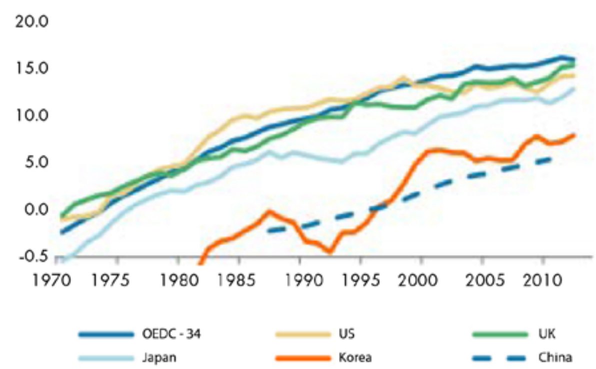
CHART 18 Fertility Rates



Courtesy: Morgan Stanley

Concerns about aging populations is nothing new. In 1937, the great John Maynard Keynes wrote, "a change-over from an increasing to a declining population may be very disastrous," and the next year, economist Alvin Hansen coined the phrase, "secular stagnation," to decry the end of growth in people, territory and ideas.[7]

CHART 17 Life-Expectancy - Retirement Age Gap, Year



Source: World Bank, OECD, Morgan Stanley Resarch
Note: Retirement age is the effective retirement age for men, i.e., the age at which older workers withdraw from the workforce.
Courtesy: Goldman Sachs

The worry is that an aging population permanently lowers an economy's potential output (which is dependent on the number of workers and their productivity). We've discussed previously the poor productivity growth and lack of investment in basic research, and these remain important concerns affecting the long-term health of the economy. But it's also possible to see "secular stagnation" as a series of inadequate or misguided cyclical adjustments. In the US, growth has been retarded by poor policy choices, favoring temporary demand stimuli and redistribution schemes over efficient tax reform and investments in research and infrastructure. Europe has been held back by political fractures, tight monetary policy (at least, initially) and anti-growth regulations. These latter two points can be leveled at Japan as well. And in the developing world, failures to reform centralized planning and cronyism, which favor entrenched interests over new entrepreneurs, are missed opportunities.

Whether the world is doomed to secular stagnation, that is, very low growth for the indefinite future, will be discovered in time. But certainly, there are known, specific reforms that can be enacted to put the global economy on stronger footing. The problem manifests as economic, but it's really a political challenge.

[7] Hansen wrote, depressingly, "secular stagnation—sick recoveries which die in their infancy and depressions which feed on themselves and leave a hard and seemingly immovable core of unemployment."

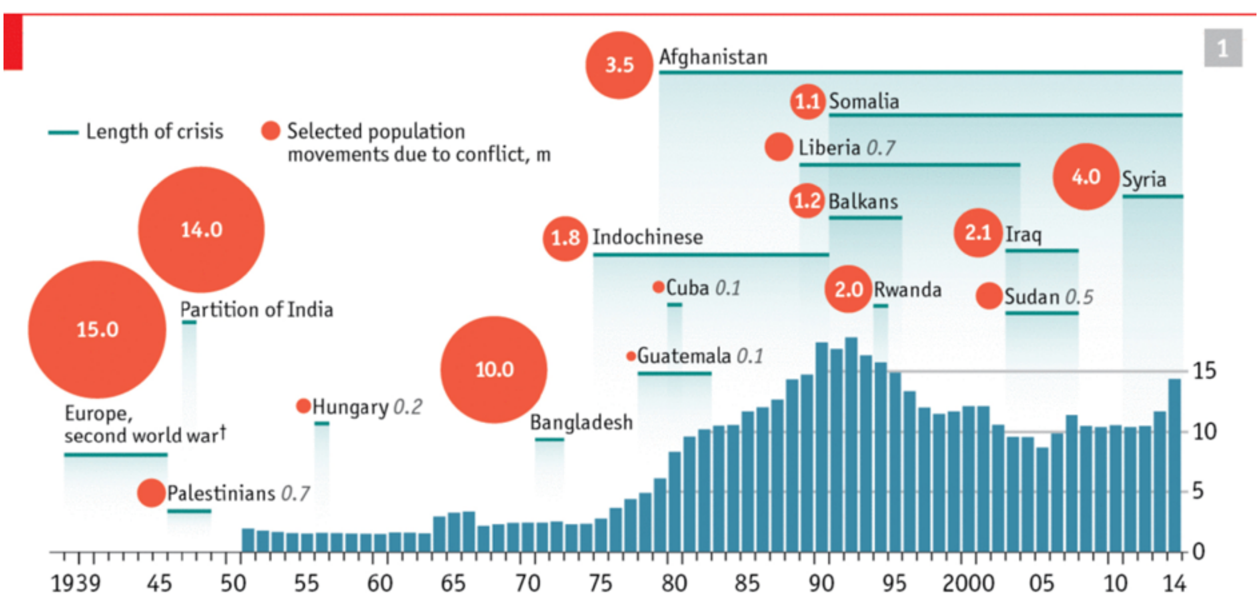
Refugees are the world's most urgent political challenge. The number of refugees worldwide is nearly as high as in the years following the Second World War (Chart 19), with the largest proportion today from Syria, where more than a quarter of the population (and by some estimates even more) have fled the country.

In 1950, in response to the millions of displaced by the war, the UN organized a conference where the European nations ratified a Refugee Convention, requiring signatories to grant asylum to any person with a "well-founded fear of being persecuted." In 1967, the Convention was globalized, and currently 147 countries have ratified it. Unfortunately, these rules do not apply to the three million displaced Syrians now in Turkey, Lebanon and Jordan, all non-signatories.

These millions are in dire circumstances, unable to work, and completely dependent on the mercy of their hosts and the world. Unfortunately, mercy is in short supply, or certainly aid is: food assistance by the UN to the neediest refugees was recently slashed in half, to $13.50 per person, per month.

Europe was clearly unprepared for this flood of refugees. Beyond the humanitarian disaster, the response to this crisis illuminates, and exacerbates, the political divisions within Europe, threatening the fundamental principle of the free movement of people across Europe. Europe has struggled to integrate non-EU immigrants, whose unemployment rate is twice that of native workers.[8] The initial policy response was to mandate the hosting of refugees by each member

CHART 19 Worldwide Stock of Refugees*, m

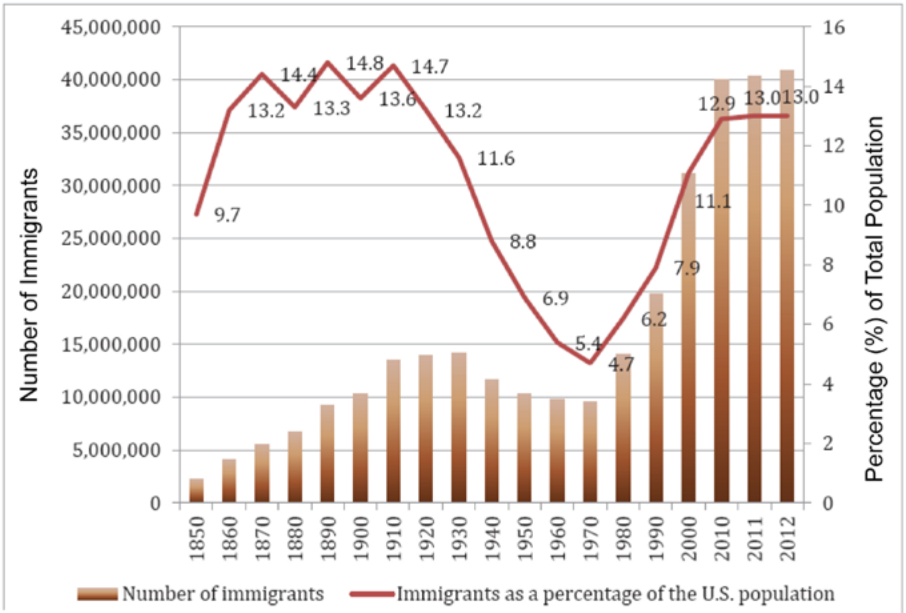


Source: UNHCR: NATO; Migration Policy Institute; Refugees International; US State Department; press reports

* Data missing for some countries before 1990s Includes internally displaced people.

[8] Approximately 20% versus 10%.[8] Approximately 20% versus 10%.

CHART 20 Immigrants in the United States, 1850-2014



Source: Data from Gibson and Jung, 2006; and U.S. Census Bureau, Http://www.census.gov/topics/population/foreign-born .htm.

state, but strong pushback, especially from Eastern European countries, threatens that agreement, and countries have shifted to policies to prevent the entry of refugees rather than settling them. That, of course, is a palliative, not a cure, to the crisis.

Distance and scale limits the United States' role, although we did settle more than one million refugees from Indochina in the 1970s, and America can do more because immigration is part of the essential fabric of American culture. More than 40 million Americans are immigrants,[9] 13% of the population, almost as high a percentage as in the late 19th century (Chart 20). Add in dependents and illegal immigrants, and we reach an estimated 78 million Americans, one-quarter of the population.

Each wave of immigration creates fear and backlash, but inevitably, immigrants become well-integrated into American society. A recent, comprehensive report[10] found that, in time, immigrants achieve English proficiency, health, education levels and employment equal to native persons (and incarceraztion rates one-quarter that of native-born). Successful integration of large numbers of immigrants into society may be "secret formula" behind American dynamism.

Religious fervor swept the American colonies in the 1730s, led by preachers such as Jonathan Edwards and George Whitefield, who de-emphasized ritual, liturgy and hierarchy in favor of deep, personal connections with Jesus. This "Great Awakening" helped strengthen the notion of individual democratic rights, creating the foundation for a generation of Americans prepared to fight for their independence.

Ironically, many of the prominent founding fathers[11] favored deism and rationalism in their own beliefs, and shortly after independence was won, another wave of fervor, the Second Great Awakening, swept the new nation through large revival meetings held

[9] The rest of us are all descendants of immigrants.
[10] National Academies of Sciences, Engineering and Medicine, The Integration of Immigrants into American Society, September 2015.
[11] Washington, Adams, Franklin, Jefferson, Madison, for example.

outdoors in tents. As in the first wave, there was a political dimension to this movement, giving support to the progressive ideals of temperance, abolition and suffrage. The established Christian denominations lost adherents to the new movements, including Adventists, Churches of Christ and Mormons, while the Methodists and Baptists became the most popular mainstream denominations.

Nowhere was this fervor stronger than in western New York State, which became known as the "Burned-Over District," for not a soul was left to convert as evangelism spread across the region like wildfire. One such convert, "born again" at the age of 16, was a pretty girl, the third of nine children to a devout Presbyterian family in Prattsburgh, New York, named Narcissa Prentiss. She decided then to dedicate her life to converting American Indians.

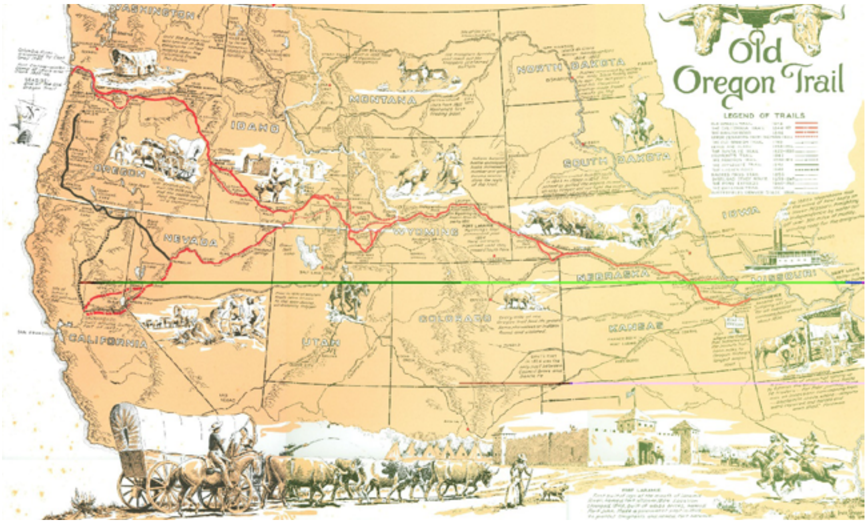
Narcissa travelled New York State as an itinerant school teacher and fund-raiser for missionaries. But her own application for missionary work was rejected time and again by the official American Board of Commissioners for Foreign Missions: she didn't lack in fervor or commitment, but she did lack a husband, and sending an unmarried woman out in the world was unthinkable. So she did the practical thing: she married the first eligible man she could find.

Marcus Whitman was a physician, and fellow missionary zealot, eager to go west to convert the native tribes. He and Narcissa were married the day after they met, and the day after the wedding they hitched a sleigh to some horses and rode to Pittsburgh, where they caught a boat for Missouri and waited for spring.

Whitman knew he would have to make the journey west in a covered wagon, because that was the only mode of transportation suitable for a family, and the west would only be converted by families. Individual men could hunt and trap, but families were needed to run a farm, and Whitman had to show that the trip could be made in a wagon.

In April 1836, they left Missouri with a fur caravan, following along the Platte River. In June, they met an east-bound caravan, and Marcus halted both parties for an hour so Narcissa could pen a letter home. It was customary, back then, for personal letters to be shared with friends, neighbors, the local papers, and sometimes, beyond. Pre-telegraph, pre-telephone, pre-internet, it was how most people got the news beyond their local communities.

Along the journey, Narcissa's letters home were popular, first in Prattsburgh, and then they were picked up by papers across New England, and throughout the rest of the country, even in London. She wrote in a direct, but very personal way, describing how she learned to cook elk and salmon over buffalo dung, and sleeping in a tent under millions of stars. I was never so contented and happy before. Neither have I enjoyed such health for years. In the morn as soon as the day breaks the first that we hear is the word—arise, arise, she wrote, sparking the dreams of readers for a new, freer life. She relished being free of the daily chores of a wife, and spoke of her growing fondness for Marcus, whom she hardly knew, which



slowly turned into love. Her letters became more than an adventure, they were a romance novel that captivated readers.

She addressed all the latent fears people had of the unknown West. The arid land was ideal for a wagon, in contrast to the muddy, often impassable roads of the East. The rivers of the East were often treacherous, but the Platte and the Sweetwater were narrow and shallow: O! if father and mother and the girls could have seen us in our snug little canoe, floating on the water. I once thought that crossing streams would be the most dreadful part of the journey. I can now cross the most difficult stream without the least fear.

The biggest fear was of hostile Indians. But the Pawnee and Shoshone of Nebraska and Wyoming were always friendly, and many traveled from afar to gaze at the first white woman they had ever seen: One of the chiefs, whom we had seen before, came with his wife and very politely introduced her to us. They say they all like us very much, and thank God that they have seen us, and that we have come to live with them.

News that a wagon and a woman reached Fort Boise, the old Hudson's Bay Company trading post, enthralled the nation. In March 1837, Narcissa gave birth to a girl, and readers could figure out that Narcissa became impregnated the previous June, and thus had made the perilous journey while pregnant. Marcus and Narcissa settled among the Cayuse tribe in the beautiful valley alongside the Walla Walla River.

The Cayuse welcomed the family, but were not especially interested in Christianity. In 1842, Marcus was called back to Boston to defend his mission (and lack of success), and earned a reprieve. When he returned to Missouri in the spring of 1843, he encountered 1,000 people in 120 wagons, waiting to be led into Oregon Territory. Marcus returned each year, to lead a larger group each time, into the new land. By 1845, 5,000 Americans had arrived. Eventually, the 1849 Gold Rush would bring 50,000 to California and Oregon.

The migration along the Oregon Trail[12] was not the result of a single event or led by a single person. It was the separate, spontaneous, individual decisions of thousands of people to seek a better life. Economics certainly played a role, as the Panic of 1837 saw half the banks in the country fail with depositors losing their life savings. But the letters of Narcissa Whitman, her courage, her fortitude and her honesty, were the spur for thousands of families to abandon their old lives and follow their dreams along the Oregon Trail, thus changing forever the American continent and American history.

[Readers are advised to stop here, at this happy ending, skipping till the end. What follows is not so happy.]

[12] Which was never a single Trail, but multiple paths to Oregon and California.

Alice Clarissa Whitman, the first white child born in Oregon Territory, was a precocious, happy girl. All of her friends were Cayuse, and she quickly became fluent in their Nez Perce language. One morning, at the age of four, Alice reached into the Walla Walla River for a drink. She fell in, and drowned.

Narcissa was inconsolable. She never bothered to learn Nez Perce, and became increasingly angry at the Cayuse, who didn't embrace Christianity and only demanded food and trinkets from her. She wrote (heart-wrenching) in 1841, I am entirely unfitted for the work, and have many gloomy, desponding hours. I find one of my most difficult studies is to know my own heart. In 1844, Marcus returned from leading a migration with the seven orphan children of Henry and Naomi Sager, who had died along the trail. Narcissa cared for them as her own, but refused to let them learn Nez Perce or interact with the Cayuse.

By 1847, another 5,000 settlers arrived, bringing measles. Marcus worked tirelessly to care for all the sick, Cayuse and white, but lacking immunity from the disease, half the Cayuse died and nearly all of their children. The surviving Cayuse blamed the whites for this disaster. On the morning of 29 November 1847, a band attacked the 70 people living in the Whitman compound, killing Marcus with a tomahawk to the head and shooting Narcissa. Fourteen were killed that morning, and the buildings all burned to the ground.

The US Army vowed revenge for the "Whitman Massacre," and two years later, the Cayuse chief, Tiloukaikt, surrendered, bringing an end to war. The Walla Walla Valley was not deemed safe for whites until 1859, and when it re-opened for settlement, the Rev. Cushing Eells, who had lived in the valley before the massacre, petitioned the Washington Territory legislature for a charter for a seminary to be built and named in the Whitman's honor. In 1883, the charter was amended, and Whitman Seminary became Whitman College, a prestigious liberal arts college to this day, whose sports teams are called the Missionaries.

[Ok, begin reading again.]

For the past 70,000 years, humans have been on the move, driven by necessity, lust, boredom or desire. It is so ingrained in our consciousness, it seems impossible to halt. And why should we? Migration—human, avian or otherwise—is the reallocation of resources to more productive places, just as capital seeks out its highest and best uses. Governments can try to stop these tides, but until conditions that prompt these flows are improved, humans, and capital, will be on the move.

Founded in 2001, Angeles Investment Advisors LLC provides investment advice to select institutions and high net worth families and individuals.

Michael A. Rosen

Principal & Chief Investment Officer

NOVEMBER 2015

Please follow the Angeles Blog by Michael Rosen at
blog.angelesadvisors.com

CONNECT WITH US

LinkedIn Twitter Facebook Google +

If you would like to receive a copy of our Form ADV Part 2A free of charge, please email Steve Smetana at ssmetana@angelesadvisors.com, or call 310.393.6300.