



Third Quarter Client Letter  
October 19th, 2015

Dear Clients and Friends,

Throw [this song](#) on your speakers and follow along with the lyrics below. I've made the appropriate parallel edits in red:

“Mama Said” by the Shirelles (1961)

Mama said there'll be days like this  
There'll be days like this mama said  
(Mama said, mama said)  
Mama said there'll be days like this  
There'll be days like this my mama said  
(Mama said, mama said)  
***I went walking the other day  
Everything was going fine  
I met a little boy named Billy Joe  
And then I almost lost my mind***  
Mama said there'll be days like this  
There'll be days like this mama said  
(Mama said, mama said)  
Mama said there'll be days like this  
There'll be days like this my mama said  
***My eyes are wide open, but all that I can see  
is  
Chapel bells are callin' for everyone but a  
me  
But I don't worry 'cause  
Mama said there'll be days like this***  
There'll be days like this mama said  
(Mama said, mama said)  
Mama said there'll be days like this  
There'll be days like this my mama said  
***And then she said someone will look at me  
Like I'm looking at you, one day.  
Then I might find I don't want it any old  
way, so I don't worry 'cause  
Mama said there'll be days like this***  
There'll be days like this mama said  
(Mama said, mama said)  
Mama said there'll be days like this  
There'll be days like this my mama said  
Mama said, mama said  
Hey, don't you worry  
Mama said, mama said  
Hey, don't you worry now  
Mama said, mama said  
Hey, hey

“Mama Said” by Yours Truly (2015)

Mama said there'll be days like this  
There'll be days like this mama said  
(Mama said, mama said)  
Mama said there'll be days like this  
There'll be days like this my mama said  
(Mama said, mama said)  
***I looked at my portfolio the other day  
Everything was going fine  
Then it met a correction in late summer  
And then I almost lost my mind***  
Mama said there'll be days like this  
There'll be days like this mama said  
(Mama said, mama said)  
Mama said there'll be days like this  
There'll be days like this my mama said  
***My eyes are wide open, but all I can see is red  
52-week highs are callin' for everyone but a  
me  
But I don't sell my portfolio 'cause  
Mama said there'll be days like this***  
There'll be days like this mama said  
(Mama said, mama said)  
Mama said there'll be days like this  
There'll be days like this my mama said  
***And then she said gains will return to me,  
Like we've always had, one day.  
Then I might find I don't want to sit in cash,  
so I don't worry 'cause  
Mama said there'll be days like this***  
There'll be days like this mama said  
(Mama said, mama said)  
Mama said there'll be days like this  
There'll be days like this my mama said  
Mama said, mama said  
Hey, don't you worry  
Mama said, mama said  
Hey, don't you worry now  
Mama said, mama said  
Hey, hey





I'll be serious for a moment: The third quarter was not an ideal 92 days for the diversified investor. There was effectively nowhere to hide, nor was there an asset class that held particularly strong amidst weak global markets.

Most importantly, we have been overdue for a decline like this. Seeing volatility - large swings in prices - is a **totally normal** part of markets. Without volatility it's easy for price distortions to remain in place while investors are slowly lulled into a false sense of security. Or, let's think in terms of nature: imagine a world where it was clear and sunny all day, every day, everywhere. The system would ultimately break down cataclysmically if climate and weather patterns didn't bring in storms to refresh and restock a fragile ecosystem. Without volatility, perhaps ironically, a market system becomes fragile.

Conclusion: you like volatility, even if you don't know it. It lets you invest new contributions, and reinvest dividends, at lower prices. Volatility also means a very important part of markets is functioning properly -- people (traders) are making silly short term decisions and losing money while long-term investors are rewarded in the end for their patience as price and value converge again. Don't forget: compound interest is always and forever your best financial friend.

Quarters like this are usually fodder for various analysts, portfolio managers and advisors alike to go over each market event or catalyst blow-by-blow in an attempt to prove their worth. Do you really want me to pretend I know what's going on in China (**nobody** but the Chinese government truly knows!), or to explain why the Federal Reserve is giving investors anxiety? Shall I spout out a few positive numbers on building permits, new home starts, or falling unemployment claims, in order to soften the blow of a bad quarter? I didn't think so.

The truth is that each year the vast majority of important developments in your financial life are unique to **you** and not market events. You can trust that I'll use these letters as one way to tell you of any truly important changes worthy of notification. Until then, the only thing you need to remember from this quarter: mama said there'll be days like this.

Sincerely,

Tyler

