3RD QUARTER QUARTERLY COMMENTARY



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Stand Up

ugust Landmesser was born into a poor family in a rural village outside of Hamburg in 1910. He came of age in a Germany convulsed with economic strife and political turmoil. He had little education and no particular skills, and held no world view beyond wanting a steady job so that he might start a family one day. On turning 21, August joined the Nazi party because they promised to help find him employment. Eventually, he landed a menial job at a shipyard in Hamburg.

August fell in love with Irma Eckler, and in 1935, their daughter, Ingrid, was born. Irma had been raised Protestant, but she had one Jewish grandparent which, under the Nuremberg Laws passed in 1935, made her Jewish. She and August were therefore not permitted to marry, and in 1937, the three of them tried to flee to Denmark, but were stopped at the border. August was warned to break off his relationship with Irma, but he refused. He was arrested in 1938 and sentenced to two years in prison for violating the laws of Rassenschande, literally, race defilement. A second daughter, Irene, was born soon after his imprisonment, and the two girls were sent to an orphanage while Irma was shipped to Ravensbrück, the notorious women's concentration camp. In February 1942, Irma was locked in a chamber that was then filled with carbon monoxide, and was killed.

Upon his release, August found a job with a trucking company, but in 1944 he was drafted and sent to fight in Croatia, where he was killed in battle in October of that year.

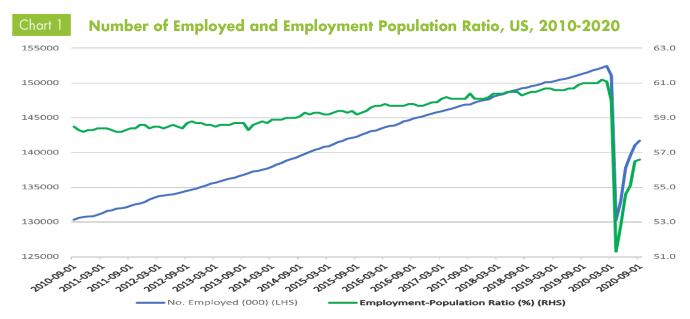
Nothing about the life of August Landmesser appears special. He was an unskilled worker with no political views who had the misfortune of falling in love with a woman the state defined as sub-human, and for which, she was murdered. But August Landmesser was indeed special, for among the tens of millions of ordinary Germans who succumbed to the vile views and policies of the Nazis, he, almost alone, stood out in his defiance.

For years, we have endured a growing bitterness in our political discourse, an erosion in civic norms and institutions, and a widening of economic inequalities. We tolerate behaviors and conditions that violate and sunder our common values. These circumstances have shifted, not suddenly, but almost imperceptibly, until we stand back and take stock of where we are and what we have become. But August Landmesser, an ordinary, anonymous man, showed us that we don't have to accede to the norms that, collectively, we have accepted. We can, and must, stand up for our values, as he did.

ollowing a record decline in GDP in the second quarter, off more than 30% on an annualized basis, the economy is expected to see a record rebound in the third quarter, up about 30%. But those who recall basic math know that a 30% rise following a 30% decline leaves you well short of where we started, and that's where we are.

The employment data illustrate this. There were 141 million people employed in the US at the end of September, down from more than 152 million people working in February, but up from 130 million in April. Likewise, 56.6% of the population is working today, below the 63.4% level in February, but up from 51.3% in April (Chart 1). The rapid plunge in employment has been followed by a sharp rebound, but the labor market has only recovered about half of what it lost in the initial downturn.

Of course, these aggregate numbers obscure the range of job losses by individuals. Women, on whom the burden of childcare usually falls, have not only



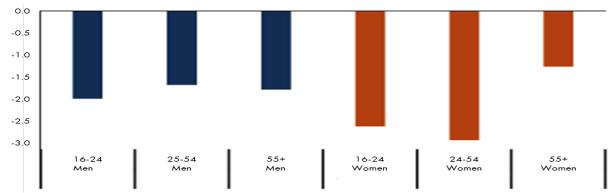
Source: U.S. Bureau of Labor Statistics



lost jobs but have given up looking for work, dropping out of the labor force at nearly twice the rate of men (Chart 2). Workers with low skills who dominate the sectors directly impacted by the pandemic—transportation, arts and entertainment, hospitality and restaurants, for example—suffered much more significant declines in employment. It will be a long time before these industries have fully recovered, and longer still for workers to recoup their job losses.

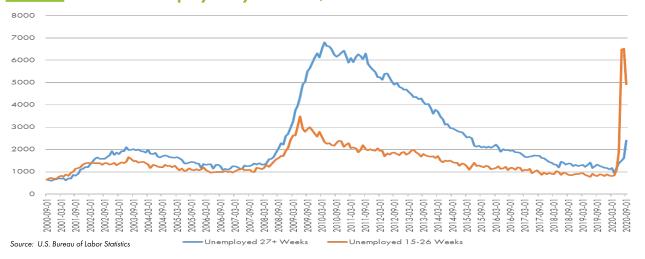
Many of these workers lack skills that can be transferred to other areas of the economy, and are at risk of remaining unemployed for a long time. Even as employment has picked up, the number of long-term (more than six months) unemployed is rising sharply (Chart 3). The longer one is unemployed, the harder it is to find a job.

Chart 2 Percent Change in Labor Force Participation Rate February—September 2020 by Age and Gender



Source: U.S. Bureau of Labor Statistics, Courtesy: Bank of America

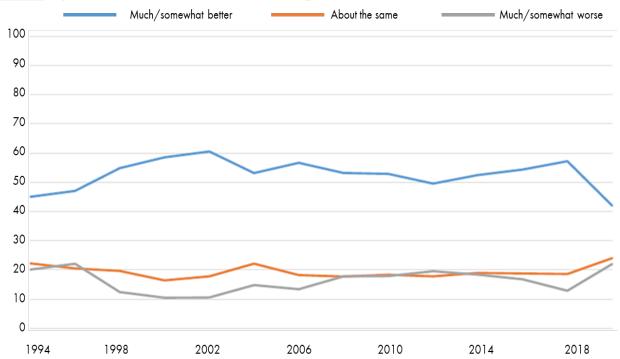
Chart 3 Level of Unemployed by Duration, 2000-2020



mployment provides more than income: it is at the foundation of community, of civic engagement, and the center of individual dignity and self-respect. We have seen the devastation to entire communities when a major employer leaves, and the despair that replaces pride. The impact is measured not merely in lost wages, but in the despondency, desolation and even deaths from overdose or suicide.¹

Measures of unhappiness have soared during this pandemic. The University of Chicago has conducted its General Social Survey since 1972, and recently reported a record low (14%) in the percentage of people saying they are very happy, a 17-point drop from just two years ago.² We are unhappy in the present and worried about the future. Optimism that our children will be better off has plummeted (Chart 4).

Chart 4 Optimism for the Standard of Living for the Next Generation



Question: When your children are at the age you are now, do you think their standard of living will be much better, somewhat better, about the same, somewhat worse, or much worse than yours is now? Source: COVID Response Tracking Study conducted 5/21-29-/2020, with 2,279 adults age 18 and over nationwide, and the General Social Survey, conducted 1972-2018.

¹ See Anne Case and Angus Deaton, *Deaths of Depair*, 2020.

² Historic Shift in Americans' Happiness Amid Pandemic, NORC at the University of Chicago, June 2020.

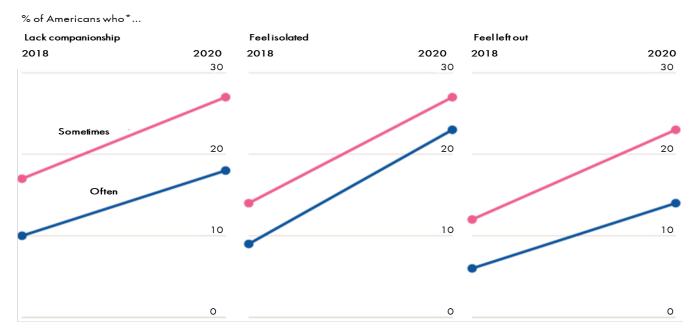


Measures of loneliness have spiked sharply higher in the past two years (Chart 5). These indicators reflect not only the challenging conditions of individuals, but translate to wider civic concerns.

annah Arendt, who explored deeply for explanations for Germany's descent into barbarism, made the connection between loneliness and politics.³ Loneliness may be viewed as a remoteness in personal relationships, but can also be manifested as a detachment from the community. Loneliness almost certainly has been exacerbated by the rapid technological change that benefits the few and leaves so many behind feeling powerless, abandoned and ignored and thereby subject to manipulation by populists who seek support through division and casting blame on "outsiders," be they actual foreigners or fellow citizens who are "different" from the majority.

There have been countless books and studies seeking to explain how a highly advanced, cultured society such as Germany could so easily embrace the vicious brutality of Nazism. There is no single answer to this, but we've come to understand that while Nazi doctrine was noxious at its formation, implementation of its poisonous policies happened deliberately and incrementally so as to confuse and obscure its intended path.

Chart 5 **Measures of Loneliness**



* survey conducted May 2020 Source: COVID Response Tracking Study, NORC at the University of Chicago © FT

³ The Origins of Totalitarianism, 1951.

Milton Mayer was an American journalist who embedded himself for a year in the small German town of Marburg in 1954. He befriended ten average men in the town, and recorded his hundreds of conversations with them about their experiences in Nazi Germany.4

Arendt described the "perpetual-motion mania of totalitarian movements [that] remain in power only so long as they keep moving and set everything around them in motion," and this is what ordinary Germans experienced. Mayer observed the "gradual habituation of the people," in which the public was kept distracted by constant "crises" caused by "national enemies."

"To live in this process is absolutely not to be able to notice it—please try to believe me," said one of Mayer's subjects. Austrian novelist Stefan Zweig noted that "National Socialism, with its unscrupulous methods of deception, took care not to show how radical its aims were until the world was inured to them."5 Mayer recorded the same observation: "Each act, each occasion, is worse than the last, but only a little worse....You wait for one great shocking occasion, thinking that others, when such a shock comes, will join with you in resisting somehow." But that moment never came, and resistance never appeared.

Gradual habituation desensitized people to the heinous crimes the Nazis would commit. Mayer wrote: "The Germans' innocuous acceptance and practice of social anti-Semitism before Hitlerism had under-

- They thought They Were Free, 1955.
- Stefan Zweig, The World of Yesterday, 1942.
- Jews Are Not Wanted Here.
- I grew up across from such a club that my family was not permitted to join.
- As were Japanese-Americans in 1942.
- A Nazi thug who was killed in 1930 and made into a martyr by Jo-
- ¹⁰ He is standing center-right with his arms crossed.

mined the resistance of their ordinary decency to the stigmatization and persecution to come."

When the Nazis erected signs everywhere that said Juden Sind Hier Unerwunscht,⁶ Germans took no notice because such thinking had been common for a long time. Mayer, remarkably for 1955, drew parallels to the United States, where Southern whites no longer noticed the ubiquitous "Whites Only" signs in public places, or New Englanders gave no thought to the "Restricted" signs at their country clubs. And, he asked, how many Americans protested when over 100,000 fellow citizens were arrested and deported to internment camps?8 Hate became pervasive which made it invisible to the majority (although not, obviously, to its victims), as Mayer quotes one of his German friends: "You live in a world of hate and fear, and the people who hate and fear do not even know it themselves; when everyone is transformed, no one is transformed."

ngrid and Irene survived the war, remarkably, and are still alive today. Their father was a simple, ordinary man, but for one astonishing act of resistance. Look again at the photo that opens this letter. It was taken on 13 June 1936 at the Blohm & Voss shipyard in Hamburg commemorating the launch of a new naval ship, the Horst Wessell.9 Hundreds of workers have gathered, all in the Nazi salute. All, that is, but August Landmesser. 10

Americans are about to elect a President, one of the most fundamental acts of our democracy. We do so in a time of loneliness and isolation, physically, but more importantly, spiritually, from each other. We have let ourselves to be led into polarization and distrust, of our institutions and of each other. We must acknowledge and address the very real inequities and injustices that afflict us. But we must do so not by demonizing our fellow citizens but by affirming our common values.

We each share this responsibility, as Edmund Burke noted 250 years ago: "When bad men combine, the good must associate; else they will fall, one by one, an unpitied sacrifice in a contemptible struggle."11

Norms of discourse that were once unthinkable are now common, subverting our democracy, but also undermining our communities and respect for ourselves and others.

Burke's more famous passage from that pamphlet was, "The only thing necessary for the triumph of evil is for good men to do nothing." If August Landmesser can stand up for decency, so can we.



¹¹ Thoughts on the Cause of the Present Discontents, 1770.





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October 2020

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