

**BEACON POINTE**

**A D V I S O R S**

**BEACON POINTE RESEARCH**

**OAKTREE CAPITAL – IT IS ALL GOOD**

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### Oaktree Capital - It is All Good

Oaktree Capital, a Los Angeles based investment firm, is renowned for their investment prowess in niche strategies. Howard Marks, Chief Investment Officer at Oaktree, has written many insightful letters to its clients over time. These letters provide a holistic view on investments in general and tend to infuse some reality checks into investors' expectations.

Their latest letter, It's All Good, refers to the cycles in the world of investing and how investors' enthusiasm (read greed) and fear pushes the markets to extremes in both up and down markets, respectively.

Mr. Marks does admit that it is difficult to know where we are going, but stresses the fact that we need to be aware of where we are in the cycle. We are all aware that global markets across all asset classes have been in an up cycle since late 2002. This cannot continue forever and he elaborates on the risks in the markets from the use of new financial instruments that are not clearly understood by the market participants. The use of leverage only exacerbates the risks present in the financial markets. Mr. Marks cautions his clients that reversion to the mean is inevitable and those who have taken excessive risks will be exposed – the only issue is we don't know when.

Beacon Pointe is pleased to send Oaktree Capital's letter, It's All Good, to our clients. Please call your consultants at 1-866-BPA-1BPA should you have any questions.