



PACIFICUS
CAPITAL MANAGEMENT

INVESTMENT OUTLOOK – OCTOBER 2019

On Finding Your Purpose: A Letter by Hunter S. Thompson

“So we shall let the reader answer this question for himself: who is the happier man, he who has braved the storm of life and lived or he who has stayed securely on shore and merely existed?”

- Hunter S. Thompson

I know you would really like me if I could just be myself, but since this is our first date and I'm incredibly nervous, you won't be seeing the real me because I can't be myself when I'm this nervous, so all I ask is that you try to like this me until I calm down and the real me emerges.



CartoonStock.com

The summer of 1992 was a difficult time in my life. After completing my freshman year at UC Santa Barbara, I decided to drop out and move back home to San Francisco. At the time, I was uninterested in attending school or socializing with classmates. Instead, my focus was directed toward moving on from a failed relationship and learning to both understand and love myself.

During my time away from college, I started a hip hop music and culture magazine with friends, [Klüb Magazine](#), surfed a lot, and opened myself up to new experiences. It was during this period that an old high school friend passed along his copy of Hunter S. Thompson's, "Fear and Loathing in Las Vegas." The book came to me at just the right time and place in my life. Looking back now, I realize had I not been a little lost, I probably never would have picked up this book – largely credited as the late authors best known and greatest work.

Most of the time, life has a way of working itself out. In 1995, I dropped back into college – this time locally at San Francisco State University and completed three remaining years of undergraduate coursework in two. During this period, I fell in love with my girlfriend, who years later honored me by becoming my wife. She is beautiful, patient, talented, and to this day still lights up every room she enters. She has always been a good influence on me, and I am lucky I found her early on.

Life is about the choices we make, while our actions are just a reflection of our motivations. For me, I receive an untold amount of fulfillment helping others. I always have, and this goes as far back as I can remember. Working as an investment manager and adviser, I am in a unique position to help others, which makes me feel good. I suppose there are other fields out there that could also provide me with this type of fulfillment, but I enjoy financial markets. I like the competitive nature of markets, the consistent learning and interpretation all in search of truth. The world is complex. People are complex. Financial markets incorporate this complexity via price signals and valuations, that over time convey a simplified reflection of our collective perceptions and beliefs.

The above paragraphs are my long winded attempt at saying – **go for it, but don't forget to be yourself**. Which is the topic of this month's newsletter, not financial markets.

In April of 1958 Hunter S. Thompson was just 22 years old when he wrote a letter on finding your purpose when asked by his friend, Hume Logan, for advice. I hope you enjoy his response as much as I did.

April 22, 1958
57 Perry Street
New York City

Dear Hume,

You ask advice: ah, what a very human and very dangerous thing to do! For to give advice to a man who asks what to do with his life implies something very close to

egomania. To presume to point a man to the right and ultimate goal — to point with a trembling finger in the RIGHT direction is something only a fool would take upon himself.

I am not a fool, but I respect your sincerity in asking my advice. I ask you though, in listening to what I say, to remember that all advice can only be a product of the man who gives it. What is truth to one may be disaster to another. I do not see life through your eyes, nor you through mine. If I were to attempt to give you specific advice, it would be too much like the blind leading the blind.

“To be, or not to be: that is the question: Whether ’tis nobler in the mind to suffer the slings and arrows of outrageous fortune, or to take arms against a sea of troubles ... ”
(Shakespeare)

And indeed, that IS the question: whether to float with the tide, or to swim for a goal. It is a choice we must all make consciously or unconsciously at one time in our lives. So few people understand this! Think of any decision you’ve ever made which had a bearing on your future: I may be wrong, but I don’t see how it could have been anything but a choice however indirect — between the two things I’ve mentioned: the floating or the swimming.

But why not float if you have no goal? That is another question. It is unquestionably better to enjoy the floating than to swim in uncertainty. So how does a man find a goal? Not a castle in the stars, but a real and tangible thing. How can a man be sure he’s not after the “big rock candy mountain,” the enticing sugar-candy goal that has little taste and no substance?

The answer — and, in a sense, the tragedy of life — is that we seek to understand the goal and not the man. We set up a goal which demands of us certain things: and we do these things. We adjust to the demands of a concept which CANNOT be valid. When you were young, let us say that you wanted to be a fireman. I feel reasonably safe in saying that you no longer want to be a fireman. Why? Because your perspective has changed. It’s not the fireman who has changed, but you. Every man is the sum total of his reactions to experience. As your experiences differ and multiply, you become a different man, and hence your perspective changes. This goes on and on. Every reaction is a learning process; every significant experience alters your perspective.

So it would seem foolish, would it not, to adjust our lives to the demands of a goal we see from a different angle every day? How could we ever hope to accomplish anything other than galloping neurosis?

The answer, then, must not deal with goals at all, or not with tangible goals, anyway. It would take reams of paper to develop this subject to fulfillment. God only knows how

many books have been written on “the meaning of man” and that sort of thing, and god only knows how many people have pondered the subject. (I use the term “god only knows” purely as an expression.) There’s very little sense in my trying to give it up to you in the proverbial nutshell, because I’m the first to admit my absolute lack of qualifications for reducing the meaning of life to one or two paragraphs.

I’m going to steer clear of the word “existentialism,” but you might keep it in mind as a key of sorts. You might also try something called “Being and Nothingness” by Jean-Paul Sartre, and another little thing called “Existentialism: From Dostoyevsky to Sartre.” These are merely suggestions. If you’re genuinely satisfied with what you are and what you’re doing, then give those books a wide berth. (Let sleeping dogs lie.) But back to the answer. As I said, to put our faith in tangible goals would seem to be, at best, unwise. So we do not strive to be firemen, we do not strive to be bankers, nor policemen, nor doctors. **WE STRIVE TO BE OURSELVES.**

But don’t misunderstand me. I don’t mean that we can’t **BE** firemen, bankers, or doctors — but that we must make the goal conform to the individual, rather than make the individual conform to the goal. In every man, heredity and environment have combined to produce a creature of certain abilities and desires — including a deeply ingrained need to function in such a way that his life will be **MEANINGFUL**. A man has to **BE** something; he has to matter.

As I see it then, the formula runs something like this: a man must choose a path which will let his **ABILITIES** function at maximum efficiency toward the gratification of his **DESIRES**. In doing this, he is fulfilling a need (giving himself identity by functioning in a set pattern toward a set goal), he avoids frustrating his potential (choosing a path which puts no limit on his self-development), and he avoids the terror of seeing his goal wilt or lose its charm as he draws closer to it (rather than bending himself to meet the demands of that which he seeks, he has bent his goal to conform to his own abilities and desires).

In short, he has not dedicated his life to reaching a pre-defined goal, but he has rather chosen a way of life he **KNOWS** he will enjoy. The goal is absolutely secondary: it is the functioning toward the goal which is important. And it seems almost ridiculous to say that a man **MUST** function in a pattern of his own choosing; for to let another man define your own goals is to give up one of the most meaningful aspects of life — the definitive act of will which makes a man an individual.

Let’s assume that you think you have a choice of eight paths to follow (all pre-defined paths, of course). And let’s assume that you can’t see any real purpose in any of the eight. **THEN** — and here is the essence of all I’ve said — you **MUST FIND A NINTH PATH.**

Naturally, it isn't as easy as it sounds. You've lived a relatively narrow life, a vertical rather than a horizontal existence. So it isn't any too difficult to understand why you seem to feel the way you do. But a man who procrastinates in his CHOOSING will inevitably have his choice made for him by circumstance.

So if you now number yourself among the disenchanteds, then you have no choice but to accept things as they are, or to seriously seek something else. But beware of looking for goals: look for a way of life. Decide how you want to live and then see what you can do to make a living WITHIN that way of life. But you say, "I don't know where to look; I don't know what to look for."

And there's the crux. Is it worth giving up what I have to look for something better? I don't know — is it? Who can make that decision but you? But even by DECIDING TO LOOK, you go a long way toward making the choice.

If I don't call this to a halt, I'm going to find myself writing a book. I hope it's not as confusing as it looks at first glance. Keep in mind, of course, that this is MY WAY of looking at things. I happen to think that it's pretty generally applicable, but you may not. Each of us has to create our own credo — this merely happens to be mine.

If any part of it doesn't seem to make sense, by all means call it to my attention. I'm not trying to send you out "on the road" in search of Valhalla, but merely pointing out that it is not necessary to accept the choices handed down to you by life as you know it. There is more to it than that — no one HAS to do something he doesn't want to do for the rest of his life. But then again, if that's what you wind up doing, by all means convince yourself that you HAD to do it. You'll have lots of company.

And that's it for now. Until I hear from you again, I remain,

Your friend,
Hunter

On financial markets I have little to add that I have not mentioned over the past few months. Most of the collective market has been range bound for a while and anyone who has tried to express a strong view one way, or another has likely been chopped up by the price action. Trading activity within client portfolios has been lighter than average, which in retrospect was the right way to be. My general bias is for higher equity prices and stable to lower yields.

ASSET CLASS & SECTOR OPINIONS		
OVERWEIGHT	NEUTRAL	UNDERWEIGHT
U.S. Real Estate Equities	Materials Sector	International Developed Market Equities
Large Capitalization Technology	Communication Services Sector	Financial Services Sector
Emerging Markets Equities	Healthcare Biotech & Pharmaceuticals	Consumer Discretionary Sector
Healthcare Equipment	Consumer Staples	High Yield Corporate Bonds
Aerospace & Defense	Investment Grade Corporate Bonds	Leverage Loans (Floating Rate Debt)
U.S. Treasury Notes & Bonds	Mortgage Backed Securities	Treasury Inflation Protection Securities
Gold	Local Currency EMG Bonds	
	Energy Related Equities	

Sincerely,

Justin Kobe, CFA
 Founder, Portfolio Manager & Adviser
 Pacificus Capital Management



Advisory services through Cambridge Investment Research Advisors, Inc., a Registered Investment Adviser. Securities offered through Registered Representatives of Cambridge Investment Research, Inc., a broker-dealer, member FINRA/SIPC. Cambridge and Pacificus Capital Management are not affiliated.

Material discussed is meant for general illustration and/or informational purposes only, and it is not to be construed as investment, tax, or legal advice. Although the information has been gathered from sources believed to be reliable, please note that individual situations can vary. Therefore, the information should be relied upon when coordinated with individual professional advice. These are the opinions of Justin Kobe and not necessarily those of Cambridge Investment Research, are for informational purposes only, and should not be construed or acted upon as individualized investment advice. Investing in the bond market is subject to risks, including market, interest rate, issuer credit, inflation risk, and liquidity risk. The value of most bonds and bond strategies is impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and volatile than those with shorter durations; bond prices generally fall as interest rates rise, and the current low interest rate environment increases this risk. Current reductions in bond counterparty capacity may contribute to decreased market liquidity and increased price volatility. Bond investments may be worth more or less than the original cost when redeemed. Diversification and asset allocation strategies do not assure profit or protect against loss.