



Epsilon Theory

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Mental Toughness!

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There are three nevers in fashion design. Never confuse fad with fashion. Never forget it's your name on every label. And, when showing your lines to the press, never let them see you sweat.

— Donna Karan, Gillette "Dry Idea" advertisement (1984)

I'd come so VERY close to getting her to go in for treatment (to the same place Catherine Zeta-Jones went for her successful bipolar treatment program). I'd spoken with them on the phone (not telling them exactly who the patient would be). They agreed to fly in and talk with her and take her with them to the treatment center.

She was all set to go — but then chickened out by morning. I even said I (would) go with her and be a 'patient' too (she liked that idea). That seemed to make her more comfortable, and we'd get sooo close to packing her bags, but — in the end, the 'image' of her brand (happy-go-lucky Kate Spade) was more important for her to keep up. She was definitely worried about what people would say if they found out.

— Reta Saffo (Sister of Kate Spade), *The Kansas City Star*, "Kate Spade Suffered Years of Mental Illness" (2018)

At the beginning of my career, it was very hard to go up. Now, it's very hard to stay on top. You have to stay there, and I want to stay there so badly. I'm still standing.

— Gianni Versace, *The New York Times*, "Gianni Versace, 50, the Designer who Infused Fashion with Life and Art" (1997)

If you know me at all, you know that I am not a fashionable person.

I did, however, develop a brief fascination with fashion in the mid-2000s. My first boss was a notable banker to investment firms by the name of Roberto de Guardiola, and at the time he lived in a beautiful townhome on E. 64th Street. Roberto was an intimidating, old school banker. Gold glasses, suspenders, Southampton estate, Turnbull & Asser — the whole package. Like many peers of his vintage, he wanted printed models and presentations hand-delivered to his home. Unlike many peers of his vintage, he was home a lot, because that's where his kids were. Something I admired a great deal about him.

No, in case you're wondering, the fascination with fashion wasn't the result of the resemblance this story has to a similar scene in *The Devil Wears Prada*, although the reality was very much like that. I got buzzed in and left the papers on a table in the anteroom, which had a separate set of doors to the imposing empty black marble foyer. It was unthinkable that I would even *try* that second set of doors.

The fascination came from the neighbors. You see, Roberto lived across the street from the Versace mansion, and it was for sale. I think Thomas Sandell ended up buying it. Being a curious young lad, I went back to my 420-square-foot studio and researched the property and its prior owner. Being an uncultured hick from the sticks, when I read about Gianni and Donatella Versace, I was learning about them for the first time. The rise, the flamboyance, the murder. New York was already impossibly glamorous and ridiculous to me. This just put it over the top.

It had never really occurred to me before, but the more I read, the more I came to the conclusion that fashion must be the most mentally exhausting white-collar job in the world. *Its very name* tells you why. The industry *is* change, and as much as its practitioners will talk about timeless design and bucking trends, there is an incessance to the demands it places on designers and creatives. There is always a new season. Always a new thing. And it's always better to decide what that new thing will be than to be the one responding to it. There's another job that looks a lot like this: The life of a professional chef.

I don't know why Kate Spade committed suicide this week.

I don't know why Anthony Bourdain did the same.

In Tony's case, it happened only today. We know very little, other than that he was apparently found by the remarkable Eric Ripert, chef of what I think is still the best restaurant in New York (Le Bernardin). We know more about Kate. But we don't know how — even if — the unique pressures of fashion directly influenced or triggered the depression that it seems plagued her for years. When I read her sister's account of the failed attempts to get help for Kate, it hit me pretty hard. She confessed to her sister how concerned she was that people would react badly if they discovered she had sought professional help for mental illness. More tellingly, she expressed her concern that it

would damage the brand that was Kate Spade, which for those of you unfamiliar with the brand, is fresh, bright, young, colorful and, as she put it to her sister, happy-go-lucky.

The people who loved her tried to help, but in the end it seems she suffered in silence.

Surviving Markets

If you're reading this note, you are probably familiar with another "what have you done for me lately" industry. Like those who choose to be a fashion designer or chef, the people who choose finance and investing as a profession are a motley crew. But they also have some things in common. Most are very smart. Most want to make a lot of money. Nearly all are very driven to succeed, by which I mean to grow in responsibility and reputation. Outside of that, you'll find all kinds. The empathetic, the selfish, conscientious and socially clueless alike find homes in our industry.

Intelligence and drive are found in abundance. But success in finance requires something else that is in somewhat shorter supply: mental toughness. Resilience. When I say that it comes in short supply, I perhaps understate the matter. Every person employed at a high level in finance would be better at their jobs if they were mentally tougher. More able to endure changes of fortune. More resistant to our biologically adapted fight-or-flight responses to stress and perceived danger.

Well, almost everyone. Ben and I are fond of observing that so many of the very successful people in our industry are high-functioning sociopaths. Given that I'm writing about mental illness, I should probably be less reckless in throwing out pseudo-clinical terms, especially in a pejorative way, but I hope you have enough grace to understand what I'm trying to say. At a minimum, accept my contention that a less emotional response to the day-to-day changes in the value of an investment portfolio is an asset of immense value.

This is true in almost every job in this industry. The executive assistant to a high-powered investment banker or investment executive hears unspeakable horrors. He's the first one to learn about the layoffs, the employee being disciplined. He's the one who must endure the rapidly changing moods of someone who must grapple with every hard reality of running a business. What is he called upon to do? To be even. Calm. To ensure that meetings still happen and that people still make their flights when the shit is hitting the fan. Mental toughness.

It's demanded of the salesperson who walks into yet another office that forgot about the meeting. Four people show up for your pitch because, well, you brought breakfast, and they feel like they have to be polite before their "hard stop" in 20 minutes (who has a meeting that starts at 9:10 AM?). But no decision-makers in the room. The lady who scheduled the meeting isn't there, and you passed up another meeting because of that 10% weight in her model where's she's looking to swap out managers. Quarter's almost up and you're halfway to your sales targets. What's your spouse going to say? Time to stop daydreaming and calmly, respectfully, helpfully answer that question from the young kid that you already answered. Mental toughness.

The advisor working with clients endures this daily. Why are we still holding this value fund / low vol fund / quality fund / hedged strategy when it has underperformed the S&P 500 by so much, they ask? Do you remind them of your last conversation, where you agreed that this holding was a long-term position motivated by their portfolio risk appetite? Are you serving them better by pushing back on specious arguments, or is the customer always right? They seem furious, and a sense of justice

and righteous anger is rising up in you as they express it. You suppress it. You empathize. Your mind is racing. What is the right thing to say to help them understand how to resist emotional investment decisions without being condescending? Mental toughness.

In investment roles, the need for a short memory, for the ability to come in the next day unchanged and unperturbed by the prior day, seems almost self-evident. And yet, you feel the weeks of things *not working* weighing you down. You don't get this market. You've progressed from doubting the sanity of other investors, to doubting your process, to doubting yourself. My process says max long here. Am I really willing to go all-in? Maybe I should just pull things in for a bit. But is that what my investors expect? What if they see through me here? Mental Toughness.

Our industry recruits and trains people to be mentally tough, because those who cannot achieve some growth in this trait must choose between charlatantry or failure.

There's no getting around this. We are fiduciaries. This is how it must be.

But there is a problem. Because we require mental toughness of the people we hire and promote within our organizations, we have allowed the emergence of a meme of *mental toughness!* Friends, there is a vast gulf between mental toughness and *mental toughness!*

The *Mental Toughness!* Meme

When we emphasize traits of mental toughness in our employees and the people we hire, we recognize their importance to the roles we serve as fiduciaries. After all, for so many of us, the value that we add is almost wholly the result of our role in preventing the layperson from investing emotionally. But when we do so, we must recognize that we create an incentive to signal that toughness. This is where things go off the rails.

Mental toughness looks like the ability to shrug off rough days in the market without questioning fundamental investment beliefs. It looks like the ability to maintain composure under withering fire from an angry client. It means continuing to work through a model when your intentionally iterated circular reference sends a cascade of errors with a change of a cell that requires you to delete multiple ranges and re-enter the formula... if you could only find which ranges to delete.

But it's tough to show those things to the people who need to see us *doing the right things* to promote us. To pay us more money. To empower us with more responsibilities. And so instead of pressing on with personal growth in our temperament that is so critical to success in this fickle industry, we see in *mental toughness!* all the trappings of credibility, but with a quicker payoff.

Mental toughness! looks like never showing weakness to anyone. It means believing that complaining or venting concerns to a confidant is never appropriate. It's telling ourselves that a lot of other people with tougher jobs would be happy to take our place, to get paid what we get paid, so we should just suck it up and deal with it. It's an unwillingness to talk to anyone about doubts we have about our skills and decisions we made. It's putting in facetime, and no vacation time and always-on mobile phones because it's so damned important that we show our commitment to the job even when we're wiped out and barely have enough to give to the people who love us.

It's an unwillingness to talk to a trained professional about real mental health problems because we're worried that it would make us look like we lacked real mental toughness. It's being worried about what doing so would do to our brand.

How Do We Destroy the Meme?

Fixing this is tricky.

The importance of the traits that cause investment professionals to feel like they must signal *mental toughness!* is real. Those traits are not a meme. We can't change this, because then we'd cease to serve our main function to our clients and, well, society, which is already a narrow enough matter as it is, not to put too fine a point on it.

We also can't solve it through rhetoric or words. Look, I love it as much as anyone else when a celebrity comes out and tweets that there's no shame in acknowledging mental health issues, and that if anyone needs help they should call this number. They're trying to help how they can, and that's not nothing. **But saying that there should be no stigma attached to mental illness is not the same as destigmatizing mental illness.** The only way to destigmatize it in our industry, I think, is for people who have reached senior positions and meaningful success in our industry to talk about it. Openly. Bluntly.

Remember in [my last note](#) how I told you we were going to lose so much we'd get sick of losing? Let me take another L.

I mentioned in that note that I was a dumb kid. That's true in more ways than one. I married my college sweetheart when I was 21 years old. We moved to New York and were just miserable. There's nothing special or noteworthy about my dumb story, except that it's *my* dumb story. In under three years, we were divorced. As with any such story, there are a million details, and you and I are not good enough friends for me to tell you all of them. But I was devastated.

Compounding is the most powerful force in the universe, to be sure, and nothing compounds like shame. And God, was I ashamed. I was ashamed about the marriage ending, and the way it ended, of course. I was more ashamed at being stupid enough to get myself into that situation, and not being able to salvage it. I was ashamed at what people would say and think about me. *He was married for what, two years? He got married right out of college? I thought he was smart?* I was most ashamed that I'd become so petty and superficial that I felt worse about what people would say rather than the thing itself. It's a recursive, ugly cycle of shame, all the way down.

I drank too much. I self-medicated. I felt ashamed about that. I poured myself into my work and sought to attach my identity to it. I felt ashamed about that. A naïve and gentle person by nature, I became vindictive and angry. Unfair. Nobody made me act that way. It was all me. I felt ashamed about that. I started to think that maybe that was who I was, and that was the first time my thoughts really started going to really bad places. Alright, no euphemisms. There were times where I was convinced in my heart of hearts that the world would be a less crappy place if I weren't in it. I let my mind wander briefly to how I might make that happen. Then I would feel ashamed about that, too, and try to fall asleep. But mostly I just lied there in bed.

In the mornings I felt like an anchor was dragging me down into my bed. Weekdays, weekends, it didn't matter. I didn't want anyone to see me like that. Vanity again. Shame. One day I boarded the 1 train going up to my place on 157th street, and somewhere around Columbia University, maybe 110th or 116th, I just couldn't take it. All the people. My skin felt like I'd walked into a spider web in the dark. I had to get off. I was dead sober, but I have no memory of getting home.

It's weird to write about this. Part of the reason is that there were maybe a half-dozen people in the world who knew any of this before today. Only two who knew it all. Now there are thousands. It's also weird because this was 10 years ago, and my life today is a blessed, healthy one. Seriously, I live a damned good life. Oh, there are days when the black dog comes stalking, when the pull of that anchor is firm, but *with help* I've found ways of coping, of thriving. For me, getting that help meant talking to a professional. Once. Honestly, it didn't help, directly anyway. But the act of making a call, setting it up, taking the train there and saying the words out loud made all the difference. There is no one-size-fits-all to this, because everyone's battle is different. Anthony Bourdain was as open a book as you can be about his daily struggles, and for him, it seems, they never went away.

Maybe there's some part of this story that seems familiar to you. And maybe not. But if you're running or managing an investment firm of any size, I can guarantee you that it will be familiar to someone on your team, or to someone who wants to work for you. Here's the important part of my story for you: if you ask anyone who has worked with me or for me who they'd pick to be the least likely to lose his head in a crisis, I know what they'd say. If you asked them who would be the least likely to succumb to giddiness and lack of discipline in the good times, I know how they'd answer that, too. **Mental Toughness is NOT Mental Toughness!** If you're running an investment firm, it's important that your staff know that signaling their toughness isn't necessary. Real mental toughness is.

If my story is more personal, I won't tell you all the well-intentioned but unhelpful things that people tell you. But I do hope you'll take this to heart: asking for help does not signal a flaw in your mental toughness. It doesn't mean you can't be an exceptional investor. It doesn't mean you're going to slow down your professional growth. It doesn't mean you won't be the superstar you've planned on being, with the trajectory you daydream about. It really doesn't.

Some of you are hesitant to say what you're going through is a mental health issue. You're not sure if you're just stressed, or frustrated, or sad. And that's OK. Still, talk to someone. You aren't respecting anyone by trying to make the problems you're fighting through smaller than they feel to you. Even so, somebody will invariably give you the old wise Persian proverb that Abraham Lincoln used to greatest effect:

It is said an Eastern monarch once charged his wise men to invent him a sentence, to be ever in view, and which should be true and appropriate in all times and situations. They presented him the words: "And this, too, shall pass away." How much it expresses! How chastening in the hour of pride! How consoling in the depths of affliction!

This too shall pass — it's a great expression, really, and a sort of *memento mori*. If I can be forgiven for ending an uncharacteristically serious note with a bit of lightness, however, I think there's only one response to that counsel. You have my full permission to give Marcus Vindictus's response to the insistent "Remember, thou art mortal" refrains from the court spokesman from [History of the World, Part 1: "Oh, blow it out your ass!"](#)

It doesn't always pass. When it doesn't, please ask for help.

If your boss is worth anything, he or she will know that the *mental toughness!* meme that makes us afraid to ask doesn't have a damned thing to do with your mental toughness in the job.

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