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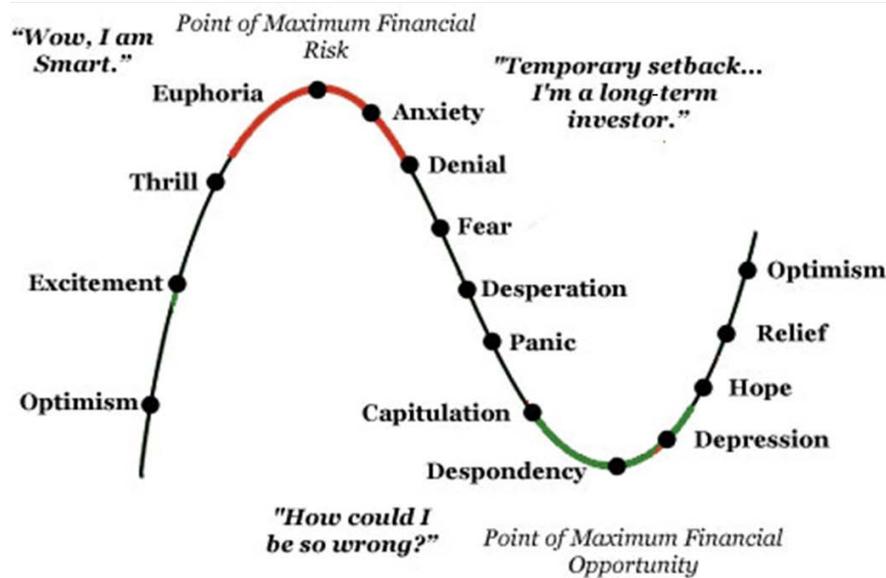
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For all of us who are investors, we have experienced the “Cycle of Market Emotions” on one or more occasions. Some of our clients have probably felt many of the emotions outlined in the below chart recently as we have watched the stock market go through a long-awaited correction. Whether we have completed the correction is difficult to say, but barring any unforeseen news, we feel we are now closer to the bottom of the correction than to the top. This view stems from the fact that the U.S. economy is on solid footing while equity valuations have become much more attractive.

Cycle of Market Emotions



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While headlines on China and a seemingly endless obsession with the Fed's next move can certainly move the markets, we at Gamble Jones have continuously emphasized the importance of staying patient and investing without emotion. While it may be difficult to fight the urge to exit the market when losses occur, giving in to this urge often leads to selling at the bottom and buying at the top. Consequently, it is imperative that investors avoid making decisions driven by emotions that can be detrimental to portfolio performance and thus long-term goals.

To be a successful investor one should focus on owning, over the long-term, top-quality companies that have shown the ability to be successful in good times and bad. These companies should have the propensity to consistently grow their earnings and in many cases share that success through corporate share repurchases and dividend payments. While even a great company may see its stock perform badly for a stretch, if the underlying business of the company is strong, the stock price will reflect that over a longer time period.

This approach has been the basis for the success of Gamble Jones Investment Counsel for the past 60 years, and it has helped us through many market cycles during that time.

Sincerely,

Alison Gamble, President

P.S. We want to welcome aboard Michael Erskine, who joins our research staff. Michael spent the last 3 ½ years working at Western Asset Management, where he worked in the corporate finance department. He graduated from the University of San Diego in 2008. Michael is a CPA and a CFA charterholder.