

Memo to: Oaktree Clients
From: Howard Marks
Re: Not Enough

Whatever affects one directly, affects all indirectly. I can never be what I ought to be until you are what you ought to be. This is the interrelated structure of reality. (Rev. Dr. Martin Luther King, Jr., 1965)

Justice will not be served until those who are unaffected are as outraged as those who are. (Benjamin Franklin, 1750)

In recent weeks we have witnessed the killing of George Floyd by a Minneapolis policeman who knelt on his neck for almost nine minutes while three others stood by doing nothing, and we have watched peaceful protests and violent riots take place in cities across America and around the world.

We understand the death of George Floyd as one more of the glaring injustices suffered by black people and other people of color in our country. It adds to a long list of injustices ranging from profiling, harassment, brutality and killing at the hands of police; to disproportionate rates of addiction, prosecution, incarceration and sentencing; to highly unequal access to education, jobs, pay, health care, safe neighborhoods, decent housing and financial security; to having to live everyday with demoralizing indignities and fear for one's children's lives; and lately to above average rates of infection and fatality due to Covid-19.

Many Americans are speaking out in recognition of the grievances of black people. Leaders of society, government and business have made public statements designed to show their support. I want to add my voice to theirs and express my rejection of the status quo.

I've struggled to write this memo, and for that reason it's late in coming. I'm not a social commentator, and I have little to add that is unique, only my humanity. I certainly don't feel I know the solution or have the means to implement it. I'm afraid of coming across as holier-than-thou, and especially of saying something that anyone finds insensitive, patronizing or hurtful. I hold good thoughts in my heart and have always tried to be a good, thoughtful, inclusive person. **But I now know that's not enough.**

I find the statistics relating to the injustices listed above appalling, the result of individual as well as institutionalized racism going all the way back to the original sin of slavery. But behind the statistics – unpleasant as they are – are millions of individuals suffering. While the battle for civil rights was “won” a half-century ago, and we have talked about progress in the area of race, our society still denies equal opportunity to many.

The teenagers denied a quality education, who can't think of things to hope for or can't imagine achieving their dreams. The mothers who can't provide food and shelter for their families, and who have to look on with sadness, resentment or anger at a world full of things they're denied. The fathers who have to have “the talk” with their children, warning them to “yes, sir” the police, not move their hands too fast and not run down the street at night. The men who are stopped and asked

why they're walking in upscale neighborhoods. The workers who don't have the luxury of ensuring safety by socially isolating, but have to go to work in proximity to others and then come home to close quarters and possibly infect their children or parents. The parents who have to send their children out into the world each day without confidence that they'll come back. These thoughts break my heart. **I feel deeply for every individual forced to live under these conditions. But I know I must do more than simply feel.**

I have talked in my memos of the fact that in the latter half of the 20th century, there was an economic "tide that lifted all boats." That tide may have enriched nations but not all people in those nations; instead, the benefits went to some but not others. Today the economic tide is no longer rising as strongly and the distribution is still more uneven; the advantages enjoyed by those with education or capital are being magnified; and the inequality of outcomes is simply no longer acceptable – hopefully to society and certainly to those getting less. It's a shame that it has taken so long for many of us to articulate that.

Our nation cannot endure for long if some people are denied basic human rights and opportunities simply because they belong to groups defined by color or race. This is true today and will become even truer as we move toward being a nation where the majority are members of minorities.

Millions of minority group members suffer as a result of the supposedly "human" tendency – which certainly is inhuman – to search for someone to look down on and thus impose a hierarchy based on race, skin color or ethnicity. Whether for reasons of history, economic insecurity, upbringing, the attractiveness of us-versus-them as an organizing principle, or their own bad luck or shortcomings, many people try to make themselves feel better by subjugating or abusing others, or at a very minimum they are indifferent to and unmoved by the suffering, deprivation and unequal lives of others. One of the lessons of recent weeks is that we must not tolerate the damage done by racists.

They say we should "walk a mile" in the shoes of others. And yet we can't. Fortunate folks like me can think about injustice and inequality as much as we like, but we can't live the constant sadness, fear or rage of those who are victimized by it. I and many others have come to understand those feelings more deeply because of the events surrounding the death of George Floyd. Now I believe the truth will finally be seen and something will be done about it – because it's the right thing to do and because of the growing realization that a civilization cannot long endure with people living lives of excessively different quality. **Each of us must commit to playing an active part in dismantling systemic racism and bringing about equality.**

The idea of racial justice goes hand-in-hand with the general concern over economic inequality that has increasingly motivated parts of the political spectrum in recent years. I've written about the need to grow the economic pie, but that's not enough. We must also repair how the pie is divided. Yes, the free market does a technically superior job of allocating resources. But we must no longer accept outcomes that are so unequal. Enrichment of a few and suffering for the rest is not a workable outcome for our society. We must address things like the poor quality of public education, the impediments to access to jobs and the limited progressivity of the tax system. The free market of economic theory must be adapted for modern life, and there are degrees of disparity that just cannot be accepted.

Oaktree's founders and senior management have worked to create a harmonious environment and one of shared opportunity and reward, where there is little hierarchy. We love and treasure all of our

colleagues and want the best for them, and we revel in their success. But thoughts and words are not enough. We all have to redouble our efforts and come up with active solutions.

In 2017, Oaktree formalized what had been for many years an informal diversity and inclusion strategy intended to expand the population of women and underrepresented professionals at the firm. Since then our Diversity & Inclusion Council, in partnership with other employee groups, has launched a number of recruiting, development and training initiatives around equity, inclusion, mentorship and bias. But there is much more to do.

Next week we will convene a meeting led by our Underrepresented Groups Council as an opportunity to listen to our employees so as to be in position to implement programs in direct response to the events of these past weeks and ensure that Oaktree remains a place where all employees feel they can bring their whole selves to work. Under the banner of Our Communities Matter, Oaktree's program for community engagement and support, we will also launch a charitable giving program and special matching initiative to support front-line organizations nominated by our employees. And, moving forward, I will be devoting a significant amount of my personal energy and resources to combatting systemic racism.

It is imperative that all Americans see the recent events as a call for action and work to ensure equality for people of color. I pledge that Oaktree and I will heed this call and listen, learn and act.

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