



***This Issue***

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Dear Client,

With school in full swing, I know it’s only a matter of time until my children bring home their first report cards of the year. While they will be far from the first report card I’ve seen (my oldest is somehow in 4th grade already), it always takes me a few moments to get my bearings and re-orient myself to the format. I know it is trying to tell me about my child’s progress, but sometimes that fact isn’t clear until I “crack the code” of the 2’s, 3’s and 4’s dotting the paper. And with my son headed off to middle school next year, I’ll have a whole new system to adjust to. Sometimes I can’t help but be left wondering, “What exactly does it all mean...?”



We fully suspect that many of you have a similar reaction when we send out your portfolio’s “report card,” the 4-page Morningstar snapshot report. The reports contain a lot of valuable information, but sometimes the overall message it is trying to convey can get lost in the detail. And just like the report card switch from number to letter grades, in the coming months you’ll notice a change in the Morningstar format we use. Therefore, we thought we’d take the opportunity to introduce the new format to you, as well as provide you with a primer on how to read it and a few key pieces of information to look for. The insert contained inside highlights the key sections to learn about your portfolio’s asset allocation, and our next newsletter (due out in December) will include a similar sheet pointing out the key statistics on performance. We encourage you to pull out and keep the two inserts with your financial records so that you can refer back to them the next time your personalized Morningstar arrives in your mailbox.



Report cards are great, but besides the general grade I’ll probably get to see 3-4 one sentence comments on how my child is doing in school. So if I really want to get the whole picture, or have a specific concern to address, it’s the parent-teacher conference that I look forward to. It’s only during these meetings that I really learn about the details that led to the number on the report card, or really become comfortable that I truly understand how the school year is going.

We hope that this is how you feel about your meetings with us, and that you take advantage of the opportunity to come see us whenever you have a specific concern (retirement planning, year-end tax planning, Social Security benefits, or the current market correction, for example) or would like to refresh your understanding of the big picture. Call or e-mail to set up an appointment – we’ll look forward to seeing you!



Finally, our chosen article (“Two Ships”) is one that caught our attention back at the beginning of 2014, and that has only continued to feel more and more relevant as the year has progressed. With our love for horror stories around Halloween (and investors’ borderline obsession with them during market downturns such as we just experienced), we felt it was worth dusting the article off to share with you now. We hope you enjoy it!

Sincerely,

Greg Rademacher, Chris Bugg and Jodie McLellan

**“Two Ships”**  
**By: Adam Gopnik**  
**Date: January 6, 2014**

We make the turn toward the new year this January with trepidation. Well, we make the turn toward *every* new year with trepidation, but added to the anticipatory jumps this year are what might be called the retrospective willies. You don’t have to have a very enlarged sense of history to remember what happened last time Western Civilization sped around the corner from ’13 to ’14. Not so good. The year 1913 had been full of rumbling energy and matchless artistic accomplishment—Proust kicking off, the Cubists kicking back, Stravinsky kicking out—and then, within a few months, the Archduke was assassinated in Sarajevo and the troop trains were running and, pretty soon, the whole positive and optimistic and progressive culture was on its way to committing suicide. The Great War left more than ten million Europeans dead and a civilization in ruins (and presaged a still worse war to come). Naturally, a lot of people, staring at this year’s tea leaves—at rising new powers and frightened old ones—are searching for parallels between that ’14 and this one, and finding them. In the *Times* recently, the historian Margaret MacMillan pointed out a few, clustering around the folly of “toxic nationalisms” that draw big powers into smaller local disputes, with the Russians trying to play a better hand today in Syria than they played in Serbia a century ago.

Lodged somewhere in our collective memory of that catastrophe is an image, a metaphor of hubris, from just a year or so before: a great four-funnelled ocean liner, the biggest and most luxurious ever built, whose passengers, rich and poor, crowd on board, the whole watched over by a bearded man named Edward John Smith, with the chief designer, Thomas Andrews, along for the maiden voyage, too. Then the ship sets off from Southampton, sure of itself, unsinkable, until it comes to the ice fields of the North Atlantic, off the coast of Newfoundland—and speeds right on through them to its anchorage, here in New York. Because this ship isn’t the Titanic but its nearly identical twin sister, the Olympic, made at the same time, by the same people, to do the same job in the same way. (A single memorable image exists of the two ships in dock together.) The Olympic not only successfully completed its maiden voyage but became known as Old Reliable, serving as a troop carrier in the First World War, and sailing on for twenty years more. (A third, late-released liner in the same class, the Britannic, hit a mine in the Aegean, in 1916, while serving as a hospital ship, and sank, a true casualty of war.)

The story of the two ships is one to keep in mind as we peer ahead into the new year. It reminds us that our imagination of disaster is dangerously more fertile than our imagination of the ordinary. You have certainly heard of the Titanic; you have probably never heard of the Olympic. We have a fatal attraction to fatality. We don’t have one movie called “Titanic,” starring Leo DiCaprio and Kate Winslet, about a tragic love and a doomed adventure, and another called “Olympic,” a musical comedy starring Hugh Jackman and Anne Hathaway, about a happy voyage over. We have only one movie, and remember only one sad tale. If our history leads us to the First World War, then we imagine that we were always bound on that collision course, and we cannot imagine that, with a bit of luck and another set of contingencies, we might have been on the Olympic, not the Titanic. We search for parallels of disaster, and miss parallels of hope. False positives are the great curse of diagnostics, in historical parallels and prostate screenings alike.

Is it all chance and contingency, though? Do we not know what boat we’re on until the iceberg informs us? Leafing through recent books on the last encounter with ’14, you find one thing that does seem to have the chill of ice about it. Even open societies, sailing, so to speak, on the open seas of history, are not immune to the appeal to honor and the fear of humiliation. The relentless emphasis on shame and face, on position and credibility, on the dread of being perceived as weak sounds an icy note through the rhetoric of 1914—from the moment Franz Ferdinand is shot to the moment the troops are sent to the Western Front. The prospect of being discredited, “reduced to a second-rate power,” was what drove the war forward. The German Kaiser kept saying that he would never again allow himself to be embarrassed by the British. Lloyd George, in London, felt that Britain had to go to war or it would never be “taken seriously” in the councils of Europe. Needless wars are rushed along, it seems, by an overcharge of the language of honor and credibility, when the language of common sense and compromise would be a lot more helpful. When someone says, “Ram the iceberg! We can’t afford to let it make us look weak,” it’s time to run for the deck. Sanity lurks in sailing around the ice.

But, then, sanity doesn’t necessarily guarantee safe passage. Two boats set sail in those prewar years a century ago: the boat that sailed on and the boat that sank. Olympic or Titanic? Which is ours? It is, perhaps, essential to life to think that we know where we’re going when we set out—our politics and plans alike depend on the illusion that *someone* knows where we’re going. The cold-water truth that the past provides, though, may be that we can’t. To be a passenger in history is to be unsure until we get to port—or the lifeboats—and, looking back at the prow of our ship, discover the name, invisible to our deck-bound eyes, that it possessed all along.



## Meet Nate—our new Intern!

Hello! I'm Nate, the most recent addition to the Buttonwood team. I've been given the incredible opportunity to be an intern with Chris, Greg and Jodie. So far over the summer, I've worked on updating and maintaining legal records, congregating financial data into spreadsheets and helping with other projects around the office.

I'm originally from Middleton, Wisconsin and just began my senior year this fall at UW-Madison. For the previous two years, I attended the University of Minnesota in the Twin Cities, but really missed living in Madison. I'm excited to be graduating in the spring with my economics degree and starting a new chapter in my life.

In my spare time, I love playing sports, especially softball/baseball and basketball, traveling, and spending as much time outside as I can. Nothing beats living in Madison, and since moving back I've been able to enjoy Concerts on the Square, the Farmer's Market and live music at the Student Union. I recently moved into my own apartment and am learning the art of cooking. Any tasty and easy meal ideas would be welcome!

I've had the opportunity to meet a few of you and I'm looking forward to getting to know more throughout my time with Buttonwood.

## It's the holiday season, so let's spend time with loved ones...

Due to the schedule of the New York Stock Exchange, Buttonwood Partners, Inc. will be closed on the following dates, giving us all time to enjoy our family and friends:

◆ November 27

(Thanksgiving Day)

◆ December 25

(Christmas Day)

◆ January 1

(New Year's Day)

◆ January 19

(Martin Luther King, Jr. Day)

On Friday, November 28th and Wednesday, December 24th

we will be open from 8:30 a.m. until 12:00 p.m.



## Send Your Statements

Social Security statements are now available online at [SSA.gov/myaccount](http://SSA.gov/myaccount).

Please send us a copy when you have a chance to check it out.

Also - State Employees: Please remember to send us your retirement plan statement when you receive it.

This information helps give us the big picture.

## Care to save a tree?

If you would prefer to receive our newsletter electronically, just let us know and we will send it via email each quarter.

Email [linda@btnwd.com](mailto:linda@btnwd.com) or call 608-827-6415.

Please also contact us if you would like information about online account access and/or receiving your statements electronically.

*It's good to have money and the things  
that money can buy, but it's good, too,  
to check up once in a while and make  
sure that you haven't lost the things  
that money can't buy.*

*~George Horace Lorimer*



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*Fall Newsletter*

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