

## The Outlook: Sept. 7, 2016

### ***Worrying too much to see the miracles.***

Let's take a very short look at a very big issue, for investors: ***perspective***. It is really the biggest issue of all. There is a "right" and a "wrong" perspective on each investment we make, and on the market as a whole at any point in time. It really is "right" or "wrong," not "whatever you like is OK." One of the very refreshing things about our business is that future history will reveal itself over time, and it will emphatically tell us whether our perspective was right or wrong.

A foundation of Outlook's approach to investing is that the market often has the "wrong" perspective—a perspective badly distorted by the anxiety most of us feel (whether we're professional speculators or amateurs concerned with our 401k accounts) about staying out of the poorhouse, so to speak. Fear is extraordinarily strong. It tries to tell us what we should spend our time thinking about . . . but it's actually persuading us not to think at all, but simply to worry. There's a giant difference between thinking and worrying.

We are reminded of this "perspective from fear" every day of the year, as we scan the day's dozens of headlines and hundreds of analyses, written by intelligent people who mostly work very hard at trying to understand their corners of the investment world. Except for a period of a few years in the late 1990's, in Outlook's opinion the great majority of those headlines and analyses, every day and every year, are "worried" analyses, even when they have something good to say about the market or a company. Studying the "worried analyses" is vital . . . but nonetheless how refreshing it is, now and then, to come across a piece with a title like this: *"Don't Take for Granted the Amazing World We Live In."*

The author was a young man named Ryan Miller, writing on the Foundation for Economic Education's website.

*"Putting it plainly, we are living in a time of miracles. Only they're not miracles. They are the products of the mind, of pushing the limits of what seems possible, of manipulating the world's realities to better suit human needs. These past 200 years should rightly be called The Time of Giants. We are where we are today (with our countless life-enhancing technological wonders) because of the endless work of brilliant minds and the sweat of determination and perseverance. The technological wonders of our current age are the direct result of great minds and hard work in an environment of freedom to innovate, invent, take risks, succeed or fail."*

As Outlook has noted rather often, every one of the companies we own—and thousands of others—is the result of exactly such stories, of tough, determined people (from CEO's to engineers to salesmen) "pushing the limits of what seems possible." Those remarkable stories are not the ancient history of the founders of Caterpillar or Intel. They are the stories, today, of mostly unknown (or at least uncelebrated) people within all our companies, fixing problems and building promising futures.

We will almost never see the investment world paying much attention to this fact. The investment world's perspective is too short, too worried, too skeptical . . . and too wrong. It takes for granted the miracles Mr. Miller was talking about: self-driving cars; cell phone computers; instant knowledge anytime and anywhere; incredible farm productivity triggered by incredible engineering, both genetic and mechanical; and many, many more.

Here's perhaps the shortest possible description of Outlook's investment strategy:

"See the miracles . . . and the people making them. Own their companies—especially those heavily targeted by "worry,"—and stick with them most of the time—unless the investment world's perspective shifts from the typical "worried" to the rare "giddy and over-confident."

This market is not giddy and over-confident. We're holding and buying more.

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