

The Outlook: Feb. 23, 2024

"It's 1995 Again! The Party's Just Beginning!"

"Nvidia Ignites Markets Around the World!"

"Game Changing Moment!"

"Everything Will Grow!"

"Like 1995! The Party's Just Beginning!"

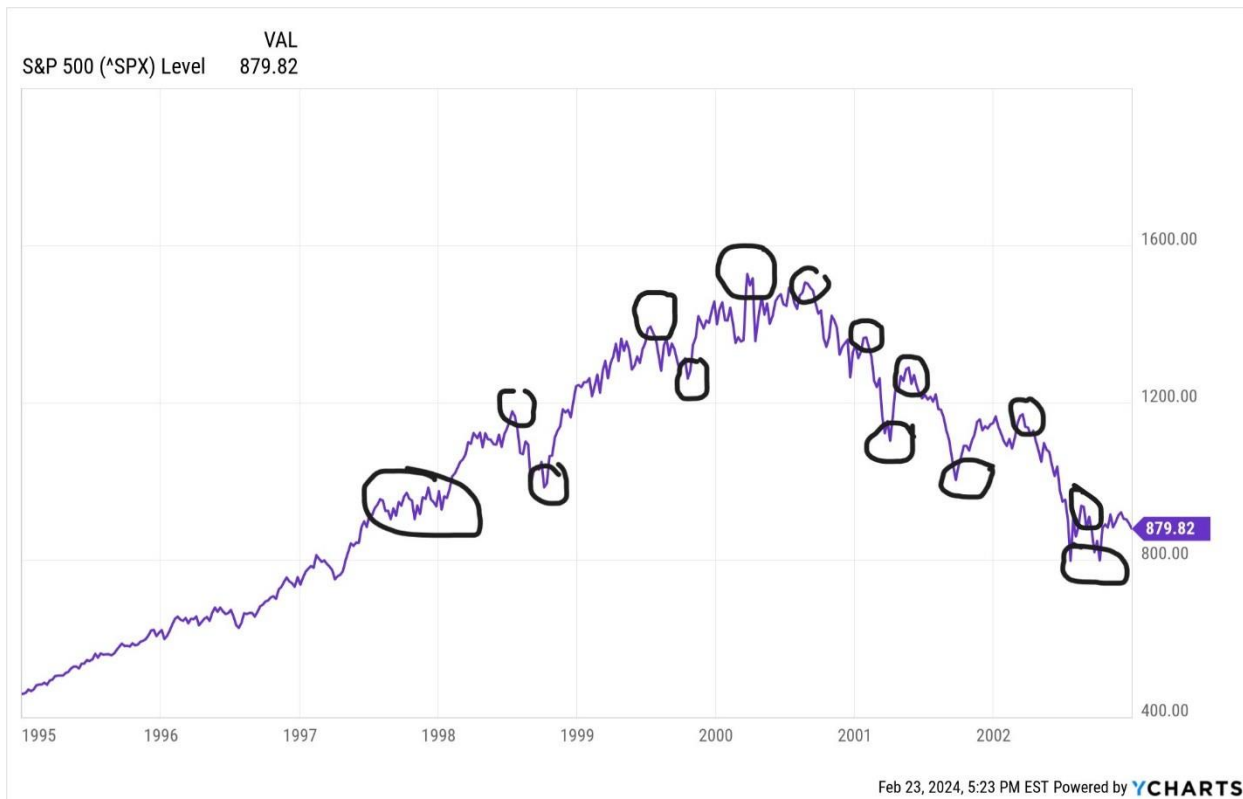
At Outlook we've remarked—once or twice—that the daily betting crowd which drives the market feeds on impressions. It feeds on cold, hard facts, too, thank goodness, and eventually the facts matter more than the impressions . . . but most hours and days we'll find it reacting to impressions, because the media offers an endless supply of them. Now, the media's survival rule being what it is ("If it bleeds, it leads!") most of its impressions are negative, suggesting that such fearful possibilities lurk nearby that we'd better pay attention, and especially we'd better buy tomorrow's paper, tune into the evening news, or keep our eyes glued to a website.

But over time they're not all negative, and it was with a real sense of fun that this week's headlines were the opposite of the usual. Instead of "Titanic Sinks! Cancel Your Travel Plans!" it was more like "Gold in Alaska! Buy Picks and Shovels While You Can!" That last one was truly fun: "Like 1995 Again!"

The late Nineties, of course, were one of the greatest Bull Markets in history. The Internet Revolution had merged with the Tech Device Revolution, and the meaning of that, for Main Street, wasn't a false impression at all. It meant humankind had come up with one heck of an invention, again—like cars, electricity or industrial machines—so humankind was going to get wealthier, healthier and safer . . . very generally. The market's betting crowd got that, and ran with it, and the result was the most enjoyable five years most of us investors have ever had. Outlook Capital Management didn't exist yet, but its founder was managing a lot of money at banks, and at one point our 5-year average return rate was something in the neighborhood of 35% . . . yes, 35% per year.

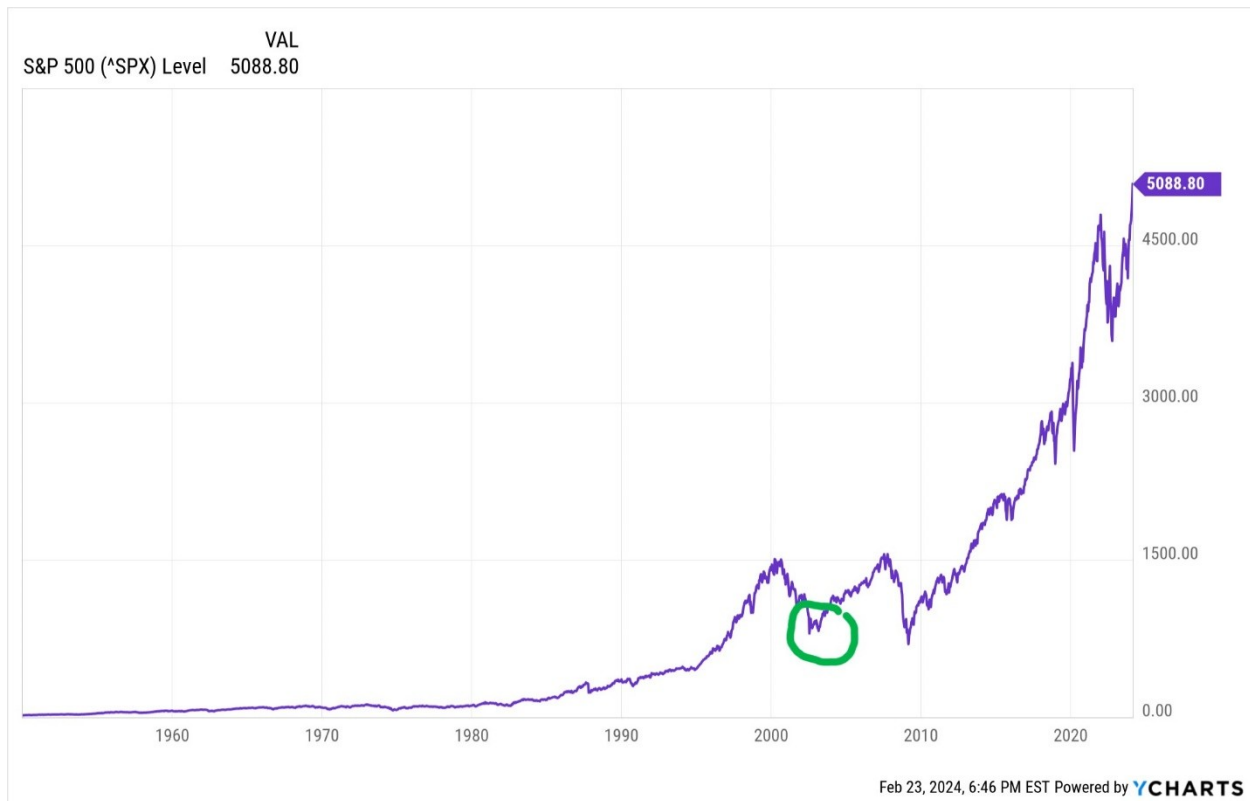
It was a lot of fun until it ended around the spring of 2000. Then the market spent a couple of years falling 44% or so . . . which took the fun right out of it, pretty much. We all saw the problem coming and took precautions . . . less than half the level of precautions we should have taken. That's how people are: when times are either great or terrible, it's downright hard to make ourselves believe they will change a lot if we just wait. Let's glance at some pictures.

The Market: 1995 - 2003



There are the 5 “golden years,” then the 3 “Titanic years.” Here’s what all those circles mean. During the Golden Years the circles marked 10% to 18% “dips.” (When we’re living through them, 10% to 18% “dips” feel more like “train wrecks.”) During the Titanic years the circles marked 10% to 20% dips and rises. Yes . . . while we were living through them, it wasn’t just “hard” to sell at the top, or buy at the bottom . . . it was downright impossible. Every “false” bottom, on the way down, felt like it might be the real thing; and the real bottom, around mid-2022, didn’t feel at all like “Finally! It’s Over! Back Up the Truck and Buy Again!” By then the impressions the betting crowd was feeding upon were as black as midnight, and no glimmer of dawn in sight. Next picture.

The Market: 2002 Bottom Until Today



Hmm. There we were in that green circle, plunged into despair by the usual torrent of black headlines and dark impressions. But it appears the dawn was somewhere out there after all . . . at least until late 2007 or so, when the Great Bank Runs got going. And how black was that event? Hmm, again. Apparently not very black. Apparently it was kind of trivial, when we get right down to it, compared to Main Street's inventions, profits, cash flows and general growth.

"1995 Again!" indeed. Here's the thing. What turned out to really matter about 1995 – 2000 was not the 44% plunge that followed. It was what Main Street was doing during those 5 Golden Years. It was making itself into something much stronger and much faster, using the genuinely ground-breaking inventions of the time. At Outlook we're pretty sure Artificial Intelligence will indeed turn out to be "genuinely ground-breaking." It will help all kinds of companies in all kinds of industries get stronger and faster. We aim to keep owning some of the best of them, and not letting the inevitable "Titanic Years" bother us too much.

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