

The Outlook: May 17, 2023

When we can bet the ranch on it.

Being human, when we investors hear someone say, “It’ll be OK in the long term,” the first thing we instantly feel is . . . doubt. Those words, “long term,” are spoken so often, by so many people, that if we have the slightest bit of skepticism in our characters, we can’t help but trigger our skepticism when we hear the words again. That’s a very good thing—because if we don’t have that sense of skepticism lurking somewhere, we’re going to take it on the chin in the investment world, sooner or later.

So as usual we have to *understand* the subject before we judge whether that “OK in the long term” label is dangerous nonsense or . . . a truth so powerful we can bet the ranch on it. Let’s glance at a picture.



The top two lines are the 30-year growth in basic earnings per share for two Outlook companies: Cummins (diesel engines) and Texas Instruments (simple computer chips.) They are really startling numbers aren’t they? 18,000% and 29,000% growth in 3 decades.

Now, we like these two companies very much, but we could have pictured just about any of Outlook’s core companies—or the vast majority of large, strong companies in the U.S.—and we’d see the same kind of picture.

It’s a picture which says, very loud and clear, “It will turn out OK in the long term, when we’re taking about Main Street USA.” Why?

Outlook's clients know the answer, of course. If we could fit 500 lines on that chart, we'd see a picture of such "long term achievement" almost as remarkable as this, for 500 companies instead of 2. Free market competition, management responsibility and accountability, and engineering inventiveness are three of the most powerful forces on earth. Free people, individually responsible for results, always do remarkable things in the long run.

The Wall Street betting crowd is vaguely aware of this . . . but it has chosen a job for which this profound truth just doesn't matter. That job comes down to: "Make money fast, today; and don't lose money, today." We all get to choose how to make a living, and as a crowd we're going to make some mighty different choices. We "long term" investors have chosen our way, because we understand that it will indeed "come out OK in the long run."

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