

The Outlook: Oct. 23, 2020

Freeport: Outstanding People Do Outstanding Things.

Among historians there has always been one fundamental, endless argument: “Is the course of history carved out by vast, impersonal trends which swamp the puny actions of individuals; or is it carved out by single people, many of whom deserve to be called “heroes” and “heroines” because when we look closely at what they have done, we can only stand in awe?”

We suspect, at Outlook, that most of our clients and friends can guess where we stand on this question. There are indeed heroes and heroines in the world, and throughout history . . . and unfortunately there are human monsters as well. The world’s salvation and progress quite often have depended on one man or woman—or very few of them—who stood up at some crossroads of history and faced down whatever problems, calamities or monsters came their way. It is impossible to know their stories, and still think the “vast, impersonal trends” believers are anything but clueless.

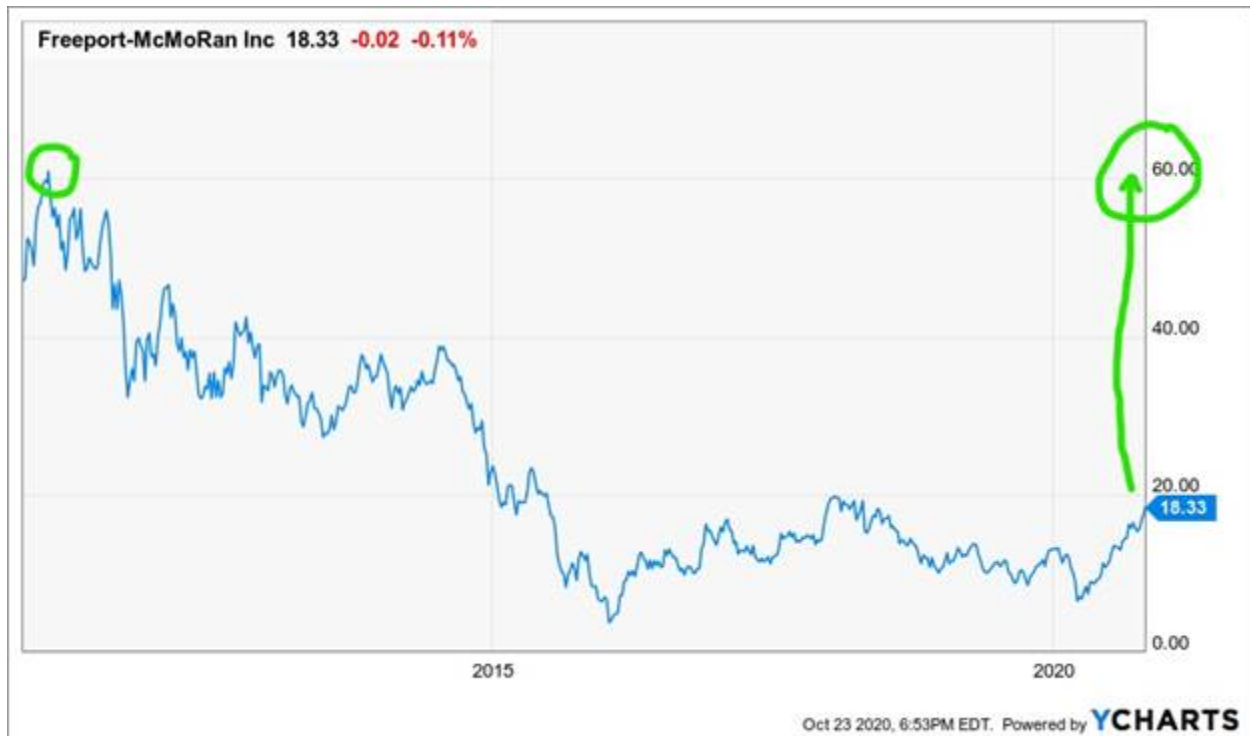
So it’s no surprise that our investment approach so highly values truly outstanding business leaders and their people. They’re not the world’s “heroes,” standing at the crossroads of history, but they are just as rare as the word “outstanding” means—and they create astonishing results for investors with the patience, understanding and nerve to accompany them on their rides.

Freeport’s CEO, Richard Adkerson, and his team are somewhere up there on that kind of pedestal. We’ll let Theresa’s upcoming “Inside Freeport” analysis give us the details of the “Copper King’s” latest quarter. Tonight, let us only look at something Mr. Adkerson said at the very end of Freeport’s “earnings call,” yesterday, roughly as follows:

I’m getting to the age of where I tell too many war stories, according to some of my friends, but in 2011 we had a company with a \$60 billion market cap and no debt. And I think we’re on the verge of rebuilding that position. We obviously had a great quarter and we look forward to reporting continued progress. It’s been a tough world. We’ve all made lots and lots of personal sacrifices. And after dealing with so many drastic, unexpected and often simultaneous problems, it is so gratifying to see within our company all the success we’re sharing together.

Here's what Mr. Adkerson meant, by “we’re on the verge of rebuilding that position.”

Freeport, 10 Years



The first green circle is Freeport's 2011 peak at \$60 per share. The valley in between is "many drastic, unexpected and often simultaneous problems." \$18/share is today: up 250% from March's "Lockdown Calamity" low. The green arrow and circle around \$60 is where Mr. Adkerson aims to drive his company . . . and where Outlook thinks he will, too.

We've seldom heard such a tone of great confidence in the future, and deep pride in a team, as Mr. Adkerson and his people treated us to, yesterday. Outstanding people do outstanding things, indeed.

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