

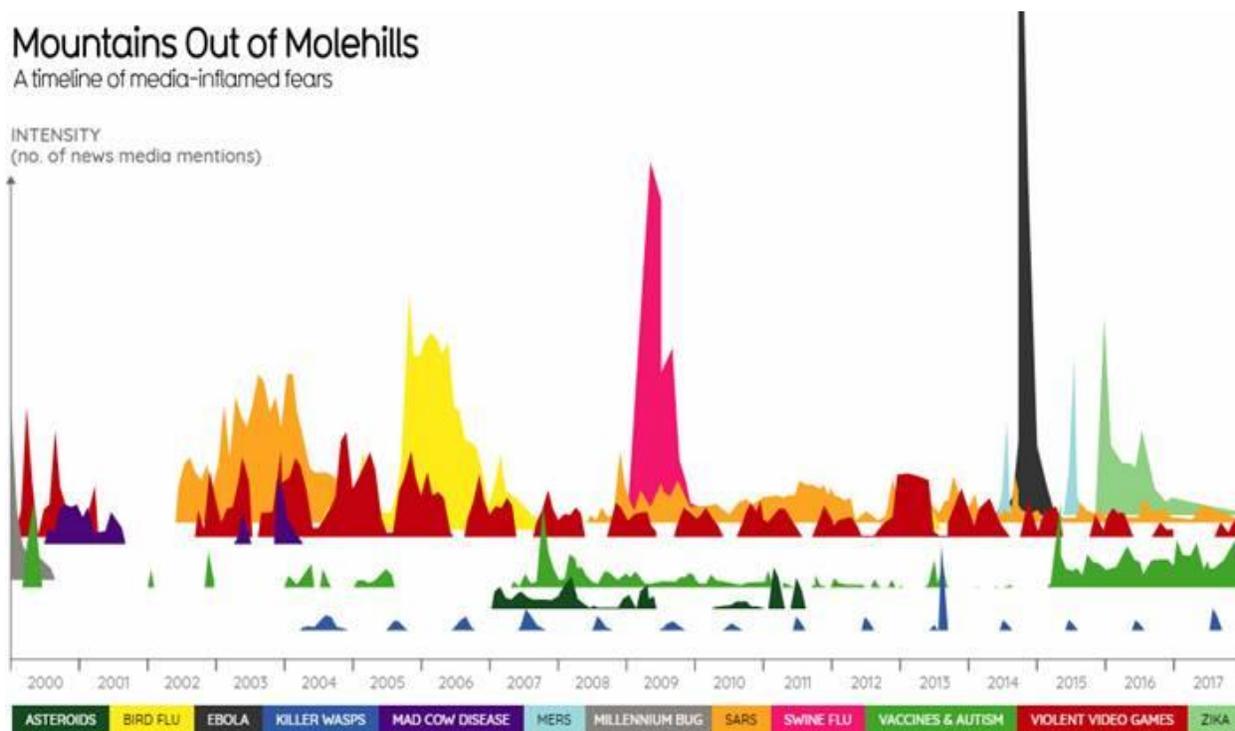
## The Outlook: July 9, 2018

### *Many mountains out of molehills, in the investment world.*

Last week brought us colorful reminders of two of Outlook's "Golden Rules" for investors. Let's start with the Rules:

- **Never Believe Headlines . . . Never.**
- **Never Believe Famous Investors Are Supermen.**

And here's the first colorful item, which points at Rule One, above.



This chart, courtesy of the firm "Visual Capitalist," tracks 17 years of what they call "Media-Inflamed Fears." The height of each spike relates to the sheer number of "mentions" in the news media. Most of the media nightmares tracked by Visual Capitalist, in this particular study, were diseases. (We're looking forward to a similar study of financial nightmares.) All we must do is glance at their names to realize they came to nothing, in the end.

The conclusion, of course, is painfully obvious: the nature of the media is to make mountains out of molehills. It's not too much of a stretch to say, "that's how they make their living." And the only possible conclusion for us news-readers, and certainly us investors, is that Golden Rule: "Never Believe the Headlines. Always Dig Hard for More Facts." Outlook has remarked several times, lately, about the current media-inflamed nightmares: "global trade war," "euro collapse," "China collapse," and so on. It's not that we should tell ourselves to always disregard the headlines, or even to always

believe the opposite; but roughly 99% of the time the picture we'll see after digging for more facts will be strikingly different than the picture the headlines would like us to believe.

The next colorful item carried the headline “This Is Unbelievable! A Hedge Fund Star Dims, and Investors Flee.”

The story was about a celebrity investor, David Einhorn, whose famous fund (Greenlight Capital) has taken its lumps since 2014, and lost more than half of its managed assets. Let's sum up all the anecdotes and quotations from disgruntled clients like this:

- *Mr. Einhorn apparently disliked explaining his investments to his clients.*
- *Hence Mr. Einhorn's clients (understandably but nevertheless incredibly) did not understand how Mr. Einhorn was investing their money.*
- *This didn't bother the clients when Greenlight's returns were wonderful; but eventually made them rather unhappy when Greenlight's returns were terrible.*

All of that breaks so many rules of common sense that we needn't plunge into them. Let us simply remember the reason for the Golden Rule about “celebrity investors:” everyone is human, celebrity or not . . . and the pride that comes with fame tends to poison common sense and sound investing—in both the celebrity investor and his clients.

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