

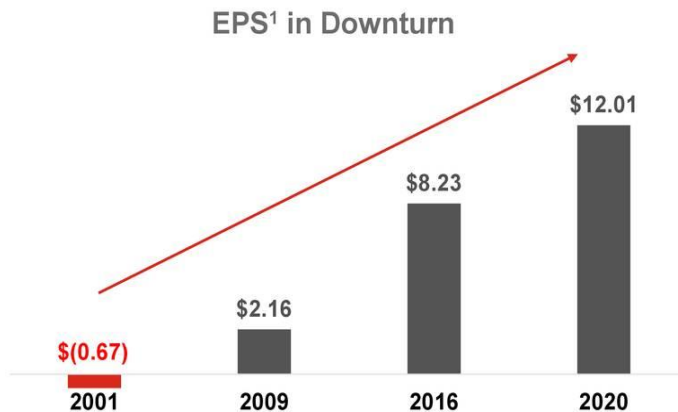
## The Outlook: April 13, 2021

### *The miracles which matter do not make the headlines.*

Does anything matter, these days, except for the chaotic state of U.S. and global politics, the virus and the vaccines, and recurring urban riots? For the past year we investors have surely *felt* that the answer has been, “Nope. Our foundations are shaking every day. Just read the morning paper.”

We feel that way, of course, because the media never stops trying to make us feel that way. “If it bleeds, it leads,” has been Rule One in the media business since papyrus came along in ancient Egypt. And this past year there has been an uncommon amount of bleeding by anyone’s standards. But in the investment world, at least, the riveting headlines are almost never the stories which really matter . . . and 2020 – 2021 is no exception. Here’s an example of the stories which matter, courtesy of Cummins, the Diesel Engine King:

## Raising Performance Over Successive Troughs



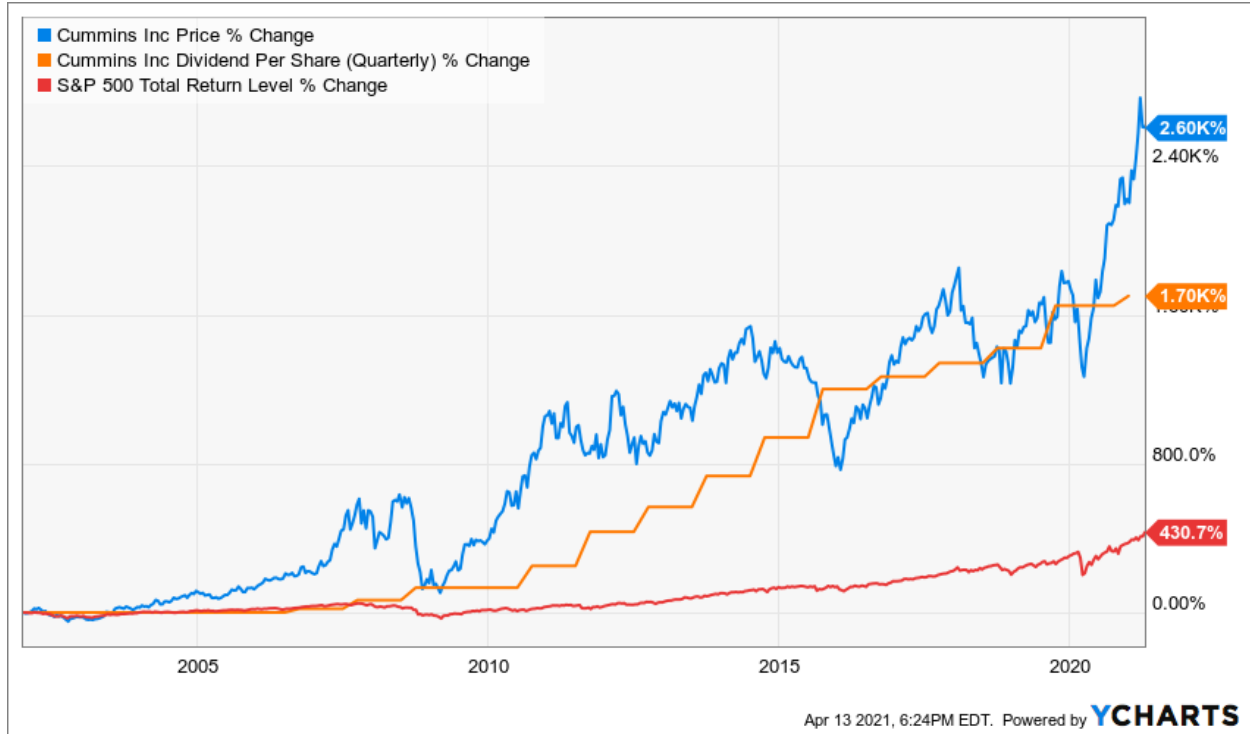
<sup>1</sup>EPS = Diluted Earnings Per Share

There is no word for that 20-year picture, which shows how much money Cummins has made at the bottom of the last 4 business cycles, except “astonishing.” 20 years ago the company lost money. In 2009 and 2016 it clearly signaled the kind of progress it was working on, with rock-solid and accelerating profitability at the bottom of those cycles. And in the lockdown-shocked year of 2020, Cummins made \$12 per share.

This is not a Tech Celebrity company with the latest bleeding-edge wizardry. This company makes diesel engines for trucks, in factories which Andrew Carnegie and Henry Ford would understand, no matter their spectacular advances in technique. It has taken 20 years of steady, grinding, common-sense attention to details to create that picture. *That* is a business miracle.

Steady, grinding, 20-year miracles don't bleed, so they don't lead. Hence they might as well not exist, for the media. But we investors, if we understand our trade, know they exist—and we know that's where we'll make *big* money with the nearest thing to certainty we'll ever find. Here's that big money.

**Cummins, 20 Years: Up 2,600%. Dividends up 1,700%. The Market: 430%.**



That is a very instructive picture. There is Cummins stock, the blue line, giving terrified speculators and even steely-nerved investors a 20-year roller coaster ride which has made the market (red) look like a calm float downriver in an innertube. Why? Because the market's speculating mob, which is vast as the stars in the sky, has no patience. It only cares about making money, soon; or not losing money, today.

But if we investors can wrench our horrified gaze from the ride—which means ignoring pictures like this one, below—and instead take a good look at the building of that miracle up top, we know where the ride must end up, no matter the awful dips along the way. 2,600% has always seemed worth the awful dips, as far as Outlook Capital Management is concerned. So when we take the trouble to look deeply into a company, and really like what we see . . . we hang on no matter the size and frequency of the bleeding headlines.



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