

The Outlook: Nov. 20, 2020

What It's All About . . . Courtesy of Micron.

At Outlook we began investing in Micron Technology exactly 7 years ago. Here's the picture: Micron in blue, the Dow in orange.

7 Years: Dow 84%; Micron 227% . . . the hard way.



It's been quite a roller-coaster ride, hasn't it? There's the market, rolling calmly along (from this distance, anyway.) And there's Micron, doing its level best to give us ulcers, or heart attacks, or shock us into a catatonic trance. Micron almost touched its 20-year highs today. It's up 227% over the 7 years. The Dow is up 84%.

Micron has been trying to tell us something profound, these 7 years. It's been trying to tell us what good investing is all about, which is this:

- **Understanding** what we own. (Genuinely understanding.)
- Having **patience**. (Much easier, when we understand what we own.)
- Knowing the market's biggest weakness: **it has no patience**.
- Taking advantage of that weakness, which lets us **buy strong companies run by outstanding people** at pennies on the dollar, regularly, because the market's speculating mob will not wait for those outstanding people to fix problems—even though they've been doing that again and again over a century or so of business history.

Those green circles point at the market shouting "Problems! We're not waiting around!" over and over again. Those red question marks point to all the times, these 7 years, when we had a stark choice: "Shall

we let the market do our thinking for us, or shall we think for ourselves?” Either the market would be proven right, or wrong.

It’s been wrong . . . again and again.

What’s been needed to take advantage of the market’s lack of patience and inability to think clearly has been pretty easy to see . . . but not so easy to do, as usual.

- Understanding Micron’s financial strength and staying power;
- Appreciating the clarity of management’s plan for the long-term future: accelerate technology gains compared to the competition; relentlessly improve chip factory operations;
- Grasp the memory industry’s strengthening tailwind: exploding memory needs created by the Tech Revolution’s shift in direction: a world of connected devices, hence vast memory capacity to store (and analyze) new data.
- From the above, knowing the thing to do was “Buy more shares!”, inside all those green circles around Micron’s price crashes.

Understand what we own. Have the patience to wait, and the nerve to buy when the market has no patience. As we’ve remarked a few times, at Outlook, cleverness doesn’t have much to do with that investing formula. What really matters are some of the same old-fashioned virtues which pay off in the rest of life, as we deal with the rest of life’s challenges.

We think Micron’s jagged blue roller-coaster line won’t be going away. We also think its basic direction is just as “Up!” as it’s been these last 7 years. So we’re taking our chances on the ulcers, heart attacks and catatonic trances, and hanging in there.

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Outlook Capital Management, LLC
125 S. Wilke Road, Suite 200E
Arlington Heights, IL 60005
847-797-0600

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