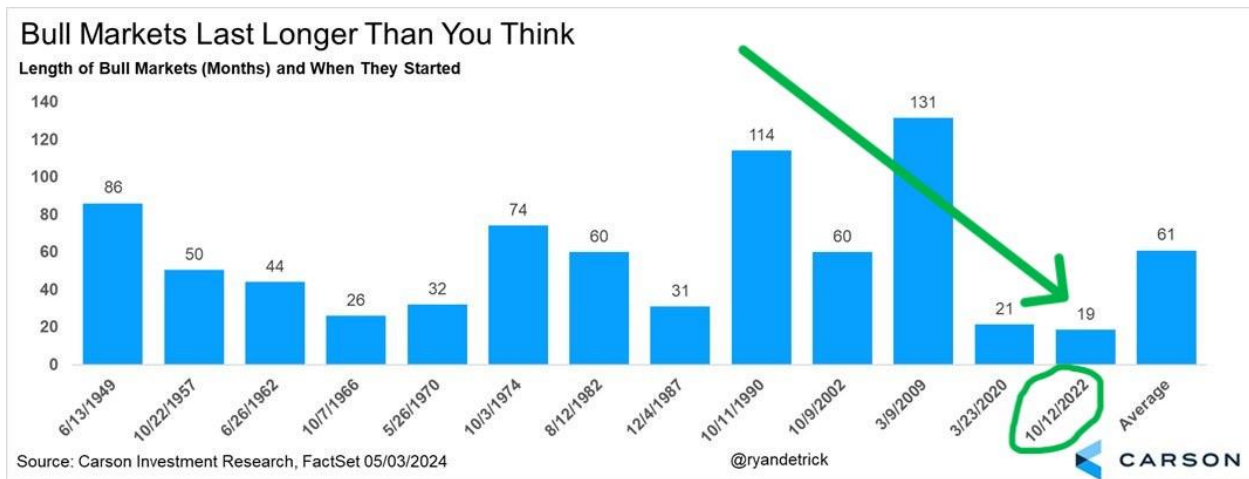


## The Outlook: May 31, 2024

*Thank goodness for hard times.*

The great thing about “experience” is that it really does make us wiser . . . when we feel like being humble enough to accept its lessons. We need to be humble because those lessons are usually along the lines of “How on earth could we have been that dumb, after all these years?” That brings us right to the bad thing about “experience,” which is that we keep making mistakes no matter how much of it we’ve got. Fewer mistakes, though.

The picture below brought on these deep thoughts. Outlook’s career began in 1977, when that 74-month Bull Market of 1974 – 1980 was only halfway through its 6-year run. As a keen-eyed young investment analyst with a Master’s Degree in Economics . . . we knew just about nothing about anything. But one memory is perfectly clear, thinking back to that Bull Market: nobody believed in it. The young analyst’s boss summed up the general mood in the investment world when he said, “Now and then I get the urge to buy a common stock . . . but I lie down until the feeling passes.”



The stock market had peaked in the mid-1960’s, then wallowed around going nowhere forever, seemingly. So everybody was cynical, doubtful and pessimistic about stocks. Somewhere in there, Time magazine ran a cover along the lines of “The Death of Common Stocks!” (Which was, of course, a signal to mortgage the house, max out margin loans, and possibly seek out the local loan shark for every last penny one could lay hands on, and “Buy! Buy! Buy!”) Our young analyst didn’t understand that, naturally. But he did begin to learn something from “Experience,” and kept getting more chances to learn the same thing through all eight of those Bull Markets since 1974.

What he learned was, ***“Pessimism, anxiety and doubt are always with us: always.”*** And there is more: ***“The pessimism, anxiety and doubt are rarely silly. There are usually some pretty good reasons for them.”*** Now comes the last part, which will surprise none of Outlook’s clients and friends: ***“But the pretty good reasons for doubt never tell the whole story: never! They’re only part of the picture . . . and the whole picture always has a lot of bright blue sky if we just look for it.”***

All those Bull Markets down there lasted so long because the picture indeed showed a lot of blue sky. We investors often didn’t feel like looking for it, though, because we are constantly surrounded by media and

experts who lean very hard toward the “Sky is falling” point of view, rather than the “Look at that blue sky!” point of view.

That’s just how it is today. We’ve got Hostile China, Two Wars, Inflation and High Interest Rates, an Intense Election, and heaven knows what else to worry about. Dark clouds, not silly at all. But we’ve also got immense financial strength everywhere on Main Street; a genuinely remarkable invention called Artificial Intelligence which will benefit every corner of Main Street; and management of most U.S. companies which, in Outlook’s opinion, is generally tougher and more competent than ever in the last 47 years. In the last 20 years, most American CEO’s have been through three “Calamities:” the Dotcom Bust, the Financial Crisis and the Lockdown Calamity. Hardship makes us stronger and smarter than good times, by a long shot. Main Street USA is reaping the payoff of those hardships, today, and at Outlook we think the payoff has a lot of room left to run.

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