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Easy to say. Easy to understand. Very hard to do.

Surely the best possible proof that a "Golden Rule" is actually worth its weight in gold, so to speak, is when it passes this test: "Easy to say. Easy to understand. Very hard to do."

"Buy low, sell high" passes the test. It's been around since Noah's Ark, approximately; and it's seen genuinely countless investors fail because they could say it, understand it and whole-heartedly agree with it . . . but they discovered that actually doing it required steel nerves and iron patience. Those virtues are rare, always.

At Outlook we were reminded of this today by two stories on the Wall Street Journal's front page: "As Oil Soars, Few Hedge Funds Are Left to Profit," and "Western Cities Want to Slow Flood of Chinese Home Buying. Nothing Works." Outlook and clients are of course mighty interested in soaring oil, and not much interested in property values in New Zealand . . . but both stories were colorful reminders of that most Golden of all investment rules: "Buy low, sell high."

The heart of the "Few Hedge Funds Left" story was this remark: "Since 2012 the number of commodity funds globally has dropped from 368 to 130." One year ago, one of the most famous of all oil-trading hedge fund managers, Andy Hall, announced that he was "stacking arms" as the military say, closing his fund after losing a flood of clients who'd lost confidence in Mr. Hall after losing their money itself, during oil's 75% plunge from 2014 to 2016. He offered his deepest sense of oil's future: "Prices, today at $50 per barrel, will be mostly flat for a long time, and any long-term future gains are limited." The story went on to cover the ordeal endured by one of the few oil "bulls" who stuck with it, Pierre Andurant: money lost, clients lost, sleepless nights, personal confidence shaken, and so on until around 12 months ago, when the global oil market decided the laws of supply and demand mightn't have been repealed after all, and began their long, strong rise.

The investment world is filled with smart, hardworking people willing and able to delve as deeply into their corners of that world as anyone could wish. The oil sector offers them nearly endless chances to do so, with a fairly monumental pile of statistics and analyses published every week. This crowd scrutinizes such data with high-powered lenses—and sharply differs, of course, on what the data means. Their mistake, in Outlook's opinion, is missing the forest for the trees. They feel that tiny bits of data are more important than they really are; and they don't grasp the overwhelming importance of perfectly obvious "laws" of human behavior: supply and demand, especially. They make that mistake, of course, because they wish to make money right now, and avoid losing it right now. In other words, they lack those steel nerves and iron patience mentioned above.

And so they buy high, and sell low . . . and fail, like the disappearing 238 hedge funds in the commodity-trading business. Being smart, hardworking and famous doesn't stop them from failing. Lack of nerve and patience does.

Along the same lines came the "Flood of Chinese Home Buying" story. "The home buying frenzy from Chinese investors looking to park some of their wealth overseas (safe from the all-seeing eyes and potentially grasping hands of Beijing) drove home purchases in places like Vancouver, Toronto, Auckland, Sydney and Melbourne to $100 billion in 2016, up from $5 billion in 2010," was the essence of the

Journal's story. Home prices skyrocketed in those cities, but the rockets hardly dented Chinese buying interest.

For investors with long memories, it sounded just like the 1970's and early 1980's, when stories showed up every week, more or less, to the effect that the Japanese were close to owning the State of California, and were working their way through Manhattan, with an occasional wild splurge into farmland in Grundy County, Iowa, at $4000 per acre. They were buying at the top, of course, and the suffering they next endured probably made the oil hedge funds' problem look like minor bruises.

The added difficulty for these Chinese home buyers is surely an element of desperation, piled on top of the normal fear and greed which usually make us abandon the "Buy Low" Golden Rule. They've made money which was impossible for their parents and grandparents; and they know they only keep it at the mercy of their government. We can sympathize, but we'd best remind ourselves that we must never break the Rule. Outlook and clients certainly did buy low, in the oil and copper markets—though it didn't feel that way at the time. It never does. But when strong companies working effectively in cyclical industries are bought low, they usually rise "long and strongly" indeed—far more than the impatient majority of the investment world thinks possible. Outlook very strongly suspects that our emphatic bets on these companies have only begun to pay off.

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