

## The Outlook: Feb. 13, 2021

### *Impressions Are Deadly*

One of the good things about getting older is that we *can* get wiser . . . *if* we choose to learn from our mistakes, rather than feeling that we don't really make them. And one of the bad things about getting older is the deepening pessimism which comes from watching so many people make the same profound mistakes, again and again: hurting themselves and sometimes others because they don't learn, or won't learn.

"Impressions are deadly." At Outlook if we had to choose just one of those "again and again" mistakes, and could wave a magic wand and make it vanish from the world (well, at least the investment world) it would probably be this one. "Never let impressions do our thinking for us" is as golden as they get, in the Golden Rules category. We break the Rule again and again for two reasons: we're constantly being tempted to break it, mainly by screaming headlines; and we're always short on time—the time needed to dig deeply to uncover the whole picture . . . which makes the screaming headlines look silly about 90% of the time, whenever we take the trouble to do that digging.

Here's a picture which sums up one of the impressions currently washing over the investment world. We might label this impression, "Green Energy's Day Has Arrived!" It's been strengthened by countless headlines and stories lately, from Royal Dutch Shell's "We Hate Oil, and We'll Stop Producing It" announcements, last year; to politicians trying to one-up each other, lately, with "Stamp Out Carbon" policies; to the staggering billions raised lately by SPAC's (Special Purpose Acquisition Companies) whose deal with shareholders is: "Send us your blank checks, we'll (probably) use your money to buy something green."

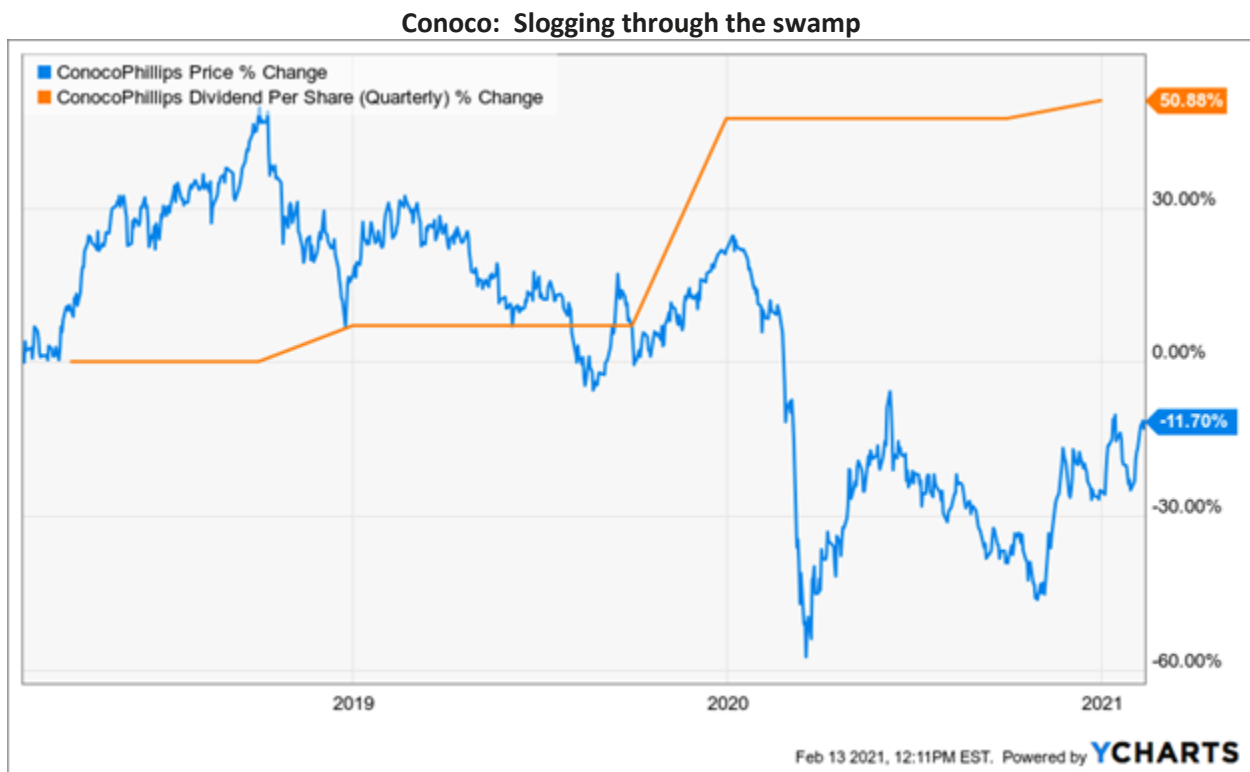
### **Ballard Power: Hydrogen Fuel Cells Must Be the Next Big Thing?**



That's a Canadian "green battery" company, up there, which is up 1000% in the last 20 months or so. It makes a good impression, doesn't it? Green Energy's day must be arriving.

Meanwhile, down below is poor old Conoco, a dirty oil stick-in-the-mud if ever there was one. It's jagged blue line tells its 3-year story: down 12% (down 80%, if we look at the darkest corners of its picture) while struggling with hammer blow after hammer blow: Virus destruction of oil demand; OPEC price wars; debt; and more. Yes, it's up lately, but those jagged peaks and valleys are so sharp nobody feels good about it . . . yet.

The only oddity, below, is that orange dividend line: up 51% despite the years-long slow through a swamp. Hmm.



"Impressions are deadly." Those two pictures--plus the screaming headlines (Green Energy Arrives!), skyrocketing SPAC's, and all the rest—do make a powerful impression. But, just a moment before we decide no more thinking is required, let's merely lift one shovel of dirt, and dig a bit into Ballard's past. We might uncover a little more of that "whole picture."

**Ballard, 1995 to 2010: Up a few thousand percent . . . down 99%.**



Hmm. Apparently “Green Energy Finally Arrived!” 20 years ago, too. But it turned out that the transition from “carbon to green” was hideously difficult, back then . . . and is just about as difficult, today. It may yet happen. Engineers are inventive and determined, and miracles do come out of what they do. But when we dig into the “whole picture” of what they do, throughout history, we find that 99% of the time the “miracles” were extraordinarily hard to make, and took a long time. They only looked like “miracles” looking backward, once they were accomplished.

Betting upon that “Green Energy Is Here!” impression, back then, was as deadly as, well, betting on GameStop a couple of weeks ago. A pretty good rule of thumb, for us investors, is to begin with the idea that betting against the wildly popular impressions of the day is a safer bet, by and large. Far better, though, is tossing out “impressions” altogether, as engines driving our thinking. It’s much easier to do that when we’ve suffered through a few years of swamp-slogging, with our companies. That’s why we own Conoco . . . and every other Outlook core company.

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