

## **A View From Here - February 2021**

*We go out in the world and take our chances. Fate is just the weight of circumstances. That's the way Lady Luck dances...Roll The Bones - Neil Peart*

### **Robinhood's Hedge Fund Game Stop**

Throughout most of January, markets had been increasing almost without incident (always a sign to expect the unexpected) despite a world full of challenges - perhaps a sort of continuation of the story of 2020. Not a world of turmoil including a run on the U.S. capital, a challenged change in the White House and rampant Covid-19 numbers could keep the market from rising but as the month raced to its conclusion, we got a sense that 2021 might have something else to say about how things are done. Markets have a new form of nonsense to contend with as individual investors band together to fight the big mean hedge funds in an apparent David vs. Goliath standoff in companies such as Gamestop, Blackberry, AMC and Koss. There is good and bad in these adventures. The good is that it exposed a kink in the armor of hedge funds who have been terrorizing companies and investors for several decades. You just gotta feel bad for all those guys potentially losing their yachts and summer homes in the Hamptons. The other side is that it propels a speculative bubble that allows investors to dream of making millions from some absolutely crazy lottery-like rewards.

Every day I'm presented with yet another potential acorn that will grow into a mighty oak. These companies run from the popular themes that has investors clamoring for the next Covid-related biotech, electric automation or technology. They come in the form of email blasts hitting our inboxes full of pontification of 100x returns. The fine print at the bottom of those emails - thankfully mandated by regulators - will say something like: We have been paid \$300,000 and given options to purchase hundreds of thousands of shares at low prices to suck you into the dream. Mark Twain once said that a gold mine is "a hole in the ground with a liar standing in front of it." Think of these opportunities along the same lines. But I get it - the dream that someone will 'Robinhood' one of our investments and set us free financially is alluring. If it all works out well, you can buy those yachts and summer homes from those poor unfortunate hedge fund souls. It's a wonderful dream, but akin to one's chances of winning the lottery. If you think about it, it is beyond difficult to stay invested in a company whose shares were trading at \$3 and hold off selling any as it propels to \$525 in a few days without a fundamental understanding of any real value. It's the stuff of Hollywood blockbusters, and if you're successful in these ventures, best to head over to hair and make up.

### **Meanwhile in the Real World...**

Our long-term track record owning companies through fundamental analysis is not failsafe on an individual basis, but as a whole, it has a long-term track record of success that few have been able to achieve. Unfortunately, timing can never be as planned and ultimately each investment is an adventure in its own right. When investments work out, it tends to do so in a relatively short period of time, yet the road there is always uneven. It would be great if someone could tap us on the shoulder just before that happens, but they don't and often it takes years for it to reach fruition. I wish it could be an easier ride, but it never is and it's often fraught with challenges associated with markets whether economic or industry related. Ultimately, the fundamental value of each investment when realized will lead to meaningful profits. There is a hope, almost like the end of a romance movie where they live happily ever after, that we want in our investments to be a comfortable and gentle ride forward. The results when viewed from 30,000 feet might have that outcome, but day-to-day, month-to-month and even as experienced over the past three years, returns occur in many different ways. But our 10 year plus double-digit returns remain something we are proud to have achieved, it is just part of the journey. We should continue to make friends with this reality.

As February comes into focus, we do so on the heels of another successful performance month for our investment accounts. Looking forward, we will see earnings from most of our holdings in the next weeks, which we hope will add another puzzle piece to our value proposition.

Thanks for taking a look, and as always,

All Good Things,

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