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What do you do when it just doesn't seem to make sense? At what point is a short-term issue like trade tariffs, about to become a longer-term problem. Or, when will investors finally give up on a company that never seems to be able to make any money? Two companies that are considered big disruptors, Lyft and Uber, have finally become public companies. Lyft, the ridesharing business just reported its first quarterly report as a public company. They lost \$1.1 billion on revenue of \$776 million. Lyft is not a new company; it has been around for 10 years. In the quarter they reported research and development of \$630 million. Very few companies spend their entire revenue on research and development, especially ones that have annual revenue of almost \$5 billion. It would appear one of two things is going to happen; the research is either going to pay off or it isn't. If it does pay off, it needs to be big. It seems a little scary from an investor point of view that even without any research and development, the company still lost almost \$500 million for the quarter.

Huawei is the Chinese company that has been in the news lately for stealing trade secrets from US technology companies. It is part of why the tariff issue is now in play. US companies have become more volatile recently because the political ramifications of tariffs have been evolving, sometimes daily. We also have the issue of what US companies can buy or sell to Huawei. One example is the big push to 5G for mobile service. It increases data speeds exponentially. AT&T and Verizon are buying 5G equipment from other manufacturers that is not as advanced, avoiding dealing with Huawei. Do you, or should you buy from someone that has an unfair advantage or can't be trusted?

Some companies like LYFT, UBER, Tesla, and to some extent Amazon, seem to get a pass for being less or not profitable. While other companies meet their earnings expectations and still see their stock prices decline by 5% or more. No one would put much value on a company that

loses \$1.1 billion and has never made a profit, unless there was a very big vision attached to it. Take Amazon, Microsoft, and Apple. Amazon trades at a valuation of almost three times Microsoft, and Microsoft is almost two times the value of Apple based on earnings. The market value of all three are very close to the same, just under \$1 trillion. The difference seems to be that investors are more willing to speculate on Amazon's continued growth of their online and cloud business. As opposed to Microsoft, who just has a cloud business that is growing rapidly but has other core businesses that are profitable. Apple is struggling to find the next big growth engine. Tesla receives massive government subsidies and still loses boat loads of money, even after reaching about \$20 billion in annual revenue. However, the market has continued to buy into the vision of Elon Musk. How do you make sense of all this?

As another advisor, Mr. Hedburg, suggested; "I must develop my mental toughness." The problem with the market is that there are no secret formulas, magic charts, Ivy league diplomas, or even past experiences from history that can tell you what you should do as an investor. Each investment, economic cycle, and political event is a little bit different from the last one. Even an individual investor's behavior can change from one market period to the next. So, what do you do when it doesn't make sense? Here is one answer to that question: "Dividend growth continues to be the most easily understood yet most underappreciated feature of equity investing. We think our clients intuit its power—even as our phone and email traffic relentlessly and even hysterically focuses on stock *prices*. I continue to believe that this is a story we can't tell often enough. Because it isn't their account values that today's retirees will be taking to the supermarket for the next 30-plus years. *It's their income*" Just in case you think dividend growth is easy, be wary of companies who over-use leverage to grow their dividend. It does require mental toughness.