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## Betting on the Bad Guys

*Cartoonist Scott Adams's personal road to riches: Put your money on the companies that you hate the most*

By **SCOTT ADAMS**

When I heard that BP was destroying a big portion of Earth, with no serious discussion of cutting their dividend, I had two thoughts: 1) I hate them, and 2) This would be an excellent time to buy their stock. And so I did. Although I should have waited a week.

People ask me how it feels to take the side of moral bankruptcy. Answer: Pretty good! Thanks for asking. How's it feel to be a disgruntled victim?

I have a theory that you should invest in the companies that you hate the most. The usual reason for hating a company is that the company is so powerful it can make you balance your wallet on your nose while you beg for their product. Oil companies such as BP don't actually make you beg for oil, but I think we all realize that they could. It's implied in the price of gas.

I hate BP, but I admire them too, in the same way I respect the work ethic of serial killers. I remember the day I learned that BP was using a submarine...with a web cam...a mile under the sea...to feed live video of their disaster to the world. My mind screamed "STOP TRYING TO MAKE ME LOVE YOU! MUST...THINK...OF DEAD BIRDS TO MAINTAIN ANGER!" The geeky side of me has a bit of a crush on them, but I still hate them for turning Florida into a dip stick.

Apparently BP has its own navy, a small air force, and enough money to build floating cities on the sea, most of which are still upright. If there's oil on the moon, BP will be the first to send a hose into space and suck on the moon until it's the size of a grapefruit. As an investor, that's the side I want to be on, with BP, not the loser moon.

I'd like to see a movie in which James Bond tries to defeat BP, but in the end they run Bond through a machine that turns him into "junk shot" debris to seal a leaky well. I'm just saying you don't always have to root for Bond. Be flexible.

Perhaps you think it's absurd to invest in companies just because you hate them. But let's compare my method to all of the other ways you could decide where to invest.

### *Technical Analysis*

Technical analysis involves studying graphs of stock movement over time as a way to predict future moves. It's a widely used method on Wall Street, and it has exactly the same scientific validity as pretending you are a witch and forecasting market moves from chicken droppings.

### *Investing in Well-Managed Companies*

When companies make money, we assume they are well-managed. That perception is reinforced by the CEOs of those companies who are happy to tell you all the clever things they did to make it happen. The problem with relying on this source of information is that CEOs are highly skilled in a special form of lying called leadership. Leadership involves convincing employees and investors that the CEO has something called a vision, a type of optimistic hallucination that can come true only in an environment in which the CEO is massively overcompensated and the employees have learned to be less selfish.

### *Track Record*

Perhaps you can safely invest in companies that have a long track record of being profitable. That sounds safe and reasonable, right? The problem is that every investment expert knows two truths about investing: 1) Past performance is no indication of future performance. 2) You need to consider a company's track record.

Right, yes, those are opposites. And it's pretty much all that anyone knows about investing. An investment professional can argue for any sort of investment decision by selectively ignoring either point 1 or 2. And for that you will pay the investment professional 1% to 2% of your portfolio value annually, no matter the performance.

### *Invest in Companies You Love*

Instead of investing in companies you hate, as I have suggested, perhaps you could invest in companies you love. I once hired professional money managers at Wells Fargo to do essentially that for me. As part of their service they promised to listen to the dopey-happy hallucinations of professional liars (CEOs) and be gullible on my behalf. The pros at Wells Fargo bought for my portfolio Enron, WorldCom, and a number of other much-loved companies that soon went out of business. For that, I hate Wells Fargo. But I sure wish I had bought stock in Wells Fargo at the time I hated them the most, because Wells Fargo itself performed great. See how this works?

### *Do Your Own Research*

I didn't let Wells Fargo manage my entire portfolio, thanks to my native distrust of all humanity. For the other half of my portfolio I did my own research. (Imagine a field of red flags, all wildly waving. I didn't notice them.) My favorite investment was in a company I absolutely loved. I loved their business model. I loved their mission. I loved how they planned to make our daily lives easier. They were simply adorable as they struggled to change an entrenched industry. Their leaders reported that the company had finally turned cash positive in one key area, thus validating their business model, and proving that the future was rosy. I doubled down. The company was Webvan, may it rest in peace.

(This would be a good time to remind you not to make investment decisions based on the wisdom of cartoonists.)

### *But What About Warren Buffett?*

The argument goes that if Warren Buffett can buy quality companies at reasonable prices, hold them for the long term and become a billionaire, then so can you. Do you know who would be the first person to tell you that you aren't smart enough or well-informed enough to pull that off? His name is Warren Buffett. OK, he's probably too nice to say that, but I'm pretty sure he's thinking it. However, he might tell you that he makes his money by knowing things that other people don't know, and buying things that other people can't buy, such as entire companies.

### *People Love Berkshire Hathaway And That Has Done Great*

I'm not saying that the companies you love are automatically bad investments. I'm saying that investing in companies you love is riskier than investing in companies you hate.

Second, take a look at Berkshire Hathaway's holdings. It's a rogue's gallery of junk food purveyors, banks, insurance companies and yes, Goldman Sachs and Moody's. The second largest holding of Berkshire Hathaway is...wait for it...Wells Fargo.

(Disclosure: I own stock in Berkshire Hathaway for the very reasons I'm describing. And my first job out of college was at Crocker National Bank, later swallowed by Wells Fargo.)

Let's talk about morality. Can you justify owning stock in companies that are treating the Earth like a prison pillow with a crayon face? Of course you can, but it takes some mental gymnastics. I'm here to help.

If you buy stock in a despicable company, it means some of the previous owners of that company sold it to you. If the stock then rises more than the market average, you successfully screwed the previous owners of the hated company. That's exactly like justice, only better because you made a profit. Then you can sell your stocks for a gain and donate all of your earnings to good causes, such as education for your own kids.

Having absorbed all of the wisdom I have presented here so far, you are naturally wondering if I have any additional investment tips. Yes, and I will put my tips in the form of a true story. Recently I bought something called an iPhone. It drops calls so often that I no longer use it for audio conversations. It's too frustrating. And unlike my old BlackBerry days, I don't send e-mail on the iPhone because the on-screen keyboard is, as far as I can tell, an elaborate practical joke. I am, however, willing to respond to incoming text messages as long as they are in the form of yes-no questions and my answer are in the affirmative. In those cases I can simply type "k," the shorthand for OK, and I have trained my friends and family to accept L, J, O, or comma as meaning the same thing.

The other day I was in the Apple Store, asking how to repair a defective Apple laptop, and decided, irrationally, that I needed to have Apple's new iPad. The smiling Apple employee said she would be willing to put me on a list so I could wait an indefinite amount of time to maybe someday have one. I instinctively put my wallet on my nose and started barking like a seal, thinking it might reduce the wait time, but they're so used to seeing that maneuver that it didn't help.

My point is that I hate Apple. I hate that I irrationally crave their products, I hate their emotional control over my entire family, I hate the time I waste trying to make iTunes work, I hate how they

manipulate my desires, I hate their closed systems, I hate Steve Jobs's black turtlenecks, and I hate that they call their store employees Geniuses which, as far as I can tell, is actually true. My point is that I wish I had bought stock in Apple five years ago when I first started hating them. But I hate them more every day, which is a positive sign for investing, so I'll probably buy some shares.

Again, I remind you to ignore me.

—Scott Adams is the creator of "Dilbert."

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