

“The reports of my death have been grossly exaggerated.”
- Mark Twain

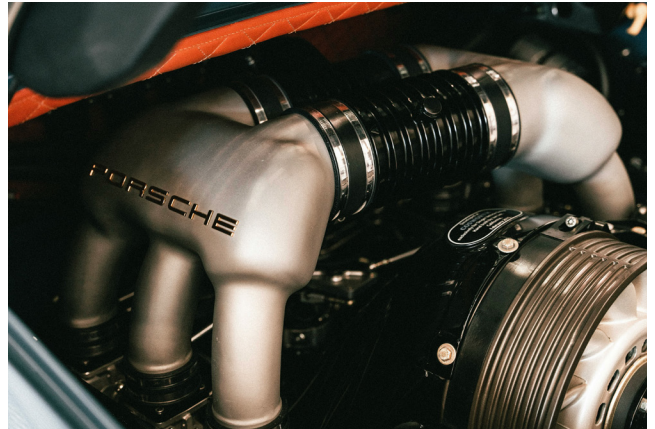
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One of the more profound challenges, both in investing and in life, is maintaining perspective. The act of maintaining perspective forces one to lean on experiences, education, and logic all at once, in hopes of reaching objective and well-reasoned conclusions, particularly in times of tumult. Maintaining perspective requires patience and objectivity, and a focus on longer periods of time than here and now. Frankly, the ability to maintain perspective is immeasurably valuable when it comes to investing, since it helps you cut through the hype and horrors of the talking heads on TV, news headlines, social media, and other forms of the 24-hour news cycle. Somewhat ironically, maintaining perspective is a surefire way to discover when everyone else has lost it. Similar to an NGA *Market Insights* article distributed in the first quarter of 2021 about the tulip mania of early 1600s Netherlands, “the crowd” continues to find new ways to lose its collective perspective; maintaining ours ensures we avoid trading the farm for a flower bulb (figuratively, of course).

A recent example of lost perspective, which now is being broadly moderated at great cost, was the multi-year all-out push to full-electric automobiles. Over the past decade, but shifting into overdrive during the post-COVID period, anyone paying attention to the auto industry was bombarded by the head-first dive into fully electric vehicles (EV). One car brand after another jumped on the bandwagon, many announcing plans to convert classic and storied model lines entirely to electric (Ford planned to convert its classic Mustang model name to an entire line of EVs; Porsche planned to convert the classic Boxster line to all-electric). *The Economist* magazine went so far as to publish an expansive article titled “The Death of the Internal Combustion Engine” in August of 2017. But when the rubber met the road, consumers did not embrace EVs as much as the experts had anticipated. The feedback is remarkably consistent—the technology, features, and capabilities of EVs are all very impressive, but...



Whether it's range anxiety, technology apprehension, or the absolute cost of purchasing EVs and the required infrastructure to support them (5-year total cost of ownership for EVs is on average over 15% higher than “regular” cars⁷), something about the expectation didn't reconcile with reality. Even the most ardent petrol-head can admit that EVs are remarkable products showcasing countless innovative and creative technologies, features, and gadgets (not to mention the ridiculous speeds). But when Porsche, a former frontrunner of the EV race, announces that they're now redirecting nearly a billion Euros to reinvigorate their hybrid and internal combustion engine programs and dialing back their EV projections, it raises some eyebrows.¹ The goal remains the same regardless of the means employed to achieve that goal—finding the perfect blend of efficiency, performance, and comfort in a package that consumers around the world will love (and can afford). Time will tell what share of the approximately 75 million unit per year global car industry is won over by EVs, versus alternative clean powertrain options.

Similar to the pre-emptive post-mortems surrounding internal combustion engines, the coal industry has been the target of countless obituaries as well. In the US, the demand trend has been objectively declining for decades, with a combination of government regulations and market forces leading to the slow but steady shift. Despite a long history of being the cheapest and among the most abundant fuel sources available, coal's intrinsic pollutive nature has largely disqualified it from acceptability in new development projects within the US. However, the state of the global coal industry stands in shocking contrast. According to the International Energy Agency, 2024 marked an all-time high for global coal demand, with coal-fired plants generating 35% of global electricity.⁵ In 2023, nearly 50 new coal-fired power plants were brought



online in China and Indonesia, with more completed in 2024, and even more scheduled for 2025.³ Over half of all coal consumed worldwide is done so in China.⁴ So, what gives? Putting aside emotion, beliefs, and politics, a dose of perspective lends a helping hand in understanding what is happening. The growth of coal is happening almost entirely in emerging market countries, with the largest net additions of coal-burning generation capacity coming from China, Indonesia, and India. Those three countries contain nearly 40% of the global population, with 2024 per capita GDP (a proxy for annual share of earnings per person) in each country of \$13,870, \$5,250, and \$2,940 respectively.⁶ Put yourself in those shoes: if you're in India trying to live off less than \$250 per month, do you envision yourself being concerned with the cleanliness of

your power grid? Or are you simply trying to minimize the cost of keeping the lights on, so you have money for food? Herein lies the challenge for those tasked with the growth and stability of these regions. As an objective observer on the other side of the planet, imagine running the energy agencies in these countries, or the government in general. It is unlikely that anyone "in charge" is enjoying the pollutive output of their rapidly expanding coal-fired power plant portfolios. However, if your choices are to either burn coal to create cheap and accessible electricity, or plunge your citizens into economy-crushing and stability-squashing darkness, the numbers show the choices being made. And while "The Death of Coal" has made headlines here in the US for over a decade (*The Atlantic* ran that article in 2013), where we have the economic good fortune to be able to optimize our power generation sources, a healthy dose of perspective should open our eyes to the fact that it's just not that simple everywhere.

What lessons can we learn from the tales above? Well for starters, if you noticed the timelines of sentiment regarding both EV and coal, it is clear that perspective and patience go hand in hand. Michelangelo is credited with saying "genius is eternal patience," and while it's unlikely he was talking about maintaining perspective on multi-decade economic trends, the premise holds. Eternal patience should help you maintain an objective perspective that results in genius-level decisions. To boot, an Indonesian named Low Tuck Kwong maintained this big-picture perspective and patience during a decade-long struggle of buying, running, and marketing a portfolio of coal mines on the verge of bankruptcy, coming out the other end earning a spot on the Forbes 100 richest people in the world list.² A nice dovetail to being patient is acting patiently, or in other words, acting on a premise at a measured pace. Toyota, the largest auto manufacturer in the world by production volume, watched as the EV hype unfolded throughout their competitive landscape. While they dabbled with EVs at a measured pace, they continued to act on what was (from their perspective at least) the more sustainable path forward—hybrid powertrain automobiles. Now that the auto manufacturers of the world seem to be retooling towards hybrid-focused solutions, Toyota looks like a bunch of geniuses while their competitors are forced to backtrack.

What relevance does an Indonesian coal magnate and the largest auto manufacturer in the world have to our lives? Well, they are not alone in being faced with monumental decisions whose ramifications last decades and impact lives. As you might imagine, perspective is a concept we take to heart as trusted advisors acting in clients' best interests, not just for the next few weeks or months, but for years or decades to come. Often times, the single best strategy at our disposal is gathering a realistic and objective perspective. Particularly in the recent market environment, patience, acting at a measured pace, and a "big picture" vantage point are among the core tactics that help make sense of all the noise. If we remain successful in the quest to maintain perspective, the odds of achieving genius-seeming outcomes are high!

¹ Analyst and Investor Conference 2024: Porsche AG." Investorrelations.Porsche.Com, 12 Mar. 2025, investorrelations.porsche.com/en/annual-call-2025/.

² Emont, Jon. "The Billionaire Mining Magnate Who Bet Coal Had a Future—And Won Big." *The Wall Street Journal*, 7 Jan. 2025, www.wsj.com/business/energy-oil/coal-industry-decline-east-west-divide-980c68c8.

³ Global Energy Monitor, et al. "Boom and Bust Coal 2024." *Global Energy Monitor*, 21 Jan. 2025, globalenergymonitor.org/report/boom-and-bust-coal-2024/.

⁴ IEA. "Coal 2024: Analysis and Forecast to 2027." IEA.Org, Dec. 2024, iea.blob.core.windows.net/assets/a1ee7b75-d555-49b6-b580-17d64ccc8365/Coal2024.pdf.

⁵ IEA. "World Energy Outlook 2024." IEA (2024), www.iea.org/reports/world-energy-outlook-2024/executive-summary. Accessed 24 Mar. 2025.

⁶ IMF. "GDP per capita, current prices." IMF (2025), https://www.imf.org/external/datamapper/NGDPDPC@WEO/OEMDC/ADVEC/WEOWORLD

⁷ York, Catherine. "Beyond the Sticker Price: The Cost of Ownership of Evs V. Ice Vehicles." NADA, 1 Mar. 2023, www.nada.org/nada/nada-headlines/beyond-sticker-price-cost-ownership-evs-v-ice-vehicles



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