

Hello Everyone,

Do any of you remember a Claymation character named, Gumby? He could bend every which way.

Anyway, when I was stationed at GTMO I was fortunate to work with many Marines. And when things would change, rather than saying Semper Fi (always faithful), they would wryly say, Semper Gumby...meaning always flexible. Got to love the Marines.

Today's missive was originally scheduled for Monday, but life interfered and we got pushed to Wednesday. Thus, Semper Gumby.

Our topic is bananas, duct tape, and Peloton stationary bikes. There is an investment message in there. I promise. I hope you find it interesting a bit entertaining.

Signed Your Don't-Ask-Me-About-The-Army-Navy-Game Financial Advisor,

Greg

KKOB 12.16.2019 Bananas, Art, & Pelotons

Bob: So, Greg, occasionally you do segments on, *"things that make you go hmmm."*

Basically, you are trying to get our listeners to question some of the stories they hear about stocks. But, today, you want to ratchet it up a little, right?

Greg: I do, but I don't know what to call it. Maybe *"Things that make you shake your head and say, "what?!"* Anyway, let's start with bananas and duct tape.

Bob, you may have heard there was a Miami art show recently where an "artist" duct-taped a banana to a wall. That "piece of art" sold for \$120,000.

Then, a comedian heard about the sale on the radio, went to the art gallery, took the banana off the wall and ate it. So, the gallery taped up another banana.

Bob: That is crazy—and I had read that story—but how does this connect to today's business report?

Greg: well, my question is, "*what was the buyer saying with his (or her) purchase?*" To me it's one of two things. Number one is, "*Look at me. I am so rich I can throw money away like this.*"

And that's what most people think.

But number two might be, "*I have no regard for \$120,000 because I deem this money of little worth. Duct tape and a banana are of more value.*"

Bob: I hadn't thought of it like that. But, you're right. Someone with that kind of money probably isn't stupid. Some message was being sent.

Greg: Right. Anyway, let's look at another head-scratcher.

Bob, have you seen the Peloton commercials? You know the ones where the super-fit people pedal away on their stationary bikes in their super fancy houses and then dismount and pour fresh orange juice for their kids?

Bob: Sure; everyone has. They run all the time.

Greg: Well, guess what? Peloton recently went public, but not as a fitness company, but as a tech company. A tech company?

But it didn't stop there. Management said Peloton was a media company, a software company, a product-design company, a retail company, an apparel company and "*a social connection company that enables our community to support one another.*"

Uh, OK.

And look, I think Peloton is a cool product. But, let's get real. It's a stationary bike with a computer screen attached. And, Bob, let me ask you, how many people do you know who have bought fitness equipment--- and after three months they have laundry hanging all over it?

Bob: A lot. But a Peloton costs over \$4000; so that's an expensive drying rack.

Greg: It is. Anyway, Peloton has lost half a billion dollars since 2012, the Security Exchange Commission is questioning the validity of their numbers, and they have never had a public company audit. Yet, this company is supposedly worth \$9.2 billion.

Let's just say I have my doubts.

But it's not just Peloton I question. Snapchat, Uber, Lyft, & Pinterest all say they are tech companies with "disruptive" business models. But, Bob, they all lose money. Yet, wall Street says they are worth billions.

I don't know, a lot of this feels like the dot com boom to me. Do you remember that? When everyone was adding dot com to their name just to sell stock?

Bob: I do. Twenty years ago, it was mania. A lot of people got hurt.

Greg: They did. So, let's bring this full circle. Just because someone tapes a banana to the wall doesn't make it art. And just because wall street says a stationary bike company, or a private taxi service, or a hip website, is a disruptive technology doesn't make it so.

These companies could just be bananas on the wall masquerading as art.

Bob: So, my take-away from today's report is----question, question, question. Are the numbers real? Are you investing in a real business or is it just hype? And, are they telling you the truth?

To me, if you start there, it is less likely you will see your money eaten up---the way that comedian ate the banana.

How do people reach you?

Greg: I see what you did there. Very clever. My number is 508-5550. Or go to my website at zanettifinancial.com.

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