Hello Everyone,

1st Sergeant: Tiny Bubbles.
Troops: Tiny Bubbles.
1st Sergeant: In My Wine.
Troops: In My Wine.
1st Sergeant: Make Me Feel Happy.
Troops: Make Me Feel Happy.
1st Sergeant: Make Me Feel So Fine
Troops: Make Me Feel So Fine.
—Old Army Marching Cadence (and Don Ho song)

I do not believe we have tiny financial bubbles in our economy. They are huge. And I do not believe they are going to make us "feel so fine." The hangover will not be worth it.

In short, 1st Sergeant would not approve.

We won't use I-Bob to make our point today; but rather some very good analysis by Lance Roberts over at ***realinvestmentadvice.com.*** Lance is a clear thinker who looks dispassionately at the markets and rejects the notion that "this time it's different". Which, by the way, is a hallmark of every bubble.

So, let's get to it.

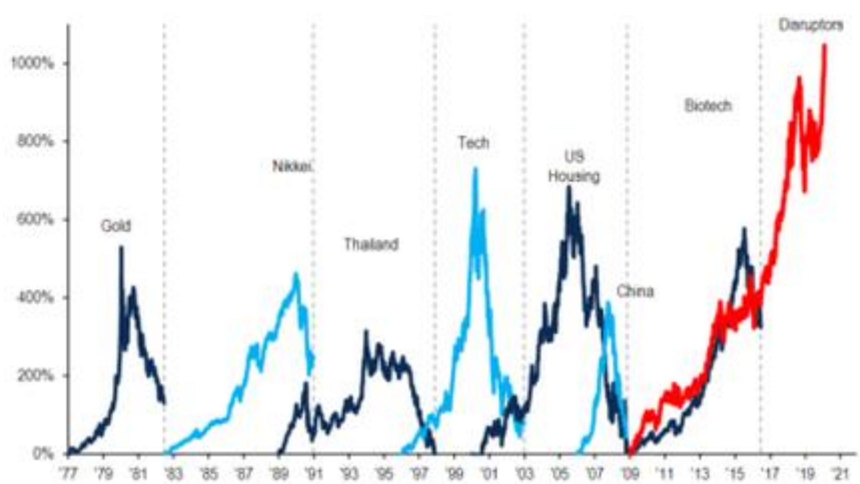
Lance starts by borrowing a chart from investing legend Jeremy Grantham. Mr. Grantham has been sounding the alarm about what he calls the "disruptors" bubble. The recent historical parallel might be the dot com bubble of the late 90's.

And while “disruptors” like Amazon have changed businesses dramatically (as dot com did), the business and the stock are not the same thing.

Oh, and while disruptors is one term, many are calling today’s markets the “everything bubble”. Meaning, stocks, bonds, real estate, currencies, etc.

Regardless of the name, the chart below shows we are in uncharted territory.

Chart 2: History of asset bubbles past 40-years



Source: BofA Global Investment Strategy, Bloomberg. Note: Gold (XAU Curncy), Japanese Equities (NKY Index), Thai Equities (SET Index), Tech (NDX Index), US Housing (S5HOME Index), Commodities (SHCOMP Index), Disruptors (DJECOM Index + NYFANG Index constituents, equal weighted)

And while the numbers are interesting, it is the psychology of a bubble that defines its existence.

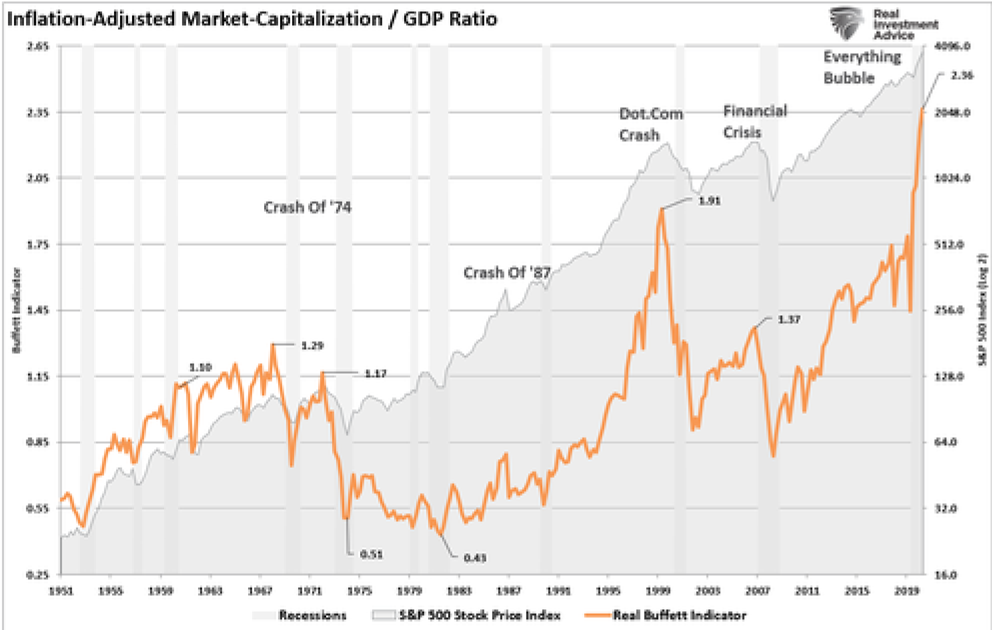
The psychological steps look something like this:

- Rising prices attract “new money.”
- New money is often inexperienced money.
- Inexperienced money helps drive prices even higher.
- Rationality fades. Exuberance rises.

- Exuberant investors borrow money to take advantage of the “chance of a lifetime.”
- New companies in search of capital see an opportunity.
- They sell a “story” that fits the exuberance mindset. (e.g. “We are a disruptor.”)
- These risky investments perform the best…even though they make no money.
- Warning bells start going off, but only a few listen.
- The “this time is different” crowd buys more while “smart money” quietly exits.
- Suddenly, (who knows why?) the bubble pops.
- A half-hearted rally follows a few weeks or months later.
- The rally fails, and down she goes for the count.
- Our tiny bubbles turn into a massive hangover that scars a generation of investors.

I would say we are at the warning light phase….and it looks like a Christmas tree. But nothing has happened yet.

So, let’s look at one more chart and call it a day. This chart shows the financial world (stocks) vs. the real world (the GDP). And, yes, the disconnect between the “boots on the ground” economy vs. the “financially” world of paper wealth instruments has never been higher.



Signed, So-Let's-See….Weed-Is-Bad-In-Women's-Sports-But-Men-Are-OK-In-Women's-Sports? Financial-Advisor,

Greg

By accepting this material, you acknowledge, understand and accept the following:
This material has been prepared at your request by Zanetti Financial, LLC This material is subject to change without notice. This document is for information and illustrative purposes only. It is not, and should not, be regarded as "investment advice" or as a "recommendation" regarding a course of action, including without limitation as those terms are used in any applicable law or regulation. This information is provided with the understanding that with respect to the material provided herein (i) Zanetti Financial, LLC is not acting in a fiduciary or advisory capacity under any contract with you, or any applicable law or regulation, (ii) that you will make your own independent decision with respect to any course of action in connection herewith, as to whether such course of action is appropriate or proper based on your own judgment and your specific circumstances and objectives, (iii) that you are capable of understanding and assessing the merits of a course of action and evaluating investment risks independently, and (iv) to the extent you are acting with respect to an ERISA plan, you are deemed to represent to Zanetti Financial, LLC that you qualify and shall be treated as an independent fiduciary for purposes of applicable regulation. Zanetti Financial, LLC does not purport to and does not, in any fashion, provide tax, accounting, actuarial, recordkeeping, legal, broker/dealer or any related services. You should consult your advisors with respect to these areas and the material presented herein. You may not rely on the material contained herein. Zanetti Financial, LLC shall not have any liability for any damages of any kind whatsoever relating to this material. No part of this document may be reproduced in any manner, in whole or in part, without the written permission of Zanetti Financial, LLC except for your internal use. This material is being provided to you at no cost and any fees paid by you to Zanetti Financial, LLC are solely for the provision of investment management services pursuant to a written agreement. All of the foregoing statements apply regardless of (i) whether you now currently or may in the future become a

client of Zanetti Financial, LLC and (ii) the terms contained in any applicable investment management agreement or similar contract between you and Zanetti Financial, LLC.