



Zanetti Monday Missive 2021.12.27 Time, AOL, and Irrational Exuberance

“I strongly believe that AOL can return to its past greatness.”

~ Steve Case

“A slave stood behind the conqueror holding a golden crown and whispering in his ear a warning: all glory is fleeting.”

~ General George Patton

Hello everyone! I hope you all had a happy Hannukah, a blessed Christmas and are looking forward to a happy New Year.

Last week I wrote about Time Magazine’s pick for this year’s person of the year: Elon Musk. I tried to keep my focus on issues at play today with Musk, Tesla, and Senator Elizabeth Warren. The struggle was that my mind kept going back to who Time Magazine is and their storied past. So, this week, I’m going to look back a couple of decades as we tie back to today.

First, I want to point out that I think Elon Musk tries to keep perspective as he “blasts” toward the future. It stood out to me in his interview, when Time Magazine referred to him as the richest man in

history, he quickly interjected “aside from Sovereigns.” Noting that Vladimir Putin is likely far wealthier, as well as other sovereigns throughout history (e.g. King Solomon).

Instead of pumping his fist in the air and claiming that title, perhaps he recognizes that the title only comes this year when his personal wealth surged over \$100 billion as his shares of Tesla skyrocketed.

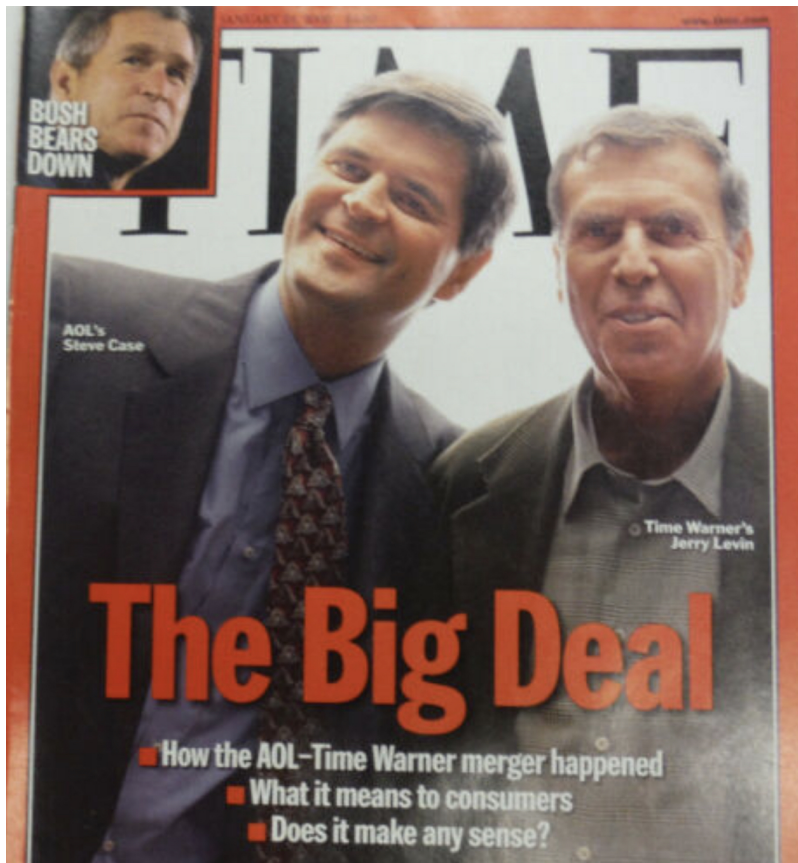
As I read the Time Magazine article, I recalled the late 1990s and early 2000s when the internet was a brand new thing and the industry was creating millionaire’s left and right. All one had to do was create a website, wave a magic wand, sell said site to a large stodgy company and – VOILA! You’d just become a millionaire!

The internet was new, few people truly understood it, but everybody recognized that it was changing the world we knew – and would continue to. But since few people understood it, the internet was drawing in money quicker than any industry in a century. This created an environment former Fed Chair Alan Greenspan referred to as “irrational exuberance.”

In the flurry, AOL (America Online) was one of the brightest stars. Computers were chiming to their users: “YOU’VE GOT MAIL!” and people loved it. A blockbuster movie was even made starring Tom Hanks and Meg Ryan with AOL as the backdrop. AOL was surging to record valuation levels. AOL’s CEO, Steve Case, became a business “rock star!”



AOL quickly got so large that Steve Case brokered their merger with the storied Time Warner Conglomerate. As many of you recall, the new company became known as AOL Time Warner. And, just to clarify, it was not known as Time Warner AOL. AOL was first in line. And nobody seemed to care that the merger didn't make sense. Why? Because people were getting rich, and rich people were acting rich and having the time of their lives. Nobody knew it at the time, but it was the end of the "irrational exuberance."



The merger happened in 2000 and by 2003 (after the dot.com bubble burst) Time Warner had dropped AOL from their name. AOL was spun off and later purchased by Verizon. AOL still exists, and it serves a purpose as a business, but it's no longer in the headlines.

As an aside, do you know who the 18th search engine to appear online was? Google! Yes, back in 2000, nobody knew who Google was, they were "late to the party" and far back in line at the race track. But look at them now.

So, where does this walk down memory lane take me? I can't help but think of today's market. Over the past year I have read articles in the paper about computer programmers creating new crypto currencies and becoming multi-billionaires (Bitcoin > Dogecoin > Shiba Inu).

When asked why is this happening, the common response is "Crypto is the way of the future." And then I have to think, well perhaps, but maybe not in the way that my high school kids think it is.

Tesla is now worth more than the next 9 automakers combined. Yes, you read that right, more than Ford, GM, Fiat, Toyota, Subaru, Nissan, VW combined! And Tesla barely sells more than 200,000 cars a year.

So, as you reflect on this year and the people you've seen proclaiming their investing genius as they've become "rich", remember the early 2000s when in 2001, things got pretty bleak for many, while others were able to capitalize on great opportunities. That's the perspective we are keeping these days here at Zanetti Financial.

Your If-I-Had-Only-Sold-My-Beanie-Babies-On-eBay-When-They-Were-Making-Everybody-Else-Millionaires Financial Advisor,

Walt

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