

**Subject:** IPO's, shades of 1999, sock puppet sex  
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Ah....the 1990's who can forget. Stocks had been on a tear. From 1995 to 1999 the S&P advanced over 150%. It was a great decade for stocks, even the crummy ones went up and never went down...kinda like today.....

At the end of bull markets you see silly stuff. IPO's or (Initial Public Offerings) were the rage in the late 90's. The Internet was blossoming and any company associated in the slightest way with the new technology came to market with much fanfare. Valuations become, well, just silly. Companies such as Etoys and Pets.com would be become poster children for an overdone market. In late 1999 Etoys came public at \$20 and would rocket to \$77 a share in one day.

Pets.com would launch a massive advertising campaign sporting a talking sock

puppet. Guest appearances on the Today Show and the Macy Thanksgiving Day Parade wasn't enough to fend off bankruptcy. Pets would fold only 9 months later but not before sporting a \$8B valuation.

IPO's are popular again today. Take last weeks debut of Beyond Meat. The company makes burgers, sausages and almost any meat product you can think of out of plant based substitutes. The stock came public at \$25 and soon shot up to nearly \$100 before falling back to \$80. Today the yet to be or maybe never profitable firm is worth nearly \$5B. Too rich for my blood. As one investor cited maybe they should call it Beyond Stupid....

People get caught up in the hype. You really need to understand what is happening in an IPO. The original investors/founders are selling a piece of the business. They want cash and they want as much as they can get and give up the least amount of stock. Investment bankers are hired and their job is to get the highest price. They get more in commissions, the attorneys make more in fees and on and on. Everyone in the deal is incentivized to get the highest price possible. Not the best environment for a bargain.

Of course IPO is how most companies come to market. Some are good. Visa and Mastercard came public in 1999 amid all the other dross. They've been great investments. However the time to buy them is not when they come public, when the hype machine is geared up. But at a later date when the market gives you a better entry point.

Reality eventually comes home to roost. Etoys lasted a little longer than Pets folding in February of 2001. Meanwhile our sock puppet friend would not only lose his job but his dignity as well. It seems Triumph The Insult Comic Dog took umbrage at Sockos very existence. He eventually got his revenge on Saturday Night Live humping poor Socko in the bathroom. A long fall indeed for the mike carrying mascot.

I don't know about Beyond Meat. To me a better idea would be meat based plant foods. How about broccoli made out of pepperoni? Or sausage based cauliflower?... Ummm yummy.

In any event I'll pass. On Beyond Meat and all the other ridiculous IPO's. You should too....



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