

# THE COFFEE CAN PORTFOLIO

## NEOMANIA REVISITED From Bitcoin to Beeple

In the January issue, I introduced the term “[neomania](#),” which was coined by Nassim Taleb to describe an obsession for all things new and disdain for the time-tested. We see this everywhere today. Elder wisdom has taken a backseat to youthful exuberance, similar to the go-go ‘60s and late ‘90s dot-com bubble.

When Covid-19 announced its presence, the long accepted response of targeted isolation was ditched for universal isolation. Now people line up to take rushed vaccines with unproven technology and limited testing, attempting to eradicate a virus that [mutates](#) widely.

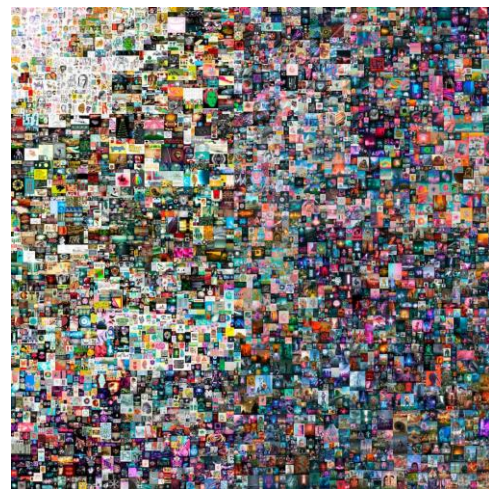


The Bitcoin ledger was created in 2009 and gold first used as money around 700 B.C., yet Bitcoin more than doubled this year (before its recent 20% pullback) while gold has languished (-5.8%).

The art world has long been obsessed with contemporary works, but neomania has taken it to a whole new level with the recent sale of a “digital product” by a graphic designer and 39-year old suburban dad known as Beeple. According to *The Washington Post*,

After bidding that lasted two weeks, “Everydays: The First 5000 Days” sold for \$69.3 million (with fees) on March 11, making it the third-highest price paid at auction for a living artist. Topping that lists are Jeff Koons’s “Rabbit,” which took in \$91.1 million in 2019 and David Hockney’s “Portrait of an Artist (Pool with Two Figures),” purchased for \$90.2 million in 2018.

People can debate the merits of Koons and Hockney all they like. But at least their artworks were physical objects. Paying \$69.3 million for a work that exists only digitally and is dated February 2021 is obviously insane. Even more insane is that the buyer, the Singapore-based founder and financier of the cryptofund Metapurse who goes by the name Metakovan, thinks it is “the most valuable piece of art for this generation.”



“Everydays: The First 5000 Days”

Capitalism lifted man out of the Malthusian trap circa 1800 and created the [hockey stick](#) of human prosperity,

yet many – especially the young – are ready to risk it all for a new form of economic organization based upon fuzzy concepts like “fairness” and “equality.” (This is technically an *old* idea which has failed countless times, but we should never allow details to get in the way of progress!)

While we’re at it, the family originated between 100,000 and two million years ago. Time for a replacement, say the cultural Marxists.

[Three months ago](#), I asked “If you had a trillion dollars and change to invest, what would you buy?”

The first list of companies (“New Kids on the Block”) included Tesla, Airbnb, Square and Zoom Video Communications. The second (“Old School”) included Berkshire Hathaway, Oracle, Starbucks and American Express. Both added up to a price tag of \$1.35 trillion. In the thirteen weeks since, the New Kids are down 10.1% with Old School up 13.2%. Is it possible this infatuation with novelty is already past its peak?

## RULES OF THE INVESTING GAME

1. FIND THE PARADE AND GET OUT IN FRONT.
2. PAY ATTENTION TO ADDICTIVE CONSUMER BRANDS.
3. GROWTH CAN HAVE A LONG RUNWAY WHEN BRANDS EXPAND NATIONALLY AND INTERNATIONALLY.
4. WHEN ANALYZING FAST GROWING COMPANIES, IGNORE EARNINGS AND FOCUS ON INVESTMENT.
5. BUY RIGHT AND SIT TIGHT.
6. ALIGN YOURSELF WITH PEOPLE WHO HAVE SKIN IN THE GAME.
7. AVOID THE CROWD AT ALL COSTS.
8. IT'S A MARKET OF STOCKS, NOT A STOCK MARKET.
9. IN A PANIC ALL CORRELATIONS GO TO 1. PANICS ALWAYS CREATE BUYING OPPORTUNITIES.
10. ADVERSITY REMOVES THE FRAGILE AND SPARES THE ROBUST.
11. CUI BONO? IN POLITICS, CONSIDER WHO BENEFITS.
12. THE RETAIL INVESTOR IS ALWAYS LATE TO THE PARTY.
13. BUBBLES ARE THE MOST DESTRUCTIVE FORCE KNOWN TO MANKIND.

### ***The Coffee Can Portfolio***

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*The Coffee Can Portfolio* is part diary, part wisdom gained from over 40 years in the investment game meant to be shared with others. Trust me, I've made every mistake in the book. That doesn't mean you need to repeat every one of them. Failure is unavoidable, an essential part of the learning process. Embrace it!

I plan to publish every two months. The cost of an annual subscription is \$89 which includes six issues as well as email alerts. If you wish to subscribe, go to [www.thecoffeecanportfolio.com](http://www.thecoffeecanportfolio.com).

One goal in writing this letter is to build a network of smart people following a similar process. If you have feedback, a topic you'd like discussed, or an investment insight you'd like to share, drop me a note!

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