

## SOCK PUPPETS

You may recall the dot-com bubble of the late 1990s and early 2000s. The internet was all the rage and eyeballs replaced revenue as a measurement tool of equity valuations. The posterchild was Pets.com, whose mascot was the iconic sock puppet.

The Chart of the Week shows the large runup in the NASDAQ Composite into late 1999, when it reached a level equivalent to 60% of the weight of the MSCI World ex USA Index (left side of chart). Today, this NASDAQ-MSCI World ex USA ratio has been taken to a new level altogether, as the NASDAQ now represents a relative weight equal to all world equities outside the United States (right side of chart).

Let that sink in for a minute. The NASDAQ is now worth as much as all stocks combined in the rest of the world.

## The Nasdaq index has grown bigger than the rest of the world's stock market

US tech is an increasing share of global markets

Ratio between the market cap. of NASDAQ Composite and MSCI World ex. US



Source: Bloomberg, Haver Analytics, Goldman Sachs Global Investment Research

Global Investment Research

Source: <https://www.zerohedge.com/markets/von-grevez-you-cant-avoid-final-collapse>

# CHART OF THE WEEK

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May 21, 2020

## THE ZOOM BOOM

The charts to the right and on the following page illustrate today's posterchild, Zoom.

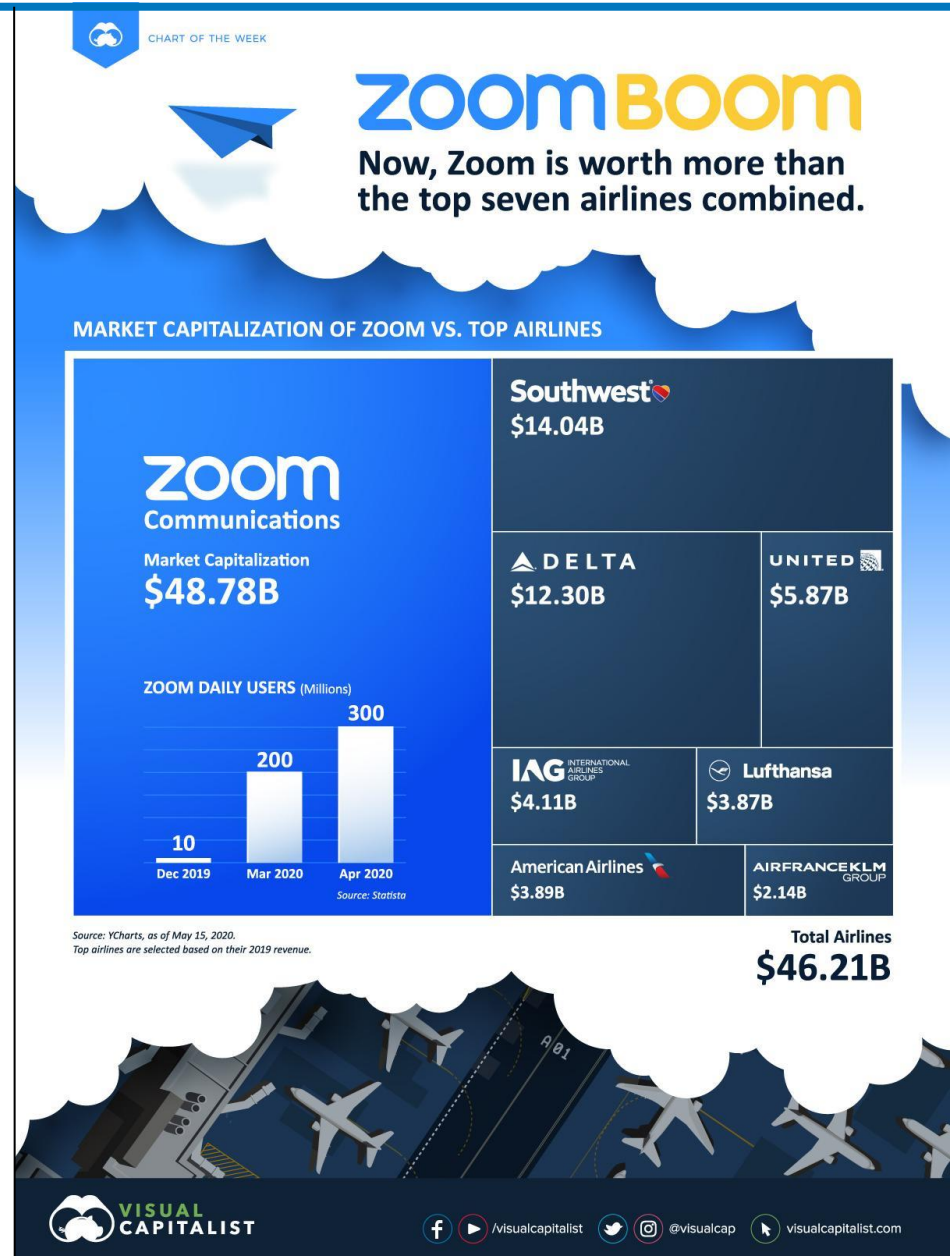
Granted, the coronavirus pandemic has put an unexpected gale-force push for their sails, while also creating an intense headwind for the airline industry. Still, these charts are eye-opening. A company with a trailing revenue run rate of \$623 million<sup>1</sup> is now worth more than the world's seven largest airline carriers combined.

If COVID-19 never really goes away and we are permanently "locked down," perhaps this valuation makes sense. Even if tech's time has come, for the sake of everyone's sanity, let's hope the market is off on this valuation!

## YOUR TAKEAWAYS

This example from the current tech sector runup illustrates why staying focused on an appropriate level of risk in your portfolio is important. Fixating on an individual position or overweighting a specific stock, particularly in this environment, is not advisable. Your wealth advisor continues to monitor your overall allocation in keeping with your planning goals.

*Keep the long picture in view and be sure to communicate with your advisor about any material changes in your financial situation during this fluid time.*



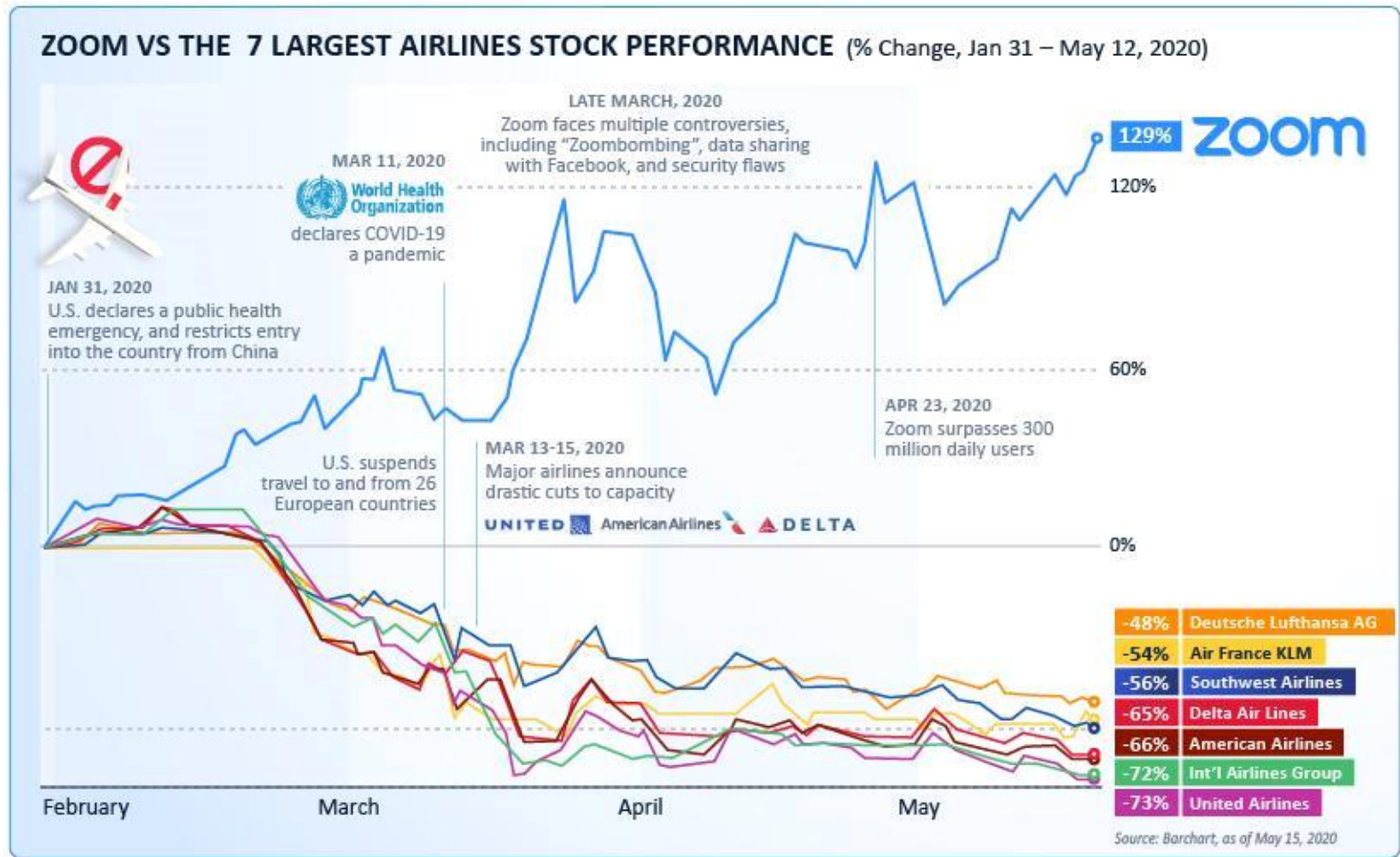
Source: <https://www.zerohedge.com/markets/zoom-now-worth-more-worlds-7-biggest-airlines>

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Chief Investment Officer



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