

Market Features

**10 Things I Will Not Miss About 2005**By **Scott Rothbort**

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*Editor's Note: This column by Scott Rothbort is a special bonus for TheStreet.com and RealMoney readers. It appeared on Street Insight in two parts starting on Dec. 20. To sign up for Street Insight, where you can read Rothbort's commentary in real time, please click here.*

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**Goodbye and Good Riddance**

Another year has passed. I hope that you are all a year healthier, wealthier and wiser. As I have done each of the past three years, and back by popular demand, I would like to share with you the 10 things that I will not miss about 2005 and do not want to ever see or hear again, in no particular order.

**1. Junk Mail From Capital One (COF:NYSE)**

The firm is best known for its "No Hassles Rewards" credit card, yet I am constantly hassled by junk mail trying to get me to sign up. I get them, my wife gets them, and my business gets them. The offers arrive at least twice a month for each. That's "no hassle?" Then I have to watch and listen to those silly David Spade commercials -- what a hassle. I am so thankful for my **Tivo** (TIVO:Nasdaq). (OK, I admit that I enjoy the commercials with the Barbarians.) So do me a favor COF: Stop "no hassling" me.

**2. Big-Cap Pharma as a Value Investment**

To me, these stocks are portfolio herpes. You can keep **Pfizer** (PFE:NYSE) and **Merck** (MRK:NYSE) and the whole bunch. I won't get sucked in by their dividends, nor by the halcyon call about their wonderful pharmaceutical pipeline. They have wonderful pipelines -- and they're chock full of lawsuits and expiring patents. I will take the next generation of drug manufacturers: **Genentech** (DNA:NYSE), **Amgen** (AMGN:Nasdaq) and **Amylin** (AMLN:Nasdaq) to name a few.

**3. Warren Buffett as the Financial Messiah**

The man has gone from investment genius to religious icon. Let's learn what he has taught us in the past -- and there is plenty of that -- but let's not pray at his feet.

**4. The Idea That Hockey Is Dead**

In one of the best marketing and management maneuvers in many years (perhaps since **Coca-Cola** did the switcheroo with new and classic Coke), the National Hockey League has gone from a locked-out league on the verge of extinction to an exciting new product. The new rules, removal of the center line, and the post-overtime shootout have turned this game around better than most CEOs have turned around companies.

Even the New York Rangers are winning. That team is run and owned by **Cablevision** (CVC:NYSE), which has a less-than-stellar management team at its helm. That crew needs to be locked out by shareholders. Maybe we can get Gary Bettman to run CVC instead of the Dolan family and turn that place around.

**5. Howard Stern's Move to Sirius (SIRI:Nasdaq)**

I will come clean: I have listened to, watched, read and enjoyed Howard Stern. Not religiously, but from time to time. I am just tired of this constant bombardment of coverage about his move to **Sirius**. I believe he peaked years ago. His divorce from his wife marked the peak of my interest for his radio show, and I believe he went downhill from there. I believe his divorce from terrestrial radio will mark another peak for Stern and for SIRI shares.

## 6. The Overanalysis of Semiconductors

My voicemail and email are overflowing with semiconductor research, analysis, and opinions. Why do **Intel** (INTC:Nasdaq) and **Texas Instruments** (TXN:NYSE) and their peers have to report at least eight times a year (four quarterly and four midquarterly reports), plus countless updates at sell-side conferences, and capped off by the companies' own analyst day? It's information overload. It's over the top.

The money wasted on this atomic-level, full-cavity search of the semiconductor industry is completely gratuitous. For the most part this is a commoditized product, so why does it merit customized treatment? Why bury people with data and analysis? Who does the sell side think it's fooling?

The public brokerage companies can all add more than a penny per share if they just jettisoned the semiconductor research effort. I can't believe that the commission flow justifies the research budget. To top it all off, at the end of the day the market reaction to news is usually random at best. Now, if we can only get rid of those analysts who cover the airlines. What a *shanda* (Yiddish for shame) this bloated sell-side research has become. However, to paraphrase Dennis Miller, I don't want to get off on a rant here.

## 7. Google (GOOG:Nasdaq) Is Overpriced

People are always telling me that Google is overpriced because the stock is over \$400 per share. Their opinion is not based on fundamentals, technicals, or even astrology. It's simply that a \$400 stock is too expensive. When I ask if a \$40 stock is too expensive, those same people reply "no." It's all about optics. Unfortunately, there are also some "professionals" who only understand optics.

## 8. Weekly Energy Inventories

Every few years the markets get hooked on another metric. The repeated emphasis of the metric steadily becomes irritating. Then a cottage research industry springs up to study this metric. Investors overanalyze the metric, it loses relevancy, and it ends up in the dustbin of Wall Street history. This year the weekly report on [natural gas](#) inventories gets the award. If you believe I am being short-sighted, then let me remind you of metrics of years past: Money supply, page clicks, trade balance, DRAM prices (see #6), stock index futures premium/discount, and my favorite misnomer, the leading economic indicators (LEI).

Don't get me wrong, they all have some relevance. But they should not be the tail that wags the dog.

## 9. Presidential Approval Ratings

I don't care who is in office at the time. We live in a democracy. The president is elected to a four-year term. Sometimes they get re-elected. Get used to it. The concept of no-confidence votes do not exist in our political system.

So who in their right mind manages money based on political polls or approval ratings? Why do I have to hear this on the financial news networks? Unless it moves markets or I can make money off of it, please leave it to the Sunday morning political commentary/debate shows. Unless you can correlate presidential approval ratings with stock market movement, don't waste my time.

## 10. The Dow Jones Industrial Average

The Dow gets the lifetime achievement award for most irrelevant benchmark stock index. I realize that things are bad at **Dow Jones** (DJ:NYSE) but keeping the DJIA in its existing form is throwing good money after bad. **Standard and**

**Poor's** has taken Dow Jones to the woodshed with the **S&P 500** (SPX/SPY) and other smaller-cap indexes. S&P makes millions of dollars licensing out their products. Dow makes nothing. If the masterminds at Dow Jones had any sense they would redesign the DJIA to 250 stocks and revitalize a Wall Street standard bearer.

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*At the time of publication, Rothbort was long Google, Intel, Texas Instruments, Amgen, and Amylin and short Pfizer, although positions can change at any time.*

*Scott Rothbort has 20 years of experience in the financial services industry. In 2002, Rothbort founded LakeView Asset Management, LLC, a registered investment advisor based in Millburn, N.J., which offers both individually managed accounts and a hedge fund to its clientele. Prior to that, Rothbort worked at Merrill Lynch for 10 years. Rothbort holds an MBA in finance and international business from the Stern School of Business of New York University and a BS in economics and accounting from the Wharton School of Business of the University of Pennsylvania. He is an adjunct professor for the Stillman School of Business at Seton Hall University. He appreciates your feedback; [click here](#) to send him an email.*

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