

WALL STREET UNPLUGGED

AUDIO TRANSCRIPT

Frank Curzio:

How's it going out there? It's January tenth. I'm Frank Curzio. This is the Wall Street Unplugged podcast where I break down the headlines and tell you what's really moving these markets. As you know, I'm at the Consumer Electronics Show right now. On Friday and next Wednesday I'm gonna break down the entire CES fair, the winners, the losers, and new technologies. Over 4,000 companies here. Crazy. If you're a Curzio Research Advisory member you're supposed to get your monthly issue today, which I almost never ever delay, but I am gonna postpone it to next Wednesday. There's a reason.



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I plan on recommending several companies, and these companies happen to be at the CES that I'm meeting with right now. I have meeting with management, wanted to sample their technology personally before I see exactly which particular names, gonna be more than one, probably at least two, maybe three, that go into the portfolio. I'm meeting with about seven or eight different companies. These names are from one amazing trend that's gonna explode next year. It's a trend you heard of, I mentioned, tease it a little bit. It's not even gonna explode next year. It's gonna explode the year after and over the next 10 years, 20 years, 30 years.

That trend is smart homes. You may say, "Smart homes? Alright Frank, we kinda know about this. I get it. I hear about it." No. You haven't seen nothing yet. It's just like cloud, where everybody heard of cloud in 2011, '12, started getting big in '13 and now it's exploded. That's where we are with smart homes. It's a trend I did not like over the past few years. After attending CES and I came back, I told you this. I'm taking executive tours because there's so many different technologies. It was nothing really universal where you could use one app that linked up to all the hardware that's being sold, like the security systems. This is the worst. The lights, the coffee machine, thermostat, TV, everything, right? Everything's becoming voice activated.

Now you have Alexa and they're selling like crazy. Amazon is basically giving these away. You don't really go over the figures, I think it was something close to 11, 12 million, based on analyst estimates that they sold last year. By last year I mean 2016. This

year? 30 million plus, easily. If you bought something on Amazon, there's a very, very good shot that you bought an Alexa. They were almost giving it away. They wanna give it away because that's the hub for your home. You also have Google Home as well, Android and stuff like that, but these two are the standards. They're in a lot of people's homes and it's gonna continue and get bigger and bigger and bigger.

You can use these voice assistants to control everything in your home. You can also use their apps to check the security camera in your home or in your mobile phone no matter where you are. You left and you're about to board a plane and you just remember you forgot to lock your door, you can lock it through your mobile phone, two seconds. All this technology is becoming huge right now. Timing is key, right?

3D printing, you could've become a billionaire or lost everything you owned depending on when you invested in 3D printing. It is gonna make a comeback. If it's gonna scale, it has to scale on a consumer level. You have to teach consumers how to use it and they're not even close to that yet. That's why you saw a trend. A lot of these stocks take off and then come down and rebound a little bit.

We call this an inflection point, where you're gonna see massive, massive, massive adoption. You're gonna see this adoption whether you like it or not. It's like the smartphone, right? My mom was forced to buy a smartphone because every phone is a smartphone now. She learned how to use it. A smartphone has access to the internet, it's like having a computer in your hand. No matter how old you are or what you're doing, this technology it's gonna ... That's the way technology is.

But you're looking at home builders installing smart home technology in almost every new home they build. You're gonna see your friends with this technology. You're gonna see your family members with these technologies. I visited three Best Buys over the holidays. They all have the smart home displays right up front. As soon as you walk in the store, right there. I talked to every one of the guys who basically ran these departments, really cool guys. That's the one thing that's great about Best Buy. You go into Best Buy and they actually know about everything.

If you go into a Walmart ask them anything about technology, they'll take the box and read it to you. It's awesome. This thing does this. Alright, I can read the box. I just wanted to know if it did anything. Okay, thank you. No. Best Buy, they're all educated.

They know everything. If you go to a mobile section, if you go to appliance section, if you go to the computer section everybody is knowledgeable about which are the best computers, what do you need, what fills your needs. It's great service.

Going into Best Buys, talking to these people, those home displays all up front. It's got all the information and it's amazing. It's gonna cost less than \$800, they were telling me, to install the hub. They're using a company called Vivint, which is private, but they install the stuff through their Geek Squad. They all have the cameras, the light bulbs, the thermostats, the blinds, the coffee machine. They were all there. They were all right there, all the hardware for you to purchase. You pick it out and then Geek Squad goes in your house. You give them a schedule, what works, they go there and they install it.

Now talking to these people, asking them what are you seeing in terms of demand. They said it's incredible. Months out for installations. These things are flying off the shelves. People are getting them like crazy right now. Why? Because it's easy to do, you can use your Alexa and hook up your whole entire house. You just gotta get that hub and put it on. You put it wherever you want. That's it. It has access to everything. You have voice recognition through everything. It makes it easy and easier. You can go slow and buy a couple light bulbs. You could buy a coffee machine.

But it's more security features are amazing, where on your mobile phone by using that app you could just check out the security features. Your kids are playing outside around the house, you have cameras. Again, you're not allowed to have your kids play outside in front of your house anymore. I don't know. Borderline illegal, compared to 20 years ago where your kids used to go and then come home. I used to come home when I was hungry. Used to be out for eight hours in the park and come home. Now you're not allowed to do that. You're a bad parent. You have to watch your kid everywhere. In your backyard, you have to watch them. That's crazy, right, the way things change. People have become more paranoid because the media's everywhere and again, I won't go too much into that. Every bad, negative story makes people nervous, but that's a big part of this.

You want cameras all over the house now, and they're all wireless, easy to install. The thing is, it's very easy to use now. Now that you have Alexas, now that you have Google Homes. These things are flying off the shelves this holiday season. I always said Best Buy, screaming buy. This is a name I told you to buy below \$30, I'm gonna say probably 18 months ago, less than that. I got a

lot of emails saying, "You're crazy." Yeah, I get some wrong here and there. You look at Amazon, how it impacts ... Just so many companies, that they could just take over Whole Foods and disrupt an entire industry.

Best Buy has become immune to Amazon. They can't touch it. You used to go into Best Buy, look at what TV you wanted to buy, and then go to Amazon and buy it 20% cheaper. Now they match every single price. This isn't a pitch for Best Buy, by the way. I'm just telling you. Now they match every single price and they have Geek Squad to install it in your house the proper way. But it's working. It's doing great. That's why you've seen the stock take off. And now installation of these smart homes is huge. We're talking about all the new homes being built.

Again, it's not just a Best Buy story, but the smart home story. This is the technology going forward for new homes. People are gonna have this technology everywhere. You're gonna have Alexa. You're gonna see it every place. I'm starting to see it already. Three or four of my friends have it. But now it's for under \$1,000 to get this installation. You'll probably pay a little bit more to get a little bit better hardware, but it's all compatible with these systems. You can make it easy to use. It wasn't like that for the past three years.

I know this by attending the CES, by taking executive tours with the top guys there, the tours that the IBM executives take. You have to take these tours as an analyst or someone looking for ideas because there's 4,000 companies that in 2.6 million for your square foot of space there. It's insane. You're walking around in this thing. If you haven't been there, it's completely overwhelming. Drones everywhere, robots. It's a lot of fun, it's cool, but for an analyst looking for ideas and looking for those little pockets where anyone's really talking about it ... I think it's a five, six hotels now outside of the convention center. It's huge.

You need someone that's been doing this for 20 years and says, "Hey, these are the new companies. Check out these companies over here. These are some of the last entries that came in. Against this wall here's 15 companies that needed to be here because of their new technology they're about to release. They're late entries, they have small booths, and they wanted to squeeze themselves in." That's stuff you cannot find out unless you have contact in the industry.

But getting back to Best Buy and talking to those representatives, they said demand is off the charts. They're installing these things like crazy. It's nuts. There's a long wait. They were saying it's not

the largest seller, it's one of the largest sellers at Best Buy right now, is a smart home, smart home technology. It's never been that way. Again, a trend I wasn't too crazy about. This is three locations in Florida. They have hundreds of stores and every other store may have saw no demand, which I know didn't happen.

That's why I have you guys, right? My awesome network of listeners who I really think you guys love doing this, sometimes. I get so many emails. Please, the boots on the ground emails that I get ... We're getting bigger and bigger so I'm getting about four, five times the emails that I used to get. I used to be able to get a little bit more personal and say hey, thanks a lot. I read them all. I try to get back to everyone. Please, it's huge. You'll hear me mention them on podcasts. I try to answer individually. Again, we're in this together and getting those emails are fantastic. When you're at the stores and you're telling me what's hot and what's not, it might not seem like a big deal to you but multiply that by 50, 60, 70.

You go and look at Chipotle and what we did, right? Here's a company, Ebola scare or whatever it was, the stock crashed. It fell 20%. They said that they're gonna report positive comps next quarter. There's two or three Chipotles around me, and there's two of them that I actually went to and said these lines used to be out the door. It used to take me a half an hour to get food. I go there, there's nobody there. I said, "Guys, what do you seeing? Email me at frank@curzioresearch.com."

I got probably 60 emails from you. I say emails, it was more than that, but for us to sample 60 different Chipotles out of maybe the 400 and every one, every single one of those emails said, "Frank, these used to be long lines here. There's no lines here now. Got food, two seconds, can't believe it." For me, a company that reported 30% decline in same store sales, right, because everybody thought they were gonna get really sick by eating their food ... The stock was down 20%, and based on what you said, I reported back to you and said, "Guys, don't even touch this stock. This stock's gonna get crushed."

I think they reported two. Don't quote me on this. You can correct me, but I think it was at least one, maybe two straight quarters of same store sales declines when they report, and they report that monthly. But 35% decline. They kept reporting 30% declines year over year, when they said, "Well, these things are gonna be positive." They were so off and a lot of that came from you, which is real time information. You might think, "Oh, Frank, you're a young kid and you just go into the store." Believe me, when you times that by this whole entire network, and that's what I'm trying

to create here, you get real time data. I really don't know another firm or any place else that has that.

You got Goldman Sachs. They'll have analysts go out into the field and they'll sample a little bit. But how many places, especially in the market, go there and say they have a network of people that are just reporting back to you in real time where we can come back on the podcast and say, "Hey guys, here's what I'm seeing." There's no bias. This is what we're seeing. If it's good, if it's bad.

The reason why I've been so bullish over the past eight years is because I have literally tens of thousands of business owners emailing me saying business has never been this booming. I'm reporting back to you. I'm not sugarcoating it. They've never seen business that good. In 2011, '12, '13, that resulted in higher profits in a lot of companies. Even on a bigger level you're seeing actual demand, which, if you listen to the media, the economy's terrible, it's horrible. We don't have jobs, all this crap. Somebody's spending this money, all the free money that you've been giving away. That's what this podcast is about.

If you go to your Best Buy, your local Best Buy, ask them everything about smart home technologies. Guys, this is gonna be a trillion dollar trend. In ten years you're gonna see all the houses loaded with this stuff. It's gonna be easy to get. It's gonna get more easy to use, even though it's very simple to use now. More companies are gonna be installing this stuff. This is what my whole issue's gonna be about with the top stock picks, and I have about eight or nine that I'm limiting down. But I'm meeting a lot of these companies and I want to get that research first, and just look in their eyes and see what's the best picks, what's the best technology, what are these guys doing, making sure they're still owners of their company, which they are.

The fact that they're at the CES, and that's an expensive conference to attend for even some of these small companies, is amazing. But that's gonna determine what I'm gonna recommend to you, encourage the research advisory. Guys, that's the newsletter that I provide for you that's under \$100 a year. I'm trying to provide you this research, make it affordable for everyone. But if you look at it we're all in it together. Our network's becoming more and more powerful because, as I said earlier, I don't know any firm that has this, where so many people email. We're getting bigger and bigger. It's not even just around America, but it's also globally, which is humbling to me. Really cool. It's awesome, actually. It means that I better research things and take this very, very seriously and make sure I come on and provide good guests on Friday and stuff.

People say, "Frank, why do you provide a free podcast?" Well, not only to interview the best analysts, market experts, billionaires every single week, right, which is great for me in terms of doing that over a ten year period. We're talking thousands of amazing contacts. Everyone you've seen on CNBC has almost been on this show, and they're not on for two minutes. They're on for 30, 35 an interview, sharing their favorite ideas. But outside of that it's the network. It's like having your own team of analysts just trying to get the story right so we can all invest in the right stocks and sectors, or avoid putting money into the wrong stocks and sectors. We've seen that over the past few years by having that boots on the ground approach.

But anyway, getting back to smart homes, the amount of Alexas being sold, 11 million last year, probably over 30 million this year. They broke it out a little bit more. But it's gonna accelerate the smart home trend. We saw this transition of regular mobile phone to the smartphones. TV, when it came to digital, going into the digital high definition revolution. Every TV is a smart TV now. That's why I say when this is forced on you, the new houses the millennials are going to buy going forward years from now, it's all gonna be smart homes that have these smart home capabilities and technologies. That's where we are right now. That's a massive, massive opportunity for a lot of companies because we're at that inflection point.

Doing a lot of homework on this. I'm also teaming up with Kramer. Sent him an email on this, he's like, "Anything we can do? I'm so excited about this." I'm gonna give him reports from Consumer Electronics Show, which is cool. But I wanna get that word out there because this is a trend that's gonna be huge. It's like internet of things, when Cisco made that presentation in 2011, when I was there, showing how billions of devices are gonna be connected. People are like, "What are you talking about, Chambers? You have no idea." Billions of devices. Well, turns out that he underestimated the market back then. It's even bigger than he said, which is incredible.

Then when you look at wearables, that was a market that ... Hundreds of millions are gonna be sold next year. It was ten million. But going to these conferences and talking to the right people, that's what you get from that. Get a good boots on the ground perspective from the professionals in the industry. You only do that by getting out in the markets and going to these conferences. It's a monster trend. I have dozens of meetings set up at CES. Those dozens of meetings are just in the smart home

sector alone, which is awesome. But tons set up in all industries. I'm gonna have an amazing issue for you with some amazing stock picks for Curzio Research Advisory members. That's coming out next Wednesday.

Guys, I have to tell you, when it comes to technology I'm pretty good at calling these trends, which ones are gonna be huge, especially when it comes to timing. We were ahead of the big data, IOT, cloud adoption, wearables, 3D printing. My subscribers have done pretty well on my technology recommendations over the years. I'm not patting myself on the back here. I'm not a genius. I don't have a secret formula. I didn't decide to marry a psychic, which probably would be a bad idea even if she did give me every winning stock pick. I just don't see that being a good idea.

Anyway, but just attending conferences, the CES every year. People pay attention to the keynote speakers and intel, right? Big keynote speaker. Every year they have tons of them. Every day. But I'm not paying attention to that, because you can find everything that person says on Twitter the minute after they say it. I don't wanna pay attention to the major tech magazines or the blogs that are only interested in covering the exciting big stories. Holy cow, you have to see this. You have the ten things, the ten most best things on all these lists and everybody had eight out of ten on everyone's list. That news is out there. It's gone.

For me, having a great network, which includes the Shelly Palmer group, experts in technology for decades. They have those executive tours, which are very expensive. Providing those tours for decades. If you go there, you really wanna get the inside scoop, take one of those executive tours. Again, I don't make money on it or not. I'm just telling you as an analyst what you'll find. At least 20 ideas that you could invest in by taking that tour. This is a tour that's taken by IBM executives, Comcast executives. That's why they call it executive. I'm taking tours with people who are vice presidents of major technology companies because again, it's over 4,000 companies in 2.6 million square feet of floor space. It's just impossible. It's overwhelming.

For me, focusing on the up and coming technologies like augmented reality, block chain, AI. For me, I wanna visit the small companies in these areas that are presenting at CES because ... And Christ Macintosh did a great job explaining this on my podcast a couple weeks ago. If you're not familiar with Chris, great analyst, appeared on the podcast numerous times, gave you bitcoin at 400. He's just a brilliant guy.

But disruptions, they don't come from the major companies. Why would it, right? He did a great job of explaining it, because they're making billions and billions. It's in their best interest to keep the status quo. Why would they want to change anything? You gotta be crazy to change it. We're making money. We're making a fortune. Disruption comes from the smaller companies. Having this network, you guys, attending the right conferences, listening to the right people, not only does that lead to finding amazing stock ideas, which I've done throughout my career, but also helps me avoid investing in those trends I explained earlier. Wearables, 3D printing, where these names got really hot because expectations were super inflated.

When they didn't meet them, a lot of stocks in those sectors got crushed. Even a company like GoPro, by attending that conference, I was a big fan of that. Stock was running up. I think it was ... I don't know, it was two or three years ago. I came back, I said, "Sell GoPro immediately." There were 25 China-based companies with similar cameras that were selling for 50, 60, 70% less than GoPro. We know China's market, yeah, some it can be crazy and whatever. You don't know what you're getting sometimes. Yes, we want more regulation and whatever. But the fact that they were selling so much cheaper means that GoPro doesn't have pricing power, which is incredible because that's basically it's only product. You can't even raise prices on it.

The stock got crushed and people benefited. They got out of a name that was high profile name that everybody loved at one point. Even I liked it a lot on the way up, saying it was great. When I went there it totally changed just by going to these things. That's why it's great. You're not going to these things to support your opinion on what you think. You're going there to see hey, am I right on this, what am I seeing. You're going in there and if you're bullish on IOT or whatever and you go there, you wanna try to find information that goes against your traditional thinking. That's how you become a good analyst, not by just supporting and saying wow, this is great. This is great. This is great.

When you find the perfect situation that you think is guaranteed gonna go up, believe me, there's ten reasons you should ... At least ten risks you'll find on that stock or sector. Say okay, this is what I have to worry about. It just puts it in perspective for you, because you have to understand the risk. Believe me, if you can't find a risk, sell it. Sell that stock. That means the whole entire world is in it, or that sector. If you can't find one risk to buying a stock or sector and you're that positive on it, chances are it's gonna go down.

Trust me, because I've made that mistake. I'm like man, this is such a great stock. I can't believe it. How many are people buying? Well, everybody thinks that apparently. That's when you get crushed. Anyway, if you wanna find real time updates, because I'm at the CES right now, go to my Facebook page at Curzio Research. Perfectly free, I'm posting live videos, tons of pictures. I reserved this spot to CES where I can broadcast live from, because I have a media badge. It says podcast. It's really cool. On Friday and also next Wednesday I'm gonna give you the scoop on everything CES, the best trends, exciting technologies, ways you can make money from it.

A lot of those ways you can make money are gonna be reserved for subscribers, paying subscribers obviously. But it's gonna be awesome stuff, especially on the Curzio Research Facebook page. Be sure to check it out, guys. It's really cool. Live videos, live everything, you're gonna get coverage that you're not getting anyplace else. It's gonna be a lot of fun. You get to make fun of me, too, because it's live. I'm sure I'm gonna make a few mistakes here and there, but I wanna show you the technologies just like as if you could be there from your home. That's my job, and showing you what's good, what's not, what's amazing. I'm gonna try to provide as much as I can, which is gonna keep me very, very busy. All pictures and stuff, again, all on the Facebook page.

Now, this is important, guys. I interviewed Mark Lichtenfeld two days ago because he's attending another major conference. Very, very important, okay. This isn't all about the CES. There's a lot going on right now I'm gonna cover in a minute. This major conference, as individual investors, you need to pay close attention to because it could make you huge profits in a very short period. That's the JP Morgan Healthcare Conference, where over 400 biotech companies present. One of the biggest biotech conferences in the world. All the big name analysts. All, all, not just some, all. You have to be at this conference. That's what type of conference it is. Doctors, everyone that's important in this field is at this conference in San Francisco.

Mark usually comes on the show to give you his favorite income and dividend ideas, since he's the chief income strategist at Oxford Club. I've known Mark for a long time. Mark is a biotech analyst. It's the field that he's covered for over a decade. I'm gonna interview Mark right now. Gonna give you a preview on what to expect at the JP Morgan Healthcare Conference, along with some pretty cool and unique stock picks. Here's that interview right now.

Mark Lichtenfeld, thanks so much for coming back on the podcast.

- M. Lichtenfeld: My pleasure. Thanks for having me.
- Frank Curzio: Now, we go back a long way, right? How long is it that we've known each other?
- M. Lichtenfeld: I wanna say I think it's been 11 or 12 years.
- Frank Curzio: Man.
- M. Lichtenfeld: It's been a long time.
- Frank Curzio: I know. If you still talk to me now, you have to like me a little bit, I guess, right?
- M. Lichtenfeld: A little bit.
- Frank Curzio: There's no point of me going here because when we first worked together it was at [thestreet.com](#), and Kramer and stuff like that. The last few times you've been on this podcast you've given income advice, dividends, you've written books about it, and you're the chief income strategist at the Oxford Club. But when I was at the Street, I wanted to say you were one of the best biotech analysts that I know. I always used to look at what you were saying. We always used to talk about it with Kramer, and you had a passion that industry. I know you still have a passion now, even though you're a chief income strategist.
- I always love having you on the podcast. Guys, I'm getting to the point here, because I attend the Consumer Electronics Show, which is a massive conference that always goes on around the same time as the JP Morgan Healthcare Conference, which is one of the biggest in biotech and healthcare that you attend every year. I wanted to get your scoop because I feel like sometimes this gets overlooked by the masses. Not by the people in healthcare, not by the analysts who know this is an important conference, but it gets overshadowed sometimes, yet it's such a huge conference.
- First of all, could you explain to us why this conference is important and how big it is, because again, everyone's talking about Consumer Electronics Show and other conferences. But this is such a big conference, it's so important and investors can make so much money on some of the things that are being said at this place.
- M. Lichtenfeld: Sure. This conference has been going on for well over 20 years now but it's really become quite huge in the last maybe 10. Why

it's so important is the conference itself has maybe about 9,000 people registered, and that includes not only the attendees as far as fund managers and analysts and things like that, but also the executives of all the healthcare companies that present. Any big or even medium size healthcare company, for the most part, is presenting at this conference.

But what makes the week so important and so hectic and crazy is it's not just about the JP Morgan conference itself. That's certainly the catalyst, but you have other conferences that have spun off now that are all related to biotech and healthcare that are in the area. You have tens of thousand of people who come to San Francisco and descend on Union Square for this, and it's to the point where most of them aren't going to the actual JP Morgan conference. They're going to these other conferences, they're having meetings.

For example, if you work for another investment bank, let's say Bank of America or Wells Fargo or Oppenheimer, something, another investment firm, you're probably not getting a ticket to JP Morgan but you're still having meetings with all the CEOs that are around, and the fund managers and the analysts and things like that. You end up having meetings in Starbucks and in hotel lobbies. These hotels have gotten smart and have actually started charging 80 bucks, 100 bucks an hour to sit in their lobbies because they know that space is so in demand. It's really become a crazy, crazy scene because anybody who's investing in healthcare, who runs a healthcare related business, who's a banker in healthcare, anybody who's involved with the business or investing in healthcare is in San Francisco in this very narrow few block radius for three or four days.

Frank Curzio:

You know, Mark, it's interesting because I think there's so much emphasis on this conference because so many people meet there. I don't know, maybe you agree with this and don't, but when I look at the Consumer Electronics Show, these guys, when I go into their booths or I talk to them, they're like, "Take pictures, and I'll go on your podcast and broadcast this. You can go through your social media." They're just very open, right? I see that in this industry, in the mining industry as well.

The healthcare industry, they're very tightlipped. When I ask a CEO to come on my podcast, they're like, "No, it's better if I don't," or they don't talk too much about their technology, only when they actually release it. How important are these meetings? It seems like it's much more important for that than it is where the Consumer Electronics Show, we're gonna know about everything

every second with Twitter and stuff like that. But it seems like a lot is said in these meetings and not too much publicly. Is it fair to say that with this conference?

M. Lichtenfeld:

Yeah. I think it's because if you have let's say a new technology, like the kind you'd be showing off at the Consumer Electronics Show, you're happy to talk about it and the hype and what it can possibly do. Where with a new biotech drug, or new pharmaceutical drug that's in clinical trials they have to be very tightlipped about what they can say about it, otherwise the FDA is gonna come down on them very hard. The FDA has all kinds of rules about what you can and can't say about your drug in development and even once it's approved. They're always very conscious about not crossing that line with the FDA. I think that's probably one of the reasons they're so guarded.

But this is an opportunity for them to get their message out to so many people at once, so if they're presenting at JP Morgan or at the biotech showcase, it's usually streamed on their websites. They're meeting with media, they're meeting with fund managers. It's really a way that they can get their story out to a lot of people in a very short period of time.

Frank Curzio:

No, it definitely makes sense. When we're talking about some of the technologies, an industry I closely follow, some of it is ... I'll research stocks and recommend them and I get emotionally attached to some of these things, which is weird, right? Even as an analyst, where I'll see immunotherapy has been so huge over the past few years. You'll see companies present their new technology at these conferences sometimes and talk about it, and then you see a little girl that has terminal cancer that's living. She only had three or six months to live, next thing you know she's alive and cancer free for a couple years. It's really amazing, some of this stuff.

What are some of the technologies ... We've seen not only in immunotherapy, but gene editing, maybe DNA testing and stuff. What are some of the things that maybe you're seeing out there that people aren't talking about? That might be a tough question but I'm just curious if there's something like wow, here's the breakthrough. We're gonna see breakthroughs maybe in something like this. Is there any talk of that? Are people looking forward to seeing some specific theme there this year?

M. Lichtenfeld:

As far as the technology, I wouldn't say anything brand new. I think it's some of the things that you just mentioned. The gene therapies, immuno-oncology I think are still probably the two

hottest areas. That's because we are starting to get approvals for those drugs. We got the first CAR T drug, which is a novel way of treating cancer where you remove the patient's immune cells, reengineer them to fight the cancer and put them back into the patient. We got our first approval of that last year, and some new gene therapy drugs that have just been approved for the first time.

We're just getting to that point where after years of promise, patients are gonna be able to start taking these drugs and hopefully curing their cancers or at least extending their lives significantly. It's not that it's a brand new technology that nobody's ever heard of. People have been hearing about it. But we're at the inflection point now.

One area that I'm pretty interested in that I'm starting to hear a little bit more buzz about these days, but not hearing a ton about it, is the whole idea of the microbiome, which is all about your gut bacteria. I feel like you're hearing a little bit more about it in the mainstream, or even in some alternative health areas where people are telling you you should eat more yogurt and sauerkraut and feed the good bacteria in your gut, and try not to take antibiotics that kill the bad bacteria. But there's some real science behind it and some small biotech companies that are doing research in it. I'm interested to see if any of that peaks its head out at the conference and if there's any more buzz about it. It's something I'm personally interested in and I do think that if it doesn't happen this year, it's something to keep your eye on down the road.

Frank Curzio:

In biotech you'll have small companies that just focus directly on that, which is cool, the microbiome. But is this part of say even larger platform, where Merck might have a certain division for this, or just like they're in so many different things, where there was gene editing, immunotherapy, but they have so many different platforms. Is it getting to the point where there's just little companies out there that are doing it, which is really cool and I know you like to look to find, or is it even on the bigger scale? This is all new to me. This is fascinating. I love learning about new things.

M. Lichtenfeld:

I'd say it's mostly concentrated on the smaller companies but you certainly do have the big companies, especially ones that maybe cater a little bit more to consumers that are getting involved in it. Or at least if they're not conducting their own research, they're certainly paying close attention to this or partnering with other companies. I do think it's something that the big companies will get involved in because it's probably something that is easy to explain,

it's easy to get consumers excited about, and maybe it can be an over the counter product where you wouldn't need FDA approval. I'm just speculating here at this point because it is still such new research and such a new field. But I do think it's something that you'll see the big companies getting heavily involved in down the road if they're not involved already.

Frank Curzio: Hey Mark, how many years have you been attending this event? I've gone to Consumer Electronics Show I think it's gotta be the sixth or seventh year in a row for me. I know you've attended it and I've had you on at least the last couple years. But actually how long have you been attending-

M. Lichtenfeld: This'll be my tenth year.

Frank Curzio: Your tenth year. What are some of the trends, like say in terms of ... Obviously you said the last ten years has been incredible early on. The people, the amount of companies, it's like all of a sudden this thing just completely blew up as everyone said okay, this is it. This is the main conference that you need to be at. Now, like you said, there's all the side conferences because everyone's at the same spot. But you must have seen some incredible changes over the past few years, right? At least over the past three or four years.

M. Lichtenfeld: It's exploded. Just to give you an example, when I first started going there I was able to get a hotel room in Union Square a block from the conference for I think it was under \$200 a night. Now this was not a particularly nice hotel room. San Francisco's an expensive city. That same hotel room now goes for \$900 a night. If you wanna stay at a decent hotel, you're easily paying 900 a night, probably 1,200 for a nice hotel. It's now to the point where I stay outside of Union Square and was lucky to get a room. I actually was staying very far from the conference until I found a room at the place I stayed last year. It just opened up. They'd been sold out. I was talking to the guy at the front desk and he said the whole city is sold out. That's just an example of just how impossible it is to get a hotel room, to get an Uber, to get a restaurant reservation. The whole city is taken over by this conference.

Frank Curzio: Just get the presidential suite and then tell Julia to expense it. No?

M. Lichtenfeld: Yeah, good luck with that.

Frank Curzio: Julia's the publisher of Oxford. She's awesome. She's a really great person. Now you're looking at this conference and you have meeting set up. Could you share some of the companies? If you don't want to, I know you have subscribers. I don't know, they gotta

report back to you, but is there certain companies that you may be interested in that you may be able to share and say, "Hey, I'm just interested. I've been following this company for a long time." Even when you were talking about [microbio 00:37:33], which is really cool, where I've been following this for a long time and now you're interested to see these companies. Is there anything that you could share with us? And if you can't I perfectly understand but I always try to give my listeners a few ideas.

M. Lichtenfeld:

Sure. One of the companies I'm excited to meet with, I'm meeting with them on Monday, is ImmunoGen, IMGN. This is a company I've been following for many years. I've traded it a few times in my services. They're cancer fighters. They had one of the first really successful breast cancer drugs. It took a long time for them to get to the market but it worked. I haven't paid as much attention to them as I probably should have over the last let's say three or four years. I'm looking forward to getting reconnected with them and learning a little bit more about where they're going now that they have an approved drug on the market, what's next for them.

This year I'm really looking for a lot of the smaller names, things that people aren't talking about, because biotech has gotten popular and this conference is so heavily attended that everybody's gonna be writing not only about the Amgens and the cell genes, but even at the midcap and some of the larger small caps. I'm really going even smaller.

There's a company I met with last year called Immutep. They changed their name. It's IMMP is the symbol. It used to be called Prima Biomed. This is very, very small. Under 100 million market cap. They have a drug for cancer, for various cancers, but with a different target. Most of the big cancer drugs now, they focus on various targets. For example, PD-1 is one protein that these cancers target. There's a few others that are popular and have been proven to work. They focus on a different protein called LAG3.

There are some companies focusing on LAG3. Or I shouldn't say focusing, but are studying LAG3. Bristol Meyers is one of them. But what I like about Immutep is their chief science officer is actually the one who discovered LAG3. I met with them last year. I thought it was a fascinating story. I didn't really do too much with them because it is so small, but I'm really looking forward to hearing more about them and where their research is going, what partnership opportunities they have and basically are they getting

the word out at all, because it was small last year and it's small this year. I'm interested to see if other people are noticing the company besides me.

Frank Curzio:

No, it's great. I appreciate you sharing that. Real quick here, just a couple more questions. If you take a look at the whole industry market, I think 2016 is one of the worst performing sectors. It did have a strong end to 2016. In 2017, you just take the biotech SPDR ETF X, BI is the symbol, it was up close to 40%, so outperformed the market this year. What do you see in 2018, or do you even look at that? Do you look at it like a top down, because it does impact when you see the whole industry come down a lot of these stocks come down. It's better to be bullish, but do you look from a top down approach or is it hey, I'm going to individual companies? Because even if the market's bad, if you have the right technologies these things can show individual investors massive, massive returns.

M. Lichtenfeld:

Right. I would say mostly bottom up when looking at the companies, although I'm certainly aware of the macro picture for this sector. One of my jobs running lightning trend trader service is to recommend biotech stocks. We do have some other stocks in there, but it's mostly healthcare and biotech. Even if biotech is not having a good year, if I find a compelling story and have a reason to believe the stock is going up and there's gonna be a major catalyst coming up, I'm gonna recommend the stock. But if there are some big macro reasons why the sector is struggling I may not go over biotech. I might try to diversify a little bit more than when times are good. But for the most part I'm looking for great stories that investors are gonna be excited about and that should push the stock higher when the catalyst that I'm expecting hits.

Frank Curzio:

No, that definitely makes sense. Real quick, when it comes to this conference a lot of people talk about the ASCO conference as being huge, especially I think in the middle of the year where a lot of these companies report data, does anything that companies do now reflect in what's gonna happen at ASCO, if they're cancer related and they still say, "Well, here we have these studies," or announce it, because a lot of these guys announce their results in the ASCO. But does this conference have anything to do with that or is it just totally two separate things, or is this like hey, we can't wait to see these guys in six months from now, this is one you have to look at?

M. Lichtenfeld:

I would say it doesn't have a lot to do with ASCO because ASCO really is more of medical conference that investors pay attention to. Data comes out, it's presented. The JP Morgan conference is

really more about investors. There's not a ton of new data that is released at JP Morgan. It happens, and developments are announced and things like that, but it's not a data rich conference. Anything that comes out at ASCO, maybe they'll add some color at JP Morgan six months later. They really are two very separate things. This is not typically where they release new data and update clinical trials. It's more of here's our story, here's what we've been working on. Certainly the analysts who are familiar with any data that came out at ASCO will ask questions and fill in some holes, but they're really two very separate things with very different purposes.

Frank Curzio:

Yeah, and it's good to know that too, because I'm asking you because I'm not too sure. I don't know if that's a question everyone will wonder, but I know those are two main conferences that I really focus on where I'm making sure and paying attention to the stocks. The biotech stocks in my portfolio, they're always at those conferences, especially ASCO's more cancer related and oncology, but that's what I'm paying attention to because I know those are market moving events for these stocks. I just didn't know if they're interrelated ever, but I appreciate you answering that.

Now, last thing. I always ask you this. Most important. When's the next time you're announcing MMA, boxing? Guys, if you don't know this, Mark is a fantastic ring announcer. He's on ESPN. He's on everywhere. You might see him. Be sure to watch out. I'm hoping that you still do that because it's remarkable. I love seeing you, and I've seen you in person. It's great so I'm hoping that soon that I can see you on TV again.

M. Lichtenfeld:

Thanks. Nothing on the calendar right now. I've been focused on this conference and then, as you know, I have a book coming out in March so I've been a little focused on getting ready for that launch. Hopefully I'll be back in the ring sometime I'm hoping by the spring. That's my goal.

Frank Curzio:

That's awesome stuff. Well, Mark, listen. I really appreciate it. I know how busy you are. I know my audience appreciate it because they're getting ... January's such a big month, right, for conferences and stocks and stuff like that. People are just coming off the holidays. It's so important to pay attention. There's so much news. There's so much data going out there and it really gives individual investors a chance to go in, listen to some of these conferences, these calls, and get reports and stuff, so I really appreciate you coming on and giving us the scoop, buddy.

M. Lichtenfeld:

Oh, my pleasure. Always great to talk to you.

Frank Curzio:

Again, great stuff from Mark as always. I love him. I love the fact that he's a ring announcer and he's good, too. He actually announced an event pretty close to my house. He called me. He's like, "Hey, I gotta be there." I met him and he was amazing. He was great. You'll see him on ESPN. It's so funny how you can be great at certain things but there's just one thing that that person does that you're like man, this is so cool. That gets me so excited. To see him on TV, it's awesome because he's just a great guy and he's funny and he's very, very, very good. I think he does have a career. I really do think that's his passion, not just biotech and recommending stocks and newsletters and stuff like that.

But I love when analysts like Mark come on to share those unique ideas. New trends, new markets that have the potential to go mainstream years from now. Maybe they do, maybe they don't, but it's cool that that's what you're hearing because you can say wow, you heard it here first. When we were talking about bitcoin at 400 with Chris Macintosh, nobody was really paying attention. They're paying attention now. They love it at 14 thousand. 400, I don't know, bitcoin. He wasn't saying you need to buy it, he provided a really sound ... So much so that I was against bitcoin, that it made me look further and say wow, this is pretty cool. Of course, I didn't invest in it but it changed my perspective on bitcoin. Something that I would not even think of to start learning about that market. Again, if everybody knew it was gonna go up that high everybody would've invested in it. But it's incredible.

Mark's a guy just like me, doing the homework, boots on the ground. That helps you get into trends well ahead of Wall Street, which is what you wanna do. That's where the monster gains come from. Not by buying Netflix or Nvidia at 190, at 180. No, it's buying Nvidia at 40, getting in those conferences, buying Sky Work Networks, which we were able to do. I re-recommended that in one of my newsletters. We bought that originally under \$40 a few years ago. It's over 100 now. I think it still has incredible potential from here. Amazing company, cheap, huge growth.

Now, thus far, you have me at the Consumer Electronics Show. You have Mark as well at the JP Morgan Healthcare, and I know as individual investors you all have your own jobs. That's why you listen to these podcasts, you subscribe to my services. This isn't what you do for a living. It's what I do for a living. It's what Mark does for a living. I know it could be overwhelming. You're like, "Frank, you got biotech stocks, technology stocks coming." I'm attending the Vancouver Investment Conference, resource investment conference, in two weeks. I'm gonna have more ideas

for you.

This is a quick educational segment here. January is a huge, huge month for you as individual investors. These next three weeks can make or break your portfolio because we're gonna have so much news on so many stocks. They're gonna influence what new names you buy and even what stocks you decide to sell in your portfolio. It's called conference season, okay? Now that we've gone over two main conferences, there's a ton over this three month periods where you have the most conferences, all the companies are presenting. It gets crazy.

You have earnings season coming up next week. Tax reform just passed. Earnings season I wanna say coming up next week. It depends, because for small caps it's still two weeks away but you have financials reporting this week. It's basically over three to four week stretch. The beginning is mostly S&P 500 companies and then you'll see small caps pretty much towards the end of that two week period, if it's four weeks in total. Three to four weeks in total, you'll see most small caps report.

We've seen, guys, over the past three quarters, and I alerted you to this, people saying, "Well, there's not a lot of volatility. There's not a lot of volatility." There's a ton of volatility in individual stocks. Not only from the S&P 500 during earnings season when they report, also especially, especially in small caps. We've seen 15, 20% price movements. That was the average movement in my stocks last quarter in my small cap portfolio. Even in the Curzio Research Advisory portfolio. We had, I think, more than 8% move on average out of whatever many stocks, 10, 12 that we have in our portfolio.

And then in the Curzio Venture Opportunity portfolio, it was more like 15%. The average price movement was 15% after they reported earnings. Think about that. You're trying to buy a stock and hold it long term and you'll see it go down 15%, up 15%, does it change your thesis on it? The funny thing is, it's mostly algorithm-based. These companies report earnings and they're down 5%.

JC Penney's a good example last week. JC Penney went up 5%, went up 10% the next day. Both of those days they opened up 2%, went up 5%. Then it was up 3%, finished the day up at 11 to 12%. Then the following day they reported that hey, our stores are great. Same store sales but they said we're gonna reiterate our guides. The stock fell 3%. Went all the way down to 7%. Finished the day basically flat.

As an individual investor you shouldn't be looking at your stocks

every day. If you're a trader, that's different. But as someone where I wanna buy JC Penney because they have catalysts coming up. They finally closed underperforming stores, whatever. Even if it's a retailer like Macy's or whatever, you have your whole thesis and these things are moving 20% in a week, it's difficult for individual investors to just close their eyes and say okay. Makes our job harder. You're gonna see incredible volatility. Use it to your advantage. There's a lot going on.

Tax reforms just passed, right. Which companies will benefit from repatriation? Are you looking at companies in technology? Ambarella and XXP, POWI, SLA, Sky Works, and Qualcomm. You're looking at companies that have a lot of cash overseas that they can bring back for a lot cheaper tax rate. What you're gonna benefit from, bonus depreciation, which is huge. Just looking at Sammy's. You're looking at companies like Micron or Intel.

Intel, we all know the story. Security in their chips. They basically have a flaw in the chips. The stock got nailed. You see a lot of money come out of Intel and go into AMD, and I could tell you last year at the Consumer Electronics Show, Intel was by far the winner. I said that. It was funny because I said that and the stock reported bad earnings. I think it went down 8% and then finished down 5%. I wanna say it was well below 30, I think. It was the first year I went there out of the last six, seven now, where Intel was just behind the curve on everything. They were talking about AI, virtual reality, augmented reality. It was great. The displays, they were just ahead of the curve for the first time. It resulted in that stock really taking off so this pull back could be a buying opportunity. I don't know.

But just look with tax reforms. Go off base there with Intel a little bit, but which ones are gonna see headwinds from the minimum tax on IP? Marvel's one of those companies that's not gonna benefit as much. You saw Morgan Stanley say earnings are gonna decrease, and Goldman Sachs is gonna decrease. Repatriation is a good thing but they got to pay taxes because they're gonna bring that money overseas. It's gonna impact their quarterly results going forward, just short term. Maybe they pull back. Maybe there's a buying opportunity. But all these things are factoring in. Unfortunately, it comes at you like a train right away.

But this is the most important period right now. Pay attention. Lot of conferences going on. I'm trying to give you as much as I can without overwhelming you. Yeah, so that's why at the Consumer Electronics Show you're gonna get so much good information, ideas from me. Mark, too. Mark's gonna report back to me and

give me some great ideas and I'm actually gonna have him on the podcast because he just wrote a new book and he's coming out I think in a couple weeks, which is gonna be fantastic. He's gonna give you another update on what he saw there. This is mid-February.

You wanna look at all these conferences. Look at some of these biotech stocks that are moving, but mining and stuff like that. You have the tax season. You have earnings season. There's a lot coming at you. I don't want to overwhelm you but try to write down some of the names that you would buy if they fell 20%. If they report earnings and they come down, don't buy it because it went down 20%, but just find out why. The Morgan Stanley and Goldman Sachs, did they miss earnings just because they're bringing more money overseas which means they have to pay higher taxes or whatever it is. They're reporting on the books, that they have it, but now that they bring it back they have to pay taxes on it. It's a lower tax, that's why they're bringing it back. They already reported that it's gonna impact this current quarter by a big margin.

Well, investors are gonna look at that and sell it. Maybe it's a good buying opportunity. Or you might buy a stock that's down 20% and, say if it's Macy's, and they come out and say, "We had a terrible holiday season. We're gonna have to close more stores and our technology hasn't been working like we thought we would online," you may not wanna buy that stock down 20%. It probably has even more downside. But there's a lot of news out there right now. There is some noise. That's why you listen to this podcast, like how Gene Munster believes that Amazon's gonna buy Target.

I'm still trying to find a reason why Target exists and I'm being honest there. Have you ever seen anyone say, "Wow, I need to go to Target." Never, ever, ever, ever. Nobody says that. Their prices are much more than Walmart, but yet they want to try to be Walmart but they're not because they don't want to be a discount. Then they sell clothes and they can't sell them high end because they're not high end, but they're selling clothes that really aren't that great. You go to Kohl's, they have great clothes there. You go to Macy's, you're gonna get a bunch of brands. You go to JC Penney, you know you're gonna get deep discounts. You go to Walmart, you're gonna get cheap stuff, food and stuff. I don't know why Target exists.

To say you're gonna take over Target would only be ... Companies could buy anyone. But for you as an analyst to come out and say Amazon's gonna buy Target, it would only be to have that big box

exposure and maybe put more into your grocery section and stuff like that. But man, buy Kohl's. Buy something else. Buy something that's meaningful. I don't know. I just don't see people waking up and saying, "I need to go to Target." Everything in there you can get for less price some place else and it's not worth paying the premium because they don't have premium stuff in there. Maybe it's me. I've just been to Target a lot of times. I just don't understand.

Anyway, there's a lot of noise out there. You wanna eliminate that noise and try to focus on the important things and that's what I'm trying to do for you. I'm overwhelming you. I'm giving you a lot of stuff, only because there's great biotech news that's gonna come out on companies. There's a lot of great stuff with technology at CES. You're gonna get the scoop on that over the next couple weeks so be sure to listen to this podcast.

You're gonna get live updates, especially Consumer Electronics Show if you want that. Guys, that's absolutely for free, okay? Not selling anything. Facebook's really cool. It's awesome. Just go on the Curzio Research Facebook page and you'll see it and you get a perspective you won't get anyplace else. If you don't care, you don't want it, don't do it. I'm just trying to show you how this is the way to make money. Here's how you look at companies. Here's how you look at the technologies, and I wanted to present that for you because I just wish all of you could actually be there and I'm gonna try to give you that experience to Facebook. Hopefully you guys take a look at it. Okay, guys, so thanks so much for listening. I'll see you guys in seven days. Take care.



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