

Frank Curzio's FRANKLY SPEAKING



Announcer: Wall Street Unplugged looks beyond the regular headlines heard on mainstream financial media to bring you unscripted interviews and breaking commentary direct from Wall Street. Right to you, on Main Street.

Frank Curzio: How's it going out there? It's Monday, April 16. I'm Frank Curzio, host of the Frankly Speaking podcast where I answer all of your questions. Have [inaudible 00:00:22] college sports.

Anything else you want to throw at me? I created this podcast to answer more of your questions that you had sent me through my Wall Street Unplugged podcast, which I host every Thursday, now. Not Wednesday, but goes out very very early Thursday, for your nice commute.

If you have any questions that you want answered, just send me an email to frank@curzioresearch.com. That's frank@curzioresearch.com. Be sure to put Frankly Speaking in the headline, and you never know. Your question may be the one I read on this podcast.

Gonna start out with a question from Shawn. Goes, "Hey Frank, can you ask your listeners to keep our hockey team and all their families and friends in their prayers? Horrible bus crash this Friday. Out here in Saskatchewan, Canada. Town morale is really low here. I'm thankful I wasn't directly affected, but lots of friends and friends of ours are. And our kids went to school and danced with some of the player's younger kids. We're praying for you and your family too. You had a world win the past few months with your wife and kid, and thanks Frank. Keep up the awesome work." That was from Shawn.

So Shawn's talking about, and this is something I know because I watch ESPN every day. I'm a big sports fan as you guys know. And it's breaking news, about a week ago now. Where a Canadian

junior hockey team, Humboldt Broncos, and this is a Tisdale, Saskatchewan where it happened. A tractor trailer collided with a bus with kids on it, with a travel hockey team. And 29 were on board and 16 got killed.

When I saw this story, actually I was with my wife sitting in the living room when it came on and we just looked at each other. And when you have kids and stuff like that, it's the first thing you think of. So I will ask everyone if they could say a prayer for the family members and stuff like that. I mean ... it's just ... you can't even put it in words. I mean, I don't even know what to say. Even when we saw it we were like, oh my god. You know?

And when it comes to me to, as you guys know, I'm not the most religious person because I've had experiences, I grew up in ... I went to Catholic schools all my life and I didn't have personal experience, but my friends did, with a lot of the stuff with the Catholic church back then. So kind of testing my faith.

But I did ask you to pray for my wife when we found a lump in her breast, because she's a breast cancer survivor and you guys did. And I prayed as well. And she was okay and my daughter's doing great now, she's learning. She's basically, lifestyle change and she's running around. Everything's cool. She got diagnosed with Crone's Disease a couple weeks ago.

You know, she's on a little bit of medicine. She's doing well. She's learning what to eat. She went to school and one of her friends like, oh so [inaudible 00:02:57] thank you, and they shared a piece of pepperoni with her, and she ate it and she ran to the bathroom and had stomach pain and everything, so she's learning, but she's running around happy. Everything's cool, it's just a little bit of a lifestyle change. I appreciate all you guys praying for me and stuff like that.

You know when I look at a tragedy like this, again, you can't even say. There's no words. You know, if you have kids, it's like all of a sudden your 30 min away from being at this place and everything. I know what they're trying to do is contain the playoffs and the hockey team to try to, you know, you're never gonna fully recover, right? But just something that you need, and people I've seen say, well you know, why would you do that?

Well, look at September 11. I could tell ya what the Yankees, and I'm not a Yankee fan, but when September 11 happened and they resumed they had those games, they had all the family members and everything and the Yankees made the Playoffs against the Diamond Backs that year. And they had a good special on that, I think, HBO. And how they all bonded together. And you know it's a shame because the Yankees did lose, what, in game seven when Mariano Rivera on the mound and he gave up those couple runs for the Diamond Backs to lose, but you just ... them talking about how together they were and smile and hugging and bonding, it's such a tough thing, but if everyone can say a prayer with a tragedy like this. Yeah, Shawn thanks for writing. I'm definitely gonna say a prayer for you.

Okay, just wanted to get that one out-of-the-way first. And let's move on to a couple other questions here. Next one's from Chris. Goes, "Hey Frank, thanks for exposing a conflicts of interests inherent with most mutual funds. You should also inform your listeners that hedge funds have to hit new high water marks in order for the 20% incentive to kick back in after being down for extended periods of time. As you know, often times poor performing funds will close and then they'll start a new fund under a different name so you don't have to wait through the period of that time period it takes to get back in the black. Since fund managers don't earn a 20% incentive fees all along the way, in conflict with their investors, they'd rather start over. This all comes at the expense of the investor who will lose the opportunity to potentially earn his money back while the self-serving hedge fund manager starts fresh and immediately starts earning his 2 and 20 again.

Additionally, I suspect that before [inaudible 00:05:05] return of the past four years that you mentioned is actually lower due to survivorship bias. Yet the performing funds will close and therefore don't report the full year, or whatever cycle they have, throwing up potentially more negative numbers for the balance of the equation and leaving the better performing manager numbers in. Thanks for your transparency, and all that you do."

And that was Chris in Seattle. Chris is a good guy, I've met him a few times. Yes, I mean, you're exactly right. I've seen it done, I'm not gonna name any names here. I've seen it done a lot in the industry where they do close these funds and they start up new ones because this way they can earn more fees.

And Michael Alkin is really big in the hedge fund community, just like Barry Cohen [inaudible 00:05:47] Michael heard this segment as well. I said, I love this segment, he's like, now it's more like they can't even charge 20%. The fee structure's 1%, 10% now, but we do see this happen a lot.

And look guys, it's not the entire hedge fund industry. It's not. The hedge funds that perform the best, or the best performances, are the ones that you never heard of. It's not the guys that are going on TV all the time. That used to never happen, ever. You should never know what a hedge fund's doing. Ever. Ever. Especially on the short side, right? They have to report the long positions and stuff like that and you get that [inaudible 00:06:17]. Every quarter.

But you never saw them go on TV like they do today. I mean, the Ackman's, the Chanos's, I hear these guys speak everywhere. [inaudible 00:06:28] I've seen on TV, you have Paulson on TV. All these ... you know, Eyehorn, you just keep going. Even icons on TV all the time too. These guys just get addicted to that and then it's all over.

But if you notice, a lot of those funds in everyone who's went on TV, almost everyone, every hedge fund, every hedge fund manager's decided to go on TV, like often. They're performance has significantly lagged since I've seen them on TV over the past maybe five to seven years, compared to before. Kind of interesting if you think about it.

So the great guys out there are the ones you don't hear about. When I interviewed Michael Alkin, he mentioned one of them, Maverick Capital. Guys that he grew up with. But there's one interesting trend that you guys need to know, because, Chris is right, that underneath that watermark to charge those fees. Now that you're not charging those 20% fees, that's less money that you're paying for all your traders. All the partners. All the people that work for you.

Right? Because these hedge fund guys they make a fortune. The manager makes a fortune and then they pay out a percentage to set agents. When you're not getting that incentive fee because that watermark, what happens? Well, you're talking about guys, unfortunately, and sometimes you'll get younger guys on the trading end and, you know, you'll have billions of dollars portfolio

and they have a bunch of people just, you know, hey here's a hundred million, here's fifty million and things like that and you have to make money and people scream at ya all the time. It's a tough business.

It's okay because you still make a lot of money, but now when you don't have that extra cash to pay. Now what happens? Well, what happens is you get guys like Michael Alkin and Barry Cohen and the hedge fund industry.

These are real guys that have amazing track records over a 20 year period working for some of the smartest people in the world. Okay. So now you're getting guys like that stepping out of the industry. I'm seeing that a lot. And for me, that's what Curzio Research is about. Hey you know what? Yes. You're gonna see marketing, we wanna get people into our door. Everyone's who's in our door right now knows us. I could start a new newsletter and call it 597 newsletter and you'll still subscribe because you know who I am.

But to expand the brand of Curzio Research we have to market to everybody else that's out there. And sometimes we get a little bit aggressive, so once we get them in we know that we had the best research in the world because we're able to hire, and me being on Wall Street and Michael Alkin recruiting now, and Barry Cohen as well. Knowing these people and saying, hey you know what? Why don't you come over? This is different. The newsletter industry. And the first thing they say is, the newsletter industry? Are you crazy? Oh, that's a piece of crap and this and that and they see all this garbage and stuff like that. Because there is a lot of garbage in this industry.

And then when they come in, they see and they understand, wow I can really make a difference where, holy cow, we'll launch Alkin's newsletter, Money Flow Trader, and he has a great following and, I don't wanna say in this ... since we launch, it's about basically making money using conservative option strategies. Making money on stocks that fall on value over a long period. And again, he's a conservative option strategies and he's up on almost every position. I wanna say he's up, probably triple digits on every position.

And that's why I love getting these guys in front of me, but these are the guys that have come off the side lines because, yeah, they used to make a ton of money. It's not just the money either,

'cause it's an extremely stressful environment. And I know what you're saying, oh look at the money they make and this and that. When you're young, and the guys that I hired ... when I say young I'm saying 20/30s, you make 2 million dollars, you spend 4 million dollars, right? That's normal in your 20s and 30s, that's what you do before you get a family and say, wow where'd all the money go?

So when this money stops coming in, what do they do? Well, they don't have the money to support their bills and stuff like that and they leave. But now you're getting up to the point where even, you have guys in their 40s and 50s who are saying, you know what? I spent all this time on Wall Street and I wanna hang out with my family a little bit. The newsletter industry provides me that. Where, they go and they travel the world, they're going to conferences, they're working every day. You get the chance to work from home because again, they're out in the field, they're going to meetings. They're doing everything, but ... I worked on Wall Street and you go in there from ... you know, I'm leaving my house at five in the morning and getting home at seven/eight at night. Okay. And that's when I was working thestreet.com and doing a podcast at 6:00pm every single day.

And it's insane. It's cool. I was younger at the time, but then you have a family, you have daughters and now you realize why I work in this industry where I made so much money for this freaking guy. And now I can do it, share all this knowledge with everybody else. It's really good where I think we're in a great place at Curzio Research to hire a lot of these guys because I've been on Wall Street all my life. I know who these good guys are. And now, even the guys that I don't know who are great out there, like I didn't know Barry Cohen. But Michael Alkin worked with him and said, hey this guy's really good. You know, you should hire him and then ...

He's probably one of the smartest analysts I've ever met. He's brilliant. And I can't wait for him to launch the crypto product, which is gonna be next month, but he's been doing this for over 20 years. He's generated over 500 million dollars for his hedge funds that he worked at. I wasn't allowed to mention them, Alkin mentioned the hedge funds that he worked for, if you wanna go back and listen, an impressive list. I'm still gonna keep my word to Barry that I won't mention the hedge funds that he worked for.

But Alkin did mention three or four of them and you'll notice it's basically four, maybe the top 15 hedge funds in the world. That's who he worked for, so we're able to hire these great guys. Not everyone in a hedge fund, I'm not tearing apart the entire hedge fund industry, but there is a lot of shadiness in that industry. There is a wrecking going on. You're seeing a lot of funds close. You know, so you just have to be careful.

And it's amazing that a lot of those guys, and even the second, third, fourth tier people that these guys thought these guys were brilliant, when, you know, kind of getting shunned out now and again, these funds aren't generating a mass amount of fees because they're not performing and stuff. These guys are like, wow, you know what, let me get out of here. Let me do something. Let me try to share my knowledge with people and that puts us in a really good place at Curzio Research.

And I'm honored to have Alkin and Barry on staff 'cause they're great analysts and I know they're going to do great great work for you. And that's the point of this. Not to put someone in front of you that's Tom Cruise and Michael Jordan, well I'll probably sell a million newsletters, yet Michael Jordan doesn't know anything about stocks. Nobody cares. You're like, wow, I got a newsletter from Michael Jordan, like they do Lenny Dykstra.

I like Lenny Dykstra personally, I knew him. He's the funniest guy. I would never give him a dime of my money to every manage ever. But he's able to sell it because he's got a good name. So you get guys that are popping the CIA, they don't know anything about stocks, but hey ... A politician and all this stuff and they sell tons of newsletters, they forget these guys don't know anything about stocks. They don't know about finance, but they're popping and they can sell.

Well we have guys behind it that have been doing this for 20 years. They know their stuff. They know stocks. They have amazing contacts, which is really cool. So I just wanna make that clear, 'cause Chris, you bring up a lot of great points, but I'm not ... hate to curse. Not shitting on the entire hedge fund industry, because I have friends in the hedge fund industry that are great guys. That are amazing, but most of them are just ...

Look, they make a ton of money. They make sure they make their money and they don't care about the people at all. And that's a major problem. That's a major problem. That's gonna bring us to the next question.

Next question is from John, and he says, "What do you think the guys on Fast Money? Should the average mom and pop investor be listening to these guys? Thanks for all you do."

They're horrible. They're terrible. They're not. They're all really good. I mean, you look at a guy, Guy Adami, Karen Finerman, Brian Kelly, Tim Seymour, Joe Terranova, had a few of these people on my podcast. And the Gerrians, I wanted the Gerry's on the podcast. Josh Brown, Stephanie Link, as you know, she's on there too. You know even on the midday show, but they're great to listen to for two reasons.

One, their held accountable for their picks. Because you have two people who I like, who are good anchors, who are Michelle Lee and Scott Wapner. And Michelle does, I think, the early one, sometimes she subs for the late one. Or, yeah, and I think it's Scott, it's Wapner, they call him judge, does the late show.

But they go back to their picks and say, hey what were you thinking? You know, hey, here's the trade, and they'll say, alright you did good in it, but sometimes you'll do bad in it and they'll come back and they'll say, listen, I was wrong on this. This is why. So that's important because we're all wrong and those are the biggest lessons, right?

The biggest lessons you learn in finance is when you lose money, unfortunately. When you make money you think you're a genius. You think you're smart. I get hundreds of emails, every year. I wanna start a new newsletter. I'm up this. I'm up that. It's experience because it's easy to make money in a bull market. It's the bear market that you wanna be careful of. And even tough mark conditions.

There was a period in CRA when it was a little difficult before we really started adding a little alpha to our portfolio and we had a lot of technologies stocks in there that have done well. 'Cause value's out of favor right now. So you have to be able ... for me it's easy 'cause I know different styles of investing. I'm not like, oh build value

guy, hold the stock for 20 years. Yeah, because we've held on to some of those stocks and it's two of them that have declined, 'cause it's just, nobody cares about value right now. They just want growth.

So there's periods where you're gonna have tough periods no matter what kind of investor you are. No matter what you do. No matter who you are. How great you are. That's normal. So you wanna limit your losses, of course, but when these guys go on they're explaining what they did wrong. That's accountability.

And another thing I know about them is, they care. I mean, guys, this is what pisses me off about the industry. You have so many people who are just popular, they don't know finance. You have to understand, I take this responsibility very seriously. Where, we're in the position where we influence people's lives. We do. You know, people listening to my picks, people are recommending ... in the newsletter. You know, when GE, and I was wrong on GE. You know, I can't sleep for two or three days. Why? Because I'm thinking, holy shit, how many people bought this off of my recommendation. You know, that's how I feel. And if the day I don't feel like is the day I won't do this anymore.

'Cause I understand that responsibility. I understand that there's people out there that are trusting me to listen to this. And you may not like me, you may not like my thoughts, or whatever. But, that's fine. You're not gonna get everybody to like you and that's cool. You're gonna be like, ah Frank, you're full of shit. This and that. Whatever. You know, you're gonna always have those people that hate you.

But you have the majority of people that listen to the podcast, subscribe to my service, they trust in what you do. That's why even when you're wrong, you wanna show the research. Everything, right? You wanna show, this is why I'm recommending a stock, and that's why you get a 10-13 page report. And you're gonna see a great story behind it, you're gonna see great analysis. Everything you need to know. And even if you don't like that stock, you're gonna read that and say, you know what, he makes a petty good case here.

You will say that because that's how much research I put behind this. And it's not just knock this off it's cool, they just hired this guy and they're doing good in cloud. No.

So I think when I, not what I think, but you know, when I see this industry, there's a lot of people out there that don't understand that. They don't understand when you're saying Bitcoin's going to a million. There's a hundred thousand people, maybe more, on CNBC that are actually listening to you and maybe 2-3% of those people actually are gonna go out and buy Bitcoin 'cause they say, wow, and I won't name the names. But these two guys just said to buy, it's going to a million, when it was at 19 thousand. Well it's at six, what is it? Seven thousand, went up a little bit the past couple days.

You have to understand that responsibility. You're talking to people. People listen to you. You're influencing their lives 'cause they're putting their money behind it. And if you make you money they could retire early. They could go on a vacation with their kids and their family. This is very very serious, it is our responsibility and I would say so many people, especially newsletter industry, unfortunately they don't get that. They don't understand.

And even on marketing when you see it. You know, we're marketing, Alkin, saying listen, you can get 1000% winners in these stocks. And someone emailed and they're like, Frank a 1000% winners! And I said, listen, this is what we do. We deliver. I don't say things that I don't think are true. Ever. Ever. Okay.

And with Alkin's strategy, look if you have annualized gains and again annualized gains are always ... but you have to do with that newsletter, but in a month and a half he closed out of two position. Not closed out, but closed half of them at 100% gains. In like a month and a half after he wants his service. So this is the power he has. Why? Because I know that, because I spent the last five months with him and he's saying, Frank, this is the best way to generate money. Not shorting stocks, 'cause it's the most risky thing in the world. But through a conservative option strategy, we're betting that this stock is gonna fall over a year. And if it does, you're gonna make a lot of money off of it. And you know what? It doesn't have to fall to below the price that you purchased those options at, it doesn't have to fall out, if it falls in the first month or two you're gonna make, you could triple your money.

And it's amazing that with his track record on my podcast that he was able to do that and gave you null in the high 50s that went to 20 whatever. Went down 50/60% and then Dean Foods, and he's explained to me some of the stocks that he's looking at, I'm like, this is amazing and this is the perfect time to launch this thing.

Hey, it worked out great.

But you wanna have people that care. You wanna have people that are not just sitting behind a desk. Are they doing videos? Are they going out there? Are they meeting people? The stories that they're telling you, is because they've been out in the field? And visiting these sites. I mean, that's a responsibility that you have. You just have some famous guy with a nice face on there, you know, you have to ask yourself a question, how much experience do you have in securities analysis? How much experience do you have in stock analysis? Recommending stocks? What's your track record? What's going on?

I have a 20 year plus track record. Does anybody else ... does the politician you just hired have that? No, but he's probably a little bit more exciting, that's great that he's been telling you that the market's gonna get killed for freakin' five years. What did that do for you? Great. And you know what, that guy got paid \$5 million and everyone that listened to him is down a fortune. That's when I get really pissed off about this industry because it's the industry that I'm in. And now I'm getting lumped into a lot of that stuff. So that's when I get pissed off.

But when I look at the guys on Fast Money, they care. I know they do. Even Jim Cramer, I know there's a huge amount of people that say, I hate Jim Cramer. There's one guy that emailed, see you like Jim Cramer, I'm not gonna listen to you anymore.

Look, I should have the biggest bias against him. He's the guy that fired me from thestreet.com. We had disagreements, we're friends now. We talk. I've talked to him. I've emails, shared him ideas. He went to Super Bowl, I tried to connect with him, it didn't work out. 'Cause again, it's hard to connect with Jim Cramer when he's making speeches to the team before the game. I'm not at that level yet. But we'll talk, he'll say, thanks Frank so much. And whatever you need. Whatever.

For me I'd have the biggest bias against him, but I can tell you as someone that worked for Cramer and being behind the scenes when he first started his show. Right. I was there right before he started his show, and I was there for like the first four years, five years of the show. When he's getting it wrong on TV, the next day he's coming in. You can't even talk to the guy. I mean, he's throwing stuff. He's pissed. He's angry.

And you know what? I like that. Not as an employee, actually. Because sometimes he'll just take it out on us, but I like that 'cause it shows that he cares. And he understands the responsibility that he's going on TV in front of all these people and giving advice. And I can tell ya, from knowing almost everyone in this industry, that is definitely not the case with most of the people in the newsletter industry.

So you can hate and you can say, he said this. And he was wrong. That's fine, there's always people that are gonna ... listen, if you subscribe to my newsletter two months ago, the market is at 10%, it's coming back right now. Most of the stocks in everyone's portfolio died. You'd be like, Curzio sucks and this and that. And I get it. I understand. That's fine. And I'm not trying to change people's minds, but for you, when you see someone new, or something that you read, or it's a promotion. Just do a little research into that guy.

Where did he come from? What's his experience? Has he been in the market for over 10 years? Probably want 15 years, why? Because you wanna make sure that he lived through the credit crisis, he lived through all the crashes. He's gonna be more conservative. He's not gonna close your eyes and say just buy Bitcoin. Buy it. [inaudible 00:21:13] You gotta just buy it no matter what. 'Cause he never experienced, like, you getting destroyed and crushed.

Those lesson you'll learn over a 15-20 year period. That's important to guys. Not to go on and on about this segment, but you asked me about the Fast Money guy. I know they care. They manage money. They're held accountable. They'll talk about their losers. That's pretty cool. You don't have that everywhere. Actually, no place else on CNBC. Those guys get on, they recommend stuff, especially short sellers. Yeah, I'm gonna short Facebook. I won't mention a name, this is nine months ago. And Facebook took off. I think it went to short, probably at 95 or something. What is it? 150 or whatever it is. Now 160.

And two weeks later when it went up 20 points, they interview him and he's like, no no no I'm out of that. I'm out of that now. Oh, interesting. Thanks for letting everybody else know when you said you're shorting it, they're not gonna be able to meet their numbers anymore. People don't understand. Great. What does that do for the mom and pop investor? That's what you're talking about here, right?

Mom and pop investing, yeah, you wanna listen to guys that care. And listen to guys that are accountable. My podcast is there for everybody. You're gonna see all my winners and losers. If you go back you're gonna see a lot more winners than losers, otherwise I wouldn't be doing this. But you are gonna see the losers and everything's there for you.

So people see us for the first time, they can go back and listen to a hundred podcasts, 500 podcasts and say, listen to everything that we've been saying over the past few years. If they do that I'm sure they'd subscribe to our services. That's what you wanna do when you're looking at people, when you're looking to follow people, definitely do the homework on them. Do the research on them. Make sure they're experienced.

And I love the fact that the guys on Fast Money, they do that. I'll pick on them time to time and stuff like that. It would be nice to pick on them when they can answer back sometimes, it's one sided and I feel bad. But if I hear them say something that I think is kind of ridiculous, I'm like guys, just ignore that. They do the homework and they're all great analysts.

Okay, let's take a ... let me see, how many more questions do we have here? Let me try to get one more in at least. Okay, perfect. Let's get one more in, 'cause this is good. This is from another Chris.

He says, "Frank, proof that I think about stocks too much is as soon as you started talking about your water heater ..." This is last week on Wednesday, I told a story I had a water heater in the Sears and everything and I'm telling what the experience was. It was kind of a rant. He goes, "I thought." And he's saying he's, meaning me, I was gonna say, "Talk about that AOS. It's one of my favorite stocks and core position in my retirement fund. So I got excited. My wife says that I have a stock brain, always saying things. So I instantly start looking at my phone to do some research, for example, I went to Home Depot this past weekend. I was with my family and it was Saturday morning, it was a workshop. And he's talking about his three year old saying that Home Depot has for kids, cool, because I bought my daughter's there too."

They actually ... it's cool, Home Depot and I think Lowe's both have this, where you can bring your kid there and they do a little workshop and they'll build a car, with hammers and stuff like that. And nails and put it together and everything and they'll do it in a circle. It's really cool. Anyway.

He goes, "the employees couldn't have been nicer. The nice couldn't have been cleaner and both my wife and I commented on what a great company they are. Minutes later she sees me on my phone and says, you're looking at Home Depot aren't you? And my question is this, am I normal? Do you have a stock brain to? Thanks for all the great show and advice. I always look forward to the podcast. And, let me tell you something that you already know. Michael Alkin is fantastic. I love the details podcast and I've saving up so that hopefully next year I can join his service."

Yeah, he is good. He's a great addition and he's helped our company tremendously. He's a great guy, to. Great family guy. I know his family's awesome and really good person. That's a big part of it as well for us when we hire someone. And also he's fantastic and great at making you guys money.

So getting back to your question. First of all, AOS, it's a good stock. AOS Smith. 11 billion dollar market cap. 1.2% yield. 22 times [inaudible 00:25:00] is growing, sales a little bit fast on the market. Closer the two week high. So yeah, when you say AOS, that's the first thing that I looked at. Let me see where this stock is at and I looked at it for a while.

That's how my brain is wired. And I'm hoping that's ... I don't want you to be like that where you're with your family and spending family time and you're just wandering away. You know, it's kind of like when my wife's watching an infomercial, something's she's really interested in. No matter what I say, she's like focused, oh this looks cool. This [inaudible 00:25:26] cool.

You don't wanna be ... you wanna be in the room and with your family, but for me, that's the way I'm programmed. When I go to malls, it's not, hey I'm just gonna go to a store and buy something. I look at which stores are crowded, not just crowded, I'll look at the bags. Because whenever people buy something they put 'em in a bag and that bag has the store's name on it. Well if I see a lot of the people buying stuff from a particular store, I'm interested. I'm like, wow, what's going on? Is there a sale? Is there this? Are they discounting? Is it inventory? That's the way I'm thinking.

And if it's a car dealership and I just bought a car. I bought a car probably nine months ago. Is it on the lot? Is the place busy? Or do I have to order it 'cause there's a backlog? You know, things like

that I'll look at to see if car dealerships are doing good. And then if I see a trend I'll come to this podcast and I'll say, hey guys, this is what I saw.

When it's housing you'll hear me ask about ... I said, guys housing prices are going through the roof. I don't know anyone who's emailed me telling me home prices are going down in their neighborhoods. I got about 20 emails. Frank, prices are going up, your right, they're going up in our neighborhood. Everywhere, houses for sale. They went off a lot higher than when I thought they were. That's where I get this information from. Form the network through you guys. And then when I report back, that's how powerful it is.

So for me, I'm always looking for ideas. Whenever I jump in a cab I'm talking to the cab driver the whole entire trip. Is it busy? How is it? When's it busy times? What's going on? How's everything? [inaudible 00:26:45] when I go to Vegas. Oh, this is a busy week, but last five weeks haven't been busy. I got people spending more money on conferences. They'll tell me about, oh the next three big conferences are coming up. It's like a wood conference. Agriculture conference. Things I don't even know about. And they're like, you gotta see it, people are coming to these things. Hotel business. Everything. They're seeing an increase in activity. And this guy's lived there for 15 years.

Little things like that could tell you how the economy's doing. And it's not just looking at that, right, Chris. 'Cause I want to pound this in your head. When you listen to conference calls, which I tell you is a must for every company that you own. And you don't even have to listen to it, you can go to their website, get the transcripts, you could probably go to a place like Seeking Alpha. You can go to different places and really ... Seeking Alpha is a pretty good site, but you got to be careful 'cause some of the people right there are just, have an agenda. And just make sure you know. Anyway, I won't go there 'cause I know guys that work there and they're good guys. And guys that write for them.

But a lot of stuff, just be careful what you read out there. Make sure you know who's writing it. Besides that, they have transcripts of the conference calls and they'll give that to you for free. So you don't have to listen to the whole conference call, which I like to listen and sometimes I'll read the transcripts. And I got services that update me, right, it's first quarter earning season that is just

gonna give me the headlines that everything is going around. Well, banking earnings ... banks are reporting earnings that are all blown out earnings, and I'm not looking and going, wow, look what Bank of America did. Wow, look what Wells Fargo did. Wow, look at JP Morgan, look at Citi.

That's what, I guess an investor would do if they owned the stock. For me, it's different. Now, one of the things that stood out for me, because I'm a stock guy, I look at Citi. Citigroup beat the numbers, stock went down a little bit, which is normal. That's what happen in earning season, they beat ... and stocks have been coming off a little bit. So they're lagging like every other stock, every other stock in the banking sector. But when I looked at Citi, I looked at those numbers, they were fantastic. I mean, look, the stock did come off a little bit because they beat earnings pretty easily and that's the trend that's been going on the past couple of quarters. Stocks have been beating. You know, and just coming down a little bit and financials have been moving up into the quarter.

But Citi has outperformed its peers. And I'm saying, wow, Citi really beat them. They really look good. So, for me to say, wow, Citi's good, I wanna buy Citi. I'm kind of thinking Citi is a good buy here. And why do I think Citi's a good buy? 'Cause when I look under the hood and go into the company a little bit more, because they reported earnings. One, I wanna see what's popular. What did they do?

First of all their return on equities 9.4% from 7.4%, and 10% is like a key ratio where all the major banks are over. And they've struggled. Well, they're almost there. You wanna buy a stock that goes from bad to less bad. It's much better than buy a great stock that goes from good to great. Because if it's good, a lot of the gains are already in the stock. And when it goes to great, you're like, okay I made 15%.

When you buy a crappy company, it's trending in the basement. Nobody wants it. It's dirt cheap. And then once they start reporting numbers that are pretty good, that's when you see a stock go from 10 to 12 to 15 to 17. And then when it goes 17, you got the traders, wow look at how great, it broke through resistance from a couple ... and in the meantime you owned it at 10 and they're buying it at 17. And then you'll see the 17 to 34 and that's when the stock is getting good and goes to great. But you could really capture monster gains when you go just from bad to less bad. And that's Citigroup right now.

'Cause when I look at those numbers, one thing that stood out to me is loan growth of 7%. And that was incredible loan growth. And what is that from? Is that from housing? Well, let's see what the housing market ... I talked about the housing. The people I talked to. Now I'm looking at, well, let's look at home builders, what are they doing? Toll Brothers, Lennar, DR Horton.

Let's look at some of the other banks and compare them. So now I'm bringing in 15 different stocks into this conversation, right. That's how I look at the market. It's not like, wow Citi beat, go buy Citi. But now I'm seeing strong loan growth and also banking services, so this is banking service to large companies through 8%. What is that? Well that is a lot of consulting services, that's MNA activity and all that stuff.

If you listen to Wednesday when I outlined my case why stocks won't crash and why they'll probably have a decent year with earnings growth. They're not expensive right now, people say they are based on the data they're not expensive. They're cheaper than they are the past five years stocks right now. They used to be 500.

But when I look at the MNA and I brought up and I just wrote, I read like 10 deals which is boring. This got \$2 billion, they got \$5 billion, they got \$7 billion, \$12 billion. I wrote of like 12 deals if you listen to Wednesday's Wall show. Thursday's Wall show I'm unplugged. And I'm sure it was easy to overlook it, but I said, guys that wasn't the deals from the past 12 months. It wasn't deals from the past 6 months. It wasn't deals from this year. Those were the deals from the last four days. When do you see MNA activity that strong? Stocks not that expensive.

You're looking at home prices going up, which means what? The home equity value of these ... people are getting more equity, right? It's going higher and higher and higher. You could take that off, it's still a low interest rate. And you can spend it to fix something, sometimes they wanna spend it and people buy four Mercedes. Whatever. But that's money and it's gonna filter into the economy. For now. Don't go as far out, five, ten years from now and say, but that's gonna end bad and they're gonna take all the equity out. No, we're not there yet. You have to think before.

What's gonna happen with all ... you talk about 5.4 trillion dollars in equity that people have in their homes right now. It's incredible. Nobody's really under water with their home if they bought it five

years ago. Nobody is. I don't care if you put zero down, in which, it's hard to do. Probably get away with 10% on a first time home, but mine had to put 20% down on my houses. The other one I had to pay full cash, they wouldn't even give me a loan for it. It's a secondary home. Even though I could pay cash three times over, that's the way the banking is. The banking industry is. It's the way the laws are, the regulations.

So I don't wanna get to crazy here and throw so much at you, but for me, I'm always looking at stock ideas. All the time. If I see something I'll come to my network on this podcast and say, guys, what do you see in housing prices? Everybody's saying they're going up.

I'm looking at Citi. Loan growth. Even loan growth was good from Wells Fargo, now but this is the thing, right. So, Wells Fargo got slapping with a bunch of penalties, almost to the point where they can't grow. Well, if you're a big client and have money at Wells Fargo, I mean, there on thin ice. The more they dig they keep finding stuff, kind of like GE. And they're starting to lose business. Well where they going to? They're going to Citigroup. That's why you see their loan growth. I mean, they're loan growth is strong right now. Wells Fargo is okay.

But you see that. You see one of the largest banks in the world become small or have more regulation on it because they screwed over, how many people. So you're seeing a lot of that business flow into Citi, making Citi a buy. But looking under the hood when you look at these numbers, don't just look at the stock you own.

Infrastructure stocks are great. If it's Jacobs Engineering, if it's Floor, they're gonna give you ... on a conference call they're gonna tell you about every part of the world that they operate in. What's good? Oh, well we're making oil [inaudible 00:33:35] Chicago Bridge and Iron. Deep Water platforms, those massive platforms. Well, we're seeing a ton of business right now.

L and G facilities that we're building. We're seeing it, export facilities. Now they're back on track. We're seeing more. Natural gas prices, if they go higher. And this is gonna lead you to a lot of ideas. I think like that, so Chris you're not crazy for thinking like that, just remember, don't take that time away from your family when you're hanging out with them. 'Cause when I was at Home Depot to, I was the same thing. I was like, wow, this is amazing.

Whenever any company does something really good that your kids like, you're always like, wow, that's amazing and you love them. Right? Just the way it is, but it's a very good question. Glad you brought it up and hopefully I didn't go too long on that segment. But as you can see I just gave you about 15, 16, 17, 18 stock picks, all because I listened to one call, which was Citigroup, which reported pretty good earnings. So that's how I think about when I'm analyzing stocks and trying to find new ideas.

Okay guys. Be sure to check out my Curzio Research Facebook page. Yes I pitch this all the time, as well as Twitter, because that's my free platform where you can see live videos. We're really putting a lot of money into this, guys. Do more live broadcasts.

Live broadcasts we're gonna start doing on Facebook, which is gonna be really cool, right. I like doing live because I don't care if I make a mistake, it's cool, it's fun. But I'm gonna be interviewing people live as well. And that's gonna be right on the platform and we're getting all this stuff done over the next couple weeks.

Getting that to expand our business of people who don't know the Curzio Research brand, because we've been doing very well thanks to you. And you guys subscribing to our service and we appreciate that. Now we're trying to expand. This way we can get a lot of more great analysts on our staff. Start really great newsletters with them and try to make you guys as much money as possible.

If anyone is not familiar with our brand, definitely go to the Curzio Research Facebook page, it's for free. You're gonna see a lot of free content there, a lot of cool stuff. You can also find us on Twitter, the handles @frankcurzio. Again, it's Twitter, my handles @frankcurzio. So those are two ways to find us.

So guys, that's it for me. Thank you so much for listening. I'll see you guys in seven days. Take care.

Announcer:

The information presented on Wall Street Unplugged is the opinion of its host and guests. You should not base your investment decisions solely on this broadcast. Remember, it's your money and your responsibility.

Wall Street Unplugged produced by the Choose Yourself Podcast Network, the leader in podcasts produced to help you choose yourself.