

# Frank Curzio's FRANKLY SPEAKING



- Speaker 1: 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.
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you're really not seeing those reactions. The only big reactions you're seeing are like the Expedia's that were down 40% heading into the quarter, which makes sense. If you put up good results, your stocks gonna go through the roof. But when these stocks have so much momentum going in, and they've been up for such a long time, and now they're reporting strong earnings, they're being met with a 2, 3% sell off.

Frank Curzio: Square is a good example. Very good numbers. We saw great numbers out of Google as well. That sold off a little bit. So when you see these numbers, right, it plays perfect into the strategy because even if they do well during the quarter, you're not really going to get hurt at the beginning because you have these for a year.

Frank Curzio: If Apple reported this quarter and I broke this down and told everybody if you get a chance when it comes to Apple, I broke it down last quarter, I also broke it down on my Facebook research page, the numbers are just amazing. I don't want to get too much into Apple here. I want to get more into the best strategy for you.

Frank Curzio: But when you look at Apple, there's a good shot like over the next year that stock price is going to come down. And there's fourth round covering stock, no sell ratings, but everyone else has lowered their estimates. Significantly. Billions of dollars they lowered their sales for guidance for next quarter. Billions. By billions of dollars. They lowered the iPhone units by millions and Apple came out and beat those numbers. Everyone was like "Wow. High five", but not one downgrade. Not one downgrade, but when you look going forward that growth is going to slow tremendously for Apple.

Frank Curzio: That's based on consensus estimates, that's not even me talking. Those estimates are coming down. Yeah they beat this quarter, but they're coming lower and lower. So if you're looking over a year period, that may be something that's interesting, but you could buy puts on it. And if they miss a quarter or two early on, there's a good shot you could make a fortune on those options.

- Frank Curzio: Again, I'm using Apple and talking about if Apple really comes down. Say if Apple came to 150, you wouldn't make a ton of money. But let's not use the biggest company in the world. Because there's utility companies trading at 25 forward earnings. There's consumer staple companies that are supposed to be the safest thing in the world trading at 22, 23 times forward earnings. Not growing sales. And you know what, why they're trading at those levels? Because they have a high dividend and people want that yield. While we have interest rates going higher, now it may not be the best alternative to have consumer staples.
- Frank Curzio: Yes, I know. You go outside and you see big restaurants. Whether it's McDonald's that you're seeing or you're seeing the Walmart's of the world, or your looking at Proctor & Gamble. I believe Proctor & Gamble just won. You're looking at Clorox. These are products you use and you're not paying attention to how expensive it is.
- Frank Curzio: Look, Snickers is a great candy bar. I'm not going to pay \$25 for it. That's how you have to look at it. So when you see a lot of these companies and you're basing your strategy on over a year that these could come down, this is the best strategy. This is an awesome strategy for this market because earning season, what have we seen in the past year earning season? We're probably going to see it going forward. When these companies report, even if they report good, the come down a little bit. If they don't, they get murdered. If they're below earnings, they don't really go up that high. At least right now because they've run up so much into the quarter.
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- Frank Curzio: That's why this newsletter is doing so good. That's why it has an unbelievable track record already. That's why almost everybody in this portfolio is very, very happy. And I'm happy. I'm ecstatic. I'm not here pitching it saying "You gotta buy. Here's a special just for you". No, if you want it, you want it. If you don't, you don't.
- Frank Curzio: I'm just saying if you want to make money, this is a way to make money. If you really believe that the market's going to come down, this is the safest way. We have the best analysts in the world. One of the best short sellers ever who's come up with a strategy to limit risk for individual investors and show you how to make money when the market comes down. Not just that, this strategy you're able to hedge a portfolio even if you're long because you're betting against certain stocks that could come down over the next year.
- Frank Curzio: That's the best way I would play it instead of an inverse ETF because they're very, very dangerous and very volatile.
- Frank Curzio: Let's take one more. This one's from James. He goes "Hey Frank. During the Tesla conference call, Elon Musk brushed off a couple of analyst's questions. What do you think about Elon blowing off the analysts? Thanks". I mean, it was a big story. To me, it's kind of a non-event. It's nice to talk about and say "Well, that's it. These analysts have been supportive". Elon Musk calls someone, and he didn't say this, but he was annoyed with these analysts, which I don't blame him. I mean, I don't blame him. These analysts are ridiculous. The Morgan Stanley analyst was upset because "We've been covering this stock for a long time and you should support us. You're a company that has bonds going out for 2025 that are trading below par" or whatever it was his comments. But what is he going to do any other day? What is he going to do? "I hate Elon Musk now"? You're going to sell his stock because of personal reasons because your CEO was just in a bad mood? Really? That's the guy you want to follow?
- Frank Curzio: I understand Elon Musk. They challenge him all the time. He'd just gotten the call. Was it right? No, it wasn't right. But these analysts, I listen to millions of these calls, and they are pain in the asses. They are. They just want to make sure they get their models right. Trying to get their discounted cash flow model for 15 years and put this

crazy fill in a number gap of a tax rate or whatever you want, cost of goods, just so they have a number, and come up with a target price, which is insane. Here's where this company should trade, at \$35. Tesla's probably at \$350.

Frank Curzio: Look a year and a half ago, everyone thought you were absolutely crazy that Trump would get elected, right? A lot changes in a year. To forecast past a year, 18 months is very difficult. There's so many different changes, so many things going on, so many risks and these analysts are like "I need this" and ask these questions. But for the analysts to think that the CEO needs to kiss their you know what is kind of amazing. Because that's what these analysts are complaining about. They're like "Well, we're doing this for you". You're not doing anything. You're doing it for your firm so you can generate investment fees. You still need those investment fees to survive. You're still going to cover the stock whether the CEO is an ass to you or not.

Frank Curzio: The Morgan Stanley guy is funny because he's been one of Elon Musk's biggest supporters. I kind of ripped him apart in 2016 because he came up with this thing "Tesla mobility" that he actually created. Seriously, he actually said it's a hypothetical analysis, the modeling valuation of a potential Tesla mobility is based entirely on Morgan Stanley and their global auto team. That's what he said. Neither Elon Musk nor his representatives of Tesla articulated a similar vision. So he created this whole vision. What is Tesla mobility? Basically, it's having Tesla become an autonomous giant and also destroying the rent-a-car industry. He believes Tesla's fleet of cars back then could grow to 586,000. We're talking about autonomous cars, level 5, drive themselves, and replacing almost every rent-a-car out there. That's what his goal was. And his analysis, which is based on a discounted cash flow model, he actually said this division, which doesn't exist yet, this is what he was predicting, could be worth anywhere from \$65 a share to \$615 a share by 2029.

Frank Curzio: Just to put that into perspective, it's like 8.5 billion to 80 billion. I mean, why don't you just have a five year old do your analysis for you? Seriously. This is going to happen and if it does your stock is going to be worth anywhere from \$2 billion to \$75 billion. Great.

Frank Curzio: So here's a guy that's creating things that Elon Musk isn't even telling him to create. Seriously, this kind of cash flow model going out to 2029. I mean, half the people reading this are going to be dead by then, no offense. But this is the analysis that you're providing and now you're getting mad at someone who's getting annoyed at this stuff. More important to the point, this is an event that the media loves and Elon Musk is such a high profile guy, and he's probably not going to be on any conference calls and you have traders going "This is to mask the terrible fundamentals".

Frank Curzio: I mean, the bottom line is this. As an investor, here is what you have to look at. More important on that call, trying to listen to, Elon Musk said that they're not going to have to raise money this year. He may be right, but if not, they're going to have to raise money pretty much by January 2nd or 3rd. Maybe February. Because if you look at the numbers, they have \$2.7 billion in cash right now. They burned though \$3.4 billion in cash last year. They plan on spending \$2 billion in [cap ex 00:11:12] that they said at the beginning of the year. They have \$1.2 billion in debt due by February, I believe. January or February. So just the [cap ex 00:11:21] and the debt due is \$3.2 billion. They have \$2.7 billion in cash. And maybe some of this [cap ex 00:11:27] already went in to it.

Frank Curzio: But still, think about that. We are in May. These are the numbers that Elon Musk is telling us. \$3.2 billion, including the debt due early next year, \$2.7 billion in cash, and we're not even talking about the money you have for what is it, 120,000 recalls that you just announced? And you have another \$2 billion due in two years. You have to raise a ton of cash. You have to raise billions and billions of dollars.

Frank Curzio: When you look at a company like Tesla, just like every momentum name, when that momentum breaks down, what happens? It falls back to the fundamentals. We saw that with Under Armor. Under Armor was around 10 or 11, then the stock shot back up from the 40's.

Frank Curzio: We see that with a lot of companies. When that momentum breaks down where's support levels? Well, it comes down to the

levels where it makes sense based on the fundamentals. We see this happen to a lot of high growth stocks. We see this happen to momentum stocks. When the momentum slows, you might not be used to it because maybe you're thinking Netflix and Nvidia and these stocks go up every single day and the Facebooks. You're right. But there's a lot of other momentum stocks in the market that have been around for a very long time. When that momentum breaks, they fall down to the levels of the fundamentals.

Frank Curzio: What does that mean? Tesla has no fundamentals. They're terrible, so that's what scary. Don't pay attention to the call to Elon Musk. Again, it's the CNBC star. Everybody loves it. You'll probably see it on The Today Show. More importantly, if you look at the fundamentals, they have to raise money and you have a CEO saying they don't have to raise money. Something has to give. He thinks they're going to generate enough cash flow, which is crazy to cover this, but what are you going to cover? You have to raise money. If you're not going to do it this year, you're going to do it January, February, March. You're going to have to raise money. If they're not going to raise money this year, you're going to see the stock continue to go down.

Frank Curzio: But they should look to raise money. It's a reason why every single analyst was pissed off at his comments. I'm not going to downgrade the stock because of that. If you're their boss, you'd probably kill them. I mean, your job as sell side analyst is to make sure you're generating investment fees. If you don't generate investment fees, you're out of business.

Frank Curzio: That's the way that business works. The company that's going to generate or need the most money probably in any company in the S&P 500 you're going to downgrade because he told you to shut up? Or that's a stupid question? Are you kidding me? Suck it up. Keep your buy rating on the stock. Don't downgrade it. That's what's going to happen. This way they get the investment banking business because if they decide to go to two or three people raising \$2 or \$3 billion, that's going to make the next two years of these firm, especially the ones outside of Goldman Sachs, Deutsche Bank, and Morgan Stanley.



Frank Curzio: That's the game. You can deny it. You can say "Frank, that's the game". I know. I've been on Wall Street. That's the game. That's the way it is. Like the bond rating funds. They get paid for that. There's a bias there. That's what happened during the credit crisis. You have S&P's saying "Wow. If they're not coming to us, they're going to somebody else, so we have to give them AAA's". We saw that during the credit crisis. It's insane. It's all about fees.

Frank Curzio: So don't worry about the call. It's not going to result in any downgrades. If it does, then maybe that analyst is going to get fired a couple of weeks later. Because they're not going to risk millions and millions of dollars in investment fees because Elon Musk hurt their personal feelings on a conference call. More important, look at the fundamentals of Tesla. They're not good right now. It's very dangerous. Maybe it could get more momentum, but if you look they have to raise money. They are in trouble. More importantly, if you look at that business now, it's a company that doesn't have proprietary technology.

Frank Curzio: You don't have Netflix where everybody loves Netflix and their original programming is better than anything out there. You look at the momentum, you see Nvidia has the best graphic chips in the world. Nobody can compete with them right now. Intel starting to come close. AMD doesn't even have a shot, but they're getting all the loose crumbs and doing well.

Frank Curzio: But when you look at Tesla, they no longer have that proprietary technology that's better than everybody else in the business. They don't have it. They have a company that used to have beautiful cars. They still have beautiful cars, but if you see the electric cars that are coming out, especially some from CES Consumer Electronics Show in Vegas that's in January, there's tons of beautiful cars now. All the manufacturers are making these. A lot more competition. It's just a scary situation. But I can tell you, if anyone is going to defy this trend, it's Elon Musk. I don't think it's going to happen, but when I look at the fundamentals, Tesla is in big trouble. I'd be careful if you long that stock. Hopefully that helped out with your question.

Frank Curzio: Okay guys, be sure to check out my Curzio research Facebook



page. Doing a lot of live video and we have new technology where I can show you the free websites that I use to find this research. We just broke down Apple. It's tremendous guys, trust me. It was about 10 minutes long. It will be the best 10 minutes that you spend researching a stock. Really deep, hardcore analysis. I kept it simple, but you can follow along based on my Excel spreadsheets and models and things like that that you're looking at. Really, really cool stuff.

Frank Curzio: I'm going to continue to basically go on that platform all the time, share a lot of my favorite ideas. All that is for free this way people listening to this for the first time, second time, the podcast, that's a way to introduce you more to our research. In-depth stuff. We'll be able to do live interviews through Facebook now. All our new technology is really, really cool. We're excited about it. Guys, definitely check it out. Lots of free stuff on there, lots of fun stuff. Definitely, definitely worth your time.

Frank Curzio: So guys, that's it for me. Thanks so much for listening. I'll see you in seven days. Take care. Later.

Frank Curzio: And this from listening to you. I'm talking about having video updates for subscribers. Video lessons for subscribers. It is really cool. Having a mobile app. E-book format for newsletters. A lot of you guys want to listen to our newsletters instead of reading it. At least my research, I know how consuming it can get. Sometimes these things can get 10, 12, 13 pages every month when we come out with our recommendations. It's not a one page "Hey, buy this". No. Massive amount of research, time effort. A lot of stuff goes behind every one of our picks. It could get overwhelming to read a lot of this stuff. So we heard from you, listened to you. Hey, this would be pretty cool if we could listen to these issues just like we listen to the podcast. All of this stuff is in the works. It's going to come soon. Why? Because we know our customers want this. We listen to you. New products coming out.

Frank Curzio: Like I said, Barry's launching his new product, which is going to be awesome. [The Crypto 00:17:45]. And then we have the all-star portfolio. Guys, I put this together. It's pretty amazing. We released the Beta version for Curzio venture opportunities subscribers. So

far, overwhelming positive have been the feedback so far. And great feedback we're getting. Beta version, working out all the tweaks. We're going to launch this product pretty soon. What is it? Exactly what it says: all-star portfolio where I have my guests that come here, and lot of times they'll recommend stocks on the podcasts which people don't pay attention to a lot of times because I have three or four of them. Or sometimes I'll talk to them before or after and they'll talk about their favorite ideas just like I give them some of the ideas I'm looking at.

Frank Curzio: Times that by hundreds of experts. Times that by the 10 years I've been doing this. This is something that I'm offering you that no one in the industry can offer you. So it's not just Frank Curzio and Frank Curzio got this topic. No, I have the newsletters. It's an all-star portfolio getting one pick from these guys and tracking a portfolio, writing about it, putting this person on a nice picture and link it to the website and things like that. But you're going to see the top picks from everybody in a portfolio because what I realized based on your feedback is you're not purchasing a lot of the stocks that these guys are recommending. It's overwhelming. You just have to question less. Question before this.

Frank Curzio: Frank, there's so many ideas. Well, that's the thing. When these guys come on and we have Chris McIntosh telling you to buy Bitcoin at 400 18 months ago, Michael Allen kept telling you to short Newell at 50 and it falls to 20 or whatever.

Frank Curzio: A lot of these get lost because it's a lot of different ideas, every guy comes on, so now we're condensing it and taking one stock from these guys. Sometimes they might mention one of those in the portfolio, one that they like more than others on the podcast. Other times, it's off podcast when I'm talking to them.

Frank Curzio: We're going to put all this in the portfolio and make it extremely, extremely affordable for anyone to buy in a monthly service. It's not going to be expensive guys. It's going to be very inexpensive for you. This way you can follow along what the pros are doing, having stop losses on this portfolio, buy up to price and things like that. But now you're getting stocks from everyone in the world from the best guys in the world working for who? They're working

for you. So a lot of great stuff coming. I appreciate the support guys and allowing us to do that by subscribing to our products.

Frank Curzio: Look, it's not "Hey, subscribe the Curzio research and this is great". No. We market aggressively, we want to bring more money. Why? Because we want to expand this business and grow because there's another 20, 30 analysts like Barry and Alkin and myself who have been in this for 20 years, who especially guys in the hedge fund industry that are getting sick of it, that are coming out and want to help individual investors. We want to try to create that platform. That platform is not available anywhere in our industry. With that type of quality analysts. And that's what we're looking to build.

Frank Curzio: As we get bigger and bigger and pour more money into the company and that's what we're looking to do. Have a huge stable of the best analysts in every sector. Not guys that we have fun marketing. No. Guys that have proven results. Guys that have made money for people in the past. Guys that have lived through recessions, bull markets, bear markets, toms of presidential elections, everything. Because that's the experience you need and if they're going to come over to the Curzio research brand and recommend stocks, that's the qualifications I'm going to make sure that they have. That way we put the best guys in front of you.

Frank Curzio: Let's get to the next question. It's from Dirk. "Say Frank, I'm looking for some positions to have to play a downturn. So a double or triple ETF in the S&P or Dow would be good, but I only find one, which is Fidelity Trading. Any tip where I can find something more appropriate for the next six to nine month time period just shorting the indices will not be enough as I want to risk a small portion but want to make big money when the market turns. Thanks".

Frank Curzio: Dirk, it's pretty easy to find. They're called inverse ETF's. If you go to Google and put inverse ETF's, so you can go to a site like ETF.com, you'll find dozens, if not hundreds. There's ETF's for tissue paper. Everything. You name it, there's an ETF these days.

Frank Curzio: It's kind of incredible because when I see a company and you look, I think you might be able to find this in Yahoo, but I can

find it in my paid stuff, research engines. When you look at these stocks and you click the indices that they're in, or the benchmark for whatever they're in, right. Not the benchmark, but whatever they're in. Like the different S&P 600, the S&P 500, the ETF's. It's amazing because the stock will be in 40 ETF's and 25 of them are from Vanguard. So Vanguard says they're charging the cheapest fees possible, but you have one stock where you have it in. Really, you're going to have it in 25 different of your ETF's.

Frank Curzio: For me, that's kind of amazing. On the surface, if you buy one ETF it's cheaper, but the fact that you're charging people 20 different times. Does it really belong in there? I didn't say if a large cap like McDonald's and you have an ETF in certain things whatever like four or five of them or large caps in the S&P 500 dividend fund, there'll be five or six different classes of ETF's. But to be in 30 or 40 is kind of crazy.

Frank Curzio: My point is there are ETF's for everyone. I don't want to go on a long rant there. When you look at the inverse ETF's, be very careful here. Be very, very careful. The inverse ETF's can crush you in one day. You come out with one good economic news, you come out with something with Apple blowing out estimates that's going to push the whole market up. You can get crushed immediately. If you're looking to play the market, inverse ETF's are a way to play it very short term, which, I gotta tell you, earnings growing 20%, the housing market is completely on fire. You can't even find houses to buy right now. You look at unemployment is at its lowest rate in probably 70 years. You look at economics and it's pretty strong, yes there's risk. I'm just saying for you betting that the market is going to fall 40, 50%, because that's what you're doing when you buy leveraged inverse ETF's. I think it's crazy.

Frank Curzio: A much better way to play this, because you bring up a good point here, Dirk, you say you want to short the indices. It's not going to be enough. I want to risk a small portion to make a lot of money. If you want to do that, buy Alkin's newsletter. What he's doing in his newsletter is fantastic. The results have been incredible already after four, five months. Listen, if you buy it, you buy it. If you don't, you don't. Whatever. I'm just telling you that if this is what you're looking to do because maybe you don't know what his money for

a trader is about, it's not about shorting stocks. If you're shorting stocks, what happens? You have a limited risk. What Alkin does is he's buying long dated puts a year out. What does that mean?

Frank Curzio: By buying these long data puts, it limits your amount of risks to the money that you put in. You can risk \$1000, you can risk \$2000, you can risk \$3000. That's your max risk. But you have a year for this trade to play out.

Frank Curzio: Now why is that important? Let's use an example. If you have a company like Apple, Apple is trading at 175, and you're like okay, I think that Apple is going to come down over the next year. Not over the next month, nobody knows what's gonna happen next month or next quarter, it's hard to predict! But if you have an inverse ETF, you can't hold a three times leverage inverse ETF for a year. I mean, there's a good shot that you can get destroyed.

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or your looking at Proctor & Gamble. I believe Proctor & Gamble just won. You're looking at Clorox. These are products you use and you're not paying attention to how expensive it is.

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Frank Curzio: So Michael's a forensic accountant. He's able to pick off a lot of these stocks. It's not betting on them, but if they miss a quarter or two, you're going to make a fortune. You know why? You limit your risk by doing the strategy, buying puts. You're only going to lose the amount that you put in, which is great, because you don't want to get killed. Which it sounds like exactly what you want to do, right? Put a little in to make a lot of money, and you will make a lot of money if these stocks do come down. So if you're predicting a crash, there's a couple of single opportunities that you think that, obviously in a crash everything's going to come down, but that's the best way to play it.

Frank Curzio: That's why this newsletter is doing so good. That's why it has an unbelievable track record already. That's why almost everybody in this portfolio is very, very happy. And I'm happy. I'm ecstatic. I'm not here pitching it saying "You gotta buy. Here's a special just for you". No, if you want it, you want it. If you don't, you don't.

Frank Curzio: I'm just saying if you want to make money, this is a way to make money. If you really believe that the market's going to come down, this is the safest way. We have the best analysts in the world. One of the best short sellers ever who's come up with a strategy to limit risk for individual investors and show you how to make money when the market comes down. Not just that, this strategy you're able to hedge a portfolio even if you're long because you're betting against certain stocks that could come down over the next year. That's the best way I would play it instead of an inverse ETF



because they're very, very dangerous and very volatile.

Frank Curzio: Let's take one more. This one's from James. He goes "Hey Frank. During the Tesla conference call, Elon Musk brushed off a couple of analyst's questions. What do you think about Elon blowing off the analysts? Thanks". I mean, it was a big story. To me, it's kind of a non-event. It's nice to talk about and say "Well, that's it. These analysts have been supportive". Elon Musk calls someone, and he didn't say this, but he was annoyed with these analysts, which I don't blame him. I mean, I don't blame him. These analysts are ridiculous. The Morgan Stanley analyst was upset because "We've been covering this stock for a long time and you should support us. You're a company that has bonds going out for 2025 that are trading below par" or whatever it was his comments. But what is he going to do any other day? What is he going to do? "I hate Elon Musk now"? You're going to sell his stock because of personal reasons because your CEO was just in a bad mood? Really? That's the guy you want to follow?

Frank Curzio: I understand Elon Musk. They challenge him all the time. He'd just gotten the call. Was it right? No, it wasn't right. But these analysts, I listen to millions of these calls, and they are pain in the asses. They are. They just want to make sure they get their models right. Trying to get their discounted cash flow model for 15 years and put this crazy fill in a number gap of a tax rate or whatever you want, cost of goods, just so they have a number, and come up with a target price, which is insane. Here's where this company should trade, at \$35. Tesla's probably at \$350.

Frank Curzio: Look a year and a half ago, everyone thought you were absolutely crazy that Trump would get elected, right? A lot changes in a year. To forecast past a year, 18 months is very difficult. There's so many different changes, so many things going on, so many risks and these analysts are like "I need this" and ask these questions. But for the analysts to think that the CEO needs to kiss their you know what is kind of amazing. Because that's what these analysts are complaining about. They're like "Well, we're doing this for you". You're not doing anything. You're doing it for your firm so you can generate investment fees. You still need those investment fees to survive. You're still going to cover the stock whether the CEO is an ass to you or not.

Frank Curzio: The Morgan Stanley guy is funny because he's been one of Elon Musk's biggest supporters. I kind of ripped him apart in 2016 because he came

up with this thing “Tesla mobility” that he actually created. Seriously, he actually said it’s a hypothetical analysis, the modeling valuation of a potential Tesla mobility is based entirely on Morgan Stanley and their global auto team. That’s what he said. Neither Elon Musk nor his representatives of Tesla articulated a similar vision. So he created this whole vision. What is Tesla mobility? Basically, it’s having Tesla become an autonomous giant and also destroying the rent-a-car industry. He believes Tesla’s fleet of cars back then could grow to 586,000. We’re talking about autonomous cars, level 5, drive themselves, and replacing almost every rent-a-car out there. That’s what his goal was. And his analysis, which is based on a discounted cash flow model, he actually said this division, which doesn’t exist yet, this is what he was predicting, could be worth anywhere from \$65 a share to \$615 a share by 2029.

Frank Curzio: Just to put that into perspective, it’s like 8.5 billion to 80 billion. I mean, why don’t you just have a five year old do your analysis for you? Seriously. This is going to happen and if it does your stock is going to be worth anywhere from \$2 billion to \$75 billion. Great.

Frank Curzio: So here’s a guy that’s creating things that Elon Musk isn’t even telling him to create. Seriously, this kind of cash flow model going out to 2029. I mean, half the people reading this are going to be dead by then, no offense. But this is the analysis that you’re providing and now you’re getting mad at someone who’s getting annoyed at this stuff. More important to the point, this is an event that the media loves and Elon Musk is such a high profile guy, and he’s probably not going to be on any conference calls and you have traders going “This is to mask the terrible fundamentals”.

Frank Curzio: I mean, the bottom line is this. As an investor, here is what you have to look at. More important on that call, trying to listen to, Elon Musk said that they’re not going to have to raise money this year. He may be right, but if not, they’re going to have to raise money pretty much by January 2nd or 3rd. Maybe February. Because if you look at the numbers, they have \$2.7 billion in cash right now. They burned though \$3.4 billion in cash last year. They plan on spending \$2 billion in [cap ex 00:11:12] that they said at the beginning of the year. They have \$1.2 billion in debt due by February, I believe. January or February. So just the [cap ex 00:11:21] and the debt due is \$3.2 billion. They have \$2.7 billion in cash. And maybe some of this [cap ex 00:11:27] already went in to it.

- Frank Curzio: But still, think about that. We are in May. These are the numbers that Elon Musk is telling us. \$3.2 billion, including the debt due early next year, \$2.7 billion in cash, and we're not even talking about the money you have for what is it, 120,000 recalls that you just announced? And you have another \$2 billion due in two years. You have to raise a ton of cash. You have to raise billions and billions of dollars.
- Frank Curzio: When you look at a company like Tesla, just like every momentum name, when that momentum breaks down, what happens? It falls back to the fundamentals. We saw that with Under Armor. Under Armor was around 10 or 11, then the stock shot back up from the 40's.
- Frank Curzio: We see that with a lot of companies. When that momentum breaks down where's support levels? Well, it comes down to the levels where it makes sense based on the fundamentals. We see this happen to a lot of high growth stocks. We see this happen to momentum stocks. When the momentum slows, you might not be used to it because maybe you're thinking Netflix and Nvidia and these sticks go up every single day and the Facebooks. You're right. But there's a lot of other momentum stocks in the market that have been around for a very long time. When that momentum breaks, they fall down to the levels of the fundamentals.
- Frank Curzio: What does that mean? Tesla has no fundamentals. They're terrible, so that's what scary. Don't pay attention to the call to Elon Musk. Again, it's the CNBC star. Everybody loves it. You'll probably see it on The Today Show. More importantly, if you look at the fundamentals, they have to raise money and you have a CEO saying they don't have to raise money. Something has to give. He thinks they're going to generate enough cash flow, which is crazy to cover this, but what are you going to cover? You have to raise money. If you're not going to do it this year, you're going to do it January, February, March. You're going to have to raise money. If they're not going to raise money this year, you're going to see the stock continue to go down.
- Frank Curzio: But they should look to raise money. It's a reason why every single analyst was pissed off at his comments. I'm not going to downgrade the stock because of that. If you're their boss, you'd probably kill them. I mean, your job as sell side analyst is to make sure you're generating investment fees. If you don't generate investment fees, you're out of business.
- Frank Curzio: That's the way that business works. The company that's going to generate

or need the most money probably in any company in the S&P 500 you're going to downgrade because he told you to shut up? Or that's a stupid question? Are you kidding me? Suck it up. Keep your buy rating on the stock. Don't downgrade it. That's what's going to happen. This way they get the investment banking business because if they decide to go to two or three people raising \$2 or \$3 billion, that's going to make the next two years of these firm, especially the ones outside of Goldman Sachs, Deutsche Bank, and Morgan Stanley.

Frank Curzio: That's the game. You can deny it. You can say "Frank, that's the game". I know. I've been on Wall Street. That's the game. That's the way it is. Like the bond rating funds. They get paid for that. There's a bias there. That's what happened during the credit crisis. You have S&P's saying "Wow. If they're not coming to us, they're going to somebody else, so we have to give them AAA's". We saw that during the credit crisis. It's insane. It's all about fees.

Frank Curzio: So don't worry about the call. It's not going to result in any downgrades. If it does, then maybe that analyst is going to get fired a couple of weeks later. Because they're not going to risk millions and millions of dollars in investment fees because Elon Musk hurt their personal feelings on a conference call. More important, look at the fundamentals of Tesla. They're not good right now. It's very dangerous. Maybe it could get more momentum, but if you look they have to raise money. They are in trouble. More importantly, if you look at that business now, it's a company that doesn't have proprietary technology.

Frank Curzio: You don't have Netflix where everybody loves Netflix and their original programming is better than anything out there. You look at the momentum, you see Nvidia has the best graphic chips in the world. Nobody can compete with them right now. Intel starting to come close. AMD doesn't even have a shot, but they're getting all the loose crumbs and doing well.

Frank Curzio: But when you look at Tesla, they no longer have that proprietary technology that's better than everybody else in the business. They don't have it. They have a company that used to have beautiful cars. They still have beautiful cars, but if you see the electric cars that are coming out, especially some from CES Consumer Electronics Show in Vegas that's in January, there's tons of beautiful cars now. All the manufacturers are

making these. A lot more competition. It's just a scary situation. But I can tell you, if anyone is going to defy this trend, it's Elon Musk. I don't think it's going to happen, but when I look at the fundamentals, Tesla is in big trouble. I'd be careful if you long that stock. Hopefully that helped out with your question.

Frank Curzio: Okay guys, be sure to check out my Curzio research Facebook page. Doing a lot of live video and we have new technology where I can show you the free websites that I use to find this research. We just broke down Apple. It's tremendous guys, trust me. It was about 10 minutes long. It will be the best 10 minutes that you spend researching a stock. Really deep, hardcore analysis. I kept it simple, but you can follow along based on my Excel spreadsheets and models and things like that that you're looking at. Really, really cool stuff.

Frank Curzio: I'm going to continue to basically go on that platform all the time, share a lot of my favorite ideas. All that is for free this way people listening to this for the first time, second time, the podcast, that's a way to introduce you more to our research. In-depth stuff. We'll be able to do live interviews through Facebook now. All our new technology is really, really cool. We're excited about it. Guys, definitely check it out. Lots of free stuff on there, lots of fun stuff. Definitely, definitely worth your time.

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

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