

THE MIKE ALKIN SHOW

TALKING STOCKS OVER A BEER



Speaker 1: Free and clear of the chatter from Wall Street, you're listening to Talking Stocks Over Beer, hosted by hedge fund veteran and newsletter writer Mike Alkin, who helps ordinary investors level the playing field against the pros by bringing you market insights and interviews with corporate executives and institutional investors. Mike sifts through all the noise of mainstream financial media and Wall Street to help you focus on what really matters in the markets. Now, here is your host Mike Alkin.

Mike Alkin: It's Tuesday, May 15. Welcome to the podcast. Hope you had a nice weekend. Here in the northeast, it got back to the miserable weather that we have, are accustomed to. It was in the 50s, a lot of rain. Of course you'll hear me complain because I sat on a lacrosse field, got soaked, watching my kid's team get smoked yesterday by their rivals, but that happens. I was supposed to ... Oh, I had a nice Mother's Day. My wife, my kids and I, we made Mom breakfast in bed, and she enjoyed that. We just had a really nice, relaxing day. I hope you guys all had it.

Mike Alkin: For me, Mother's Day is always interesting. I grew up, my mom passed when I was seven, and I was raised by my grandparents. They were fabulous people, but Mother's Day was always a tough one for my grandmother, as she had lost her daughter, and so it was really just kind of a day that just came and went. It didn't really have a lot of appeal for me growing up. I saw my friends have their moms, and I didn't have one, and my grandmother didn't want to deal with it, so it was one of those holidays that just kind of, like I said, just came and went. Then my wife became a mom, and for the last number of years, since our children were born, it's held a real special place for me and my wife, so really a nice day. Hope you, for those of you who have moms, or have wives and children, I hope you guys had a nice day.

Mike Alkin: A little housekeeping issue. I was going to speak at the Vancouver Resource Investment Conference, which is hosted by Cambridge House. I was gonna speak, I think it was tomorrow, today, which ... Well, today is Monday,

but it would have been Monday or Tuesday. I was gonna host a uranium panel. I was gonna talk about uranium, but I'm not. I'm a fan of Top Gun and the opening scene, when Maverick when out and tried to bring ... Was it Merlin? Yeah. I think it was Merlin. He had freaked out when he saw Meg and Maverick went and brought him in on the ... Stayed with him until he landed on the carrier, and then Maverick and Goose got called into the commander's office, and he said, "Son, you're writing ... Your mind is writing checks your body can't cash." That's one of the lines I've always loved in movies, and it happened to me, except in hockey. My mind wrote checks my body couldn't cash, and I keep forgetting that I'm not 25 anymore.

Mike Alkin: Playing recently, I was skating down the ice, and chasing a puck into the end boards, and it's a non-check game, but still, you like to bang a little bit. It's fun. You do it clean, but hockey without any contact is really not hockey. Here I am chasing a puck down into the end boards, and the guy in front of me zigged, and I zagged, and he zigged again, and I didn't zig again, and I hit the boards shoulder first, and it's the shoulder that's given me problems a lot of years, and the boards are unlike NHL arena boards or good college arena boards. These boards are like hitting a cement wall. The wall won, and my mind wrote a check my body couldn't cash, and now I'm paying for it.

Mike Alkin: I'm fine. It's a deep bruise. It's something I'm going to get it checked out, but it just ... I don't take anything more than Advil. I don't like taking any pain medication, so my shoulder was not up for a six-hour cross-country flight to Vancouver. I last minute, I told those guys I'm not gonna be able to make it. Aside from that, I was going to be talking about uranium, but I'll share my views. For those of you who follow me on Twitter, FootnotesFirst, you probably know my view, and I might do something over the next several weeks where I get my view out there.

Mike Alkin: Aside from that, it was a ... My [inaudible 00:05:17] down in the tank. Clearly, you know how I feel about that, so I'm not gonna harp on that. If you can tell in my voice the euphoria that was there just five weeks ago has completely disappeared, with good reason, but let's turn our attention to the markets.

Mike Alkin: We saw the buyer's strike that had been going on for two or three weeks came to an end. We saw the end really of

the first quarter earnings season, and the S&P, the Dow, and the Nasdaq all had pretty good gains last week. The S&P and the Dow were up 2.3% and 2.7% respectively, and it was strong. Now as we look at the year, the S&P and Dow are now back into positive territory for the year. The S&P is up 2%. The Dow is up half a percent, and the Nasdaq, you know, big tech stocks and little tech stocks, they're ripping. They're up 7.2% for the year, so things are okay, but you know, I think we need to put that in perspective, and I'm gonna touch on that in a minute, but last week was kind of odd.

Mike Alkin: The market got off to a slow start, as the market was trying to digest Trump's decision to pull out the US from the Iran nuclear agreement and restore these high-level economic sanctions against Iran, and I think the market was thinking, "Okay. We should be doing something here. We're really not sure. We read about this a lot, but we're not really sure what it means," but it just kind of struggled. It meandered through, because it really didn't know what to make of it, and I'm gonna touch on that in one of the future podcasts.

Mike Alkin: Trump was yelled at by his European allies. They wanted him to stay in the agreement. In Iran, of course, their response was just violent, with lawmakers burning the flag in Parliament, the American flag. Then you had some more tensions in the Middle East, which were further escalated when Israel struck Iran's military infrastructure in Syria in response to an Iranian missile attack on some Israeli-held territory, so never a dull moment over there.

Mike Alkin: You had a brief pause in the middle of the week, but a lot of muted reactions to those headlines. But you saw crude took off. WTI, West Texas Intermediary, blew out to a new three-and-a-half year high at over \$71 bucks a barrel, as those sanctions were restored on Iran. Iran is OPEC's third-largest oil exporter, so you have this looming threat of conflict within the oil-rich region, which spooked investors, and now they're putting the disruption to crude supply bet on, so obviously the energy sector benefited. You saw those stocks up almost 4% on the week.

Mike Alkin: You saw the industrial tech, financial sectors also finish strong, between 3.5%, 3.7% or something like that. Nine sectors finished the week in the green, except two: Consumer staples down a half percent, and utilities down 2.3%. I don't know if you go to YouTube, you'll see a presentation I did on both the auto sector and consumer

staples sector back in January at one of the conferences I spoke at, and I've been pretty bearish on the staples sector, so that's not surprising to me. Then stocks really started taking off on Wednesday. You saw a big move, and that momentum carried into Thursday, so really it was like Wednesday and Thursday where you saw a big bulk of what was taking place, and the tech stocks just really went on a tear, and kind of reminiscent of last year. You had Apple have a big winning streak, and I think it was its fifth or sixth day in a row.

Mike Alkin: We saw some inflation data last week. On Thursday it came out, which kind of helped fuel some further bullish bias as it came in slightly below estimates of +0.2 versus +0.3, what the expectations were, so people were thinking, "Well, that's gonna temper the concerns that the fed might have." Right? "Maybe they'll be less aggressive on their path to normalization of interest rates."

Mike Alkin: Overall, a good week in the market, but let's think back. Let's remember where the S&P was at the end of January. It was sitting around 2872. Since then, we've had these well-anticipated, highly talked about, blowout earnings that were going to be coming. Now, when we think about ... The earnings season is over now, so when we think about earnings growth for the first quarter of 2018, remember with these big tax cuts, and, "Earnings are gonna rip." They did. We think about the blended earnings growth rate for the S&P 500. It was 24.9%, so 25% year over year earnings growth, which is the highest earnings growth since the third quarter of 2010, when it was 34%. On March 31, the end of the quarter, so coming into the earnings period, the estimated earnings growth was 17%. That is a monster beat. 10 sectors have higher growth rates today due to positive earnings surprises. When we look forward to second quarter earnings, 50 S&P 500 companies have issued negative guidance, and 36 positive guidance. By the way, that's not too far outside the realm of what's typical.

Mike Alkin: Then we turn our attention to sales. Earnings grew 25%. Sales had to be pretty good, because the cost-cutting days for most of these companies are behind them. That was in the early days, after the global financial crisis. How did you get earnings growth, if you got it? Cut the living heck out of your expenses, because sales were hard to come by. Then as time moved on, what we're starting to see now is a lot of stock buybacks, which reduces the share count

and increases earnings. But the sales growth rate for Q1 '18 came in huge. 8.2%. For companies that generated more than half their sales inside the US, the sales growth rate was 6.4%. For companies that generate more than half their sales inside the US, the sales growth rate was 6.4%. For companies that generate less than half their sales inside the US, the sales growth rate was 13.1%, so foreign sales were good.

Mike Alkin: What drove that? S&P 500 huge global revenue exposure? Well, at the sector level, it was the information technology, materials, and energy sectors. They were the biggest contributors to earnings and revenue growth in Q1, for those companies with more global exposure.

Mike Alkin: Let's think about this, though. We had a monster earnings reporting period, 25%. Sales, off the charts at 8.2%. On the 28th of January, the S&P 500 was at 2872. Today, it sits at 2727, so think about that. That's an enormous ... That's 5% difference, but lower, after all this positive good news came in. You often hear me say, and you'll hear me say it with our guest today on the program, Steve Koomar, where we were talking about looking to where the puck is going and not to where it is. I think the market's already anticipated all this good stuff, so last week I see the headlines, "Stocks are ripping. Stocks are roaring. Good times are here again." It's 5% lower than where it was going the end of January. It surprised the market. Stocks normally react positively to big surprises. As I always say, as I've been saying since I started this podcast in early February, stay cautious.

Mike Alkin: Our guest today is a really fascinating guy. You might have heard him before on Frank Curzio's podcast, but it's Steve Koomar, who writes the Vigilante Investor. I thought Steve would be an interesting guest for you to listen to, because he has a really macro view of the world, but not only ... And he has a varied background. He was in the fixed income business, and you have often heard me say the fixed income guys are really, really smart. They follow the cash flows. They look at different things, but numbers matter. They don't fall prey to story stocks. They don't fall prey to narratives. They fall prey to data, and they follow the data.

Mike Alkin: Steve, I've read a lot of Steve's work, I've spoken with Tim, and I'm really impressed with him, and I think he can share some really interesting insights with you on how to think about putting together a portfolio, and what are some of the things you need to think about other

than just, “What’s the story on some stocks some guy pitched me? My friend or my broker, whomever it may be?” Hopefully I think you’re gonna get a good lesson in how to think about the world at large, how to incorporate geopolitics and economic thinking into your stock picking.

Mike Alkin: Without further ado, Steve Koomar, welcome to the podcast.

Steve Koomar: Oh, it’s great to be here. Thanks for inviting me.

Mike Alkin: Oh, my pleasure. Steve, you and I were talking last week, and I loved talking with you because it was such an enlightening conversation, and it focused more than just on, “Where’s the US stock market going?” We talked about a lot of topics, and we’re gonna touch on those today, regarding geopolitics and the role it plays in the world, and how maybe investors can start to incorporate that into their thinking, as they think about how they want to position themselves.

Mike Alkin: What I want to do first, Steve, is talk about your background. It’s fascinating. You have a long, storied career on the sell side, and now you’re writing a newsletter, but we don’t speak to many guests who have specialized in derivatives, Japanese bond trading, global proprietary trading, so why don’t you give listeners some of your background, and how you got to where you are now?

Steve Koomar: Well, sure. I appreciate that opportunity, Mike. I came to ... I moved to New York from Texas in 1986, and I took a position on Goldman’s Fixed Income Derivatives desk. Goldman’s Fixed Income Derivatives desk was a bit of a high-priced service at the time. We prided ourselves on delivering the best service, the best research, and really everybody in that group did a lot of their own original research. I did a fair bit, and published a number of articles, and wrote a lot of models.

Steve Koomar: One of the things that I developed was a model that was focused on arbitraging the bond contract, the bond futures contract, which was ... It seems pretty simple now, but at the time, people didn’t understand how to value and hedge the delivery options, and I produced what now looks like a pretty simple algorithm to model it out and to hedge it out, and we were taking about 3/8 of a point out of the contract in an arbitrage profit every quarter. Over time, people learned about it. My analysis

ended up on the Bloomberg Analysis, and the whole world was looking at the same thing that I had figured out, and it didn't take long for that arbitrage to go away, but I developed a good business following, institutional business following, and eventually Goldman Sachs asked me to go to Japan and develop a bigger institutional presence for our derivatives desk in Japan.

Steve Koomar: I took that role, a little bit apprehensively at first, but Japan turned out to be a fantastic professional opportunity. There's really no other money center in the world where you can do as many things as you can as an individual professional. I got involved in every aspect of the bank's activities, which I could have never done in New York or London. That was fantastic. We developed a really great business. We developed the first true electronic trading platform of futures that really went right from the customer to the exchange and back to the customer. It incorporated all of our processing, back office, middle office, all with the click of a mouse. The productivity advances were significant. In a year, we went from \$4 million in revenue for that desk, for that one product, to \$20 million.

Mike Alkin: That's a big number.

Steve Koomar: It was. It was a nice boost. For a small group, that was a lot of revenue.

Mike Alkin: Yup.

Steve Koomar: Eventually, one thing led to another, and my career opportunities were opening up very quickly, and there was demand for me to come back to the States, and at the same time, the people in Japan wanted me to stick around, and I took a position on a proprietary trading desk, to run the proprietary trading for the Tokyo desk. That was a lot of fun, very exciting.

Mike Alkin: Yeah. Steve, let me just stop you there and ask you this. For listeners who ... They hear terms thrown around when they listen to investment guys talk, and investment guys and women. When we say "proprietary trading," give some insight into what you did there as a proprietary trading desk.

Steve Koomar: Well, I was taking positions on behalf of Goldman Sachs' book alone. I wasn't trading with customers at all. The other traders that were there, the other trading group was interfacing with the clients, and they were making some

profit off of bid off or spread with a client. I did none of that. Although we did talk to each other, I didn't get to see what ... Because I was on the proprietary side, I didn't get to see the customer flows. I didn't get to see the supply and demand coming from the customers, because that would have been inappropriate.

Mike Alkin: Yup.

Steve Koomar: We did still interact, and I got a good idea of the market conditions, so I did at least get the benefit of being close to our group's flows.

Steve Koomar: What we did in Japan was that we looked for anomalies in the yield curve, or in the way in which maybe different fixed income instruments were priced against each other. It could have been the swap curve versus the government curve, or the governments versus the futures, or just different parts of the yield curve. We would take positions where we would own the cheapest parts of the curve, or the cheapest securities, and we would hedge our interest rate risk or our other risks associated with the position with offsetting positions. Sometimes, you could make money very quickly, and sometimes you would lose a lot of money before you could make it back, and it was a question of whether you could hold on, because the market forces that start to push something out of line sometimes can continue for a long time. But I took large, levered positions with Goldman's capital in the Japanese interest rate markets.

Steve Koomar: There were other related positions that I was able to sometimes take, that were offsetting risk, that you didn't always maybe think would be, but there were some times where the foreign exchange markets were having a big effect, or the equity markets would have a big effect, so I did engage in trading activity in those markets as well, but not nearly to the same extent as the interest rate markets. But we were taking positions in that market, large, levered positions in that market that were meant to take advantage of pricing anomalies and profit from those over the long term.

Mike Alkin: It's interesting. Here, a lot of listeners who listen to the podcast are stock buyers, and you write a newsletter that focuses a lot on equities and the role of geopolitics in there, but you're making stock recommendations, and you come from a fixed income background. One of the things I learned very early in my career was, it's so important to have a view, whether you're an equity or a

fixed income investor, about what's going on in the total market, and what's moving different markets. There's the old saying that the bond guys are a lot smarter than the equity guys, and they see what's happening beforehand. Can you explain to listeners how having a view about what's going on with interest rates and the overall macro economy influences how you think about the equity markets?

Steve Koomar: Oh, absolutely. The foundations of ... Really, for any kind of investment, it's all about cash flows, and discounting those cash flows. Interest rates are a really critical part of that right from the beginning, because if you think interest rates are going to change significantly, whether up or down, then it changes your discounting factor on those cash flows. Right at the beginning, it becomes a really critical part of the analysis. The way I construct my portfolios, from a value basis, it's all about discounting the cash flows.

Steve Koomar: But then you also have to figure out whether you think the cash flows, whether they're going to increase or they're going to increase at a more rapid rate for any particular investment, or whether they might tend to decrease. Here, we're evaluating expansion and contraction of an economy or of an industry, and we also look at inflationary pressures. Those are really critical parts of, building blocks of my analysis, is to analyze the economic factors for expansion versus contraction, and for inflation versus deflation.

Steve Koomar: I wouldn't say that I make specific investments based on that, but the foundation of the views in all of the businesses and industries that I invest in start with an understanding or a viewpoint about what's going on with those basic economic factors. Then I overlay, in a much bigger way than most people, geopolitics. Really, policy in general, and I-

Mike Alkin: Going back to the increase or decrease, as we were just talking about with rates, one of the things I like to ... The way I think about things, is I tend to focus more on the rates of change that's occurring than the absolute level of where things are. How do you think about rates of change versus absolute levels?

Steve Koomar: I agree with you entirely on that. I think the absolute levels are ... Where we happen to be at any given time, are very well-observed and discounted in the marketplace. What takes longer for people, for businesses, for

economic entities to adjust to are the rates of change. It's things that people may have a view about, but it's uncertain. Anything that's uncertain can't really be fully priced in. Those rates of change are really the critical part of, I think, of the value that we provide as analysts.

Mike Alkin: Right.

Steve Koomar: Investment analysts. I think that's really the key part of it, is the rates of change.

Mike Alkin: Yeah. I subscribe to that view. Let's talk about the geopolitical side of things. I must confess, up until 2001, I was somewhat naïve as to having a more global view of the world. I had traveled a little bit. I had been in the hedge fund business for a few years, and I was traveling a lot, but I was focused on stock picking. Obviously the horror that was 9/11, I was living in New York City with my wife, and I wanted to just really understand, "What's going on here?" I started listening to a radio host in New York City, on WABC radio, a guy by the name of John Batchelor. I believe it was probably 9/14, September 14 or something, because I had been in San Francisco on 9/11, and my wife was in New York. By the time I got back to New York, it was ... Obviously the news was everywhere, but I would lay in bed and listen to John Batchelor on the radio, and it was September 14, so to today, I don't think I've missed an episode of the John Batchelor Show in 17 years.

Steve Koomar: Right.

Mike Alkin: John Batchelor is an author, and probably the most learned man I've ever come across. It was a baptism by fire into what was going on in the world in the Middle East, and the geopolitics, and it's just ... I listen to him on a podcast now. He's still live on the radio, but I download his podcast every night and listen to it. No matter where I am in the world, I will not miss a John Batchelor Show. There's something I get smarter about by listening to him every day.

Steve Koomar: That's a great thing.

Mike Alkin: Yeah. It really is, and it's been like a master degree and a PhD in world politics, but it's really helped me inform my view, keep me informed, and help me shape my investment view as time's gone on, because it's pointed me in different directions, so I might listen to something,

he has a guest, and next thing you know, I'm off reading a book about it.

Mike Alkin: You focus on geopolitics. What is your foundation for that? What's your methodology in going about doing it, and how do you think? Somebody's listening at home right now, and they're saying, "What the heck are these two guys talking about? I just want to get some stock ideas." We're talking about fixed income, and interest rates, and what role that plays. How do you think about geopolitics, and in what time frame, and how does that help form your investment view?

Steve Koomar: Well, I think that geopolitics matter a lot when things are changing, and when they aren't changing very much, as they ... Prior to the mid-1990s, they really rarely changed. Then they don't seem ... You can ignore them in the investment world, but right now, things are changing pretty rapidly, and I think you ignore them at your own risk. The effect of geopolitics on investment success can be absolutely, totally profound. I mean, if you just think about America and the effect of the geography on what America is, and what it represents to the world, it's all about the geography. I mean, America is a success because of its geography.

Steve Koomar: I mean, I hate to be so simple. It's not because of the people. It's not because people are smarter, or better, or whatever, or the blending of all these nationalities. It's because it's the most blessed land in the world. It's got natural barriers. It's got 13,000 miles of navigable waterways running through the middle of it, more than the rest of the world combined. You can ship goods to the middle of the country and be floating them on the water, which is really, really cheap. You have fresh water, you have great farmland through the middle of the country, where there's secure food supplies. There's just no place like it, and it provides the opportunity for the country to have done this experiment with freedom and democracy, which has benefited not just this country, but other parts of the world. But that freedom probably could only exist because of the great geography that's there.

Steve Koomar: Geography really is a critical thing, and the changes in geopolitical structure open up opportunity all over the world, so when the US after 1945 said that the US decided that it was going to, in order to win the Cold War, in order to win the battle with communism, it was going to make ... It was going to protect the seas for all of its partners, all of its trading partners. Anybody allied with

it, it would protect the seas, give safe shipment to all goods, all around the world for free, and it would trade with everybody for free, so it would give access to the biggest market in the world to everybody, and that was an enormous factor in developing the markets in Europe and in Japan initially, and over time, as that model of trading, free trade, moved to the emerging markets, it allowed the emerging market countries that where many of them had no access to outside markets, all of a sudden had access to outside markets, and they had labor that was available that could be utilized by industry at a lower cost, and the goods shipped all over the world, because those shipment of goods became low-risk and low-cost.

Steve Koomar: Geopolitical changes had just an enormous effect, and then since China joined the World Trade Organization only about 20 years ago, you can just see the enormous change in China. China has some real serious geographical barriers, but thus in the last 20 years, they really haven't affected them that much, and so it really ... Policy change is getting more complex now, because you see some revolutionary change going on in the US with deregulation and corporate tax cut. There's never been a corporate tax cut in America before, and other tax-related changes on corporation, like the way in which investment is taxed, and so you're getting significant increases in investment that should lead to significant increases in productivity, worker productivity, and should move the country towards, and hopefully the rest of the world towards a higher passive growth going forward with that increased investment.

Mike Alkin: You mentioned geography. I want to touch upon a different part of the world that intrigues me, and I talked with Chris McIntosh about it, about a month or so, maybe six weeks ago, which is Eurasia. One of the things that has my interest is this evolving closer to cooperation and aligning of mutual interest versus common threats that it used to be between China and Russia. From the 50s to the early 90s, there was a lot of tension there, and we've seen this start to dissolve, and we've seen a lot of cooperation, and I bring this up because you mentioned China's geographic position, and you have two powers, one that wants to be the global leader, China, and the other, Russia, being one that wants to cement its role as the leader in its part of the world.

Mike Alkin: Can you talk about your view on what the Eurasian region, and China and Russia, and what impact that has

as we think about the rest of the world order?

- Steve Koomar: Yeah. I think Russia's current agenda is potentially destabilizing to the world order. Russia has a rapidly declining population. The demographics are horrible. They are probably unlikely to be able to field an effective army within less than a generation. They're very worried about their borders, and when the Soviet Union collapsed, and Russia pushed back to the eastern side of the Northern European plain, they went from having to defend about 200 miles of border on the plain, to thousands of miles of border on the plain. If they were ever really under threat, they couldn't physically do it.
- Steve Koomar: They really are working hard to push their borders back out to where the old Soviet borders were, and that has significant economic and other concerns that they have to worry about in that case, because currently there's a huge oil and gas trade between Europe and Russia, and what happens to that? What does Russia do with all this gas if Europe doesn't want it anymore, or doesn't take as much as they used to? China's a pretty important outlet for them, and they're building a lot of mutual trade to where some of that oil and gas can move to China, and other, more Chinese goods can move towards Russia. I think this infrastructure plan that China's developing will help that as well.
- Steve Koomar: China, on the other hand, they have economic security issues, really. I wouldn't say they're national security issues. I don't think anybody in their right mind, any country in their right mind would think that invading or threatening China would be a good move, but China is landlocked around most of the country by mountains and deserts, so connections to Eurasia are difficult in general, just physically difficult to overcome. It's not that they can't be overcome, whether they haven't been overcome, you've had the old Silk Road and things like that, but the amount of travel is—
- Mike Alkin: Right. Yeah, and they've got that new Silk Road initiative, where they want to spend I think \$150 billion a year.
- Steve Koomar: And that will have a big effect. I think this is all part of their economic security concerns. Their sea access has always historically been their key to getting to the outside world, at least with any kind of a volume of goods. They need access to the sea. The northern two-thirds of the country is vulnerable. I mean, it's not that they're threatened, but Japan controls a string of islands, the

[inaudible 00:38:52] islands, that go from the southern tip of Japan all the way to Taiwan, and with just a few naval assets and positions fortifications along those islands, Japan can, and has before, effectively cut off China's access to the outside world almost entirely, where the only thing left for China to get out through would be the South China Sea, which explains why China is building-

Mike Alkin: The Belt and Road Initiative.

Steve Koomar: ... concrete islands in the middle of the South China Sea.

Mike Alkin: Oh, yup.

Steve Koomar: I think it also is connected to this Belt and Road Initiative, because to the extent that China can build highways, and railways, and pipelines between all of the critical areas of China, and Russia, central Asia, and even all the way to Turkey, into the Middle East, to the extent that they have developed those land-based transportation roads, they can become the key player for Eurasia and be the key economic player in terms of trade with central Europe, or at least with Eastern Europe, and with Turkey, which is a growing ... I think will become a significantly growing geopolitical force over the next generation. It fits very well with ... The economic security concerns of China dovetail very nicely with the defense security concerns of Russia. I think it makes a lot of sense for that détente to grow between those two countries.

Mike Alkin: Right, and China relies on Russia in the case of the Belt and Road initiative, the old Silk Road, to be that regional stability provider. People who might be listening say, "Well, how does this help me today, picking a stock?" You know, I think about it, because people own stocks that have some domestic exposure in the US. They may sell stuff to the US, but a lot of companies sell stuff around the world. When people are thinking about investing in a company, they need to think about, "Well, what percentage of this company's sales are international?" And let's take it a step further. "What percentage of this company's sales are to what parts of the world? How much do they rely upon that?"

Mike Alkin: By having a view on that, and being informed about that, as these world events change and as geopolitics change, you don't just wake up one day and read about it in the paper, and something happened. A lot of times, the road has been paved, mile by mile, or week by week, month

by month, year by year, and then it happens. By having a view of what's going on here, it's like a big chess game, trying to think about the motivations of others, the incentives of others. That's kind of how I incorporate geopolitics into how I'm thinking. I may find a wonderful investment in a certain part of the world, but something just on that chess board doesn't make sense to be, as to when I think about the potential for a problem, or conversely it could be opportunity opening up. That's why I think it's so critical to have a view, at least, of what's going on.

Mike Alkin: You know, you mentioned a country that doesn't get a lot of play, at least here in America, but you mentioned Turkey. What's your view on Turkey and its role going forward?

Steve Koomar: Turkey has a really ... An incredible past, as being an economic and political power in the world. They suffered an incredible defeat in World War I, and they've reformed their political system, and they've been spending most of the last century kind of getting their act together. I think they're getting to the point where they're getting ready to start to reassert their power again. They are sitting in perhaps the most strategically important part of the world. They control access to the Black Sea entirely.

Mike Alkin: Yup.

Steve Koomar: They're sitting there at the crossroads between Europe, and Asia, and the Middle East, and they really have a country that is pretty rich in resources. Very productive in terms of agricultural output, which is an important part of economic security for anybody, and it's a generally speaking, a well-educated society, and it will ... It has a potential to advance economically significantly, and probably will as it starts to reassert itself in terms of its regional political power. As they start to reassert that regional political power, I think you'll see the economic power follow. I think it's gonna be important over the next generation, very important.

Mike Alkin: I agree. One of the topics on the geopolitical front that fascinates me is what's going on in North Korea. We went from four, five months ago, "Rocket Man," and Trump calling him "Rocket Man," and now them saying, "Trump is senile," and all of this, into all of a sudden now, everyone's getting together at the table. One can be suspicious of North Korea's motivations, or their intent to follow through, but you kind of ... I think I was reading

some of your stuff, and you have a different view. Why don't you share with listeners your view on what's going on in North Korea?

Steve Koomar: Yeah. Yeah. I think it's kind of funny that you see the news over the weekend that North Korea will blow up its nuclear test site as a gesture of goodwill, but in reality, they accidentally blew it up last September when they conducted their six nuclear tests. The mountain part of ... Some of the tunnels in the mountain caved in at that point in time, and more mountains caved in in subsequent ... There were subsequent earthquakes that had been monitored by outside entities, that confirmed that there had been a series of tunnel collapses. It appears as though there are there landslides that occurred that are probably highly radioactive, and it's a dangerous situation. It's very close to the Chinese border, and Chinese scientists are very concerned about the potential impact of radioactive fallout on China. I think, I'm certain that China does not want to see that nuclear test site ever used again.

Steve Koomar: North Korea doesn't have the money to build another test site, so they really don't have any other choice but to close this down. It's an interesting gesture of goodwill, and I think it's interesting that negotiators from the US are treating this as an important advance that North Korea is offering to do this, but North Korea really doesn't have any choice. They have to do this. They have to move towards a détente, some sort of a peace with South Korea and the United States very soon, if the regime wants to secure its own safety on the long term.

Mike Alkin: Right.

Steve Koomar: Because if they no longer have this nuclear threat, they don't have any other-

Mike Alkin: That was their only chip. [crosstalk 00:47:35]. Right.

Steve Koomar: That was their only chip. They don't have any other cards that they can play. They can still play it right now, because it's still recent enough where they were conducting tests, and they still probably have some crude nuclear weapons in their stockpile, and so they can trade these things now for some security promise, and I think there was an interview with Secretary of State Pompeo over the weekend where he conceded that North Korea would have to get some security guarantees and that the

Kim regime would have to get some security guarantees for this to work.

Steve Koomar: It's all lining up to where North Korea can be assured of its sovereignty, and the US will respect their sovereignty, and that the Kim regime will not be targeted, and everybody can walk away from this, and it will be a whole new world, but everybody can walk away with this and feel good about the outcome. I think it's very likely that that's going to happen.

Mike Alkin: Maybe he and Dennis Rodman can team up and buy an NBA team one day, but I'm not sure that that ... It kind of, North Korea and the impact it has on the markets comes and goes. With the nuclearization of the Korean peninsula. How do you think about the investment implications from a unified Korea?

Steve Koomar: Oh, I think that there's gonna be, over the next several years, there's gonna be ... As North Korea opens up more, and the vast supply of cheap labor becomes more available to the world, and development starts to happen, I think there will be significant opportunity for South Korean businesses. In particular, infrastructure businesses initially, but over time, manufacturing businesses can use that pool of labor to expand production, in a world really where available labor is becoming increasingly short in supply. I think that's a very good thing for a ... Whether the two countries are unified physically or not isn't that important, because even if it's just they're working together, and South Korean businesses are able to better exploit the available labor and use that available labor in North Korea to produce more goods, it's a good thing for Korea. It's also a very good thing for China, because China is the big player in that area. As that region grows, that's going to help them significantly. They'll be a big player in that, and Chinese businesses will be. As that whole issue of stability or instability goes away, I think it's gonna help China.

Mike Alkin: I want to shift gears a bit. I love to have guests on whose views can be different than mine, and I know you are very constructive on the overall market. I'm a little bit more bearish, but I like to present listeners with an opposing view, because Lord knows, I don't have a monopoly on being right. I've been wrong a lot in my career. Talk to me about the role that you think investment incentives play, and how it's going to shape investment returns.

- Steve Koomar: Sure. I think that is probably something that I've highlighted in some of my research recently, is that investment is gonna be I think the key differentiator between the US economy in the last 20 years or 30 years, and what we're gonna see going forward. I think that we're getting a revolutionary change right now that's driven largely by tax changes, but also by deregulation.
- Mike Alkin: This is stuff you were talking about earlier, Steve, when you were saying how policy plays a role.
- Steve Koomar: Exactly. Exactly. I think this policy change, this is kind of like a once in a lifetime change in policy. I mean, the last time we had a change in policy that was this significant was the New Deal, and I think you will get ... The New Deal had some problems getting going, and there were some adjustment problems, and it took a while for government and businesses to get lined up together on the same page. But when, with the New Deal, when the New Deal reforms related to investment capital were fully implemented in the market, and investors were brought in or allowed to come into the market with good information, thanks to many of the regulatory changes, we had accounting principles that were promulgated for the first time, where people could get a fair look at balance sheets and income statements that were accurate, and where all of the different investment regulations were put in place, and as well as banking regulation and bank insurance, it brought much more investment capital from the middle class into the market, and it drove much stronger economic growth in the US than we had seen for many years prior to that.
- Steve Koomar: I think you're looking at a similar change that's about to take place now, and that's related to ... The New Deal, over time, continued to move forward with more and more regulation, and much of that regulation, such as Sarbanes-Oxley, it started to kind of, it restrained business growth as opposed to help it. Now you're starting to take the shackles off of some of the excessive regulation that's really kind of taking place mostly just in the last 20 years, and it's gonna open up a lot more opportunity for businesses to grow. There will be more business investment just related to that, but there are some very specific things, like a reduction in the corporate tax rate, in and of itself, higher after tax returns is going to lead to more investment.
- Steve Koomar: The new capital investment can be treated as an expense as opposed to being written off of taxes over a long period

of time. That gives a very immediate tax benefit to a company that's investing, and will bring more investment forward and increase more investment in our current ... Bring what might happen over the long term, and have people accelerate it, and spend that money now. This will generate more ... All this investment's gonna generate a lot more, higher worker productivity over time, and that higher worker productivity will allow businesses to pay higher wages, which they're gonna have to do, because we're starting to develop a worker shortage, I believe.

Mike Alkin: Mm-hmm (affirmative).

Steve Koomar: That all recycles back into the economy in terms of higher growth, so I think what I would call this is a virtuous cycle that is just getting started, and I think during the early stages of this virtuous cycle, we will see higher than normal growth and higher than normal stock market returns. That's really what's driving my view.

Steve Koomar: I have to tell you, Mike. Historically, I've generally been a little more bearish person than bullish. I've not always been this bullish, but I look at this policy change, and it really is a once in a lifetime policy. In terms of significant policy change, it's a once in a lifetime event, and I think that this is something that's really, therefore, a once in a lifetime investment opportunity, where we will get higher than average returns over the next decade, and then they're going to start to level off again. That doesn't mean we're not gonna get a recession, or years where the market goes down. I think that we're gonna get a recession sometime between 2019 and 2021, and there will probably be at least one year in there where the stock market has negative returns. But I think over the next decade, we're gonna have above average returns.

Mike Alkin: Well, Steve, you just said something that I think is so important for listeners who are managing their own money, and trying to learn is important, is you can have a bigger picture view, a longer term view, but understanding what role shorter to medium-term events can occur, what can happen in the short and intermediate term that could deviate from that view. It's not all one way or the other.

Mike Alkin: You know, some of the things that ... I take your points very well, what you were saying. The thing I wrestle with, and I don't know the answer on it, is the polarizing nature of politics right now. There's no meeting of the minds, and the parties coming together in the aisles. It's

as bad as I can remember it in many years. When I think about the permanence of some of these policy changes, I struggle sometimes wondering, “How, from one administration to the next, when one party changes hand to the other, how do those changes continue?” Whether it’s a permanent cut in taxes, if the Republicans lose the midterm elections, and a new administration comes in in the next presidential go-round, what changes? How do you adopt your view for changing political wins?

Steve Koomar: Good question. I think that the key here is, “Are these policies benefiting people and businesses?” If they are benefiting in a significant way people and businesses, even if and when the parties change, which they will change, it’s just a matter of when, the new policies will be kept in effect. There might be some cosmetic changes, but I would argue that the corporate tax cut has already started to benefit so many businesses and workers that by the time the Democrats return to power, whether that be this October or in two years, or six years, or 10 years, or whenever it is, they’re not gonna change it. They might tinker around the edges, but they won’t change the essence of this corporate tax cut. There’s a lot of historical precedence for that. I mean, if I go back to every time, there have been ... This is the fourth American economic revolution. The first one was started by Hamilton with all of the monetary ... With the debt crisis then. He instituted a lot of monetary reforms, which Jefferson fought when he was in the cabinet, and then after the Washington administration ended, Hamilton and Jefferson fought with each other like crazy about it.

Mike Alkin: Mm-hmm (affirmative).

Steve Koomar: But ultimately, when Jefferson became President in a really contentious election against Adams, which was every bit as contentious as our current political environment is, Jefferson embraced all those reforms and kept them. He didn’t change a single one.

Steve Koomar: The next big revolution was the capitalist revolution that Lincoln started. Lincoln was incredibly unpopular until the war was won. There was, the political discourse in the country was probably never worse than it was at that time. Nonetheless, the capitalist reforms, which really kind of were ticked off by the transcontinental railroad, but the infrastructure bill that followed was never reversed. It just continued.

- Steve Koomar: The Sarbanes-Oxley bill, which I've blamed for excessive regulation, that wasn't passed by Democrats. I mean, it was a New Deal. It was kind of followed in New Deal regulatory ... I mean, the key about the New Deal was it regulated unbridled capitalism, was something that needed to happen. But the Republicans embraced the New Deal over time, eventually, to the extent where they passed the Sarbanes-Oxley bill, which was the biggest excess. That was a Republican bill.
- Mike Alkin: Right.
- Steve Koomar: They were the out party in the New Deal, but they embraced it and pushed the agenda forward to an extent that it shouldn't have been pushed. I think that this is really what we're going under. What's happening now is no different. If the change is good, it won't be reversed.
- Mike Alkin: You said something a few minutes ago that a listener may say, "Well, wait a second. The economy is humming. Unemployment is at decade lows. Steve mentioned there could be a recession." A couple of things I want to touch on there. One, educate listeners how you use your fixed income background to kind of think about that, and share your thoughts of, "How can a recession ..." One is, what are the clues that you're looking at? Because this could be a good educational piece for people that kind of form that view, and you probably know where I'm going with this. What kind of curves do you look at? Then also, how can a recession happen when things are so good?
- Steve Koomar: Oh, great questions. I look at the shape of the yield curve.
- Mike Alkin: By the way, I'm leading the witness here. I know where you're going to go with this, so yeah. Yeah.
- Steve Koomar: I look at the shape of the yield curve, of the US Treasury yield curve, as being the most important, the most telling indicator. I mean, I look at a lot of different economic indicators and purchasing managers, surveys, that tell me a lot about things going forward, but I look at worker productivity as a long-term indicator, but by far, the most important indicator as a reality check is the slope of the yield curve. Specifically what I look at is the two-year Treasury versus the 10-year Treasury. When the two-year Treasury is trading at a higher yield than the 10-year Treasury, effectively bond investors are saying that they think rates of return in the economy are going down in the future, that over 10 years you can earn a lower return than you will over the next two.

- Mike Alkin: Steve, the term that investors will hear as that starts to approach is an inverted yield curve.
- Steve Koomar: Exactly.
- Mike Alkin: You could just kind of walk them through that, if you can.
- Steve Koomar: Well, the inverted yield ... Normally the yield curve would be upwards sloping, meaning that the three-month Treasury might trade right now around 1.5%, and the two-year might be, say, around 2.5%, and the 10-year is at 3%. That would be a normal yield curve, and normally it's even much steeper slopes than what I just mentioned. But when it's inverted, it's when it's backwards, and the three-month rate would be above the two-year rate, and the two-year rate above the 10-year rate. That's inverted. That's not normal. It is a very good indicator, when it is inverted like that, it's really a certainty that you're headed to a recession. It's clear in that situation that the Federal Reserve is trying to stop the economy, that they want the economy to stop growing, usually because they think inflation is a risk.
- Steve Koomar: Sometimes it takes a few months for that to happen. Sometimes a few years for a recession to happen. It depends on how powerful the momentum of the economy is that they're trying to stop, but they will achieve it. If they get the curve inverted and they keep it inverted, they'll create a recession, if not a depression. It's a certainty.
- Mike Alkin: What is it telling you now?
- Steve Koomar: Well, right now it's flashing a warning signal. I mean, the two-year, 10-year spread would probably normally be 75 to 100 basis points.
- Mike Alkin: Three-quarter ... Just for those who aren't familiar with basis point talk, that's three-quarters. A basis point is 1/100 of a percent, so 75 to 100 basis points means three-quarters to 1%.
- Steve Koomar: Exactly. Right now, we're less than a half of a percent, and when we get to less than a half of a percent, or 50 basis points, that's telling me that you're getting closer to that, and it's getting pretty close to that inversion area, and if you do get to where it is inverted, you're looking at an imminent recession. Usually when that happens ... Actually, not usually. Always when that happens, the economy is still running very strong when the curve first

gets inverted, when you first get to where the two-year trades at a higher yield than the 10-year. It only happens when the economy is really running strong, but it's just a matter of time before it puts the brakes on the economy.

Steve Koomar: The way in which it happens is really pretty simple. Businesses and consumers are paying more and more money on their borrowings, so they have less and less money to spend. It just forces a contraction in the economy, because they have to pay off to pay their debt service, and it's a [crosstalk 01:07:24].

Mike Alkin: That's how the economies, folks, cycle. They cycle in, they cycle out, and if there's ... This, in all the podcasts I've done now, I think this is number 14, excuse me, what Steve just talked about is one of the most important things I think that we've talked about, and that you need to understand. I like to say is, "Don't confuse a good economy with rising prices, rising stock prices." It doesn't mean, like Steve's view, it could be perfectly right going out for years. It's just when you think about portfolio positioning and how you want to think about risk on or risk off, meaning, "Good times are coming." The market prices are gonna rip, or they're gonna go down. You need to incorporate and have a view, and have a view of where things are going in the future. You hear me talk a lot about, "Skate to where the puck is going." The way Steve thinks about this, he's thinking about, "Where's the puck going?" Not where it is today. He's taking his cues from that yield curve, and that helps form his views and opinions on short, intermediate, and long-term views. Is that fair, Steve?

Steve Koomar: Yes. That's definitely exactly how I think.

Mike Alkin: Now, let's just ... I want to change gears and give listeners some ideas that you're thinking about, something that's exciting you right now.

Steve Koomar: Okay.

Mike Alkin: What is, as you think about the equity market, where do you think some opportunities exist?

Steve Koomar: I think if you're looking for value and a potential for a really big lift in the short term, I really like the energy markets. Oil and gas stocks are still trading at very, very depressed levels, and despite the fact that where oil and gas prices, in particular, crude oil right now, but gas prices are delivering significant profits to all of the

producers out there, and particularly a lot of where I'm finding it is with shale producers in the US. The ones that are highly levered are priced at price-earnings ratios below four.

Mike Alkin: Steve, I'm gonna stop you there just for a little explanation. When Steve says "highly levered," he means those that have a lot of debt, is what he's talking about. Steve, I'm sorry. You can go on from there.

Steve Koomar: Sure. As these companies earn profits, which is highly likely in this environment with oil prices above \$60 a barrel, now above \$70, as they earn a significant profit, they're going to be able to pay down that debt. As they pay down that debt and their economic security looks more certain, their long-term longevity looks certain, their price-earnings ratio will rise from something like a three or four, to something more normal, say 10 to 15. That's a lot of upside for a company, and particularly if these prices stay where they are and continue to grow, their earnings will grow. There's several multiples that some of these oil and gas stocks can move higher, if they're highly levered. If they're not highly levered, they're still gonna have a lot of upside, because they're still priced very low, and they're gonna have really good earnings growth going forward.

Mike Alkin: Steve, you just nailed on something I think listeners could really benefit from. Talking about the role that leverage plays, it cuts both ways, folks. Highly levered, highly indebted companies that are entering a downturn where there's uncertainty and they have a lot of interest obligations, that can lead to bankruptcies. Conversely, if it so happens that the cycle is turning up, and there's a higher likelihood that cash flows will improve, then that debt can be, not always, every company's different, circumstances are different, but can be the beneficiary of higher cash flows. It's easier to meet their obligations, and then they can go pay off that debt.

Mike Alkin: Typically what happens is as the debt gets paid down, the value of the equity will rise, because the multiple will expand. People will pay more for it, and they'll see what's evolving. In those instances where cycle upturn, company with a lot of debt gets the cash flows, pays down the debt, the value of the equity has the potential, and again, every company is different, to increase. That's kind of what Steve is talking about there, and then that's what he's seeing. Steve, I don't want to put words in your mouth, but it sounds like that's what you're seeing in the energy

space.

Steve Koomar: I couldn't have said it any better, Mike. That was perfect.

Mike Alkin: With that, is there a company that you'd want to share your view on in the energy space that you like?

Steve Koomar: Yeah. With these more levered companies, I tend to invest using a basket approach, where I get a mixture of companies, both levered and unlevered, but I have more bias right now, given the stage where we are, we're coming out of a difficult time and moving towards expansion for the oil industry, the levered companies are going to get a much better performance. The levered ones that I have in the portfolio that I like would be Sanchez Energy, Southwestern Energy. Sanchez is a big oil and gas producer in the Eagle Ford. Southwestern is predominantly a gas producer, and they're more in the Marcellus now, which is a very low-cost area to produce gas. Then Chesapeake, which is kind of an old gas ... They've been a giant in the gas world, and they've been very close to bankruptcy for a while.

Mike Alkin: They always skirt that. That's where they live, right?

Steve Koomar: That's right. That's right.

Mike Alkin: Going back for years.

Steve Koomar: But I wouldn't want to have a huge investment in any one of those, but I like the basket approach, where I have a little bit of all of these. I think given what's going on in the industry, they're all gonna rise, but I think it pays to have some diversification, and the more the risk that you have with individual names, the more you want to spread that risk out.

Mike Alkin: Sure. For a listener who says, "Hey, I kind of like that concept," but they're not gonna know how you're thinking in real time, what are some of the things that you're looking at when you have a basket approach as time evolves, that helps you either confirm or disavow your thesis? If you can, give an insight into what you look at that helps you.

Steve Koomar: Well, I guess what I look at more than anything else is, I look at the differences between the companies, because every time I've had a basket trade, the companies in the basket have all traded very differently.

- Mike Alkin: Counterintuitive to what some might think, right?
- Steve Koomar: Yeah. I also have, in my oil basket, I do have some unlevered companies, and the behavior of those unlevered companies in this energy basket, it was like they've been rock solid.
- Mike Alkin: Right.
- Steve Koomar: Some upside, and very little downside, even though the levered companies just collapsed. It told me a lot about what the market valued. I also have a retail stock basket, where they've traded at very different levels, and Best Buy is a company that I have in there that's in that basket that's really, extremely well, and I think that it's because of just how well they have executed their strategy to service clients and what a difference that has made in how they've kind of levered the value of their store locations, in terms of their service.
- Steve Koomar: Then I have somebody like a Williams Sonoma in there that's really not done that much, and it's really, I think, the differentiator is that there isn't that element of service where they really stand out. I mean, Best Buy's service is so good that Amazon is working with Best Buy, and that tells you a lot.
- Mike Alkin: I'm going to ask you a question that for me, it's probably the hardest thing as an investor. I get it wrong my fair share. When to sell. I don't mean, "When to sell." I know when I'm wrong. If my thesis is wrong, I'm out. Your thesis is going to be wrong once in a while. As long as there's no thesis creep and bias, you look at the facts, and if the facts don't agree with your thesis, you gotta leave. But when they're working, when your thesis is working, knowing when to sell can be very difficult for me, because I like to set ... Valuation drives a lot of my thinking. I have a preordained view of what I think a company is worth, and when it gets there, I have to reevaluate at that price target whether or not I would buy that stock today, and, "Does it serve the appropriate risk-reward for me that I require to be in the portfolio? If it doesn't, is there a better use of my capital for that equity spot in the portfolio?"
- Mike Alkin: How do you think about when to sell?
- Steve Koomar: Well, you just hit on really the best way. It's hard to do this, but the best way to make that evaluation is to go back and look at every one of those picks, every one of

those stocks on a periodic basis, and say to yourself, “Would I buy this today?” If you wouldn’t buy it today, then you probably ought to at least rebalance and cut some of it out, or maybe sell the entire thing. It’s a very difficult discipline to follow, because it’s–

Mike Alkin: Momentum is powerful when it’s moving.

Steve Koomar: When things are going well, you don’t want to doubt yourself.

Mike Alkin: Yup.

Steve Koomar: But it’s important to do it. Also, another thing is, sometimes the facts change. I had some MLP pipeline stocks, and FERC, the Federal Energy Regulatory Commission, came out with a ruling change that affected how MLPs could price. It would hurt their pricing power, but it wouldn’t hurt a corporation that was operating a pipeline the same way, because what it did effectively is it allowed the corporation to factor in their tax rate into their rate base, whereas an MLP, they say, “You don’t have a tax. You’re a pass-through entity, so you can’t do that anymore.”

Steve Koomar: Some of these stocks got clobbered when that happened, and I had one. I just said, “You know, I gotta sell it, because the whole game has changed.” I didn’t anticipate that this would happen, and you hate to take a loss like that, but the facts changed, and this is no longer so attractive.

Mike Alkin: Yup. Was it Keynes who said, “When the facts change, sir, so does my opinion”? Steve, tell listeners about your newsletter, and how they get ahold of you.

Steve Koomar: Sure. I write a monthly newsletter. It’s called Vigilante Investor, and I put out typically one to two updates a month that are kind of more ... Discuss recent developments in the market, either in our holdings or just what’s generally going on in the stock market or in the world of geopolitics. It really kind of follows many of the things we’ve been talking about here, where I integrate policy change, geopolitical change, with selections of stocks, and a portfolio that should do very well under that economic scenario that we see going forward.

Steve Koomar: You can find me at VigilanteInvestor.com and learn more about me there. You can follow me on Twitter at [VIIInvestor](https://twitter.com/VIIInvestor), and if you have questions, you can contact me

through either of those venues. You can send me an email or send me a Tweet, and I'd be happy to respond.

Mike Alkin: Great. Steve, I really enjoyed our conversation.

Steve Koomar: I really appreciate the opportunity to come on your podcast. It's a real privilege. Thank you, Mike. It was a lot of fun.

Mike Alkin: You bet, Steve. We'll be in touch again soon. Thanks.

Mike Alkin: Okay, well I hope you enjoyed my conversation with Steve. Smart guy, great background, very thoughtful, very measured. Somebody who I have a lot of respect for. That's it for now. Hope you have a great week, and we'll be back same time next week. Have a great week, and thanks again for listening.

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