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Frank Curzio's FRANKLY SPEAKING

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

Frank Curzio: How's it going out there? It's July 27th. I'm Frank Curzio host of the Frankly Speaking Podcast where I answer all of your questions on the market, stock, economy, sports, anything else you want to throw at me. I created this podcast to answer some more of your questions that you would send me to my Wall Street Unplugged podcast which I host every Wednesday.

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

Let's get to the elephant in the room. Tons of questions on this, but I'll take the one from Greg.

Hey, Frank, I'm up 40% on Facebook based off of your recommendation, to ignore the noise. Will this pullback, is it time to add to this position, let it ride, or cash out? Thank you so much.

You guys know I've been a fan of Facebook for a very, very long time. Very long. Like, 30s and 40s guess, after the IPO thing when the thing crashed, so pedal to the metal, great company, perform amazingly, and now surprising, right, the company reported a weak quarter. Weak guidance. Margins lower, and scared Wall Street and the stock was down 24%. And basically finished Thursday down 18%. So, here's how I'm looking at this stock, OK, because what's amazing to me,

very amazing to me, is the expectations on this stock heading into the quarter were insane. I mean, I don't think I've ever seen a company with higher expectations than this. Okay. I mean if it was a portfolio, it would be a little bit different, but I mean, it's a stock that I talk about. I probably would have called if it's in some portfolio.

But when I went back, remember hindsight's only 20/20, just listen to some of these statistics. It's pretty insane. Heading into the quarter, the 43 analysts did a buy rating on the stock, 43. Only two had sells. The average target price, well over 225. Was trading a little bit over 200 before this happened, now it's like 170's. With the option markets, huge bets on Facebook heading into the quarter, which I always think is crazy heading into the … it's a coin flip.

Heading into the quarter's always a coin flip. Not always, but if you really see expectations this high, even its Facebook. Hey, I've still got plenty of stats to go, guys. Wait until you listen to it. It's going to be amazing. Even as Facebook blew out their numbers and it was a blockbuster quarter, the stock would have still lost 5%. Now why would I say that and why has that happened? Well, if you're not familiar with that markets, expectations are a big deal. And this is what I'm going to go over and why this is so important to you.

What you need to try to see during earnings season, because if you own a stock that's going up 15, 20% into the quarter… I mean things that we've seen with so many stocks, right? I mean a lot of stuff's been running high. They get crushed after their quarter earnings even if they're good earnings, right. So Intel, the same. I think Intel's a fantastic buy up. I'll get to that later.

But when you see the company riding up tremendously, they better report good results, because when they do they're still getting hit a little bit. At least the past earning season, they're going to lose like 1, 2% in value and then they fall a little bit more. Turning out to be a buying opportunity for a lot of these stocks, but if you miss and you warn, man, lights out.

That's what we saw on Facebook. So, heading into the quarter, again, hindsight's 20-20. I went back and tried to see what the analysts were saying and it amazingly enough, this was a couple of days before the quarter, just a couple of days, like two to four days, right, between these reports. I'm going to pull three [inaudible 00:03:51], I know you heard of these guys. I'm not picking on them, I'm just trying, I'm explaining a point here, okay? We've all been wrong from time to time. Goldman Sachs. Headline. We reiterate our buy rating on Facebook heading into the quarter. See upside risk to our forecast based on our partner checks. I have no idea what partners you were checking with. No idea. You're way off base. I'd throw those partners and try to get other partners.

But, whoever you were talking to are saying that challenge checks are great were wrong. I mean this isn't a stock that reported really good numbers and, I mean, they bombed it and now she's said things are bad. I don't know what partners are telling you that. This is Goldman Sachs, guys, and when they issue these reports, you never see them. What you only see as an individual investor is buy and sell ratings, because they get publicity and you hear on CNBC, whoever it is, Goldman upgraded this stock today. And they might bring on the analysts and say why did you upgrade the stock? Why did you downgrade … you don't see, unfortunately you don't see because you have to pay a lot of money for research like this, which is why you have me here for … is these guys will show reports during the quarter and they'll lower the estimates. And they raise estimates. And people don't realized that, because when you go on television and you're looking on television, they say, well Facebook beat by this much.

Or Amazon beat by this much, or they missed by this much. It's not what the company, it's not the company estimates they're talking about. They're talking about Wall Street estimates. So they'll take all the analysts that cover the stock and they'll come up with the consensus, come up with a nice middle, you know …. and say these are the revenue expectations. These are the earnings expectations. These are the margins expectations

and here's our target price. And if they miss that number, they're going to get nailed.

It doesn't matter if the company, if the company's going to report a billion dollars for the quarter, or the expectation for a billion dollar quarter from the analysts, and the company comes out and says, the quarter before and says, we're only going to report $800 million. Nobody cares about the 800 million. It doesn't matter what the company says. The stocks are going to trade based on what Wall Street thinks is going to happen. So you're looking at massive expectations. And remember, Facebook has been running up tremendously into the quarter, right. So this is Goldman's saying, hey, guys, listen pedal to the metal. So when they have these reports, they're talking to their biggest clients, telling them to buy this stock going into the quarter.

Things are great. Challenge checks are great. And that's what you say in the option market, where they were betting on this stock to go up more than 5%. I mean, everybody was leaning to one side. You look at Deutsche Bank. Here's their headline, three, four days the quarter. Before the quarter. We see further room to run at Facebook. We like the stock heading into the quarter and we'll likely see margin upside. Holy cow. Margin upside. Did you see the margin numbers? How much they're lowered?

We'll get to Facebook and what happened in a second. I'm just going over expectations here. JP Morgan. Three big guys. We're not talking about little boutique firms here. These are the three biggest. JP Morgan: remain positive on advertising strength and Instagram momentum. Remains a top three idea. This is two days before they reported. So for me as an analyst, someone who's been doing this for a long time, and I love earnings season, when I see a stock get nailed like this, I want to see two things. First is the thesis, the reason why you bought the company still intact, and it is. This is step one, guys, and I didn't get to step two yet.

Now what's a thesis? They have the greatest platform in the world. I mean, what is it, more than 20% of the world's population's on this platform? Telling you exactly what they want, what they want to do, where they're going. I'm checking in. Here's where I am. I mean if you look at that and you see why the stock got hit, yeah, they're trying to play nice for politicians and everything. And we know they lost their way a little bit. And we saw that advertisers had a little bit of trouble. There was complaints and thought they'd get their ads up more, because Facebook was like, hey, just give me ad, I'm throwing it up in two seconds, pay me.

It's not like that anymore. Now there's a little bit of a process that people have to learn and it resulted in some delays and a little ticked off customers. But customers aren't leaving that platform. They'll never leave the platform. I mean, Facebook still has pricing power beyond belief. Why? Because think about it, if you're going to go into a store. Not even go to a store. If you're going to advertise anywhere. The Super Bowl is one thing. You really know the demographic, right? Everyone's going to watch it. But if you're advertising on Law and Order or the Golf Channel, they're going to tell you these demographics. Nobody know who's watching TV. Some kid could have put the TV on and just walked outside and played with his friends for three hours. Nobody knows. Nobody really knows.

When you go to Facebook's platform, no matter who you are and what business you are, if you're selling whatever. I don't care what it is. If you're selling computers, hey, here's five million people checking in at Best Buy. Here's people who bought computers. You have all this information. You can't compete with that. Imagine you have a marketing budget of $1,000,000. Do you want to spend it on something where you might only reach 30% of people that buy your product because you really don't know? Or do you want to reach pretty much 90% of the people that are posting that, hey, we've used this product before and we have pictures of it?

So it's a platform that's the best out of the best outside of

Google as well. These companies are tracking you at all times and I know nobody likes it but there's a reason why you're getting ads on Facebook and Google on things that you buy a lot. Which isn't bad, right? I like to get discounts on stuff that I buy. So the thesis is still intact. They still have a great platform. They just, you know, playing nice with politicians and the rules that we all know. I won't get into the politics of it to the point that, you know, the election cycle and all this stuff. And manipulating and again, you guys can have fun with that and just a million people love talking about that.

I don't. I'm about making money here and trying to make you guys money. And if you focus on that, the platform is still fine. Everybody's still using the platform. It's still massive. It's still one of the best places where, you know, for advertising dollars that you could spend your money on. So the thesis is still there. That's the first thing I look at. Okay, so you passed that test.

The second thing I look at, you're failing miserably and this is much more important if you're looking to buy the stock today, because it's a timing issue. And, guys, you have focus on this because it's so important. It's sentiment. Sentiment is such a big deal because when expectations are low, we saw AMD report a quarter look bad, the stock goes higher. How could that be? Because if the stock is really trending lower, it's not really participating in all these, like the fang stocks running up. And you wonder why Netflix got crushed as well. And if these companies, if the expectations are high and you miss, you're going to get destroyed. It's a big expectation game.

There's not one person, all the analysts telling you to buy it into the quarter. Nobody thought Facebook was going to get crushed. And it kind of made sense, right, I mean, they're really changing their rules. They're telling you, they have all these commercials on, we're going to try to be better. Whenever a company says, we're going to try to be better, short them. It's terrible to say that, but you short them, because … you know Comcast actually came out and said, we're going to try to be better. Short them. That means they're not going to screw over

all their customers any more, right? I mean, if you think about, I'm being honest with you.

So, where you see things like that, it's kind of a red flag right off the bat. I mean, it's, hey we're going to try and do good things, means you're not going to be as aggressive … people are watching you. I mean, I'm talking common sense here. I'm not saying every business is bad. I'm trying to tell you how to make money on stocks by using common sense. And sentiment is a really big deal, and that's why I don't like the stock right now, because even after the quarter … if you're looking at these analysts, they're still really positive on it. Every guy you see on TV. Positive, positive, positive. You're looking at all these analysts. Forty-something with buy ratings. Incredible. And just two sell ratings. You know what? After this, and it was, listen, they lowered estimates. Margins, they lowered margins. They said they were going to generate less revenue. Slower growth year over year. A lot of negatives there.

And you know how many downgrades they got? Three. Three analysts. That's it. And that's if you include Raymond James. Downgrade this stock from strong buy to outperform. What does that mean? You downgrade from strong buy to outperform? I don't know. That's like my wife breaking up with me and marrying Brad Pitt. That's not really a down

Frank Curzio: That's like my wife breaking up with me and marrying Brad Pitt. I mean that's not really a downgrade. I mean our friends would be like, man we really like Frank, but good for you. You go girl. Everybody would be happy for her. If this current research thing works out for me in a few years, it may turn out to be downgrade. But what is that? I mean is that really … what does that do for your customers? What benefit is downgrading a stock from a strong bite it out perform? What does that do for your customers? It's telling you that you should still buy it, right? So, so basically two downgrades you'll say. Two downgrades after that quarter? So what does that mean?

Well Facebook came out and people said, well we threw the

kitchen sink at it and all this stuff and … Maybe it was maybe it wasn't. I mean we really don't know, right? It could take a couple of quarters before they really turn things around. I mean who knows. When I look at this, and I see Goldman is still positive on this stock. I mean these guys are still positive on the stock. It's kind of crazy. You would think like, well couple of target prices got lower but sentiment. I mean, it's still very, very strong right now. Very strong.

So, everyone still loves Facebook, and what I'd like to see, is when everybody starts hating it, right. In [turnitin 00:13:16] that's what saw what happened when expectations went sky high a few years ago. You know they weren't going to make their growth estimates. 95% of the analysts, had strong Buy ratings on it. Stock was 130, right. They lowered their earnings, so we're not going to go 25%, go 2%, kind of what Facebook did, and you saw a lot of downgrades. A lot of people changed their mind. They lowered their estimates, and the stock fell to 90 before, you know, they got their act together. Started growing again, the stock took off.

But, I look at Facebook, I have to be careful. While Facebook, they say through…I think I saw two different reports, two reports maybe, they threw the kitchen sink. They're being conservative. It doesn't matter what the company is saying, because the analyst's estimates have not come down that much. 'Cause they believe Facebook is like, wow, they've just given the worst case scenario.

Maybe they are, I don't know. That doesn't matter, because no one is paying attention. The number you are going to see on TV. That some number to beat, it's not Facebook's numbers. It's the analyst's number, and they are still very, very high for the quarter that they just reported. They don't believe Facebook's going to be that bad next quarter. So, there's a good shot their probably going to miss next quarter, and then you'll see the analysts go, okay fine, we've got to downgrade the stock, lower the estimates.

And then what are you going to see the following quarter? Facebook blows out the estimates. That's what we saw with Apple last quarter. Apple was amazing, because almost every single analyst, lowered their numbers on Apple going into the quarter. Apple, right, repatriation, got a lot of money back. Bought a ton worth of their stock, and they beat those lowered estimates. What you saw on CNBC, is Apple beat earnings and sales. What you didn't see, is if the analysts, in a previous two months, if they didn't lower their estimates, Apple would have missed by a mile.

Nobody pays attention to that, and Apple went higher. But, it's going to factor in eventually, because as their lowering their estimates, their lowering them because they're growing a lot slower. If Apple wasn't buying back their stock, they're not coming close, close to their peers, or close to the market. SP500's growing earnings by 17%, they're not even…the only way they can do that, is by buying back more stock than anyone else. Which is fine, good for them, they have the cash on the balance sheet to do that.

But, they're not seeing that kind of growth that everyone else is seeing. They're able to mask it with a lot of analyst…they have all Bi-ratings on it, but they lowered their estimates. Eventually, their numbers matter because the company's not growing as fast. So, I would wait one more quarter. You might see, Facebook pop up a little bit, but if they miss again, you want to see sentiment change, and the fact that I didn't see any sentiment change on Facebook, I wouldn't go in and buy it here.

I think we can go a little bit lower. I think the long-term thesis intact, I love it. If you own it, I would hold it, but buying and taking a new position here, just be careful, because everybody is still really, really, high on this stock, and think this is just a one-time thing, and we don't believe Facebook. They really lowered their estimates, we're not going to lower our estimates as much.

That sets up for next quarter. I wonder what Goldman Sachs is going to say with their channel checks. Who are they going to check with now? Based on our channel checks, you should buy every quarter. Who are you listening to? Who are those channels? You're Goldman Sachs, you're supposed to have the greatest channels in the world. That's what people pay you a fortune for. That's why you're the biggest investment firm in the world. That's why you have the richest clients in the world.

They're supposed to get the best information, right? Going out there. The best research analysts, and it's not insider information, they just have access to everything. To be that completely wrong, was just a big surprise with the expectations on Facebook, man, holy cow. Even if they would have beat... they would have reported Blockbuster results, that stock probably would have fell through. Fell 3-5% today, or Thursday.

So, for me, my advice on Facebook is, if you own it, hold it, because establishing a new position, wait a little bit. I'd rather lose 10% on that, or buy 10% higher, and they come out with a quarter, issue positive guidance going forward, at least I have a base. Because, if they miss next quarter, you could see another 10-15% drop, because then people are going to be, wow, this is for real. They are really slowing. They're not going to be able to grow to 40%, and it's funny. This Facebook is amazing because they're growing...when you grow from 50% to 30%, that's a negative, right, for the size of their company.

For me, I need to know if advertisers understand the platform, which they will, but is it going to be a short term thing, a long term thing? We don't know that, there's still a lot of question marks. I mean, they missed by a mile here. So, that's my advice on Facebook. Someone's been covering for a long time, I've been right on it. I've been covering my losers all the time as well, but for me, look, I own a ton of this stock, and for me, I was surprised it went down. I'm not upset or anything. I'm just not adding to my position, or building up that position now. I need to know more, and plus the sentiment on the stock is still very, very positive. Even though it's down 18%, you would

think a couple people would be, get more than three people downgrade it.

And 40% analysts have Bi-ratings on it. We didn't see that, I want to see the estimates much, much lower, and these analysts lower their estimates a lot more until I go in. Because right now, those expectations are pretty, pretty high.

Now, let's get to the next question. It's from Noah.

It says, hey Frank, I'm calling, a 20 year old college student, entering my senior year at Iowa State University. Good for you man. Let's go Penn State, I'm just kidding.

I plan on graduating the spring of 2019, with a Degree in Finance. Congratulations, good stuff buddy.

He goes, well, I'm still looking for that full-time job after college, the knowledge and wealth of information I've learned since being a listener here. Podcasts help me immensely, with investing, networking, and overall financial advice.

Thank you, and I appreciate that more than you believe.

So, here's his question. He goes, I wanted to ask you opinion on the emerging market of Fang. An online retail ETF, that continued to enter the market. Notably, FNGU and ONLN, as both these ETF's are relatively low in price, and fairly new to the market. This makes their growth potential seem almost promising, in a way, with looking at the climate of the market in coming years. I think these ETF's can become a safe bet, when it comes to low risk diversification, for investing with limited capitol at my age.

Thanks again Frank, outstanding work on the podcast so far, keep it up.

Noah, in one word answer, NO!

I really appreciate the email, great stuff. I really do, I love the fact that just the young audience is listening to this pod, it's

so great. Because when I picture myself at your age, forget it, I would never think, again, I didn't take life too seriously, having fun. I love the fact that you're taking the time to answer your question. So, I'm going to try and help you out as much as I can.

So, I look at your first ETF, FNGU. It's a three time leverage ETF. Okay, anything three time leverage, those aren't long term vehicles. These types of ETF's are more like trading vehicles. Pros use them to hedge. Sometimes there's a discrepancy, and they're very, very dangerous. I mean, even if you look at yesterday, the ETF has Facebook in it. Fang lost over 8%. So, if you're looking to buy something, hold it long term, I mean if you look at the average of this, you're going to see great return. They own FANG, it's three time leverage, it's great. But, at this stage, right now, at this market, when it's up for eight straight years, and these stocks are just on fire, it's...again, you could have said that a year or two ago as well, but I'd be very careful, because you're saying, can I buy these and hold them for the next five, ten years.

Especially at three times ETFs, I avoid them at all costs. Unless you just have a good read on a market, a good read on something that sector, that's going to benefit from tariffs, or whatever, or something like that, news coming out. That's different, that's a good way to play it, but if you looking at this particular ETF, it's FANG stock...it's Facebook, Apple, Amazon, Netflix, and Google. So those five, but it also have five actively traded technology growth stocks assess. That's Alibaba, [Video 00:21:25], and [Video 00:21:26], Tesla, and Twitter.

So, you're looking at companies in there man, Tesla, Facebook now, Netflix, three companies get nailed here. Just be very, very careful. I wouldn't fall into this trap. Again, these stocks are all ten highs, they're expensive. The whole world is in them. Like we saw on Facebook, Netflix, just last week or two, Facebook recently, but Netflix reported right, they got crushed as well.

But these things, cause 15% in a day, which will really crush

you in this fund. If you really want that type of exposure in technology, you might be better off investing in a NASDAQ 100, just an idea. I'm going to give you a much better idea in a minute. But, if you really set on technology, that's going to give you exposure to all the FANG stocks, and those other five I just mentioned. Plus, another 90 great tech companies, and you're not going to be leveraged right?

The other ETF, ONLN, that's a pro share ETF. Focuses on online retail companies like Disruptive, and be careful with this too guys. When you go into these funds, look to see what they own. Look at the expense ratios. Again, for passive ETFs, you're looking at .5 maybe, the expense should be very, very low. This one particular has only 21 stocks in it, and two of them, the top two are Amazon, Alibaba, which make up 40% of the fund.

What if it wasn't Facebook today? What happens if it's Amazon, and Amazon gets crushed which was reported, right? It was after close on Thursday. You get nailed in this fund. You're looking for a fund that you could hold long term. You know, if one of these stocks gets nailed, you're kind of toast, but the SMP 500, I think that would be a much better bet for you.

Is it boring, yes. It is boring. I mean, I know, 21, someone tells you to buy [SMP 00:23:13] 500, you're like come on. How do I get to the Uber IPO? I know, that's what you want to hear, I get it. But, you're looking at something that pays a nice yield. You can reinvest that yield. Start with $5,000 dollars, if you start $5,000 dollars. Ask your mom and dad for it.

Say, mom, dad, can I have $5,000. Have a conversation with them, make them feel guilty.

Say, I'm trying to invest in my future, while all my friends are getting drunk and having sex, and smoking pot, I'm trying to be responsible here.

Then say, forget about it, I'm just going to hang out with my friends.

They'll say, no, no, no, I'll give you five grand. I know that, because that's what I would say to my daughters, if they said that to me, at that age.

But, you start out with five grand, let's say. Say if you put in a 100 dollars a month, so $1200.00 dollars a year. I'm going to give you real stats here. You can look at the compound calculators. Over 40 years, and dude, you're only going to be 60.

Frank Curzio: ... over 40 years, and dude, you're going to be over 60. You're 21 now and believe me, you're going to get there faster than you think. Unfortunately. It sounds like a long time, but you're talking about long term investing. Again, it's not going to cost that much, $100 a month; if you can, $1,200 an entire year. If you can, maybe if that's not, then you cut it in half; it's fine. If you don't have $5,000 to invest in it, you start with that. But you start with $5,000, invest $1,200 annually, and say you put around a nine percent annual return on that ... and you say, "Nine percent! I'm not going ... how to people make nine percent?" That's the average percentage S&P generated annually since 1950. Hey, people don't realize that, but when you compound ... just compounding over that time, and then just backtracking, if you look at dividends and capital gains, it's pretty close to 10%.

So even ... and nine percent returns on that, and that includes dividends, capital gains, at 60 years old, you're going to have an account with five million dollars in it. Isn't that crazy when I think about it? I know 40 is a long time, I know it's crazy, but those numbers aren't too nuts to put in. And just ... again, as you get older and as you find your career, and as you get into your thirties and forties, that's like your money making years and stuff like that, this is going to be something that you're going to do [inaudible 00:25:20], and then you can enjoy ... invest in a lot of things which Curzio Venture Opportunities and stuff like that, and getting into product placement deals, and taking on more risk, and things like that.

But right now starting out man, you're in a … it's such a great position. It's awesome. And all those friends who are drinking and fooling around with girls, smoking pot … they're not going to make fun of you, especially when you're on your yacht at 60, smoking weed, getting drunk with 15 supermodels on it, you know. That's a pretty cool retirement. That's not too bad, bud.

So that's my advice: if the S&P 500 would be better, don't try to time it. People try to time it: "Oh, it's a little high, it's gone [inaudible 00:25:58]." It pays dividends, you have strong earnings, you have a good economy, and over time … listen, it worked for Warren Buffet, it worked for a lot of people. I know 40 years is a long time, but you know, the scenario I just presented to you, is definitely doable for a lot of people. And if it's not, if you start out with $500, $300, and just putting S&P 500, believe me, those gains add up.

It's not going to look like a lot, but year after year, you look at the compound. And when you look at the compound and calculate it, just bring it up on Google, and then look at the chart. Hit a chart; it's going to show you the chart. And you gotta understand, not just the chart of a line going to five million, but it's gonna show you the amount. You don't realize all the money you're generating, now you're generating more interest, more capital … they have more money to invest; each year, it goes higher and higher and higher and higher and higher and higher. And that where you make a fortune. Through compounding, and that … a lot of people won't do it. They don't want to hear it, and I get it. I mean, I didn't want to do it either. I wish I did it, I wish I was say … I was putting $100 a month in, I'd be great right now.

But if you're looking for investment [inaudible 00:26:59] stay away from a three times leveraged ETFs, stay away from ETFs that are leveraged to like, one, two, three companies. Again, you're in this for the long term, and every single company ever they have ever analyzed in 25 years, none of 'em go straight up. None of 'em go straight up. I mean, you see these things get nailed a lot, even the Amazons, the Facebooks, the Apples

... Apple [inaudible 00:27:22] went out of business at one time. And Microsoft was a dead stock for 12 years before it really regrouped and got into cloud and stuff like that. So you see these periods, and if you're in ... if they own one of those stocks, and they're highly leveraged, if you own the S&P 500, that's just one of the stocks. But if you own one of the funds you just mentioned, they can be 25% of the stocks, 30% of the stocks.

So that's my advice, and hey, if you want to take it that's fine. If not, no worries, but hopefully that helps and listen, I really appreciate it again. [inaudible 00:27:54] audience, I always encourage them to email frankcurzioresearch.com.

Now, let's take one more question. And it's from Chris. So Christopher says, "Hey Frank, I've been seeing so much talk recently about 5G. Just curious, if you've done much with it yourself. Seems like your new company's doing great, keep up the good work." Thank you. Yeah, we're doing pretty good, keeping busy, trying to provide great advice to you guys on making money.

5G I covered not so long ago, maybe about two months ago, but I'll get back into it, because when you look at 5G technology, it's one of the biggest trends in the world, if not the biggest trend in the world. You could say, "Wow, this is a lot of big trends you're talking about, Frank. You know, there's tons of 'em out there. Are you sure?" If you're looking at 5G what is it, right? It's basically ... it's 4G, 3G ... it's ... it enhances the speeds, right? On internet. So 5G technology is going to literally be 50 to 100 times faster than 4G. 4G's what we have now; 5G's not out yet.

Think about how fast your internet connection is now. If you don't have Comcast. Sorry, I had to throw that in there. But think how fast it is. You could stream videos, and pages load in a second. You could watch movies. It's incredible. And to think it's going to be 50 to 100 times faster. What does that mean? Well, for the individual investor, it's going to be ... maybe you'll

see a little difference. But think about algorithms. How fast they are now: milliseconds. Able to track everything. And think of the connectivity; I mean, the amazing things that you're going to be able to do with 5G.

It's incredible, because it's going to enhance every major technology trend you could think of. It's cloud, big data analytics, autonomous vehicles, IoT, streaming, and connectivity everywhere. Augmented reality, gaming, it's going to enhance, it's going to make things faster. You're going to find information quicker. Algorithms, going to analyze stuff so much faster. You think they know a lot about you now, forget it. Pretty soon, you're going to have a tech saying, "Hey, in 10 minutes you should go to the bathroom after what you just ate" or whatever. I mean, it's going to get that crazy, where they're going to predict … I mean, they already do that, right? I mean, predictive analysis.

Look, it's incredible with the algorithms, because we all have patterns. We'll take the same train to work, we all walk our dog around the same time. We all eat breakfast around the same time. We eat lunch; we all have patterns. And they're analyzing these patterns, because they see us, we're online; they're tracking us, then they start learning these patterns and say, "Wow, this guy just posted a whole bunch of pictures on Facebook for the last six years, during this two week period." So three weeks before, a month before, two months before, let's send him discounts to different areas in the Caribbean that he might want to take his family on, on a trip to."

And that's simple, that's simple. I'm talking about even more advanced than that. But everything you buy, everything you post, everything. I mean, it's gotta be analyzed much, much faster, and they're gonna be able to predict exactly what you're going to do. I mean, we're almost there now. It's pretty crazy. You look at … maybe you shouldn't look; don't even look it up on Google. It's amazing. It's like pre crimes, right? Basically they know when crimes are going to happen in what areas based on analyzing, where they busted people, where they have crack houses, where they have all these things. Look at the analysis.

This isn't me making this up, this is me learning this and studying this. It's incredible. Now, and what of your question, right? Which is more important is, how do you play this?

So if you look at 5G, I mean AT&T, Horizon, two players … AT&T's dirt cheap right now, I mean it's getting crushed because there's a lot of uncertainty there. And it's going to take them time to figure everything out [inaudible 00:31:34] new industry, but once they figure it out, like I said, they could be one of the biggest companies in the world. Bigger than Apple, bigger than Facebook, bigger than Netflix. I mean, you basically have a company that has access to every single person's home in America. I mean, just look to your relatives or talk to your friends … somehow AT&T, it's DIRECTV, it's your phone, it's … now it's Time Warner, do you watch HBO? They have access to almost every home, and now they have a massive amount of content to give you. So they're becoming the Google and Facebook.

And right now, they're trading at a level where they are an old technology company. So once they … it's going … it's a learning curve, it's going to take time, because you're getting into new industry. And kudos to them. And you want to stay in wireless industry forever, where … where are the profits in that? That's why when you look at Horizon, Sprint, T-Mobile, I mean, you [inaudible 00:32:21] fighting over your prices, now you have to raise your prices, but there's no one else left to buy a phone in America if you're over 15. Right? I think everybody probably has a phone right now. Some people have two of 'em. So it's a saturated market. Good for AT&T, getting into other markets. Is it going to hurt the share prices? Yeah, there's uncertainty there.

Anyway, I covered AT&T and for Horizon as well, [inaudible 00:32:46] bear on the stock front, poppin' up. But look at the Tower Company: American Tower, Crown Castle, SPA Communications … American Tower, I think has a 50% market share in the US. The towers … I mean, these towers have to be upgraded; they're going to be making tons of money, and that's a great play for 5G. It's not out yet; it's coming out next

year, it's starting to be rolled out a little bit. I mean, there's going to be companies that say they have it out, but they really don't have it out. They not generating money off of it. But it's coming. If you're looking at the parts makers, like the nuts and bolts players that I talk about all the time, you got the Ciscos, IBMs, Broadcom, Skyworks … [inaudible 00:33:21] technologies. My two favorite companies on this trend by far: Intel and Qualcomm. Those are two companies to own. Especially Intel: intelligence report [inaudible 00:33:30] is really good. Yeah, you got a minor delay there, they're going to get to see everything's cool, but Intel, I love this price. I mean, really nice dividend that they're paying. It's trading at 12 times forward earnings. [inaudible 00:33:41] that company first, are really growing earnings and sales now. It's just in a really good position.

There are going to be bumps in the road, but that's a good stock to just hold; three years from now, you'll think me. It's a good stock. They could be double the price where it is now. Looking at Qualcomm, little bit more expensive, 17 times forward earnings, but four percent yield. They're probably the leader in 5G. Again, this is the biggest trend in the world, because it's going enhance every major technology trend you could think of, by making speeds much, much faster. And I feel like no one's really talking about 5G that much. They always say, "Big data, and cloud analytics, and AI" and all this stuff … these are going to be much, much better as 5G gets rolled out, and I think Intel and Qualcomm are the best plays on it.

Okay guys, if you have any more comments, questions, anything, feel free to shoot me an email any time: frankcurzioresearch.com, that's frank@curzioresearch.com. And that's it from me. Have a great weekend. I'll see you guys in seven days. Take care.

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