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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 Friday, August, 10th. I'm Frank Curzio, host of the Frankly Speaking podcast where I answer all of your questions. The market, stocks, economy, sports, anything else you wanna throw at me. I created this podcast to answer more of your questions that you send to my Wall Street Unplugged podcast, which I host every Wednesday.

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

Let's start with a question from Kevin. He said, "Frank, thanks for all of your work. I've been listening to the podcast for over a year, and thanks to my father, who was tired of being bombarded with nonstop stock questions. He also subscribed my brother and me to CRA," which is Curzio Research Advisory, "so that we both could be set for the future." Fingers crossed that he's right. Thanks, Kevin, no pressure on me there, pal.

He goes, "I know you aren't a fan of Target, based off your previous podcast. However, I purchased it when I was around 50. As of now, the stock is up nearly 60%. My question is less about Target and more in general for the young investor trying to learn. Is there a certain percent when you're up on a

stock that you would recommend selling a little, taking profits and investing in other opportunity? A little insight on this may help with some purchase I made on stocks prior to being a CRA subscriber. Thanks for all you do. PS, as a physical therapist who specializes in golf rehabilitation and performance, if you ever need some recommendations, please feel free to reach out. I know you're a golfer and you have some back issues, so I'd be happy to help you out anytime. Thanks so much." That's Kevin. Very cool stuff. Physical therapist, specializes in golf rehabilitation. Love it.

So Kevin, if I was a financial advisor, here's the textbook answer: if you're up 100%, you should sell half. 'Cause that reduces your risk to zero, not accounting for taxes and per, just saying, but if you're selling your stock closer to ten, to twenty, you sell your possessions. If you have $10,000 in it, it's $20,000, turns the $20,000, you take $10,000 out. That's the money you started with and you're playing with the house money, right?

Again, not accounting for taxes and your 401K, whatever.

Now, it's an interesting question because what you need to determine or you need to ask yourself: why are you going to sell this stock? Do you have liquidity? Because if you're in ten stocks and they're all up tremendously, in order for you to buy something else you kind of have to sell something, right? Unless you're calling Margie and you don't really wanna do that unless you're a professional. But, let's take Target for example, okay? Good job on Target, Target was one of the retails I didn't like. I'd recommend a lot of other retailers and tie that perfectly in.

Target was a beneficiary of that as well and Macy's, Surge, a lot of these companies from October on really took off and I just said, "look the malls aren't dead, these things are trading as if they're going out of business" and a lot of those stocks have moved sharply higher, but ask yourself this when it comes to Target because whether you sell, it should be determined by the reason why you bought the stock in the first place. Now, when

you looked at Target, why did you buy it?

Could be a number of reasons. Maybe you bought Target because it's cheap? Because if it's up 60%, doesn't mean it's expensive, it'll actually be worth more up 60% if earnings rose, but say earnings didn't. Say you bought this and said, "Wow this thing trading at twelve times earnings and now it's up a lot and now it's trading at fifteen, sixteen, times earnings, that's a premium to some other retailers you may like." Then, maybe sell the whole position.

If you're not liquid, maybe you wanna take a little bit off the table. 20% to purchase something else that you really like; that you think has tremendous upside, but say if you bought Target because they're buying back shares and now that buyback, they bought back most of those shares. They have to revisit it, so it's all about the thesis of why you bought Target and it could be a number of things.

Maybe they're like, wow they're gonna get new brands and Tom Brady sneakers and clothing or whatever. Somebody popular, Kim Kardashian. Everybody hates her even though she's completely the wealthiest person out there. I loathe the people that hate her. I wish I was that terrible at business as she is.

Listen, I know the reality show. I know you could send me e-mails, frank@curzioresearch.com, but I just laugh at people that think this girl is that stupid because she really … she knows exactly what she's doing. She has the right people around to make money.

Anyway, if you get someone like that in a JC Penny, JC Penny is gonna take off. It'll go up 25, 30% in a day. Now if you say, "Wow there's brands that I believe they can get" and sometimes they talk about this on conference calls or analysts will speculate. That's another reason where maybe they didn't get these brands that I wanted because look, JC Penny, Macy's a lot of these companies, they're announcing new brands all the time that they're gonna sell."

Even Sears, yes. That's still in existence right now. Did you buy Target because maybe one of your favorite investors got in it. You saw David Tepper buying shares, Dan Lobe, one of your favorite hedge front managers that you really like, that maybe you follow into the stock. Next month's 13F or next quarter is 13F, they come at a recorder. You see that he's lowering his stake in the company, so if that's the reason why you bought Target, then maybe you should get out right? 'cause the thesis you bought it doesn't exist and I recommend that a stock in my opportunity newsletter and it was based on a stock that's gotten crushed, so insider buying, and management was changing its strategy. They're saying that they're seeing strong demand because of their new strategy and after three weeks, the reporter quarter in the stock got destroyed. Fell like 20% or something.

A week after that, I sold it and it was funny because I got some complaints saying, "Wow Frank, I can't believe you sold it you just recommended it three weeks ago." But they were changing their strategy and management lied. They were changing their strategy because they were losing tons of customers and the new strategy wasn't working and a significantly lower estimates.

So the reason why I bought that stock while painful, I got out of it right away because the thesis didn't exist.

It wasn't there anymore.

That's hard to do for people. Think about all the preambles, permabears on and I'll get to the gold question in a minute. All the people will tell you to buy gold, buy gold, buy gold, the conditions changed significantly over the last ten years. Even the perabears say, "Mark it's gonna crash, it's gonna crash" even though in 2009, 10, 11, the Fed put a flaw that guaranteed everything. I mean, there was nothing that was gonna crash. Every asset was gonna go higher. They were doing everything they can in the streets to inflate every single asset. They were giving you a check to buy a house and a car.

Are you kidding me?

As a bear, you need to change your mind a little bit. I don't care if you hate the world, you hate America, you hate Trump, you hate Democrats, you hate anything. It's all about your thesis.

And that's important because if your thesis changes on the stock then get out of it and if it doesn't change, then you wanna stay in it. You get a good rule of thumb is if it goes up 100%, you sell half, you could see if it goes up 60%, as long as whatever it is, you're up 60. Again, you could use that money to buy back, if you find a really good idea that you think you wanna put that money into, that sounds great.

Now, the non-textbook answer? Which you're not gonna hear from anyone in the world?

I'm fortunate and humble and I happen to know a lot of rich people. Some of them are cool, some of them are not. Most of them, pretty cool with me and I could say that 85% of them, if I had to put a number on it, do not sell, or do not become rich by selling half the business share when they're up 100%.

The reason why I'm telling you this is because you're a young investor. I don't know how young you are, if it's your twenty-seven or thirty and you're saving up money to buy a house and you just got married, I'm not telling you to take the fifty grand, hundred grand, ten grand, twenty grand, whatever it is, buy calls on Tesla. I'm not telling you to do that, but what I'm saying is, you have working power. The chance to take risks is now, when you're young 'cause that gets more difficult as you get older 'cause when the credit crisis hit in 2009, 2008, and you see every retiree, that guy that retired sixty-five, seventy, yeah pretty difficult to get a job at that age, unfortunately, even though those are the people I love to talk to the most. They're the most knowledge about everything. They live through every mark and everything. I could sit and talk to people like that all day, but yet in our marketplace, it's hard for that demographic to find a job.

Now you watched the market fall 35%, your home price fall 50% and you're going holy shit, am I gonna have to … what am I gonna do? It's pretty scary but at your age it's different. You look at the Facebook, Jeff B. Show, look at these guys. So many people that I happen to know that are wealthy, that own companies, that have done great. They go all in and when you go all in, think about it.

If you own Amazon and you sold half, you're pretty upset right now and if you didn't, you own 3 yachts. Especially if you bought it when? The 80's? Same with Microsoft. Same with a lot of these stocks. Something to think about. I'm not telling you that's what you should do, but greed is not a bad thing when you're younger because if you're wrong, you could be working and you can make that money back, so that's when you wanna take on the most risks.

It's not an all or none situation. What I'm saying is, you use Target as an example even though Target's not gonna make you a millionaire. They're not gonna go up 10,000% from here but Target up 60% or say if it goes up 100%, 150%, sometimes it might be worth it saying you know what I'm holding onto this stock 'cause if you did that with Amazon, if you did that with Netflix, if you did that with Apple, 15 years ago? Man. You're a lot smarter than me.

That's how a lot of people get wealthy. You could say, well that's how a lot of people lose fortunes too. You're right, but when you're young you can afford to take those chances so it's a great question. You're basically asking, when should I sell? Right? And it's objective. You talk to ten people, you get ten different answers, so that's why I covered different ways. Give you the textbook answer. I could say hey, really for me it's based on my thesis. If it still exists, I'm in some stocks that are up 200% and I encourage the adventure portfolio, I have those that are up 100% and I'm still in. I have another one I took profits in.

Depending on if my thesis still exists and if it does, I'll stay in

long-term and if not, I'll sell out whether it's at 15% gain, 20% gain, 80, 200, 300%. That's how I manage my portfolios right now, so if that answers your question. It was a great question and I appreciate that your dad, your brother, everybody's listening to me and I will continue and try to do my job and make you guys, well, I could promise I'll help you guys make smart decisions when your portfolio's going forward so you're in really good hands.

Next question is from a person that I can't say his name 'cause it's unique and he always says, "Don't mention my name."

Here it goes: "Hey, Frank, very much like the video update on Intel and that came from the other day. It's nice to see and hear what you're thinking. By the way, when did the gold boom start? All the best to you and your family", and he signs off his name.

I have no idea when the gold boom start and I love making fun of this person because he is from Europe and sends me e-mails and sometimes they're a little bit broken, which I love because I'll spot exactly who it is and the reason that I poke fun of it, and by the way, I only poke fun at people who I love, is a person following from the street.com days and it reminds me where people used to poke fun at me for my accent that I really don't have, right? It's not too bad.

Anyway, when I first started theStreet.com, and so I did this podcast, wow, probably ten, twelve years ago? I used to get tons of negative feedback on … your pronouncing words wrong, I can't even understand you, even though doing it from theStreet.com on the Wall Street in New York. They're like, "Frank, it's ask not ax", and I was actually gonna call this podcast 'Ax Frank', like A-X Frank, you know instead of Frankly Speaking and it actually forced me to try to sound out words and be a better speaker because I was doing a lot of speaking engagements at the time and then I realized, you know what all those people, I was just like, "F off".

First of all, it's a free podcast. If you don't like it, go someplace else, but for me I'm not changing. This is me and it took a couple years to figure that out, but that reminds me of back in the days and people say, "Oh, I hated that accent, I can't stand it."

It's a free podcast, go someplace else, listen someplace else. It's cool. For me, I'm at the … not changing. I think that happens with most people when they get to their 40's, especially 50, 60, 70's, they're set in their ways and they don't change.

At this stage, look, it is what it is and that's my accent and I love the fact that I always see e-mails from this person. I wish I could mention your name, he's from Europe, he's from my Street.com days and I really appreciate.

Now, a couple things, let's get to the first thing you said: the video update. If you are a Curzio Venture Opportunities subscriber or a Curzio Research Advisory, you're going to get video updates. Doesn't mean I'm not gonna write updates, but what I did recently and you'll see it a lot in Curzio Ventures as well, you saw this probably in Curzio Research recently, is I'm doing these video updates and we have a technology where not only do you, unfortunately you've gotta see my face, but I could transition to a screen and show you exactly what I'm looking at so if I'm doing an update on Intel, here's what you've gotta look at, here's the chart, here's what I see, here's the fundamentals, this is why this is gonna happen, here's a report that these guys are writing about.

We're like Goldman Sachs report and I'll show you that and say, this is what they're saying and they lowered their stock price. But I can really take you along that journey in the research. Well you're not just getting something written, especially a monthly report with a recommendation. Our newsletter's services are more than that, right? We wanna teach you different strategies, at least that's what I wanna do for you. Now, our editors wanna do for you.

It's not just teaching that one strategy and basing that one stock pick off of it, but showing you the process. That's how you learn, not only to help the investment decisions that will make you money, but to prevent you from losing money by making poor decisions and having that technology is really cool and we've got tremendous feedback. From my end, it makes things easier because during earning season, sometimes we have around twenty stocks in bulk portfolios right now, five, six of these stocks report in a week to write a three or four page alert and get it out to you in a timely manner is time consuming and doing a video and hopping in the seat and saying, "Intel just reported, here's their earnings, stocks down a little bit but we're in at a fantastic price, you've got nothing to worry about" things like that.

So, give it away Intel. It's a stock we're still up on, even though it's come down 'cause we got it at a fantastic price and wanna use as an example here, but the video updates, we've got tremendous feedback and what I'm going to do is also put timestamps on them. This way, you know exactly what I'm talking about, different subjects, different stocks, that way you can just scroll through it and one of the complaints that we got was that it didn't really look that good, or it wasn't formatted correctly on mobile, so we're working to improve that as well.

So, guys, I always love the feedback, whether it's criticize, whether it's how to make us better because we listen to you and by doing that, that makes our company better. I could never understand why people don't wanna hear those type of comments. Sometimes, you take it personal. For us, we're providing a service here. You pay us. In order for us to be the best, we have to know what our customers want, right?

Isn't that kind of obvious?

Anyway, that was the first thing this person addressed … I hate saying this person. I wish I could call your name, but I know that you said, "Don't ever mention your name."

The second thing you said, "When does the gold boom start?"

I have no idea. I really don't have any idea. When I get something wrong and I thought it would … there was three calls I made in probably fourteen, fifteen, and fourteen, beginning of sixteen where I was right, fourteen I was wrong and then recently, probably about few months ago, I recommended to our gold stocks and I was wrong again.

When I'm wrong on something, or wrong on a call, which almost never happens, happens to the best of us, especially more than once, for me it's OCD thing. I have to analyze something to death to figure out what I'm not getting, what's wrong. I'll spend countless hours, weeks just on the research.

So, what I've done with the gold industry is, people have been covering this issue for thirty, forty years is I'll go in and I'll try to learn more than them and read everything they've ever written and the information that I'm consuming is just: what am I missing here?

Reading stuff from people coming from the industry for a long time, why they believe gold was going higher and when I look at that, okay and I wrote some of this stuff down because this is important.

Researching this to death and just looking at so many different point of views in the gold industry and it is just decimated … when I look at the industry, gold prices are supposed to move higher during inflationary times. Why aren't gold prices moving higher now? I mean, I could show you times where gold moved higher during deflationary times. It's just, you know, again, I …

Frank Curzio: I can show you times where gold moved higher during deflationary times. The research supports this, I went through periods dating back for pretty much 75 to 100 years just looking at gold prices and measuring inflation, deflation. I've done all this research, chart it, model. We're not seeing gold prices move higher. What about uncertainty? We had Trump get elected in November 2016, that was one of the most uncertain periods

I would think. What happened to gold? Straight down. Gold stocks got destroyed. Throw that thesis out the window. What about gold being a safe haven? We had geopolitical concerns, North Korea, we've had Italy concerns are they gonna leave EU, the European Union. We have trade war concerns. All these risks and you know what? Nobody goes into gold, they go into the dollar. That's the safe haven. That's the safe haven. I don't care whether you believe that or not, you're a part of it, that's a safe haven. The whole world goes to the dollar when things are crazy.

What other times has gold moved higher? Alternative currency. That makes sense. Why would it be alternative currency? Well, you have countries inflating their debt just more and more debt, spending recklessly, you look at our debt levels continue to go [inaudible 00:20:30] close to 22 trillion national debt. Where's gold? They're nothing. Alternative currency, I don't know. I throw that out the window. [inaudible 00:20:42] supposed to push gold higher.

When I look at this, it just. You look at a low interest rate environment. How many times have we been told that? Higher interest rates are bad because then you could put your assets or store them in certain vehicles that are gonna pay you a dividend, pay you interest and yield. When you have low rates, low nominal rates, it's supposed to be great for gold. Well, throw that out the window. We have historical low rates right now, what happened to gold prices? Still down tremendously from what were they, 1900 close to 2000, not 2000 but close to it though. We hit those levels 2011, 2012 maybe.

Look at these gold stocks, decimated, doesn't matter, doesn't matter who the CEO is. It doesn't matter if it's Gandhi, doesn't matter if they're a fortune teller that's been right on everything they've ever called in their life. It doesn't matter how big the deposit, the grade of whatever doesn't matter. It doesn't matter. It doesn't matter a jurisdiction, it doesn't matter if you have infrastructure in place so you don't have to spend hundreds of billions and millions of dollars to pull this gold out

of the ground, which nobody tells you because there's probably gold underneath your feet right now. They just don't tell you that it's gonna cost you about two trillion to frigging pull it out.

It's an industry that just been decimated and no matter which way you look at it, the catalyst that pushed this commodity higher have all taken place over the last five year and none of them have resulted, other than a minor bull market in late 2015 into mid 2016, none of them have resulted in gold going significantly higher. So what's gonna push it higher? I don't know. I wish I could sit here and tell ya. I know some of these stocks are dirt cheap, I mean even got cash on the balance sheets, good projects, great management teams with a history of bringing projects to production, which only happens once out of every 3000 projects. Pretty amazing stat when you think about that.

Think about that when you walk into the PVAC. All the companies there, whatever it is, 3000, 4000, 5000 and say they all had one project. One or two of those are actually gonna have a producing asset. Kinda crazy when you think about it. Those are the odds that are against you. Yeah, you could trade these things, I'm talking about from an investment point of view. It's almost like biotech stocks. Yeah, you'll get through phase one, maybe phase two, but phase three? Bigger studies, more people, have to prove safety, a lot of times you don't get past that. You see your stock move 100 percent, 200 percent, 300 percent and then crash and a lot of these thing go out of business.

Just think about that. If you're investing at a junior mining to buy and hold long term, you probably have a better shot of getting hit by lightning almost. Than that company becoming a producer. That's one in 3000 compared to whatever. I'm telling you, that is the way you need to look at it. It almost never happens in a junior mining industry. It's crazy because most of the CEOs in this industry who are amazing people, they're so amazing because they've been in an industry and it's terrible and they still fight, they still go to conferences, they still make presentations. Do you know how hard that is to do?

Just bang your head against a wall for five, six, seven years and just, you don't understand why this isn't going higher, even though you're doing everything in your power to, just market conditions. You have no control over it. It's crazy.

You see these CEOs just doing a fantastic job, but I can't even, the industry, it's just, this past, the one catalyst I would say is the Vancouver conference that I recently went to about a month and a half ago, maybe a month ago, it was the first time I saw CEOs just capitulating. Just giving up. I don't know what to do. Usually they're always pitching, pitching, pitching, everybody's pitching their companies, it's normal, just the mining industry, everybody, right. It's all about my company, everybody does. They were just, I don't know, I don't know what to do.

The fundamentals behind it. It's like oil. In order to make money on oil at big companies, you have to continue to replace your reserves. With gold companies, what? They dig a hole, they find gold and it's, there's a time factor involved. It's gotta produce for 10, 12 years. After that you need to find more gold. Right now, you look at the last three to five years, there's been no real major discoveries. Why hasn't that resulted in more acquisitions? Because the balance sheets of the companies used to be terrible, but they're a lot stronger now.

They're not as leveraged, made it through the storm. They're producing, cutting expenses, finding ways to make money at the current gold prices. Eventually they're gonna have to find more gold. They're gonna take over a lot of these junior miners. Maybe that's the catalyst, but I think you need to have exposure to this, just understand that you could buy a stock today and next week one of those stocks could be down 35 percent. On no news. Why? Because people are just running away from that industry. They're dying to get out. That' why you're seeing, that's what happens in a bear market.

I don't want to beat this to death, but what do you see with gold in bear market? Junior miners are actually reporting good results. I saw this, I could probably say 100 times over the past

year. They report amazing drilling results, their stock goes up four, five percent to start the day, finishes down five, six percent. Why? Because that's the liquidity event that's needed for the people to get out of that stock. For funds, or getting redemption to sell out of these stocks because they're not as liquid.

When you have something that's gonna create a buying opportunity, more volume coming in, it makes it a lot easier to sell [inaudible 00:27:04]. Even when they report good news, these stocks are getting nailed. First Majestic Silver reported record production in silver, stock fell out of news. Gold Standard Ventures reported amazing results, the project in Carlin got crushed. [inaudible 00:27:26] numerous stocks in that industry. So if you're asking me, I don't know. If you know someone that knows, let me know, 'cause I know that everyone who understands this industry, has been in it for 30 years, has been dead wrong over the last six or seven years. A lot of those people are bullish no matter what, I mean no matter what they're gonna be bullish on gold. Those aren't really the right people to listen to.

Even the guys who are like, "Wow, it seems like a good opportunity and now might be the right time." Almost everyone has been wrong on this trend so far. Predicting, now's the time. Why is it worth it to have some exposure? 'Cause when this cycle turns, these stocks don't go up 100, 200 percent, they go five times, ten times, twenty times. It's common. We saw it in 2016. We invested in a lot of these companies. I mentioned a ton of these on my podcast. Northern Dynasty was one, 100 percent gains in seven months. McEwen Mining, Amada Gold a lot of really good hits, that's why you want to have a little exposure, just understand the exposure that you have in that sector, you could a lot of money very, very quickly 'cause people are dying to get out.

At these levels, it is depressed. More depressed as an industry than I've seen outside of uranium which is pretty crazy. Monitor it, there will be a time, but hey, try to wait for the up-trend, see

what's gonna push it higher, but it may be simple fundamentals since a lot of the big guys, these large producers need to find gold if they want to generate profits and there hasn't been a lot of gold discoveries, which means either they got to really spend more money on CAP EX and drill in certain areas, maybe current areas to find gold, expand that production. Or, they're gonna take over junior miners that have high grade gold projects. That's where I've been looking, however I did get smoked on a couple picks because I was too early, which means I was wrong, and that was about six months ago, we wind up stepping out of those positions, but I still have a lot of these companies on my radar and I have great, great contacts in this industry. You should have a little exposure to it.

Let's take one more question. This is from Kelly. "Frank, great podcast, it's funny that you have podcasts about this", and when he says, "about this", it was the podcast I had on Wednesday when I interviewed Daniel Creech, who is a new analyst I brought on, and he said,

"Because since I started following you, I've actually thought a lot about approaching you with the idea of an unpaid internship. I was sure that you wouldn't take the time to teach an average green person like myself when there are many other people much more qualified. [inaudible 00:30:01] my sincere desire to learn from you, I thought there'd be something you would go for. It's great to know that you're such a down to earth person that you would consider it. Makes me want to learn more from you all the time, however, since you will be hiring." Guys I said I will be hiring, not right away, just probably in a couple months looking to hire more junior analysts. He says, "I'd like to ask what types of qualifications you'd be looking for in reviewing applications. I know you mentioned dedication and willingness to grind, but there are obvious other things you look for in order to find the best candidates out of the pile of applications you would inevitably receive. The information would be a great help in deciding whether it would be worth it for me to try to pursue this. Sincerely, Kelly.".

One thing is I don't like to get resumes. I think they're a waste of time because everyone in the world lies on their resume. I don't want to hear. I just, just pull up any resume right. I work well with others. I'm dedicated. It just shows you how many great things, I want to talk to you about that. I don't want to read it on a piece of paper. You could say anything on a piece of paper right to get hits. There's buzz words. Use those buzz words to get in. For me, if you want to impress me, a really cool email or why don't you send me a one page, not a long one, just a one page analyzing a stock. Long or short, why you like it, why you don't. That would impress me. Just to see, hey dedication.

But, by me meeting you face to face and being from New York and learning this, just having that instinct. I'll know if you're the right person in the first five minutes, almost by looking at you, not even from talking to you. What qualifications? It's just the look in your eyes, knowing that this is something that you really love, that you're passionate about, that you're gonna go the extra mile.

If you do this, not just with this job, or any job, you're gonna be successful. I don't care what it is, you're gonna be successful. If you really put the effort into it, and you really love to do it, you're gonna be successful. Those are the people I like to hire. When I have people that lose that edge, that's when I have to get rid of them. That's business. Sometimes that happens. Why? Because it's contagious. Laziness is contagious. Procrastination is contagious. You want guys that are just nonstop, that's the opportunity that I'm gonna give you. I'm not gonna give you an opportunity to say "Wow, this is a great company, you could work here" and then go out of business a month later. Or tell you, "Okay, thanks, just keep, write a couple bullets down for my alerts on stocks." No.

Everything that you're gonna learn is gonna help you become an expert analyst and be able to analyze stocks better than probably 95 percent of the people out there. You're gonna be able to use that with anything, hopefully you stay here, become

an editor, you have your own product. Look at all the analysts at Goldman Sachs, they started as junior guys. You look at even the CEOs, these guys built their way, all the way up through the system. That's how it happens.

Qualifications, you have to have knowledge of stocks. You have to be professional. Again, I can teach you the fundamentals, what's more important is we're communicators. That's why it's so difficult to get really great guys or really smart people in the industry to come over because they're used to talking to people on in institutional level. That doesn't work here. Our job is to communicate Wall Street to you, Main Street. If you don't know how to communicate, if you don't know how to write in simple form, if you don't know how to use analogies. The product that you're paying for is basically worthless.

Writing skills, I want to talk about writing skills 'cause people get nervous when you say, listen, for me, people tell me "Frank, wow, you're a good writer." Every good writer, I don't think thinks they're a good writer, at least I don't. The fact that people actually say that to me. If you would have told me that 10, 15 years ago, I would have said, you're out of your mind. Me being a writer. Just learning that system of simplifying things, shortening sentences, using analogies. Not using and or but. Not using passive sentences. Simple things like that, it makes reading a lot more easier. It's why I'll read certain newsletters and others I won't, regardless of the recommendation. It's kind of weird.

Some of these are nine, 10 pages and I'll go right through them. I've seen great guys, I mean really awesome guys that I read, some of them like The Economist. The Economist is difficult to read. I love it. I understand it, it's my field. But I've seen great analysts that have great newsletters that after the third page, I'm kind of like man. I feel bad for an average investor who's trying to read this. They're not gonna understand anything. Talk about EBITDA, discounted cash flow, just crazy terms and long words. It's just, if you can't understand it, and the reason why you're subscribing to our products is to learn more about this. If we're communicating in a way where it's really difficult

to read, you're dead off the start.

Writing skills are important and that's one of the things we teach and that's the biggest, Daniel mentioned that. That's one of the biggest hurdles. The biggest challenges is learning how to be a better writer. He's come a long way since then. It's a process that probably takes six months to a year. That's why we have people who edit our work and they're great at doing it, even my work, everything. It gets sent to them first and they come back with all the edits and they'll say, well explain this a little bit more, what do you mean? It's just a different set of eyes that's looking at it and then I'm like, yeah, you're right. I should explain this a little more. This way the average investor understands it. How could you invest in something that you don't understand?

Looking for qualifications. Determination, I mean just that willingness to go the extra mile, to work hard. If you love anything, if it's this job or something else and you love it, I'm not trying to be a motivational speaker here, but you're gonna be successful. It's rare that you have a passion for something and you love it and you're gonna go the extra mile and just work extra hours and it's rare that I see people like that that are unsuccessful. They just have determination to keep going and going and going and going and going.

Those are the people I'm looking for. It's not a job where it's like "Oh cool, I got a job and this is awesome and this is what I'm doing." No, you're gonna be doing so many things, you're gonna be learning something new almost every single day, just like me. Something new, researching a different industry, researching a different company, I'm fortunate enough to interview a great analyst, economists, a billionaire on my podcast. Every single week I get to pick these people. People say "Frank, you're doing free podcasts, isn't it crazy?"

Is it crazy. I get the chance to interview someone for a half an hour and pick their mind. Think about that. If you had the opportunity to basically pick up the phone and call 100 people, even 500, interviewed over 1000 people, I've actually, that's an

accurate measure. Dating back to street.com days, we used to do podcasts every single day, not every week, but think about that in your field. If you're a doctor, lawyer, think about if you could just pick up the phone and talk to someone who's brilliant that's in your field for a half an hour every single week, that's the opportunity I have. There's a reason why you're gonna see 15 investment styles in my newsletters.

Frank Curzio: There's a reason why you're going to see 15 investment styles in my newsletters, and it's not just focused on one. Because having access to so many people is just beneficial to me, and it's great for you, it's great for me as well. Anyway, I didn't want to go too far in that, but Kelly A., if you're interested, that's fine. I would send in, research a stock or, okay, don't do it now. I'll let you know, probably in a month or two from now. We got a lot of stuff going on with our business, and a lot of cool things coming up, cool announcements we're going to make. We are going to be hiring a couple more analysts and expanding and when I do, I'll get everyone know and hopefully, we'll get a lot of good people writing in on it.

It's going to be exciting. It's open to anyone, so you just write in. If you listen to the podcast, you're probably an investor, you're probably into stocks and stuff like that, so just write in. Because it could be a really, really great opportunity, and it was for Daniel. I know it's going to be … There's two or three analysts that made it down to our final interview process that I liked as well that are, hopefully, they're going to email in, because I just said, "Hey, we just …"

Unfortunately, we just hire one person. We narrowed it down to four, the other three were also really good, so I'm sure they're going to come back. They were very nice, and they kept in touch. I've seen some of them at conferences, but you never know. I'll do everything in my power to make you a great analyst, you'll learn a lot and it'll be really, really cool. I'll open that up, I'll let you know and hopefully, Kelly, that answered your question.

Guys, for Curzio Research Advisory members, your August issue is in your email box right now, at least it should be. I usually publish on Wednesdays, went to Friday, just had to do a little extra research on one of the stocks. I recommended a company that's incredible. They just inked a deal making it the largest player in a $600 billion plus industry. The stock went up on this news but now, it's down sharply. Why? Because after this deal was announced, and just a few months ago, expectations got out of control. We see it happen all the time, all the time. Especially, you've been at this game as long as I have, you see it all the time.

When a company announces a big deal or acquisition, it almost never, ever goes smooth. I don't care if one of those companies are named peanut butter and the other company is named jelly. I don't care if twin brothers, one of them owns that company and the other one owns the other, and they're located on the same block, and they're not going to have shut down any facilities, they're not going to have to fire any employees, it doesn't matter. There's always, always, always integration risks. Always. I'm stressing this point from a person that's made mistakes by thinking otherwise.

Now, when big deals are announced, what happens? You have analysts, usually 99 percent of them, they get it wrong. They place buy ratings on the stocks if a large deal's announced. They raise their target prices, probably in hopes to get investment banking fees in the future from this company, especially if they just announced a deal, because they're going to have to do financing to get this deal done. Which means once you do financing once, you're going to have debt. You might want to do more, and it's, what are you going to do? You're going to go to the companies that have buy ratings. You're not going to go to the company that, if Deutsche Bank says, "Your company is trash, and I think it's going to go down 60 percent." Say if they're covering Curzio Research and said, "Frank, you're an idiot. You have no idea what you're doing, your stock's going to crash." I'm not going to call up and say, "Hey, you want to be part of this financing?" Right? Common … It's not being a

conspiracy theorist, it's common sense.

What happens? The analysts get positive on it. Then it's published in places like Barron's highlighting how the analysts feel in the stock, you see it all over the media. Then investors who always, individual investors always last into these things and expectations get so inflated. Then what happens? The company winds up saying, "Hey, you know what? This isn't an easy transition as we thought. This integration isn't going as good as we thought. We're lowering estimates." Basically, that's code for, "Sell the crap out of the stock and keep running until your legs fall off." That's what that means, especially in today's market.

You'll see stocks fall by 30 to 50 percent in a three month period, get destroyed. Doesn't matter if it comes down, if it was trading at 20 times forward earnings, and that stock gets crushed and it's now trading at 13 times earnings, it'll go down to 10, 9, it doesn't even matter. Investors don't even look at that. They're just like, "Go, go, get out of it, get out of it." They issue down … If you issue guidance the second quarter, downward guidance, forget it, you're done. Nobody wants to be a part of your stock. That's the way the market is right now. You may say, "Frank, that sounds like an isolated situation." It's not. It happens often in this market.

Maybe it's not because of a major acquisition or a big deal, but sometimes a big pullback is caused by delays and revenue or just a catalyst like Intel with the 10-Nanometer chip that they've been delayed for five years now and keep going, "Delay, delay, delay." Again, a company could lower earnings and say, "Well, we may have to lower earnings," and then again, that's a little bit of a red flag, and everyone looks to the next quarter. The stock's down 15 percent, 10, 15 percent and they're like, "Okay, let me wait one more quarter." The company comes out and says, "Well, next quarter, debt is going to be even worse." That's when you see the massive sell-off.

That's what happened to a company called Devon Energy. It's a

Curzio Research Advisory recommendation, made it in April. I'm giving it away because we're up a lot on it. Would tell you to buy the stock here, but the stock feel 30 percent after reporting … We didn't expect the oil production, which was a one-time event because there were minor production delays, nobody cared, nobody cared. Even though production was going to ramp higher in the face of rising oil prices, which means higher profits, nobody cared. A lot of the sell-off … This is where it got interesting. It was because Devon did not do what the street wanted. They have one of the strongest balance sheets in the industry, one of the few in the oil industry with an investment grade credit rating. They use that strong that balance sheet and the cash to pay down debt, which is pretty cool, right? I would think for the shale oil industry, the leverage.

They came out and said, "We have even more asset sales," they're selling off non-core assets. Assets are not part of their big strategy or their big areas that they drill in. The street was expecting that Devon would use the proceeds of those sales to start buying back their stock and raise their dividend. Instead, Devon said, "You know what? We're still going to lower our debt," and analysts destroyed the stock. They were like, they destroyed the company, wrote negative about it. "Enough, lower your debt. You got to buy back stock at these levels," and the stock got hit. Even when they came out and said, "Okay," to the street. "We're going to announce a buy-back." They announced a big buy-back, I think it was like six percent of the float, and an increase in the dividend. The stock didn't move because people were still pissed off at them.

It's interesting how that was viewed by negative, by the street. Anyway for me doing the research, I knew Devon. I followed Devon for a long time, I visited their assets, they would come around and eventually announce that huge buy-back, dividends, which they did. That's what shareholders wanted, but in the meantime, the stock fell 30 percent in like two and a half months. During January to April, it feel from $45 a share to 31. Trading at, what I saw based on my research, almost no risk price. Close to $3 billion in cash on its balance sheet, a stake in

a company called EnLink Midstream Partners, which is worth three and a half billion dollars.

They have huge growth potential based on their STACK acreage, which they call it. That's 600,000 acres they own in Oklahoma. Called STACK because it's like the Permian where you could drill in certain layers, where if you drill in the Permian, you have basically a 300 foot window, so you drill vertically and then horizontally in that 300 foot window and if you hit, you hit, if you don't, you don't. These guys always hit because they know exactly where they're drilling. When you go in the Permian or in the STACK, it has layers, so you can go 3,000 feet. Then you go down 4,000 feet and there's another layer of oil, 7,000 feet, another layer, 10,000 feet.

Welcome to the world of shale oil. We have more than you'll ever believe in America, than you'll ever believe. You're looking at Devon, and that's just their STACK acreage. They also have another 670,000 acres in West Texas and south of Mexico. I'm going into this for a reason, so bear with me, because I like to keep these podcasts a little bit shorter than normal, but this one's going a little bit longer. Now it's important because Devon has the best technology, drilling technology, in the space, hands-down. It's not my opinion, it's a fact. Just look at that well productivity or cost of production, which is the best in class. It's a fact, best in class. I'm not making that up.

They spend less money and produce more oil than anyone in the business, okay? That's researched, that's published. You got a stock that's crashing because of minor delays, and because they have so much cash on their balance sheet that people are pissed off that they're using it to pay down debt instead of buy back stock. Says, "Then okay, we'll take some of that, we'll buy back some of the stock. We'll raise the dividend, we'll pay down debt. Oil prices are higher." I mean, basically, a no brainer. I recommended the stock at $33, it's over 42 now. We're up over 25 percent in less than four months.

I'm not saying this to pat myself on the pat, I'm saying it

because today's volatility is absolutely insane, guys. It's absolutely insane. Forget the VIX, forget it. It's trading at its lowest levels, it's under 11 and it's been around 10 just a couple of times in the past 20 years. No volatility at all. Forget it. If you're looking at the VIX Volatility, you're living in the Stone Age, okay? Just throw it out. It's useless, it's useless. You say, "Well, I use the VIX ..." If you look ... It just measures volatility, like the future volatility ...

Let's not look at what's going to happen in the future based on option prices. Let's look at what's going on right now, what happened in the first six months of 2018. Because if we look at that, the amount of days the S&P 500 moved up or down one percent, so one percent moves in trading days, that number was 36 for the first half of the year. To put that into perspective, that's four times higher than all of 2017, and it's just for the first six months. That's how volatile stocks are.

You want more perspective? At 36 for the first half of the year, if we go back for 60 years, that level is 75 percent higher than the average, dating back for 60 years. We're like 24, 25 days on average, we're at 36. It's insane. That's the volatility we're seeing, and forget about the numbers and say, "Frank ..." Forget about it. Use your common sense. What do we see this earnings season so far? Facebook, Twitter, Netflix, Boston Beer, Zillow fell more than 50 percent in one day after they reported earnings.

Then the last couple of weeks, we had names like Hertz, Yelp, Etsy, Twilio, Control4, surge more than 50 percent the day they reported earnings. Stocks are all over the place. That's what my Curzio Research Advisory issue is all about this month. Be sure to read it, because I found another great company, and this is where we're picking off companies, and right now, if you're a CRA member, if you're a CVO member, which is Curzio Venture, you should be really happy. Our earnings season was one of the best in probably 10 years. I mean, we've seen numerous stocks go up double digits, which means be careful. No, but it's ... I'm happy and that's my job, to make you guys money. We're doing

very, very well when it comes to earnings season so far.

We have a couple of companies yet to report, and even if they went down 15 percent each, we're still up tremendously on our news, where we've seen numerous companies go up 10, 15 and over 20 percent after earnings, that we really nailed. I'm happy about that, you guys are doing great. The reason why we're finding these stocks is because of volatility. It's one of the best periods I've seen in five years to buy stocks. Forget about the markets. You're going to look at valuations and say, "It's so expensive, and I'm nervous, and you got China, you got tariffs, you got all these risks." I'm talking about companies like this, companies like Devon, where people just run to the exits. I don't know if it's algorithms or whatever. Stocks fall 20, 30 percent, regardless of valuation, and that's what happened with this company.

I mean they announce a deal where they're going to be the prime player by far, dominant in a $600 billion industry, but they're having trouble integrating these companies, even though they thought it would be easier. Everyone's running to the exits. They warned a little bit, it wasn't even that big, but expectations were so high, nobody cared. Even the people who … The analysts covering the stock that hate this company, and this is a stock that fell from, I think it's around, where is it? Like fell 40 percent. It was around 50 to 32, 33. This is over the past couple of months. It was at 33 … The analysts covering the stock that even hate this name have a target price of like 40 and above. That's who oversold it is. These stocks trade at almost no risk price, to where this particular company, and last quarter wasn't that good but the company said, "We're buying back about four percent of the shares outstanding."

Then one of the biggest, legendary fund managers, who I love, purchased a stake in this company, last quarter, in May. Now what does that tell me? It tells me that there's probably a little risk in the stock, because you got a massive buy-back. These guys are going to buy the stock back a ton. I mean this trade ain't just 12 times earnings here. You have one of the best hedge

fund managers, manages more than a $10 billion fund, who has one of the best track records out there, has a history of scaling into his positions, is definitely going to be adding to his stock. You're going to see that when 13Fs are released over the next couple of weeks. He doesn't take a position in the stock and then like gets out of it the next quarter. This is a person that just adds to his position and builds a big position. Right now he has a decent size position.

You're going to get some buying into this name at 12 times earnings, and not to mention that if you buy this stock today or tomorrow, since you just got the issue, or which is going to be hard to do this on Saturday, but if you buy it on Monday, you're going to be buying at a 20 percent discount to where this legendary fund manager made his initial purchase. That's how crazy the markets are. It's insane, but those are the opportunities you have access to when you're a subscriber to Curzio Research Advisory, when you have access to Curzio Venture Opportunities. For Curzio Research Advisory, it's an affordable newsletter, guys. It's under $100 for the entire year. I mean we run specials, sometimes it's a little bit lower than that. I make this newsletter affordable on purpose. I want to give individual investors like yourself access to this type of research, this type of Wall Street research.

We work really hard, we work behind the scenes. I just explained this whole entire company to you of what we do and how you can take advantage of volatility. Telling you it's a great time to buy, which is crazy, right? Because everyone's like, "Oh, the markets are going to come down." I'm just, I'm not saying to buy the whole markets, but individual names. I mean, you're seeing a lot of these companies, they just soar. I just named a whole bunch of them that fall 15 percent, 20 percent the week they report earnings. It gives you an opportunity to really buy. If you look at the data, you analyze the numbers, you see why these companies fell, a lot of times it's something small and it's temporary that you're not going to see next quarter or the quarter after.

Like Devon, you can make 25 percent gains in a few months, but you have to know where to look, find these situations and CRA, that's what we do. That's what our searches do, that's what are screens do, that's what our analysts are doing. Hopefully, you guys are happy because right now, the performance is really, really good. Anyway, if you're a Curzio Research Advisory member, that new pick is in your email box right now. Check it out, feel free to give me feedback, frank@curzioresearch.com. If you have any other comments, questions on this podcast or anything else, yeah, always feel free to email me, anytime. Again, frank@curzioresearch.com. That's it for me. Have a great weekend. I'll see you guys in seven days. Take care.

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