THE MIKE ALKIN SHOW

TALKING STOCKS OVER A BEER

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

Mike Alkin: Welcome to the podcast. It's Monday, November 26th. Coming back off a long Thanksgiving weekend, hope you enjoyed it. I was just talking with Kristin, my sound engineer, and we were saying how just a lot of turkey and football, and that sums up the Thanksgiving holiday. We go to my sister-in-law's house where her husband, my brother-in-law, who we've known 20, 25 years, has a huge family. And they come over, and there's about 40 people, and it's tradition now, every year we do it, and just a lot of food, a lot of football-watching, and a lot of good conversation. And then this weekend, our high school, the local high school, won our 36th straight football game, third consecutive championship. And my daughter's on the kickline team, which is kind of like cheerleading but they do ... Well, they look like the Rockettes, that type of stuff too.

So, it was a good weekend, watched a lot of college football, and then I had my honey-do list. Had to put away the outdoor furniture, and I have to say I was a little concerned this time because in my garage, I have an upper level that you have to climb up a ladder to get to. And I put a lot of the cushions and stuff, I put those up top. One of my very closest friends, about three weeks ago, was doing something similar in his garage, and fell backwards on the ladder and broke his arm in a few places, a compound fracture. And I was speaking to him a couple days ago, and he said he's just in agony, he's in a cast, and he had to have surgery. He was miserable. And so, here I am. So I asked my son, I said, “Hey, give me a hand if you can.” And, of course, he had his buddies over, and they lasted about 10 seconds in helping bring the furniture into the garage, and then the stuff that I put up top. So here I am, climbing up and down the ladder, and my sweatpants get caught, and I almost went over.

I don't know, it's 10-foot drop. Luckily, I caught myself. So I think next year, we're going to have somebody come in and do it. A couple of buddies of mine, they have their outdoor furniture wrapped in clear wrapping, and they say it works great, but they keep it outside. I said to my wife, I said, "You know, we should do that." She said, "I am not looking outside, and looking at wrapped furniture in clear wrapping, the whole winter." So, I have a feeling I'll still be doing that. But anyway, it was a great weekend, nice and relaxing. Back at it now, on the work front, getting back to ... Not that it ever ends. I'm always reading or doing something, but I did allow myself to take a little bit of time off this weekend, just to not do something. So it was good. But you've heard me talk a lot about, "I think it's time to ring the caution bell," or has been time. I guess start early in the year, January, February, I was talking about that, and stocks came down, and then they rallied again, and here we are. They're falling pretty hard again.

You know, the S&P last week was down almost 4%. It was a holiday short trading week, and they erased pretty much all the gains for the year. And the Dow, down about 4 1/2, I think, and the NASDAQ was down 4. The Russell actually did a little bit better. It was up, or it was down, but up less ... lost less than the others, down about 2 1/2. I don't this a lot, I've stopped ... For those of you who listen to the podcast, I've stopped giving a recap of the market. Every once in a while, I give my overall view, which is been, "Be cautious, don't be a pig. Take your profits, know what you own." This bull market could be all year long in the tooth, but there are also, the rate of change of earnings. While it was a good year this year, next year the rate of change is going to decelerate, and stocks like to follow the rate of change of earnings. It's been a very, very difficult time in the energy complex. Last week alone WTI, West Texas Intermediate crude, really being pressured by just ongoing supply concerns, and fear of decreasing demand.

It got plummeted down 9%, to about 51 bucks a barrel. And it's down, from last month's high, which was a four-year high in the mid-70s. It's down to 33%. It's just gotten absolutely pounded. There was speculation that Saudi might not force a production cut because President Trump, doesn't want to do it, and he's been defending the relationship with Saudi, in the wake of the killing of Jamal Khashoggi. So, the oil complex has been tough, and you've seen it just get pounded. But it's not just the energy sector, the tech sector has been really, really hammered as well. If you go on tech stocks, you've experienced some of that. It's not just been the small guys, the FANGs have gotten hammered. I was looking at Apple, and Apples down what? 26%, 27% in the month and a half or so, and Facebook is down almost 40%. They have different issues, of course. Apple's been getting hit, the journal reported that the company cut its production over it's all three new iPhones that were launched in September.

And so, the market's trying to adapt and adjust to that, and have late been on a huge run, and just cornered up now, and as you look at it, it had been quite a performer for most of the year. It started the year in about 170, and it went up to 230, and it's now sitting about 174 right now. And Facebook has just been obliterated with all the concerns that are about privacy there. The stock had backed off when the initial privacy concerns came in, about 155 or so back in March, and rallied up to 220. Today it sits about 133, 134. Facebook really just can't get out of its own way. Ever since you had the Cambridge Analytica's scandal, that started it. Just one thing after the other, it keeps leading the next question about leadership style. So, my point is that these stalwarts that everyone gets comfortable with, stuff happens. You hear me say a lot, it's time to ... When you've had these big moves in stocks, step back, reevaluate the valuations, reevaluate the fundamentals, reevaluate the expectations. Valuations, fundamentals, expectations.

What's the future expecting, and how difficult is it going to be there? What are expectations made up of? Is it the revenue growth? Is it reasonable? What's the trend in revenue been to reach those expectations, investor expectations, sell-side expectations. What needs to be accomplished? Is it revenue growth that will need to be accomplished, that is outside or above what the trend has been? Could be reasonable that that could happen, but what are the elements that's going to get it there? Is it new product introductions? Is it price increases? Is it reasonable to assume that there are price increases? In anything, you're analyzing. So what are the composition ...? What's the composition of expectations? If it's not revenue growth, is it coming from margin expansion? Are gross margins expected to expand, or operating margins expected to expand? If it's gross margin expansion, how are they getting that?

If revenue let's say is flat, but gross margins are expected to increase, so you're looking at some sort of savings on the cost side, what's the composition of cost of goods sold? What are the raw materials that go into that? What's the pricing been on those raw material, and how does the company hedge those? Are they protected against rising raw material costs? Will they benefit if raw material cost go down? Is that part of the expectation? So, you want to kind of understand. And now, when the market's in risk-on mode, and it's just go-go, maybe you get away with not really understanding what you want. The market's going up, and a rising market with a ton of money flowing into it, will heal a lot of analytical oversights. But as it's getting more difficult, you really have to start thinking about these things. You should always be thinking about them, but especially when some of these companies have had really big runs, doesn't take much to have a reversal.

And if you own some of these bigger names. You've seen it. Look at Amazon. Amazon's gotten pounded. Amazon hit a high of little over 2,000, and came down to 1,500 or so. So these are big moves in some of these stocks, so don't get complacent, don't just think, "It's had a good run, I love the company, I like the company." Really understand what you want. Last week you saw a lot of reports from retailers, and Target [inaudible 00:10:35], which reflected ongoing concerns over gross margin pressures. You've seen some elevated inventory levels, some disappointing same store sales, some cautious guidance. Time to think about this. Look at John Deere, it missed both top and bottom line estimates. Again, I keep ringing the caution bell, and it doesn't mean ... Like I always say, if you're a regular listener, doesn't mean you run out and sell everything, it doesn't mean to get nervous. It means to be cautious.

It means to reevaluate what you want, why you want it, what it's valued at, what the expectations are. And that can save you some heartache down the road. Maybe a portion of your portfolio has gone a little more speculative than typical. Maybe it's time you want to reevaluate that. So it's a just a regrouping time, just like anything else. When there's uncertainty, regroup. Batten down the hatches, a little bit.

So, anyway. What we're going to do today. I'm going to bring a guest on. We're just going to kind of free talk. Gotten to know him a little bit over the last six to nine months. I've had him on once before. In the past we've talked uranium, but now there's a lot going on. Had a lot of interesting insights about what's going on in the market, has some views on where the market sits, some interesting sectors, and we're going to bring on Andrew Weekly from SmithWeekly to talk about that. Andrew Weekly, welcome to the podcast.

Andrew Weekly: Mike, it's always a pleasure.

Mike Alkin: So, you relocated? You were in Nicaragua, where are you living now?

Andrew Weekly: I'm in the mountains of West Panama presently, we've gotten set up here. So we're enjoying that. We've fully set up in Panama, and Panama's quite friendly for speedy setups for US citizens. So we've taken advantage of that, and enjoying it. It's nice and cool here, and just a nice spring-like day.

Mike Alkin: You were telling when we spoke offline couple of last week, maybe that transitioning was pretty easy for you. And you were talking about Panama, and talking about how good the infrastructure is, and how it's been a pretty easy transition for you.

Andrew Weekly: Yeah, when we did our Beyond Borders report, earlier this year, we had Panama slated in as pretty much the best jurisdiction for a US citizen who wanted to obtain a second residency. Panama has a really speedy program through the Friendly Nations Visa Program, to where you can get residency, assuming all your documents are in order, and you do a proper job, set it up. Typically, within 90 days.

Mike Alkin: Not bad. That's pretty good. So for listeners who aren't familiar with SmithWeekly, and what you do, give a little background on yourself, and some background on SmithWeekly.

Andrew Weekly: Yeah, absolutely. So we set up SmithWeekly back in 2007. We started writing newsletters related to investments [inaudible 00:13:56] in 2012. And then 2015, we expanded just a little bit more, and included some more newsletters. One newsletter specifically focused on the resource sector, called Venture Investor, and then in 2016, late 2016, early 2017, we'd spent probably six or so months, working on a nuclear energy report, which we've kind of gotten a little bit more. Just below the Mike Alkins of the world, we gotten a little bit more famous for our nuclear energy report, and so we've gained a lot of readership over the last couple of years. Prior to that, myself personally, been on the markets probably since, going back, maybe 2004. And then before I got into the newsletter business, my past experience was in the construction industry in the US, focused in the Northwest. So, spent a lot of years and still do that work, as a consultant through that.

So it's been quite good, and yeah, so that's just a little bit on me, and we're enjoying where we're at here in Panama, doing work on the uranium space and the newsletter business.

Mike Alkin: So, talk to us about your framework, your investment framework. How do you think about the world, and how do you generate your ideas, and what are some of the criteria that you're looking for, to start to get excited about an investment?

Andrew Weekly: Well, as our readers know, and folks who follow us, we have a contrarian approach and being contrarian can hurt for a while before your [inaudible 00:15:35] just turns out, and so for us we kind of have that approach. Generally we just kind of dig around, look for stuff that's hated. A lot of the people that don't really like, and so that's how we come across those things, is looking at some different hedge funds that we've selected throughout the world to take a look at. We're mostly focused on the United States, but we do look at stuff outside occasionally. And so we kind of look at some funds, identify what the trends are. We like the cyclical sectors as you know. And then from there we kind of determine, is there a near-term catalyst going forward? Maybe examples are the shifting stocks, and the offshore driller. Those types of situations. What's the catalyst going forward? Are we near a kind of a bottom? Can we move up from here?

So we look at that, and then of course we keep an eye on the big markets, because as you know, when the big market drops, just about every stock can get hammered pretty well. [inaudible 00:16:41]. At this point in the cycle, certainly we want to have some hedges and insurance in place, to prepare for what ultimately is going to come down.

Mike Alkin: So, how are you viewing the overall market right now?

Andrew Weekly: I think we're getting close. I don't know that we're there yet. I know there's been a little bit of shakiness, but if you look at the indicators, and you look at maybe the spread on those two-year, ten-year treasury, we're not quite there yet on that end. There's been a little bit of choppiness, but if you look at where it's at, we haven't broken the January 28 [inaudible 00:17:19] lows, we're not there yet. I think we've still got another push forward, but with that we've cautiously stepped up a little bit of hedges. We're trying to keep our positions, lighten our portfolios, and of course we continue to focus on the contrarian areas which have already been blown up. So potentially, one can argue that those sectors won't get hurt as much, when things do come undone. But right now I think we've got a little bit of push yet. And I think 2019 we've got some stuff that's going to take place that could change that. But I think we've got another push yet, [inaudible 00:17:57] in stocks.

Mike Alkin: So, on the blown-up, not-yet-recognized-by-the-market front, what's exciting you?

Andrew Weekly: The actually drilling space, with oil getting hit here, is back down to kind of where we started when we talked about it earlier this year. So that opportunity's still available. I don't think anything's changed on that front. So that looks nice. Offshore drilling stocks, your Transoceans, your Enscos, that space has been consolidated significantly. Over the last couple of years there's been a lot of bankruptcies. So that one looks pretty ripe. I think it's maybe a little bit longer term play out, but I think it can do well. I don't think we can count oil out yet. I think there's still some push going on with that. But it's been a good opportunity the market's presented to us. And then also, shipping stocks as we've talked about before. That opportunity still exists. Some have done well, and some haven't. So that's an opportunity that remains. And so that's an opportunity that remains.

And of course, as you and I both know, uranium remains to be a great situation. And even now, the broad natural resource sector, looking at your base metals, precious metals even, some of those places actually, with the selloff that's taken place this year in gold, those stocks are getting back down to late 2015 levels.

Mike Alkin: Mm-hmm (affirmative)-

Andrew Weekly: And as folks know, in early 2016, GPX, the kind of a proxy for the big gold miners, shot up significantly, I think as high as $31 a share, in a span of about six months.

So that opportunity is starting to come back up again. So I think base metals, and precious metals also, have a ... It's a place you need to be looking. It's a place that you need to deploy a little bit of capital. Maybe not go all in yet, but it certainly is a nice place to be looking.

So that's where I'm looking. And then of course, we always are looking for shorts and hedges.

Mike Alkin: Yeah, how do you view the short side of the portfolio? What are you looking for when you're looking for hedges?

Andrew Weekly: I think for us, I think we're looking for the exhaustive, overly popular types of stocks. So your Teslas, your Netflixes, even your Apples, your Amazons, those types of stocks. Because, even though people might disagree on where those stocks are going, we can all agree, generally, that when the market comes down significantly, those stocks are going to get creamed. And as you know, they've already been getting creamed somewhat recently.

Mike Alkin: Yep.

Andrew Weekly: But I still think there's a portion of those stocks left. Maybe not, I could be wrong.

So what we like to do is we like to look at what's overly popular, what's on CNBC, heavily unloaded and overly exhausted in terms of everybody's been buying these stocks for the last few years. And so, we look at it as can we look at some opportunities to give us, two maybe three years out, maybe some option contracts, like put options that have long-term expirations, that we can look at to buy out of the money productions on these stocks. And with that, you can do quite well. Even if there's a disagreement on the fundamental nature of the business, they're still going to get creamed when the market comes down.

So we like that kind of dual strategy of, when the market comes down, these stocks are going to get hurt, and of course, our portfolio can be somewhat protected.

Mike Alkin: So, you're talking about shipping or offshore drillers, walk listeners through how you think about it. So you're a generalist, you come up across an industry that is new to you, or maybe not new, you're revisiting, right? So it could be new or you could be revisiting it. You look to maybe what it's tied into, or why are offshore drillers down so much. Walk us through your methodology and how you think about approaching ... And the reason is, we have listeners here who are doing it themselves for the most part: that's who we do this for, right? I do the podcast for investors doing it themselves, not for professional investors.

So I like to share a lot of how I think about analyzing and thinking about stocks. So what is your approach? Not your strategic approach, but once you've rolled up your sleeves and you're sitting down by yourself and you've said, "Alright, now I got to dig in." Walk us through how you think about that.

Andrew Weekly: Okay. So we kind of look at a few different things, of course. Sentiment, in these sectors, go from one extreme to the other. So sentiment, we certainly look at. Has everybody sold already? Or has most everybody already left? So where's that at in the cycle.

And then also we look at, for example, the actual growing stocks. We look at how many rigs are they utilizing? Do they have a bunch of rigs at work? Do they not? Those pieces of iron just sitting around not being used is heavily capital intensive. So what's the utilization rate on the rigs? What's the oil price? The oil price at $30 a barrel, how many of the big oil majors are going to be utilizing these rigs for offshore work versus they're stuck if they're doing an onshore? So we look at that as well, because oil prices have a context with these actual growing stocks.

And we also look at has there been bankruptcies? That's a good indicator. And there has been, in this particular sector. And so we look at what those bankruptcies are, if they're consolidation into space. So all of these boxes have been checked. And so, we looked at all that.

And then from here, is utilization rates going up with the higher oil price? Generally, the answer to that is yes. With the BPs of the world and the Exxon Mobiles and the different folks out there, are they stepping up at the actual auctions? Are they picking up more blocks from the Department of Energy, US government, other governments around the world? [inaudible 00:24:41] it's turning out, these governments are auctioning off different blocks around the world for work out there in the ocean, to figure out, "Hey, is there any interest? Can they sell? Can we get some stuff sold off before we have these big companies out there exploring for oil?"

And so, with that ... Because there's always interest out there. Because if you can get a significant oil find out of the ocean, the economic is going to be incredible. So there's always the desire, certainly from the majors, looking out there.

So are they utilizing these rigs or these offshore drilling service companies? So that's key. So what's going on with all of those weighs into our analysis of the business. And then we just try to identify what are the top two or three vehicles we could use to let our thesis spread out?

Mike Alkin: Yeah, that makes good sense. And so now, once you do that work ... How long does something like that normally take you to do, to accomplish?

Andrew Weekly: We'll typically ponder this type of stuff for ... Oh, man, I don't know. It could usually be two, three months.

Mike Alkin: Right.

Andrew Weekly: Just random, who do we have time to look at it, kind of collect ... Look at some of the specific financials of some of these businesses: where are they at, what their management team's like, what kind of ownership do they have. So we look at that, maybe kind of just try to find the best.

All of these companies, Mike, as you know, most of them look terrible. Even the best ones look terrible.

Mike Alkin: Yeah.

Andrew Weekly: They're very capital intensive. But if you can utilize these rigs, which, utilization rates are increasing, then that's a good sign. And so, we've got to look for that. And these are highly cyclical, of course. So you don't ride them all the way up and then ride them all the way down, much like other sectors that you and I have talked about.

So yeah, we spend a few months taking a look at it. And then we try to identify a couple good vehicles, and drill down into the financials and balance sheets and so forth, to see what the positioning is.

Mike Alkin: Okay. And how do you think about time horizon when you're thinking about these type of investments?

Andrew Weekly: Oh, geez, I think you have to at least expect three years. And if we have the broad equity market, if it's looking pretty sick and is going to come down, these theses, before they play out, might be delayed. And of course, the oil prices is heavily dependent on some of this as well, playing out in a good, quick fashion.

So I think, on these types of plays, you need to have your sentiment to come back and all the things to line up, which do line up: I think most of these line up, you know, stars align moments. Part of its kind of a matter of when, not if.

Mike Alkin: Yeah.

Andrew Weekly: And so, we need to take at least, on these types of situations, we need to look at least three-year outlook.

Mike Alkin: No, it's similar to how I viewed nuclear power and uranium, and I think you do as well. For me, when I think about these things, it's about what's my downside? Right? I always come at it first and say, "Okay, how much if I'm wrong?" Because I've been wrong before and I will be wrong again on certain things. And if I'm wrong, how much am I going to lose? And if I'm right, what do I stand to gain?

And for me, when I start getting in that comfort zone and I start to look at all these fundamentals that are lining up, and then it's a matter of risk-reward. I'm okay with opportunity costs, if I think that my alternatives for the best use of my capital don't have nearly the upside as this would. So even if I missed some other names or other sectors that have moved, if I think that the downside is de minimis and I think the upside is exceptional, I'm willing to wait for a little bit of time.

I was actually talking with someone the other day who is a journalist, or in the journalism industry. And we were talking about nuclear power and uranium mining; and I gave all the reasons that they've been hammered. And she said to me, "Oh, gosh! Why would you find that interesting?" And I said, "Because everyone knows that, it's all kind of priced in. And I'm looking at how much worse can it get? And you back that up with your own analysis and your math, and then you wait. And then you let the fundamentals play out."

And you just said something: patience is so key. One of my guests recently, I can't remember who it was, talked about how infrequently, as somebody who's a deep value investor, you get to experience the joys. Because a lot of times, you're just hanging out and waiting until the turn comes. And hopefully, your fundamental analysis is right and everyone then gets onboard. Well, not everyone, but you know, the winds change.

But it does require patience. Chris MacIntosh, who's a friend of mine, he runs Capitalist Exploits; and Chris' view too is hey, you got to have a three to five year view on some of this stuff. But hopefully, the upside is significantly greater than you would have had by putting your capital elsewhere, if you get the thesis right.

So yeah, it's not a popular style of investing, right? You realize, when you're talking to people, they often look at you and say, "Oh, god! What else you got?"

Andrew Weekly: Right.

Mike Alkin: It seems to be where the ... That's what excites me about the opportunity.

So let me ask you a question: is your personality contrarian? Because I get asked that a lot, because I am not a contrarian personality. I'm pretty chilled in my personal life, low key, I kind of go along, I don't dig in. I'll dig in it with investing, though. But how's your personality?

Andrew Weekly: I think it matches up, I think it lines up a little bit now. Obviously, as my significant other would agree, I can be severely impatient in, more or less, just situations that are just idiotic, in my personal life or dealing with [inaudible 00:31:17] that case. Or going through the process of [inaudible 00:31:24] or setting up a cellphone plan, something like that. So I can be very impatient.

And then there's also the things where I've learned to be extremely patient. And that certainly comes with investing and understanding how things kind of work in the investment arena, specifically on the type of stuff that you and I have looked at. So you have to be patient. And it's a good ... I would say it actually, more or less, your experiences in this space can teach you to be patient and you can actually learn from those experiences.

And so, for me ... And then with that too, me, living outside the United States, in different countries, I think that kind of contributes just a little bit to my contrarian personality. And I think some of our peers would agree some of the content that we do put out and some of the commentary ... Looks at it as kind of a contrarian. It's not something that everybody else is doing. And typically, if the crowd is running one way, I'm typically running the other way.

So I think my personality to some degree, Mike, to answer your question, I think it is, goes along those lines, many aspects.

Mike Alkin: No, it's funny, it is. And I always say to people, "Invest who you are. Invest how you are. Invest what you are. Invest what makes you comfortable." And it's fascinating, right? Because for me it's, like I said, in my personal life, I'm pretty easygoing, I'm pretty relaxed. I can be impatient at times, for sure. But I'm not constantly arguing and taking the other side with people. Mainly because I don't have the patience to deal with it, I don't really. I have strong views on some things. Something, if I have strong views ... But if not, I just let a lot of stuff go.

But when I started investing in the professional world, I was a short seller for a first dedicated short seller for a really good portion of my career, doing really deep dive shorts and that was natural for me: to see deeper than what the surface was, to keep wanting to learn more, and peel the onion back, and be skeptical. And so, that skepticism had served me well throughout being a short seller. And then I had the opportunity to work at a firm that was a big growth firm, it was a hedge fund, but managing a significant amount of assets, the style was more growthy, though, on the long side. And I did a lot of shoe work, selling there. But it was always uncomfortable for me, on the long side: owning companies that were having big expectations, addressing huge markets, where everything was peaches and cream, and everything was addressing massive markets, and the earnings estimates were constantly going up. It just ... I could not get comfortable with it.

And that kind of shaped who I was. And then I became a partner at a deep value firm. And it was like, "Whew! I'm home!" When I started looking at those stocks, I just kind of said, "Well, this." It innately felt that natural for me.

And so, I always try and tell investors if what you're looking at, what you're investing in, doesn't resonate with you, and it takes you outside of your comfort zone, it's probably not the right thing to do. Because then you can kind of get your emotions in the way. Whereas here, with these blown up industries, that I think have really interesting risk-rewards, it naturally is easy for me to be patient, because I can see what I think is asymmetry.

I like to ask people that, to think about how their day to day personality matches up with their investment style. And mine is actually, sometimes, not always the same. But for investing, for me, it comes natural to be a contrarian or a deep value person.

And on the short side, I look at companies that ... Tesla being one, I don't think there is anything that company says that I take at face value. Now I'm not saying they're lying, I'm not saying that. But you put a mosaic of your information and timelines together, and you just got to keep ... I keep questioning it. And it doesn't mean that I'm not open, and wide open, to the opposite view and that my view could be wrong. But, when you put the mosaic together, things, when they don't add up ...

Again patience, sometimes, on the short side, though, is not always rewarded unless you learn to properly size and scale those investments. Which is, over the time, is what I've learned to do, on the short side, is if you're going to see it before others are, you better find the catalyst and you better give yourself some time and wiggle room in how you're sizing those positions.

But, so I'm just curious, so what's on your publishing agenda? What are you guys looking at from more priority than not right now?

Andrew Weekly: So right now, we're kind of watching natural resources in general.

We're watching that side, so there will be some pamphlet coming out on that. And we've had our annual elite meeting, just a few weeks ago. Actually, now I guess it's been nearly a month ago. But we had some discussion and had some board recommendations come up with that meeting.

And as far as other stuff goes, we have a couple different folks coming on probably within the next month or so, including this week, as we had announced, we have Dustin Garrow of Nuclear Fuel Associates, he's coming on to have a discussion about uranium and that stuff.

Mike Alkin: Yeah?

Andrew Weekly: We're going to have him on later this week, I believe.

Mike Alkin: I think you just said [inaudible 00:37:50] ... So yeah, talk to me. You're going to be doing a podcast now? Or how are you going to be doing that?

Andrew Weekly: It's going to be pretty much infrequent, so it's not going to be scheduled, it's just going to be impromptu right now. But it's-

Andrew Weekly: ... we scheduled. It's just going to be impromptu right now. It's difficult to get on a real hard schedule with the three newsletters we do every month. Even that we're probably going to take December out potentially. We're slowing down a little bit in that regard and just trying to keep the schedule going with those three. Newsletters with very small staff here.

Mike Alkin: Right.

Andrew Weekly: It's difficult to keep up with that. It's going to be infrequent. We're going to try to find a few folks that are not common. We're trying to get Alex Black of Rio2 on to talk about his business that he is doing there and his project in northern Chile. We're going to have some different folks who you don't hear a lot from. There are going to be some common ones that are going to come on but we're going to try to hit them with some questions. We don't pre discuss questions. They come on and we're going to try to nail them on a few things. There's going to be a few that are going to have some tough answers to convince us to maybe change our opinion on the outlook of the stock in question.

We're going to do that. It's just going to be infrequent to answer your question. Most set podcasts yet. We do want to have you on as well going down the line here.

Mike Alkin: Sure.

Andrew Weekly: Then we'll see what the response is from folks and see if that's a value added for them. Then the telephone conversations are not always different presentations or kind of unusual. We've kind of had a little bit of hits since we've been kind of doing this stuff. I think one of the first ones we did was the uranium summit back in June of this year. That had a pretty good response.

Mike Alkin: You had Mark Chalmers recently, right?

Andrew Weekly: Yeah we did.

Mike Alkin: CEO of Energy Fuels on.

Andrew Weekly: Right, right. He's a pleasant guy. We had some good discussion there and hope to have him back. It's interesting what points he had to make and his position in the sector and his choosing of energy fuels. And his view points from where he stood as kind of a number two person and many of these different businesses over the years and being in the uranium business for so long. He has an interesting perspective and is really in kind of a key position with his experience and expertise. It was a good conversation. That was really good.

Along that line of uranium stocks, we are preliminary. It's not certain that we're going to do this but we are trying to get together a few key folks that are not part of any listed company. Just some key folks in the community to maybe bring on an kind of have a round table uranium discussion, debate. We're in the preliminary stages of that. Maybe in the next couple months if we can get enough interest and get the right people on we may put out [inaudible 00:40:55] that as well.

Mike Alkin: It's certainly a sector definitely near and dear to my heart. I know it's a very important one for you as well. I love talking with the old geologists in the sector, the guys who've been around since the 70s and 80s They're really an invaluable resource rather they're old mining engineers or geologists. You talk to them. You look at projects and a lot of these projects have changed hands over and over. A lot of horse trading takes place. Especially during the downturn. A lot of company like to buy pounds in the ground to make themselves look more viable. For every buyer there's a seller and what's the motivation of that person selling it. When you speak to some of these old geologists who've been around you look at a current resource report, a 43101 or jorc report and you go over it with them. They're like, "What?" I

It depends on who you're talking to, right? They can really give you the history. Who owned it. Who drilled it. What the guy had for breakfast when he drilled it. What kind of mood he was in and what they really saw. There's no substitute for just talking to some of these folks who've been around a while in the space. It's an interesting sector and a lot of stuff going on.

Andrew Weekly: With that too, Mike, I'm sick of the promotion. It pays to get some folks that you can ask some direct questions to just kind of off the beaten path outside of the circle of Vancouver. We're not part of that group. For us we are in a key space outside and we make our industry contact and we kind of proceed in our own direction which is not in the normal path that most of these folks take. It's good to have some outside views, just like you. Just to have some unique key views from different people -

Mike Alkin: It's really important.

Andrew Weekly: - that are not from Vancouver.

Mike Alkin: Because you can't ... the promotion in the industry, and really any natural resource mining industry, actually any company but especially in the natural resource specter where companies so often in a downturn they need to make their company look better than it fundamentally is. There's a lot of promotion. there's a lot of hype. They need to raise capital all the time. When they need to raise capital all the time they put their best foot forward. It's not to say they're being dishonest but they certainly can dress things up. Then you have industry commentators come along sometimes who are promoting themselves or talking their own book. It's pretty amazing. I'm on Twitter and I never talk about companies. I don't talk about individual companies.

I don't want to share my view because I don't know what someone who's on the other end listening or reading a tweet, I should say, I don't know who they are. I don't know what their risk tolerance is. I have my views and I have an investment vehicle that I express that view in. That's kind of the way I do it. If the fundamentals of the company are correct the stock will go higher. The market will figure that out. I don't need to do that. I do see some of the promotion that takes place and some of the self-promotion. It just makes my skin crawl. I totally get it. You always have to be careful. I was commenting this weekend that you've got to do your own research on this stuff because people will promote. You've just got to be really cautious on this stuff.

Andrew Weekly: Yeah. I mean I would say the national resource industry, mining industry, is really ... Mining industry itself has two industries below it. The folks who mine your pocket and then the folks who actually mine the minerals in the ground.

Mike Alkin: You're right, you're right.

Andrew Weekly: I think that's important for people to understand. For us we try to cut through that just a little bit and kind of see through it. Everybody's been gamed once or twice at least. For us they're trying to cut through that and trying to be different in the market. Kind of bringing together new stuff, new content, other things. We don't have a dog in the fight other than the fact that we may get involved in the equities for skin in the game. It's good to have this independent view and discuss these things and not be sucked into the promotion side. With that too, Mike, as we study these sectors, specifically the uranium stocks and so forth, our views have changed. Since we wrote our report in early 2017 our views on some of these companies have changed and our 2019 report will certainly reflect some substantial changes to our report over all. It's really good to go through this and as you know continue to drill down and get new information. I know you've come across a lot of new information as the time comes on. I'm sure your views have changed as well.

Mike Alkin: Yeah. If you're constantly in the field doing work and visiting or talking ... if you visit a mine site or if you're talking with industry people you will learn new information. You may find something you were not crazy about that all the sudden you think there's new value in. Other names you might find that you might not be as excited about as you once may have been. It's all part of pealing the onion back. Somebody asked me on Twitter if I was going to be in London at one of the conferences and I said no. I said, "I know pretty much every uranium company." I do. Not pretty much, I do. I've spoken to most of them and I do speak to some of them occasionally. I know what I need to know in terms of the fundamentals of what they have and what they do. Then I'm good. Because I don't need to ... and they're not all this way but some are.

Just listening to a company tell you about how well they're positioned is not going to do it. You really have to go out and do your own work. Whether that's tracking down mining engineers, tracking down geologist who've worked the projects, who know the jurisdiction and doing a lot of the macro work that needs to be done. Then this way that enables you to be able to have your bullshit detector up. What's valid and what's not valid. Whether it's on the macro story in the case of uranium or any sector. I always say the word mosaic. It is putting a mosaic together. As time evolves and the more you talk to people and you sometimes go back. I'll go back and revisit and ask them the same question that I know the answer to. I want to see how they answer that same question. There's science to it but there is a lot of art to it as well.

That's why I like when you have a Dustin on. Dustin's a super guy, smart, been around a really long time, knows the industry, knows the pluses and minuses of it. It's good. I was sitting with him in London in September and we sat down for about an hour and had a nice chat and you could ... The things you learn from talking to him are invaluable. It's one or two people that he brings up that you hadn't thought about or didn't know. Somebody from his past that could really be helpful to learn from. I like doing that versus out there telling the world what you know. It's just going about your business and doing it and sharing that with your subscribers for you. I do it through my vehicle and we see where the chips fall.

Andrew Weekly: Yeah, absolutely, I agree.

Mike Alkin: How do people get ahold of you to learn more about Smith Weekly?

Andrew Weekly: I appreciate the opportunity. I think the best way they can probably just go to smithweekly.com. That's just smithweekly.com and then of course on Twitter our handle is @SmithWeekly. I would say go to one of those two places and you can look us up there. Of course, we have a website that's pretty much self-directing, self-service. Go ahead and check us out there.

Mike Alkin: When people are going to when you're doing these impromptu discussions how will people know that it's on your website? Do you notify them or how do they do that?

Andrew Weekly: We send out a notice by email. It's best to go ahead and register and account with us. That's the best sure way to get all the notices. Of course, some of this stuff comes out, it goes to our elite member group first. Then sometimes the content proceeds down the chain there. I would just get an account with us online. That's the best way to absolutely make sure that you don't miss our stuff. Then of course if you follow us on twitter that's also a secondary way to get the information.

Mike Alkin: Great. Is it like a spring day there?

Andrew Weekly: Absolutely. It's absolutely beautiful. The temperature's fantastic. It's really interesting because people think Panama you think of jungles and malaria or something like that. The fact is we're up here in the hills and the temperature is just absolutely beautiful. I haven't been here all year to see all the seasons, however, I'm told it's kind of more like a forever spring or eternal spring. It's quite nice. You don't need air conditioning and you don't need a fireplace. It's kind of a unique little spot up in the mountains. Yeah certainly quite nice. We're enjoying it. How's things in New York.

Mike Alkin: Good, good. I'm laughing. You brought back a funny story in my mind going back almost 25 years now when my wife my and I, she was my then fiancé. I went for a few years to the University of Arizona. Then a few years later my fiancé who's now my wife moved back to Tucson. She was a New Yorker and had only visited once. We went and visited in November and it was gorgeous. We moved sometime in the early winter. For the first several months she was, "Wow, look at this, it's fantastic. The weather is great." Then all of the sudden June came around. The 10 O'clock news would show ... the weather section would come and you'd see five sun balls and it would say 110, 112, by August she said to me, "Where you bring me. What are we doing here? It's every day. It's unrelenting." We lasted less than two years. She said get me out of here.

Hopefully you don't experience that. Hopefully you haven't a nice four seasons but when you said that I smiled. It brought me back. The first few months my wife was a convert. She was ready to settle in until the weather came.

Andrew Weekly: Right.

Mike Alkin: It was great having you on. I always enjoy speaking with you and thanks for sharing your views and insights. We'll have you on in the not too distant future.

Andrew Weekly: Likewise, Mike, and we'll have you on our little impromptu show one of these days.

Mike Alkin: Any time. Give me a call any time. I'm happy to. Thanks, Andrew. Okay, speak soon.

I hope you enjoyed listening to my conversation with Andrew, a fellow deep value investor. I always enjoy having deep value investors on the podcast. Actually, I think I only have deep value investors on the podcast or newsletter guys. I stay away from the growth y stuff.

Anyway I'm a little down right now. I think the left overs are done. No more stuffing. No more mashed potatoes. I'll have to work through that. Anyway I'll be back next week, same time, same channel. Have a good week. Be careful out there, choppy markets. Thanks. Bye.

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