



Frank Curzio's WALL STREET UNPLUGGED

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 November 28th. I'm Frank Curzio host of the Wall Street Unplugged podcast where I break down the headlines and tell you what's really moving these markets. On the road this week, visited a company in New York City, about to interview the CEO, test the company's amazing product and also doing a lot of interviews, interviewing a few famous people who support this product. This is a company already recommended in Curzio Venture so I'm really positive on it. I think it could be a huge winner, but whenever I'm in a situation like this, I really like to have my boots on the ground, talk to the CEO, visit the facilities, talking to the employees and actually going there because if this ... The company that I recommended, the sky's the limit because they have a product that is incredible, it's in very high demand and more importantly, it's a product that's actually going to save lives so it's being tested by dozens of establishments. But that's the reason why I'm in New York because one of the biggest risks to this company is execution, manufacturing and making sure that it's all taken care of because if it's not, then the stock is going to go down tremendously.

But, if they could really, you know, if operationally, everything goes smoothly, this stock is a game changer. For me, I like to be in the field all the time, as you guys know, and really have my boots on the ground and travel a lot. But Curzio Venture subscribers, you guys know exactly what stock I'm talking about, but I am on the road this week, which I guess I'm on the road probably about twice a month. I love being on the road. It's tough with family and everything but getting down and dirty and really finding companies, you always get a

better perspective when you speak to management teams and employees and things like that up front.

While I do travel a lot, one of the best sources, I like to keep in touch with people, is social media, especially Facebook or Twitter, my Twitter handle is @FrankCurzio and I love posting updates when I'm away because I'm always learning something new and having great stories for you and just things that I've learned and stuff. It's just a good medium and it's funny because I was reading my emails the other day and someone emailed me about my Twitter account and said, "Hey Frank, apparently you blocked me from Twitter" and by the way, I rarely block anyone unless they're like trolling or cursing. I mean, out of the thousands of people there might be five that are blocked and I really don't remember blocking this person. I never block anyone just to block them. I love when people have different opinions, especially different opinions than me because, for me, I always like hearing the other side. That's how you learn, right.

I never mind the criticism even if it's from maybe an idiot or two, there's nothing about a certain subject and just kind of weird how we use social media these days and sometimes to troll, but it really doesn't bother me, even if someone takes a shot at me or things like that so I almost never, ever block anyone. Anyway, this person's a lifetime subscriber to Curzio Research, listens to my podcast for years, I've talked to him through email lots of times and seriously, I really have no idea he was blocked. So he emails me and he's kind of ticked off saying, "I'm a subscriber, long-term follower, big supporter, why did you block me for?", and the tone was, let's just say, he wasn't happy and I kind of get it but what I've come to realize about social media, when you block someone, when you just block someone whether it's on Facebook or Twitter, if you block them from having contact with you, it carries the same weight in terms of an emotional response as being punched in the face or even finding out your spouse is cheating on you.

Actually, being blocked on social media is probably worse and I'm not kidding. People take it as if you drove to their house, knocked on their door and told them to go F themselves and drove away. Actually I think that might be less insulting than blocking someone. I know this because I hear it all the time. Even I hear my wife sometimes talking to her friends and talking about, "Wow, this person blocked me" and that person could be the nicest in the world, it could be the pope whatever, but once you block them, they become like public enemy number one to that person. Like you want to put some kind of voodoo curse on them, destroy their life forever. The anger that comes out from blocking someone is insane.

And for my wife, if she ever sees the person that blocked her, like in person, look out! The stare comes out. That one that every husband gets after your wife asked you to do something more than once, like that look. Like all right, I better get this done right away. That person almost become an enemy for life, which is weird and I guess I could relate a little because I get a little upset at people when they're driving in Florida, and someone doesn't use their blinker, which happens every single day since like 95% of the people don't use their blinkers in Florida.

Or if someone swerves in front of you because they're texting on the phone. I mean I'll open my window and pull up next to them and shout at them. I say, "I hope you drive into a pole" or something like I'm so angry. You look at it and Lewis C K did a skit on this, but it's true. The anger that comes over you for such little things, when you think about it. For me, I really can't believe that some of the things that I say because someone really just swerved in front of me. Again, Lewis C K did a great skit on it but it's true. Someone ... I guess that's how I feel because they didn't take the one ounce of energy to move their hand a few degrees up or down and let me know what direction their going in. So it's like you want to kill them, it's crazy. You get all this emotional response. And yes I do probably

a slight road rage problem, but I could identify with the whole blocking and stuff.

But for me when it comes to blocking people on social media, it's just really surprising how mad or angry people get. If you think about it, that means you don't really have to talk to that person anymore, which is kind of a good thing. I mean why spend time talking to someone who doesn't care one bit about what you have to say anymore. It's actually a pretty good thing, isn't it? I don't know if anyone sees it this way. But the emotion and anger that comes out in social media and your opinion, how strong it is, is just kind of amazing. Things you would never say straight up to a person, up front to them, you would never say, but you say on social media. But for this person, he went out of his way to open an email, write a few sentences about being surprised I blocked him on Twitter, actually cited a reason why he thinks I blocked him on Twitter and asked me to consider unblocking him on Twitter. And I'm not making fun of this person, he's a lifetime member, someone I like a lot.

He actually sends me value added emails, which are really good emails by the way, guys. Just highlighting, one time he highlighted a typo in one of the issues. He sends me ideas, he has great questions on stocks. I'm really not sure how he got blocked from the account, but if that subscriber is listening, you're no longer blocked. So don't place a voodoo curse on me, don't hunt me down since I do got to tell everyone where I am all the time, right. When it comes to my field trips, speaking at conferences, I'm in New York right now but I'm your friend again, I love you. Forget it ever happened, but man, the response from social media, I'm still learning, I'm not a crazy social media bug. I have thousands of followers on Twitter and things like that, again, @FrankCurzio. I love updating people when I'm on the road, but it's just amazing how that medium brings out so much emotion, and response, and things you wouldn't really say to a person, like face to

face, but you say these things on social media. It's kind of amazes me. So be careful who you block, especially if you actually know that person or you're going to come across and see them again, because man, that could be big, big trouble for you.

Anyway, even though I'm on the road I always make sure to put out a great podcast for you and today, I'm interviewing someone I love. I always learn something new when I talk to this person. He's original, puts out great content, has one of the best records when it comes to picking stocks, especially on my podcast and identifying new trends. You guys probably notice, wonder if you know what name it is and that name is Chris Macintosh. Chris is founder, editor in chief of Capital Exploits, a great blog where he highlights some of his investment strategies and ideas to the masses. Also the founder, managing partner of [inaudible 00:08:36] Metric Opportunities Fund, managing money for investors and institutions. I've known Chris for a few years now, been interviewed on his podcast a few years now, great friend. Some of the suggestions he made specifically for you on this podcast have been remarkable, especially buy Bitcoin at 400. It went to 19,000 a few years later.

Yes, I know it crashed, it's under 4,000 now, it's still an amazing call, talking about a couple of years ago. Today Chris is going to discuss the current state of crypto markets, which are crashing. He's also going to breakdown an entry he believes has enormous opportunity for investors. Give you a quick tease here, it's one of the ugliest sectors you could have invested in over the past five years, definitely one of the most hated sectors, he's going to tell you exactly why he loves it. So you know what? Let's jump into that interview right now with Chris Macintosh.

Chris Macintosh, thank you so much for coming back on the podcast.

Chris Macintosh: It's my pleasure Frank and it's good to chat to you once again.

Frank Curzio: So I love talking to you because you've been into the crypto markets, have known a lot about the crypto markets and made fun of missing Bitcoin at 400 because I think someone gave it to you in the single digits or something but you did mention Bitcoin at 400. And yes, we know that Bitcoin has crashed and it's a little under 4,000 but it did go to 19,000 before that.

From someone who's been covering this industry probably longer than most people out there, what are your thoughts on the current state of the industry? Is this like a transformation? Is this something that's going into a market that's remain like this for a while? The old coins are getting killed, I mean, what are thoughts on the overall market, which just seems like, it's completely selling off in the face of more regulation, which I think is a positive thing. Probably going to come out on this sector in the next six to nine months.

Chris Macintosh: Firstly let me make the point, I think it should be obvious, but I'm not an expert in crypto. I'm a macro guy, and I've always looked at it from a macro perspective. When I look at any asset class, and I think crypto is an asset class, in its formative stages you have incredible volatility. Despite what we're seeing at the moment in the ... I'm not going to talk about the other coins because they haven't been a focus of mine. There came a time where people were saying what do you think about this coin and that coin and they all look good, it's like ... I haven't treated it any differently really, I guess, to venture capital, which is where you get all these wonderful ideas, but most of them are going to blow away and the execution of them is firstly, it's paramount and secondly, you also need to have the technology or whatever it is that's being built, it needs to be taken up by a marketer and it needs to acquire sufficient market share and thus liquidity for it to actually

work because it's not always the best ideas that actually win. That's certainly not the case, we would all sort of wish that was that the case but it tends not to be.

And so you can kind of see that with Bitcoin. Bitcoin, I'm not going, again, I'm not an expert in this, but as far as I can tell Bitcoin isn't the best crypto currency on a technological basis but it has gained the most users and as a consequence it's also gained probably the greatest level of security and that's one of the main attributes to it. And so it's winning, if you will, against the other ones as a consequence. But, coming back to your question, I'm always interested in an asset class that has gone down by 80, 90% provided that you look at the underlying and you say, "Well, is it possible that this thing is going through a Kodak moment and it's just going away, right" and if you can answer that question in the negative, then you have a decent probability trade on your hands and that doesn't mean that it can't go down another 90% from where it's at so just because something is down say 80%, I think Bitcoin's about 85%, or something like that today.

Now 90% from where it's at today isn't a huge move based on where it's come from at 19,000 but if you bought it today and went down 90%, you would definitely feel like you've ... you'd feel a certain amount of pain but that is typically what you'll see in the bottoming of a market. The question that I ask myself with all of this stuff is that technology going away? And again, it's just a matter of ... everything that I look at is just a matter of probability. We're looking at the shipping sector, for example, and it's been absolutely [decimated 00:13:44] and you say, "Well, is shipping going to go away?" Probably not, unless we start flying things with, I don't know, autonomous vehicles or god knows what, but the point is, you kind of look at these things and you say, "Okay, what's the probability it's actually going away and I'm seeing a Kodak moment" and if the probability of that is low, then it's just a matter of pricing and again, that doesn't mean that

it can't bump and grind for two, three years and just piss you off, quite frankly, because it doesn't pay you.

But that is essentially often the set up for a truly asymmetric trade. And so, when I think about Bitcoin today, I'm pretty interested because it's fallen so far and when I ask myself that question of will it go away, then I tend to come down on ... there's two things that concern me, I'm going to say and use concern. One is that I don't believe central governments will want at any point to allow competing currency, I think that's kind of a given, and I think most people would agree with that. And in that environment, you could argue that it would be a competitive currency, and it would be shut down. I think we've been through a sufficient period of time where that has been kind of tested and there's been more and more regulation, which you alluded to, which has been positive in retrospect in so far as they've classified it not as an asset class, and they'll tax it and everything else and so there's no indication, at least from the US where you're based, that they're going to just shut it down, and it's not going to be anything that could be tradable. I think that's a positive side of things.

The other one that is I think quite important is, you know, Bitcoin was born in the [inaudible 00:15:59] crisis. It was born, one could argue, one could guess by a bunch of guys or a guy, hell, it might have even been a girl, who knows, to solve that problem of trust in a banking system, which is extremely untrustworthy. And it does so extremely well. And so sure I mean it's ... You can't move capital around with Bitcoin as fast, for example, as Visa. It's doesn't process its transaction as fast but there's side chains and all these other things that are being utilized to help facilitate that process and, at the end of the day, it is a trustless service and a trustless system. And so that's the whole block chain thing and people make the mistake of saying, "Oh, I like block chain, but I don't like Bitcoin". Well Bitcoin is a block chain. It's just, you know ... It is a

block chain, and it just happens to be the most secure that we've got today. So ...

Chris Macintosh: ... secure that we've got today. So, based on all of that, which I guess you could call fundamentals, I'm pretty interested in where it's at today. I look all of these sorts of things, and the important thing for people to understand is that you need to have that in part of a balanced portfolio. To go in and say, "Okay, I'm going to put 50% or 20% or something like that, into any asset class," some people do it and they do well, and typically those are the guys that you're going to read stories about, not when they're blowing up, but when they've done well, because when people blow up, they tend to just be quiet and go and hide. But it's, for me, that's too risky, and I wouldn't ever advocate such a position sizing.

So, I want to have a basket of a whole lot of asymmetric plays where my risk to the downside is relatively low, and my risk to the upside is multiples. And so, Bitcoin fits into that narrative, and it fits into that class relatively well, especially given how bearish the market is on it now, and the fact that ... The other fact is, Frank, we've been through this before, and I mean, you eluded to before, I was showing Bitcoin, and I was bloody few ducks, and I couldn't get my head around it and so I didn't do anything about it.

Frank Curzio: A lot of people there too.

Chris Macintosh: Yeah, and then it ran over a thousand bucks and then it collapsed back to about 150, and my first stab at it was at 250 coming out of that trough. But, it was much, much riskier I think than it is today, because today that protocol is a much more robust protocol than it was then, because each transaction that gets processed, it basically builds the sort of strength of it.

Anyways, so you know, we've been through those sell-

offs before, and the interesting thing that I look at is the volatility of it has actually decreased. Even though it's pretty volatile now, it's actually continuously decreased because of the volume of transactions. It's really any different to having say a penny stock trading, as opposed to [inaudible 00:19:34], or any new large cap company, for example. As it gets larger, then the volatility is dampened. And so, we have seen that with Bitcoin. Again, I'm not going to talk about the other old currencies, because I don't know them, and I'm sure you've got other guys that you could pull into the station that know a whole lot more about those than I do.

I took a little stab at a theory way back, and then I realized that I didn't fully understand ... Well, I didn't feel like I fully understood how that could play out, and there seemed like there was some complications and so I just sold out of it, and took my money off the table. That was, in hindsight, just lucky, because it had a fantastic run, but ... and I wasn't due to any prowess on my part. But at this point, when I look at Bitcoin, I think it's pretty interesting.

Also ... I mean, there's these outside things like, for example, we've just had the Iranian sanctions that where they basically pulled them out of the SWIFT system. And that's catastrophic. I mean, that is really, really catastrophic to a country. And you know, I sit there and I think to myself, what if I was the guys on the other end of that, in other words, the Iranian political class, how would I go about conducting business? Would I try and create my own SWIFT system? They don't really have the technological prowess to do that, that I can tell. And we know that China's been setting one up and so on and so forth.

But, in an environment like that, to me, there's a possibility, albeit a low one, where I might say, "You know what? I'm going to utilize something that exists. Sure, I don't have control over it, but then they don't either."

And I would use something like the blockchain, the Bitcoin blockchain, to net settle large transactions. So, if you're trying to sell goods and services, you would create a holding bank that you would give access to your customers to, and you would net settle on the blockchain, which isn't obviously anywhere near as efficient or rapid as SWIFT, but it allows you to actually continue doing business.

And I think it's also, when you see those sorts of financial warfare, if you will, at a political level, you got to realize that other countries are going to be looking at that as well. China's been looking at it. Russia's going to be looking at it going, "Okay, we could be next." Because that was also a warning shot. It wasn't just directed at Iran. It was directed at any of America's enemies, to say, "You know what? Toe the line or else you're going to get the same sort of treatment."

And so, when you sort of look for solutions to that problem, there is a ... Bitcoin can solve some of those problems, whether they actually use it or not, I don't know, obviously, but it's interesting that it's this technology that is open to anybody who wishes to use it, and there isn't a need to trust anybody, and that makes it incredibly unique. It always has. I'm not telling your listeners anything they don't already know, but what I am suggesting is that the utility of that today is arguably quite a lot higher than it was 10 years ago when we didn't have these sorts of political antagonism.

Frank Curzio: Yeah, that definitely makes sense. And one of the things you mentioned earlier too, when you say that people ask ... And I'm sure you had these questions too from people like, oh your Capitalists Exploits blog, and stuff like that where, "Yeah, how much should I put in this situation? I want to put a lot of money in this situation," and us as being trusted ... I'm not an advisor or anything, but you know, I'm always quick to say, "Don't put all your eggs in one basket," and this and that, but I also tell them, "There's

not a billionaire around today that hasn't put all his eggs in one basket, so it's up to you to do what you want to do, but in reality, you want more shots on goal, you want to be smart about it, and allocate to a lot of these ideas, and if a couple hit, it's a game changer, but you know, just be careful on that."

But, it's so funny when I tell everyone that, "No, no, no, spread it out and be careful, but I've known guys who've gone all in, and done very, very well." Like you said, most of the time you're not going to hear from them, with those people who don't ...

Chris Macintosh: You know, Frank, it's a perfect point. The guys that have made fortunes and stuff are those who have gone balls to the wall, and they've done ... put pretty much everything in one basket, but what you got to remember is that typically they're in an environment, or they're in a sector or something that they know extremely well. You think about businessmen, most businessmen should've he's ... just, I don't know, got a bakery, it's like he's got the vast majority of his wealth in his bakery, or in his chain of bakeries, and you look at them, you go, "That's not diversified." And it's like, no it's not, but that's his business, and that's what he knows and understands, and that's probably where he'll make his first million and 10 million, and whatever it is.

And so, it's absolutely true that if that's what you're after, then fine, you can go all-in, but then I would suggest that needs to be your business. I think the mistake that people make is that they want to be managing a portfolio on the side while they're doing something else. I don't know, maybe they're a dentist, or they're a plumber, or God knows what. But, they then decide that they're going to go all-in on a particular idea that they've heard about, but they're not living it, and that's a big, big risk to take. You might get lucky, and then you might be able to be that dude at the cocktail parties, who pulls up in the [inaudible

00:25:58]. But the probability of that is extremely low, and there's a much higher probability that you're the guy that pulls up in a Škoda and goes, "Well, you know, I brought my \$5 bottle of wine because I couldn't afford the \$25 one," or whatever.

So, you know, it depends on who you are and what you're trying to achieve to manage a portfolio. Like, I'm not trying to become a billionaire. I mean, I don't ... I'm not. I wouldn't say that I wouldn't like it. I think I probably would, but that's not my goal. And certainly the way that I manage capital is not the answer. Everybody's got a different equation that they're trying to solve, and when I was in my 20s, I took massive risks. I went all-in on certain things. Some of them worked extremely well, and some of them didn't, but that was a different period in my life, and I had a different risk profile. Today, I'm more interested in keeping what I have and trying to grow it, as opposed to trying to hit the ball out of the park. And so, I'm focused more on multiple situations which pose asymmetry for me, and then placing my bets across those, knowing that not all of them will work out.

Frank Curzio:

Well, Chris, let's ... We got about 10 minutes left, and I wanted to get to something interesting that we talked about offline, and one of the areas that you're investing is right now, believe it or not, is Europe. Right? We hear so many negative things, and we've seen these markets really come down, and the rising dollar hurts these guys, but you're seeing opportunity where ... I'll let you do ... explain it, because you're seeing an opportunity in a market that not too many people are seeing that opportunity right now, and those are the kind of markets ... from what I've known, and what I've learned about you over the past couple of years ... these are the type of markets you like, that are depressed, nobody really likes it, and everyone's talking bad about it, and you're seeing some opportunity there, right?

Chris Macintosh: Yeah. Well, I think a lot of it starts ... It's global, but Europe is at the center of it. I'll try and keep this as short as I can. If we think about where we've come from, in the last couple of decades, and certainly since the GFC, we've had an extremely benign local environment. We've had accommodative monetary policy. And I think the blow off top for that was the GFC, both on a political and economic basis. So, we saw negative interest rates, and basically everybody all came together to solve what was seen as a collective problem. Okay?

And I had always made the argument that as long as that existed, you didn't want to be shorting that, in other words, shorting the bond market. And as insane as it was, you know, you could have looked at it and gone, "This thing is bloody mad. These governments are broke. They're not going to pay the money back. Yada, yada, yada, yada." That's all true, but you needed to have a catalyst that would change that dynamic. And I believed that that catalyst ... and I still do believe that that catalyst was a political one, and we sort of began with Brexit, and it's Trump, and it's now it's Slovenian Italy, and so on and so forth. And so, in that environment, again the main ... Well, one of the main areas that I'm focused on is in Europe, because I think it has the greatest propensity for a political fragmentation, and an economic fragmentation. I think the Euro is a ridiculous concept that was destined to fail, but again, you needed to have some catalyst that would change that dynamic.

And so, I kind of think we're in the first innings of that all breaking up. I mean, we just saw, for example, Italy causing problems in the EU, where the Italian government just rejected the EU's calls to revise their budget for 2019. And this is a big deal. Italy's like the third largest economy in the eurozone. I think it's about the eighth largest in the world. It's a decent size economy. And that's just one of the many problems that we've got within the EU. Obviously there's Austria, there's Hungary, there's

Slovakia and all of these countries that they're somewhat antagonistic to the EU. They're seen as Russia-friendly, and so on and so forth.

And that brings me, I guess, to one of the things I've spent a lot of time on. If you go back and you think about what the EU was, it was this collective way everybody was going to come together ... sorry, the eurozone ... and one of the interesting things that happened was that because you didn't have any more border controls, domestic military spending collapsed, because it's like well, why do I need any military, and they basically outsourced it to, at the end of the day, NATO, because you didn't have the need for domestic security, and you just needed to think about like a wall around ... or a border around the eurozone. And that was ... if there was a conflict, that everybody was going to chip in and pay for that, but as always, it was like if you got kids, and you say, "Okay, it's all of your responsibility to wash the dishes," well, guess what? The dishes don't get bloody washed will they? Natter and fight over who does what, whereas if you say, "Johnny, you're washing the dishes, and Freddie, you're drying them," then this shit gets done.

And so, that's kind of really ... one way to think about what happened with military spending. And then it was all outsourced to NATO, and NATO's basically the US, and now that's in disarray because Trump's gone, "Well, screw it. We're not really interested in paying your bills. Or, we'll pay them but you know what, then we want all these other trade deals renegotiated." And you know, again, I'm not here to argue whether that's fair or not. It is what it is. And that's what's more important. I'm more interested in what will be than what should be. That's all now under a massive bridge, and I've been saying that we're going to see military buildup in the EU, and we've just seen Macron come out basically, and call for a European military, and ...

Anyways, so that is very interesting to me, with respect

to how capital gets spent in Europe. And if I'm going to pin it down to one thing, because I know we've only got a few minutes left, you cannot ... Well, firstly we're going to have increasing nationalism across the world, but especially in Europe, then increasing nationalism is going to foster increasing military spending at a domestic level, and when you think about security, Frank, you cannot have security without energy independence. And that is going to become a massive issue. Germany, for example, basically just got rid of all of their power. They outsourced it to Poland and to France. They said, "Now we're not going to have nuclear." Fine. So, they got rid of all their nuclear, and then they just bloody brought her in from France. It's the dumbest thing ever, but that's what they did, and now they've got the pipeline to Russia, and so they're under Russia's thumb. The Yanks are saying, "Well, you guys have got to ... we don't want that deal. How about you buy our natty gas instead?" And they're going, "Well, shit, that's too expensive." And so, there's this whole conundrum. If you were sitting there as a German politician, you and I-

Chris Macintosh: If you were sitting there as a German politician, you and I, I'd tell you what would make a whole lot of sense would be to turn back on our nuclear power reactors and to go back to dirty old coal because it is much more ... it would allow us to have energy independence. And, again, we can't have military security with energy independence. None of these countries can.

And so, that entire thought process, I think is we're gonna go through a change in terms of how countries think about their national security and at the forefront of that, I believe, is gonna be energy. And that's not priced at the moment at all.

So that's an area that we've been pretty heavily focused on at the firm. And there's a lot of factors that play into them. There's multiple different asset [inaudible 00:35:00]

that we're looking at and so on and so forth. But I think that's, as a broad brush picture, I think it's something that people should be focused on to try and understand what's going on and how that's gonna play through.

Frank Curzio: You know what, Chris, I'm proud of you because you always tell me, "Frank, stop me because I get into things and sometimes I talk a little too much." I'm like, "No." I love hearing that, the whole entire story. So I want to go even further on this because how would you play ... ?

So we have investors. Most of them ... this is an international podcast. We have broadcasts in over 100 countries, which is really awesome. But most of the people listening are from America, so they might look at this and say, "How do we play it?" And my question to you would be like ... I get uranium, we hear that all the time, but natural gas prices, when you said they're high people may not understand that here they're low because we have an unlimited ... we're burning it, basically.

Chris Macintosh: They're high if you're buying. Because Germany's so far they got to ship the [inaudible 00:35:58] gas from ... whereas, they can get natural gas from Russia. So on a comparative basis, American natural gas is expensive to them. That's the point, just to clarify.

Frank Curzio: Okay, so when you say energy, what's the play here? Do you think it's they have to go back to uranium? Is it, maybe, coal? Is it ... well, they have no trust in natural gas, oil.

Chris Macintosh: Yeah, it's different for each country depending on their own energy supplies and their allies, or what are considered to be allies. One thing that ... and Trump basically showed the path for this by existing the Paris Accord. You can forget about carbon emissions and all of that stuff that we've just been through. And what I think we're moving rapidly into, political security, which is the

same thing as national security, which is political security is gonna trump, no pun intended, all of the stuff that the [inaudible 00:37:04] and the [inaudible 00:37:06] have been championing for.

At the end of the day, it's gonna get pushed aside and we will probably go back to things that we've seen in the past, like good old fossil fuels, some of the good old fossil fuels. Again, each country's different, so we've got our whole matrix of looking at different countries and where they're sourcing their energy from, who those parties are, what are their relationships like, what do they have on the ground, all those sorts of dynamics. Again, so there's different dynamics for each and every country.

But the main thing to understand is that we've got a much more politically infectious environment. And this isn't just Europe. You think about Japan. Think about Korea. And certainly ... I speak with hedge fund managers and friends and colleagues in that space and those in Asia today are feeling a whole lot more at risk, I guess, than they have in the past. China's moved into the south China Sea. They've built aircraft carriers on the islands, which they promised they would do and now they're saying, "They're not aircraft carriers, they're just islands and they just happen to have air crafts on them."

That was interesting because they always promised that that wouldn't happen and it's just happened and the US never did anything about it. And now, if you were to go and step in and actually try and open those seas up you risk a serious firefight.

Anyway, the point behind all of that is, that puts a lot of pressure on a lot of these other Asian countries, where they're not so sure about their security. And Japan, in particular. They don't have energy independence, as well, they were using nuclear. And so ... but, again, it's true of many of these countries.

So they're all looking around at, "Who are our allies? How do we ensure our national security?" And one of the first things when you're trying to answer that particular equation is you look at your energy. And so, it's no secret that Japan has been ... you can actually go on the Japanese site ... I'm trying to think of the name of it. There's a fantastic report that's been put out by the military and they literally talk through all of these concerns that they've got. And they've been building up their strategic supplies for that very reason. They don't know if they're going to war, but they want to be prepared.

And so, again, it's not just Asia. The cross, especially in Europe, I think we're gonna see the same sort of thing. It's like if you and I are buddies and then one day I do something to screw you. Suddenly your trust is broken. You're like, "Damn, I thought Chris was a ... I thought he was on my side and that bastard's not." And you just reassess everything. And you hunker down and you make sure that ... "I shouldn't have given Chris my password to this," and you start changing and hunkering down. And that's basically, at a macro level, where we're at today.

And so, yeah, that's the kind of broad brushstroke again. And we just dive deep into each of these countries and into their ... who their allies are, what their energy structure looks like. And then sometimes it's unfortunate. You come across something and you think, "That's where it's gonna be," and then you look at stuff and it's not really priced that well in that it's relatively expensive. And so, you keep digging and you find second order events and so on and so forth. And that's basically what we do, is focus on things on that nature.

Frank Curzio:

Now ... and we got probably a minute left here, so this may be hard to answer in a minute. I know you and the type of research that you do. It's amazing when you come up with a thesis. But you're one guy that I talk to that always finds the best way to play something. Sometimes

I make that mistake where I'll see a trend. Like I saw higher oil prices coming. I said, four dollars. Ton of supply came off. This was before the recent crash, obviously. And these companies ... I knew prices had no place else to go, but higher. Just the fundamentals made sense. OPEC was gonna continue to cut and maintain that and I knew oil prices were gonna go higher.

But sometimes I'll pick the wrong stocks based on that, thinking, "You can get aggressive. Oil prices are really gonna go higher," which they went to \$70. I thought they'd go to 60. And, again, this is before last month, the past couple weeks and it's crashed.

But you have a great way of finding the best way to play things. So without giving anything away to the people who follow you and someone listening to this, because it's amazing ... you could identify which countries are allies and go through everything. What are some of the ways? Is it unique where it's hard for individual investors to play, like, say, if you found hypothetically, we'll stick with Europe and, say, Italy and energy independence and are they gonna focus on whatever it is, natural gas, coal, just making all this stuff up, but you're able to find the best way to play this.

Is there anything that's simple for investors to say, "This is something I looked at, guys. You need to look at this country or this part of that energy a little bit more," because I know that they love ideas and they love following you?

Chris Macintosh: First answer to your question, none of this is hard, it just takes a lot of work. It's not hard. You just got to forget about stories that you hear on mainstream media and just look at the numbers, look at the facts.

A subscriber actually just put out something really interesting recently on the Greek bank, and it's the same

story. And I look at it and he's nailed it ...well, I think he's nailed it. He's runs money out of Hong Kong. But it's just forgetting about the narrative and just running through, seeing if it makes sense, and then looking at ... just doing your homework.

And so, the same is always true of any sector. Firstly, I'm not ... you made the point of picking the wrong stocks and stuff, that's so easy to do. And I've learned that the hard way. And often you learn it like you pick something and it bloody rockets and you think you're a bloody genius, and you're not. You just got lucky.

And so, I'm very much sector based, so I will find a ... I will put together what I call a quasi ETF. And it's run through a different risk structure, so at the far end of that risk structure, for example, I might be buying [inaudible 00:44:22] or options on futures or something of that nature, but that's a whole lot more risk. It's got a whole lot more risk, but then I could make 10 times or 20 times my money. Fine. But it might go to zero.

Let's say I take a sector play and I'll put five percent into that sector. Then within that five percent, I might have one percent of my position is in something of that nature. And then another one percent would be in something as simple as an ETF. And then another one or two percent might be in a basket of stocks, and so on and so forth. So I structure it in that fashion, A, so that I don't get run over, and, B, so that I've got a risk adjusted portfolio.

And so, that's basically how I try and solve that particular problem of ... 'cause I'm not a stock picker. Normally I'll look at these sectors and then I start getting on the phone with buddies who are way more smart than I am, and say, "Hey, I'm looking at this, I'm looking at that. What do you think?" And fortunately, I've got a lot of friends who are specialists in each of these sectors, whether it be shipping or offshore oil or uranium or whatever. I'll seek out some expert and knowledge on those.

But I start with the top ... and that's ... for your readers, that's what they should do. Whether they're for me or not doesn't matter. If you've got an area that you can see is a great probability for you and you don't have the time and team of analysts and everything that's ... you know Mike. [inaudible 00:46:09] Mike's a good friend and he's my go to guy for uranium. And I don't mind telling him that. If I want to know what's going on I was like, "I go and talk to Mike."

And that's what people should do. You find specialists and you find people exceptionally well in some of these sectors and you go and you seek out their advice. Buy their publications, if they've got publications. Listen to their podcast, or whatever the hell it is.

But there is no easy answer. You've got to do your homework.

Frank Curzio: Nah, it definitely makes sense. And by the way, [Alcan 00:46:49] writes a newsletter for us, so don't compliment him too much or he's gonna let me know about it. But he is by far the smartest guy I know in uranium. And for me saying that as someone who's followed uranium and knows a lot of the key players in the space, the research that he's done is pretty amazing.

So, Chris, listen, thank you so much for coming on. I get so many emails saying, "When's Chris gonna come back?" And every time I call you you're willing to come on right away and I just really appreciate it and all my listeners love you. You always have original content, things to say, and that's probably one of the reasons why. But I just want to say thanks so much for coming on, taking the time. I really appreciate it. And doing this interview from where? Where are you, by the way?

Chris Macintosh: New Zealand.

Frank Curzio: That's great.

Chris Macintosh: Yeah, the land of the hobbit.

Frank Curzio: Yeah, I missed those movies. So, Chris, listen, thank you so much for everything and we'll definitely touch base soon. And thanks, buddy, I appreciate it.

Chris Macintosh: You're welcome. Always good, thanks.

Frank Curzio: All right, guys, great stuff from Chris. He always has original ideas, great analysis for an All-star Portfolio. We always take some of his ideas and throw them in there. Again, also our portfolio is really cool, guys. When you get a chance, it's something that's extremely affordable for you. I'm not selling this thing. It's a dollar to try it out. If you don't like it, cancel it. It's 9.99 a month after that. The reason why we do that is I because I realized the dollar people were not taking advantage of some of the stock picks that my guests and people I interview were recommending, so I wanted to cover them, put them in the portfolio, put a type stop on it. You're getting a pick almost every week from everyone that I interview.

And sometimes those picks aren't on the interviews, guys. Sometimes those picks are ... I'll talk to them before or after and, again, we're always sharing ideas all the time and all my contacts, people I've known for 25 years. An amazing network, which also includes you, who also send me ideas, as well. And a lot of those things make it to my newsletter if I do my due diligence and things work and I like. We've done very very well, but that's how you have access to great great ideas. Not just by doing screens and looking at this. A lot of things don't come up in screens, especially small micro caps and having a great network and talking to these people in different industries really helps. And Chris is one of those people.

But, again, this podcast is about you, it's not about me. So let me know what you thought, frank@curzioresearch.com. That's frank@curzioresearch.com. And guys, in New

York for you, working hard. We'll be back on Thursday. We've had a great Frankly Speaking podcast for you on Friday, so we're on schedule. If you have any questions you want answered, guys, on that podcast ... a lot of you. It's a different feed. Used to be on the same feed and so I still get questions, "Frank, don't you do Frankly Speaking?" Yes, we do, it's on a different feed. It's every single Friday. If you have any questions you want answered send me an email, frank@curzioresearch.com. Frank@curzioresearch.com. And, you never know, your question may be the one I read on that podcast.

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

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