



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 Mainstream.
- Frank Curzio: How's it going out there? It's January 16th. 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. I just got back from the Consumer Electronics Show, CES, the largest technology conference in the world which takes place every January, the second week in January in Las Vegas. This was my I'm pretty sure the seventh, maybe the eighth consecutive year of attending the event. This year, you had more than 180,000 people from over 150 countries that travelled to the event this year. They had plenty to look at, believe me.
- Frank Curzio: This was a conference seven years ago just being held at the Convention Center and then they expanded to the Sands Expo. Now, it's in four or five different hotels. It's just insane how bigger and bigger and bigger this gets. I don't know if that's a sign of the economy and maybe close to recession. To put this in perspective, two years ago, we had about I think it was 3300 companies. We're looking at 2016. Now, there's 4500 plus companies. This is the conference where they present their gadgets, their technology that they're going to launch for the year. A lot of this stuff isn't available yet and it gets really exciting. There's new crazy products, lots of fun.
- Frank Curzio: Hopefully, you follow me on Twitter @FrankCurzio. If not, take a look because I really had great coverage on this. I'm not saying it for me, just got really positive feedback because I'm sampling a lot of these devices, I'm trying to give you guys new ideas. You're seeing a lot of live videos, live presentations of Samsung and a new robot, personal

robot and stuff. It was really cool getting a lot of good comments. I really appreciate all the comments. I love doing that, just giving me a real perspective of what I'm seeing at conferences like this because everyone's going to have a different perspective. I'm an analyst looking for new ideas, trying to see what's going on.

Frank Curzio: Is there any new trends or the existing trends? What are the new things coming out? What's going to make a difference? You have a lot of companies there that are publicly traded that you could buy not just here but overseas and things like that. Every year that I go there, at least there are tons of ideas. Again, I'm an analyst. You're going to have marketers. You're going to have media and stuff like that. In fact, I'm able to have a media badge. It gives me a lot of access to companies where I was playing ... I'll get to this later but a robot and ping pong where hundreds of people watching me. I was able to just get in and do it because they see the media badge.

Frank Curzio: You're going to cover it. There's a lot of people online. It wasn't me saying, "Oh, I just want to try this and have fun." I was really interested in the company. Actually, it's an amazing company that I'll talk about later on. It's just a really good perspective especially a lot of live videos and I got some positive feedback. They're still on there. If you want to go back and look probably about a good 30, 40, 50 posts of just different gadgets, different technologies, things that I saw for the first time that will definitely either lead to an idea right away or allow you to explore into certain industries where you may come up with other ideas.

Frank Curzio: Also, just as important, it shows you a couple of industries that you should avoid and stocks that you should avoid where, again, I'll cover that in a little while. You get a really good perspective at this conference. Just to give you the quick scoop ... I mean, 4500 plus companies, for me, there was more than 3000 that didn't need to be there.

There's a lot of clutter. There's a lot of stuff going on. It's overwhelming. Since I've been to this conference so many years, I really know what to focus, what to look at, who to talk to, and just have great contacts there. It was a show where I found lots of new ideas including one that I'm recommending at Curzio Research Advisory tomorrow.

Frank Curzio: We delay that issue because I was at the CES and I wanted to have full coverage there and give you guys a good perspective. That issue is coming out tomorrow. It's a \$7 billion company that probably less than 0.01% of the people listening to this right now heard of. It's down sharply at the missing estimates last quarter so it's priced really perfect and most of that was due to weakness in China, which I talked about in the past, I think it's going to change. In terms of finance solution on Tarus since it's impacting both of us, China much worse than us right now but is starting to impact us.

Frank Curzio: Negotiations are going pretty well at least with the U.S. and China right now where they will come up to a solution this probably next month or so because it just makes sense for both of us. Both of the time, it's going to get crushed if they do not. Again, I think that solution is going to happen this quarter in a lot of China based stocks. JD.com had an amazing booth there. Just going to all the new technologies and drone delivery, big data analytics, there's a company who recommended it and we stepped out. Most things in China got destroyed and we stepped out for a loss, but it went down probably another 30%, 40% after that.

Frank Curzio: We limit all loss, which is good. JD, you look at Alibaba, lot of these companies that got smoked maybe worth taking a look at especially if we can come to resolution on China. That's why I'm seeing this company, because it's amazing with AI technology, sensor technology, robotics technology. They have no debt. It's been around for over 70 years. I know right now CRA subscribers are going,

“Frank, don’t say anymore, don’t get the pick away.” I won’t, trust me. It’s a name I just learned about the very first time. I’ve been covering stocks as you guys know for over two decades.

Frank Curzio: For CRA members, Curzio Research Advisory subscribers, you’re going to be getting that topic tomorrow and also really true inside look at this year’s CES which was amazing. With that said, the CES celebrated its 50th anniversary last year. This conference which I explained, as the biggest in the world, but it’s known for having some of the greatest product launches or innovations over this timeframe. For example, the first VCR in 1974 was launched at this event, the first personal computer in 1977, first portable TV camera 1980, first GPS system for consumers 1994, first satellite broadcast in 2001. You have the first 3G solution network service introduced in 2004.

Frank Curzio: The introduction of the iPhone in 2007 was at CES. 3D printers 2012, the first 4K television in Apple watch 2015. Alexa was huge in 2017, just giving you some examples there that I wrote down. When you look at the CES, they actually say, “You found an innovation over the past 50 years.” I have to tell you, over the past two years, there been little in terms of innovation. I’m talking about breakthrough technology, change the world, disruptive. You’re not seeing that not only this year show, last year show as well, that’s not a bad sign. Basically, these conferences are more about improving or enhancing existing secular trends.

Frank Curzio: Whether it’s autonomous vehicles, AI, big data analytics, wearables, IOT which is basically internet of things connectivity, smart homes, smart cities, 5G. It’s all enhancing these things, making them better which is okay. For me, I will love to see more innovation like when the smart phone came out, when 3D printing came out, and how more and more companies are starting to use 3D printing. It’s not on the level we should go and buy these

stocks, but they have to get these in consumers' homes. The last two years, I've seen that progress. I've seen make easy to use these things. The supplies aren't as hard to get.

Frank Curzio: Again, just explaining how these products ... 3D printers are amazing. If you have the right products, you can have a 3D printer, one house and you got 3D printer in China and instead of them sending it to you, they could just put in schematics and build it and your 3D printers going to build, whatever. If it's a little doll or whatever it is, it could be food, it could be a transplant of heart. It's an amazing industry, but it hasn't filtered into consumers yet and that's when you're going to see that trend become huge and secular and monster where you could make money in a lot of these stocks. We're not there yet.

Frank Curzio: That's what this year's CES and also last year's CES was mostly about. In my educational segment, I'm going to cover a lot of these trends, tell you what trends I like, share some cool ideas with you of ideas you should buy, also you should shorten again based on what I saw personally the five days I was at the CES. I'm going to cover my educational segment which is coming up. Now, when it comes to the podcast, what I like to do is have one theme for each podcast, whether this is technology, however. Just to elaborate a little bit more in that, if I'm talking about tech, I like to bring on technology analyst or industry expert, same goes for biotech mining financials.

Frank Curzio: I mentioned to you over the holidays which ... Actually, I hope you guys and whoever listen to the podcast during the holidays and you took your break and have fun with your family. I said if you get a chance, this is why you do your homework. I know you're with your families. I know you're coming off the holidays and you're just like, "Wow, I had a few days off and it was fun and football and stuff like that." I get it. January is such a big month to find new ideas. That's why I mentioned over the holidays where

there's a ton going on right now and I'm covering the CES, the J.P. Morgan Healthcare Conference.

Frank Curzio: I have my contacts, email me about things I saw there which I'll share with you in future podcasts and just like I share with them what I saw at the CES. You have the Vancouver Resource Investment Conference next week, which is mining. You have earning season going on right now. I'm going to cover all this stuff in future podcasts especially in my newsletters. I would love to limit this to just technology, however, there was a really big announcement made in the mining space this week. I know a lot of you own stocks in this industry. I know a lot of you have junior minors, you just have some exposure.

Frank Curzio: That deal was Newmont Mining, one of the largest gold producing companies in the world, gold producing companies made off to purchase Goldcorp close to \$11 billion. It's going to create the biggest gold producer in the world. Now, this is more than just to industry leaders getting together to save money on synergies. There are tons of implications from this deal that it's going to influence not just other major gold companies but a lot of juniors. I went out, I asked Marin Katusa, founder and CEO of Katusa Research, one of the biggest industry insiders you know to break down this deal, what it means to you.

Frank Curzio: Because, again, I know a lot of you have exposure to this industry even through my newsletters. He probably owned junior mining companies ... Again, ROYALTIES. This is a pretty big deal, again, that I believe and so does Marin's going to influence a lot of different segments within gold, whether it's producers, juniors, royalty companies. We have Marin Katusa to break down this deal for you. Also, next week is the Vancouver Resource Investment Conference where I'm going to be flying to Vancouver, speak at this event. Again, January is my busiest month. It's crazy but this is where I find the best ideas.

Frank Curzio: Marin partnered with Cambridge a few years ago. Since then, this has been one of the must attend mining conference of the year some place I love attending all the time where a lot of great companies are in attendance. The biggest names in the industry are going to be there, Rick Rule, Frank Holmes, our own Michael Alkin is going to be talking uranium, Amir Adnani, Ivan Bebek who is the chairman direct of Ivan Resources, Brent Johnson from San Diego capital. I'm going to try to have this guy on. I'm sure you haven't heard of him, but I was on a panel with him. We had minor disagreements but as respectful. I really loved his opinion.

Frank Curzio: He just provide good data, good analysis. He said that he would love to come on my podcast. He's just really, really smart guy that I loved. I was on a panel with him to San Francisco Resource Conference a few months ago. Again, he said he would love to be a guest in the podcast. Yeah, he'll be a future guest. What I love about this conference is most of the experts are on the floor where average investors, attendees, again a lot of you listening to this have attended this conference. You could talk to them, ask some questions. They're in their booth. It's a really cool format and someone who attends conferences every year, even some of the large ones.

Frank Curzio: We had the hedge fund managers and stuff like that. After they speak, you're never going to speak to these guys. They sneak out the back door, maybe they'll do an interview at CNBC. You have the [inaudible 00:12:17] Congress or the Value Investing Congress, some of those major, major conferences where it's hedge fund managers and stuff like that. Individual investors don't get a chance to talk to these people. This conference should do. That's what makes it really cool, really personal. That's why even in the bear market ... Again, we have a nice acquisition here that just took place to the leaders in the industry merging, not really merging, but Newmont's a little bit bigger than Goldcorp.

Frank Curzio: We have interest rates. Looks like we're going to start raising interest rates, a favorable environment for gold. Put all that together into a conference where a lot of the stocks are down tremendously and you're going to see a really, really good opportunity for investors attending this event. That's why it's almost maxed and full right now. Again, really cool format but I'll let Marin show more of the details with you including how you, my listeners, get this conference for free. Here's the interview with Marin right now.

Frank Curzio: Marin Katusa, thanks so much for joining us again on the podcast.

Marin Katusa: It's a pleasure, Frank.

Frank Curzio: Thanks, man. I want to jump right in. There's a lot going on. You have J.P. Morgan Healthcare Conference. You have the CES, Consumer Electronics Show, I just attended. In the middle of this, we have the VRIC conference which is next week, which we'll get to in a minute. Then, you have this major deal being announced where Newmont is making an offer to acquire Goldcorp for around a little over \$10 billion. If this deal goes through, Newmont is going to be the largest gold producer in the world. It seems like it makes sense, but I wanted to get your thoughts on this deal. It does have major implications and not just about this company.

Frank Curzio: From a producing standpoint, for juniors as well, and I wanted to get someone who knows the industry inside, knows the industry better than anyone else I know, I want to get your thoughts on this deal which we're hearing as positive. Again, for me, it feels like it's a lot of implications that people aren't getting or talking about.

Marin Katusa: Let's take it from the standpoint of a Goldcorp shareholder. In 2011, this was a \$50 stock. Today, it's \$12, \$13 a share now. There's been some serious

wealth destruction for a major gold producer. The new management team took over three years ago. The stock is a little over \$25 a share and went all the way down to \$9 a share. They got a massive golden parachute exit where the shareholders get a kick in the ass. From a Goldcorp standpoint, the existing management team did not increase shareholder value granted the market has been tough, but still there's a few serious implications here.

Marin Katusa: I think for an existing Goldcorp shareholder which I never was, it's a tough one because the chairman and the founder of the company is a close friend of mine. At least now, they'll own about one-third of Newmont. Newmont is a great management, great position, strong balance sheet. They've already cleaned up all of their arrears from few years ago. There is something that not one analyst is talking about. Frank, I want to share with you and your audience. From an actual share standpoint, it's not obviously accretive to Newmont to do this deal. A lot of analysts said, well, the breakup value and the Goldcorp assets that they can sell.

Marin Katusa: I say, who are they going to sell these non-core assets to? I don't think they're going to get book value. Book value is what the management carried on their balance sheet. Then, there's what I call the street value where a guy like me and Ross Beaty will pay for these assets. Those are two very, very different ideas. For example, I'll give you the most recent big haircut was New Gold carried Mesquite on their books for over \$350 million and Ross with Equinox came in and bought it for half of that. General rule of thumb in this big companies carry an asset that's non-core on their balance sheet divided by two, and they'll probably sell for even less than that.

Marin Katusa: That's number rule one thumb. I actually think this is what I call the Trump effect, Frank. No one's talking about this in the mining sector because of the nuts and bolts of how the accounting works. I believe that the tax cuts that

Trump has put in and the changes to depreciation on the balance sheet, there are synergies and big benefits to the Newmont shareholders by taking over the Goldcorp. We haven't seen yet that come through. I think the Newmont team is taking long term and they're going to use the advantage of the new tax regime in the U.S. to be able to position themselves and they are now at an advantage versus the Canadian companies.

Marin Katusa: You're going to see I think a lot more that the U.S. position companies take out the Canadians. I'm also talking about what's called the commonwealth takeover, a term I coined where the Australians trade out a big premium to the Canadians. Because of the Canadian political system, remember, the mining capital of the world is Canada. A lot of people don't know that, but it is especially for the junior role that Vancouver where my office is. Because of the high tax structure and now the Americans have the advantage on the tax system, the Aussies, the Australian companies have an advantage on their premium to their value, the Canadian companies are vulnerable now.

Marin Katusa: That's the big takeaway. I think you're going to see more of this. I've been writing about this for a while. We have a candidate list of who I think is going to get bought out over the next 12 months. This is big news. I think there's going to be more shakeups in the industry. Just like the oil patch, remember, we saw Exxon and Mobil merged in the early 2000s. It marked the bottom of the market. I think we're close for gold. I think there's still some near-term downward pressure. I think the big companies are starting to move because of the cost of production.

Frank Curzio: Now, what does this do for the juniors? Because when I see this, and people are going to have their opinion on Newmont, the way I see it is ...

Marin Katusa: It sucks. It sucks. I'll tell you exactly why. Because a

lot of people are trying to position this as, “Oh, this is great news for the juniors.” No, it’s not. I’ll tell you why. Everything is about supply and demand. There’s going to be a whack load of non-core assets coming out of Barrick and Randgold merger, Barrick 2.0. This Newmont-Goldcorp or whatever, Newmont 2.0, there’s going to be a lot of assets for sale. There’s going to be more capital that potentially would have gone through juniors that are just going to go to funding the mid-tiers who are going to buy these out or whatever. It’s all those supply and demand.

Marin Katusa: The second issue is both Goldcorp and Barrick used to own shares in these juniors. Now, with the new management team consolidated, Randgold and the Newmont, they may necessarily not want that. There’s going to be a lot of paper for sale in these juniors that were funded by these majors and who’s going to buy that. Do you think I’m going to pay mark-to-market value? I don’t believe mark-to-market. I think just that’s just a theoretical value for fund managers to bullshit their shareholders. I’m already been talking to bankers on both sides and say, “Well, I’ll maybe take that big block but nowhere near the market price. I want a huge discount.”

Marin Katusa: That’s what you’re going to see the next leg to fall is you better know which juniors shares are owned by these majors, just like what I call the trigger effect with fund managers who are getting redemptions and they have to sell the stock regardless if they like it or not. You’re going to see that now happen over the next three to four, five months. It hasn’t hit yet because the mergers are just starting, but that’s the next leg to fall.

Frank Curzio: Now, what a good area to look at is mid-tier producers where maybe these large companies are going to continue acquiring because their balance sheets are actually much, much stronger than they were. They restructured their debt, they cut a lot of their excess weight, they cut ... Over the past three, four years especially Newmont, is it like

Yamana Gold or maybe McEwen Mining or even bigger mid-tier ... What are you looking at specifically in this industry that looks attractive? Is it royalty companies? Does this change your thesis on anything?

Marin Katusa: No, it doesn't. Actually, it doesn't change my thesis at all. Frank, you know how I'm one of the few in the industry who've been pretty cautious and bearish. To me, it starts with people and then you look at the assets. Are they in the lowest quartile production? Is there a significant upside? Is this a district scale type of project? More importantly, is this in a non-AK-47 region? Because I believe the world is really turning to a bipolarized geopolitical framework. You better be careful where you are. Some of the companies you've mentioned, I have no interest in being in those specific regions. Because people talk about peak gold or peak oil, I don't believe in that.

Marin Katusa: What I do believe in is peak stupidity in these certain regimes in governments. They're always going to figure out a new way to steal value from these mining companies who've created value in these areas. You better be super careful where these assets and you got to understand how can I protect myself from what I call the AK-47 risk.

Frank Curzio: Now, you've been negative on the industry and I know because we talk a lot. You talked about that in your newsletter and in conferences. Yet you do have some ideas that you have invested in, specialized ideas that you've done pretty good on. Talk about that for the listeners to keep them in mind, Marin, what specifically did you look at since you're bearish on the industry but yet this is the industry that you cover and you're able to find a few diamonds in the rough. Talk about those companies and what made you buy them compared to anything else in the industry.

Marin Katusa: Like I said, people, the project value, is it trading at a big discount to its intrinsic value? It's almost like you take a

Warren Buffett or value investor view to this really cyclical sector, then you got to understand the speculation and the macro perspective of how cyclical pricing is. Let's go back to my December issue. I put out my tax laws victimless. These are companies that I would love to own, but I know that there's a bunch of redemptions happening in the market. There's a bunch of fund managers that piled in at higher prices and they're going to sell. There is one stock that we bought a bundle of and within a month, it was up over 50%.

Marin Katusa: We locked the gains and you move on. Even though I like the team, I'm pretty vicious right now on management teams on locking games because I always remind the management teams and ... Frank, you know my style. A lot of people in the industry don't like my style specifically management teams. They get paid a salary. They get paid options. They get paid a golden parachute. They got all their expenses paid. They get their rent paid. I don't get any of that nor do my subscribers who buy the stock. I can't reprice my shares. Management team have a great way of repricing options. It's funny how no management team has ever given themselves a half two-year option.

Marin Katusa: They expect me to buy 20% of their company with a half two-year warrant at a huge premium for the market. I remember themselves and I'd say to them, "Hey, guys, no problem. I will do that half two-year warrant if you guys do half two-year options at the same price as my warrant." It's funny how fast they capitulate. The problem with the industry is there's not enough skin in the game across the board. Because I've been doing this for over 15 years and I have experience, I stick with the guys who have serious skin in the game who know what they're doing, who go after world class assets and have the ability to finance these.

Marin Katusa: The one difference between mining or the digital world, you mentioned you were just at CES, is how capital

expensive these projects are upfront even before you're going to production. When it comes to drilling up a deposit, companies can spend \$100 million. Look at the Pebble example. It had \$800 million in the project and it's nowhere near going into production. Now, once it goes towards that stop which one day it will, that's going to be a \$4 billion to \$5 billion [inaudible 00:24:50], but it will work because it's a multigenerational ... It will survive three or four cycles in the commodity price.

Marin Katusa: That's what I'm looking for, world class assets in areas that the management team can create significant shareholder value. You have to lock in the game, so hence why I remind my subscribers with the Katusa free ride and management teams hate it. I remind the management teams that, "Hey, if the stock is down 50%, you still get paid, you still got your options, you still get your RSUs and DSUs," these are the soft compensation. I think the exchange should bring in harder regimes. I refuse to invest in companies that do checks lapse or any of that bullshit. I've never done that. It comes down to, Frank, we talk about it all the time.

Marin Katusa: In the industry, there are so many newsletter writers that don't buy stock. More importantly, stay away from these newsletter writers who do checks lapse or get paid. What the hell is that about? How does the exchange allow that? They have to bring in more regulation and that all happens through a bear market and we'll get through it. Stick with the good people. Pick right, sit tight, you will do very well.

Frank Curzio: To your point too, I was just looking at where David Garofalo was appointed chief executive and president of Goldcorp in February 2016. When he started, the stock was around 14 and now it's around 10 bucks. They said he's going to make \$7 million on that deal even though his stock and all the shareholders are down more than ...

Marin Katusa: He gets a golden parachute of 11.

Frank Curzio: At 11. We're looking at 20%, 25% decline in the stock and you're saying the guy is going to make \$7 million while all shareholders got crush and grind. Look, it is the market and the markets come down. Personally, Marin, because what I see when I see you takeover like this is I think when Exxon buys companies, when ... I won't say Microsoft, because they're usually not good at buying companies at least pre-Nadella. They look out 10 years from now. What's going to happen? They don't care about two years from now. Right now, based on what the experts are saying, when you listen to Rick Rule and even Ross Beaty and you yourself, this is the worse ... We talk about cyclical industry in its worst cyclical market in 40 years.

Frank Curzio: Buying an asset at absolute low thinking maybe in five years, listen, this could be huge for us. 10 years, it's going to be monsters for us. What ticks me off is isn't Goldcorp thinking that as well? I just felt like they're selling out at an extremely low price which you think is expensive here and can grant where the market is. It's just amazing like a new management team came in February 2016 and the goal was to sell this company 25%. This is after the premium they're getting.

Marin Katusa: Frank, if you go back like a bit hobby of mine because I wrote a book is ... I'm a historian in the resource sector, if you go back to the mid-90s to the early 2000s, we saw this happen 20 years ago. Let me explain why. When you had Placer Dome, Placer was a great, great mining company in Canada. Ironically, most of Barrick's best assets were from Placer. Dome mining was a gold company. Placer was one of the real leaders in the porphyry copper gold development open pit bulk tonnage. Dome mining was a gold company that traded out a premium to the copper companies. A bunch of bankers from Toronto went to Vancouver and said, "Hey, let's merge this company, Placer Dome."

Marin Katusa: They literally shit the bed. A bunch of accountants took

over giving self-bonuses, very similar to what you're seeing with what happened with Goldcorp today. Then, boom! Barrick took it out. Then, there are so many other Echo Bay, Round Mountain. You look how Kinross was created, the wealth destruction of Kinross. You look at so many of these companies back in the day that had huge potential and really just fizzled out and consolidated. That's the natural cyclical thing. It fits a part of my concept. My website does a free eBook called the Boom, the Bust, and the Echo. We're in the echo phase where you see a lot of this consolidation happen in the sectors.

Marin Katusa: This is nothing new to the resource sector. Moving forward, it's about who on the board ... So much about the mining sectors become about corporate governance. It's about the social license. Okay, what the hell is a social license and who actually issues the social license? The government can't figure out who issues the social license. Everyone has the right to a social license. That's what you're seeing in certain regions. They're fast tracking production in certain metals because they're not getting hung up on legalities where the lawyers are really getting involved and blocking things.

Marin Katusa: For example, in Canada, a pipeline company spent almost a billion dollars to get the pipeline approved. The government approved the pipeline and it took about 400 protestors in the NGOs to change all that and block the development because of the social license. I keep asking the government, who issues the social license? There's a lot of deep philosophical issues in the mining sector right now that are really screwing things up. If you take the Goldcorp example for when they try to do the hostile on my buddy, Sean Roosen, Osisko Mining for the Malartic mine and they lost out on that from the Yamana and Agnico co-bid, they brought in a new management team.

Marin Katusa: They did a different direction. They bought Kaminak for \$450 million. They bought Excelsior for a couple hundred

million. They invested 100 million at the juniors. They didn't do any major true value increase the bottom line they are investing in the future. That show that it didn't work out. Sometimes a lot of these management teams look to better times, but what happens if over the next three years gold goes to 1000 bucks U.S.? How do they position themselves for that? What you found out there's a lot of management teams are too optimistic because they follow the bankers and this corporate governance that thinks of that gold.

Marin Katusa: Because, for example, Frank, they take the analysis of 40 or 30 analysts from the investment banks. Well, when is the last time an investment bank was right on the spot price? They have no skin in the game. They're here to sell you something. Why not take a 25% or 30% discount to the consensus price? Do your budget to that and worry about survival today because \$1500 gold, don't worry, there's no shortage of gold, whatsoever. There is no peak gold. There is peak gold at \$1000 gold and that's why you want to stick with who's going to make money out a \$1000 gold.

Marin Katusa: When you look at the really smart guys who survived and made billions of dollars whether it's Ross Beaty, or Lukas Lundin, Robert Friedland, they understand that. They're all about make sure you have assets that work in the lowest quartile that a big, big, big production that the majors will want. \$1500 gold will take care of itself. It's about increasing your shareholder value at a bad market, not looking forward. That was the problem with Goldcorp and so many of these companies that have been consolidated, and the whole industry in itself. Goldman Sachs came out and said, "Oh, we're bullish on gold." Well, when is the last time they've been right?

Marin Katusa: When is the last time Goldman Sachs made you money, Frank? You really think they're going to call up Marin Katusa or Frank Curzio and say, "Hey, this is what we

think you should do,” before their internal office and bankers, these financial vampires take their flesh or meat?

Frank Curzio: It’s definitely a good point. I spoke in numerous times about investment bank. I just saw investment bank today come out with ... They’re coming with the whole software industry which is 15 stocks and every one of them either was downgrade or upgrade at the same time. I’m like, at the same time you’re going to downgrade and upgrade all of them. Maybe it was a different analyst that covered them. I don’t know. In fact, not one analyst, not one of the 43 covering Apple, Apple the biggest company in the world went down 35% from its highs, not one of them had a sell rating on it. Why? Because when they raise money or they offer bonds ...

Marin Katusa: The gravy train.

Frank Curzio: Oh my God, you don’t want to have a sell on the biggest company in the world that has hundreds of billions of dollars and look in the raise for money. You’re an idiot for doing that to your investment bank, but there is. It’s just if you look at it in the bias behind it, it’s not about the investors, it’s about their investment fees, their companies that generate fees which is ... Yeah, so I won’t go in a rant with that. Now, I want to move on because I’m going to see you next week. It’s at the VRIC conference, Vancouver Resource Investment Conference, which you partnered with Cambridge. Talk about that. How long ago did you partner with them?

Frank Curzio: What are the differences you see? I know, I don’t want to explain it myself on what you do, explain it because this is one of the conversations I look forward to attending every year because of the quality of the companies, the fact that you could talk, even individual investors could talk to any expert they want. Walk in the floor and answering questions. It’s just a really cool conference compared to the high-end ones that you go to. We see these hedge fund

managers and they sneak out the backdoor, you never get to talk to them. This is more a very personalized individual investors. It seems like a pretty good time with, look, gold has been in the bear market forever.

Frank Curzio: You're seeing a couple deals take place. You're seeing more favorable market competitions on the macro perspective where it looks like going to start raising rates at least in 2019. Talk about this conference, what your expectations are, and what made you partner with Cambridge, what made you do this.

Marin Katusa: Okay. The first question what made me ... I've been speaking at the Cambridge Show for over 15 years. When Jay took over from his father, Joe Martin, Joe used to be my pre-Marlin surgery. Joe was one of the heavyweights in the drinking in the sector. He was my drinking buddy at the conferences. Joe and I always had a special relationship. In 2015, when Jay took over, it was a really tough market. I literally just run into them on the corner of the street. Rick Rule merged, Sprott merged up with the Stansberry guys to create a conference because there was a much money in the industry.

Marin Katusa: Essentially, what happened was companies had to pick and choose which conference they were going to go to. The Martins were pretty upset because they had a big conference and they weren't able to sell the booths for the companies to come. It's an expensive venture. I said, "Guys, come to my office. I got an idea. You guys been doing this for 30 years, you cannot full chop because of a bad market." I guess it was in the best interest of the Sprott-Stansberry Alliance for that show to shut down. Me being me, I saw an opportunity, so we merged up and became partners on VRIC.

Marin Katusa: I knew that I could bring up, really juice up the roster by bringing in the heavyweight speakers, the Ross Beatys, the Lukases, all the different ... Rob McEwen, you've

seen Dave Lowell, Jim O'Rourke, Roman Shklanka, Ron Netolitzky, all these hall of famers who've been there and seen that. If you came to the first show which you spoke at, Frank, if you just bought any one of the companies, it decreases an average of the companies that I chose to speak, you'd be up seven times a year later. I think we're at that moment in the market, it really feels to me right now that we're near that October 2015 price. The show is the largest of its kind in the world.

Marin Katusa: We're going to have over 9,000 people over two days. We've taken the maximum square footage of the biggest convention center in Vancouver which happens to be the second largest convention center in Canada. You're going to have over 100 companies exhibiting. You're going to have guys like Rob McEwen and Clive Johnson and you name it, walking around. Part of the rule is if you're going to speak at the show, you got to walk to booths and just hang out and see. You met [inaudible 00:36:33] at the show and he just stands there at his booth. It's not like, oh, you have to be a newsletter writer, you have to be a big fan manager to have access to these people.

Marin Katusa: No, you just have to make an effort and walk up to the booth and you can go talk to Doug Casey or Ross Beaty or Lukas Lundin or Rick Rule, whoever, or even at Frank Curzio. You're walking around the show and people come up to you and you talk. More importantly, you're going to see the main investment bankers hoofing around. You can figure out quite quickly who's who in the zoo and the stockbrokers and the fund managers. Then, we brought all that in by bringing what's called a deal room. If you're a fund manager listening or a family office, sign up to the deal room and then you can have one on ones with any of the individuals or companies presenting in a one-on-one speed dating style thing for your own portfolio.

Marin Katusa: It's a one-stop shop for the conference. I enjoy doing it, Frank, for one reason. When I started out when I'm still

a high school teacher at 22 years old, I'd sit in the back and be like, okay, this guy, Rick Rule is talking about Warren. Now, he did this deal with Ross at 25 cents and Pan American. I sit there and go, holy crap, going to see if they took the book. They don't even talk about Warren. It's like, how do I do that? I said, if I ever get a chance to be one of the players in the industry, I want to create a show that I'd want to go to so people can actually get in on financing. I will say, hey, there's a company I'm financing.

Marin Katusa: If you like it, I don't make any finder's fees often, I get no financial benefit from it. I'm putting money in this. Remember what we did the northern dynasty? I go, hey, I'm putting millions of dollars into this. Go to the booth. If you like it, put your name down and get to know management, see if it's good for you. That worked out really well for everybody in that financing. That's what the show is about for me. I loved doing it. Get some my crew. A lot of my people in the industry, whether it's guys like Grant Williams. He's not a technical guy, but he brings a really cool entertaining macro view of the gold market. I bring in different characters to the show to make it fun, informational but yet entertaining. Because, look, I know we're competing with your family and football and everyday life. We have to make it worthwhile. You've been to it. I think you think it's worthwhile.

Frank Curzio: I think it's awesome because you don't have as many geologists speaking. It's a lot of fun.

Marin Katusa: Well, that was the other thing. If a geologist is going to talk, I cap it. That's actually how we started the show is Frank Holmes, this idea of PechaKucha where you're allowed 20 slides and 20 seconds per slide because you would be shock how a geologist can talk for an hour on a piece of paper that looks like my daughter colored it with crayons. I get the technicality. My wife is a geologist. I've been in the industry. I did all the geology course in

university. My point is, is they forget who their audiences. Geologists are the absolute worst at that. There are lots of geologists that I do bring up like Dave Lowell, Roman Shklanka, Ron Netolitzky.

Marin Katusa: A lot of people don't know that Ross Beaty is actually a geologist. He's also a lawyer. That's a real interesting combo. Lukas Lundin is a geologist also, but he doesn't sit there and bore the crap out of you in technical mumbo jumbo to prove to you that he's not just a ... He can do math or organic chemistry, that he was Rocks for Jocks. I make sure it's entertaining. Also, we have the debates between Jim Rickards and Peter Schiff. I think I'm one of the few moderators for that. I can actually put Peter Schiff in line because I don't think I've ever met anyone who likes a microphone better than that guy. It's important to keep it respectful but yet entertaining.

Frank Curzio: Yeah. Let's not disrespect the geologists who we both know a lot who are brilliant people, but sometimes they just get lost with ... You said it brilliantly. They don't know the audience when they talk about rocks and just grades and stuff. Sometimes it gets a little too deep and they go on and on when people just want to know what's the story here, why is it such a big deal, how can I make money on the stock. I'm glad that not only you realize that but there is entertainment value to a lot of these conferences and that's important. Two things, the first I'm going to say is they're going to be an entertainment thing where you might sing for us at the end of the conference I'm hearing or is that just a rumor?

Marin Katusa: Until I lose some weight, I'm not going to be able to fit in those leather pants. That was 20 years ago of fun.

Frank Curzio: I'm still going to bring that up.

Marin Katusa: There is one thing that we're the only conference that I know of in the resource sector, I don't know if the tech

factor does this, but I open up a bar for everybody in the conference. I bring in when we do the hall of fame reception. It was one of the funniest things when Doug Casey got into the hall of fame. I was the moderator. You had Frank Holmes and Frank Giustra up there. Not only are they getting juiced on stage with the flow of drinks coming, but the audience was too. That started for 4:00 to 5:00, and it was supposed to end at 5:00. Everybody stuck around until 7:30 and literally less than 5%. There was about 2500 people in the room.

Marin Katusa: I don't even want to know what the bar tab was there. We just keep the drinks going. It's about having fun. Life is too short to take yourself too serious. We're here to make money. We want to work with good people at some risky sector. I think it's a good time to pick with the right people and the show is a fun thing to do.

Frank Curzio: Last thing here which is a cool question is, do you see anything like a specific name? Because people love ideas. If you don't want to give it, it's fine. Like in Northern Dynasty that we saw, that was just priced as if the stock was completely dead on. We went to go see the site. We said, "Wow, this thing should not be trading at 35, 40 cents." It did go as high as three bucks which exceeded my target by more than \$1. Is there anything, any stocks that you're looking at that you're just saying especially with this market where, wow, this make so much sense because the one thing I love, Marin, and I know you love is when we got back everybody thought we're nuts.

Frank Curzio: I love when everyone is on the opposite side of that because there's too much regulation risk, you're crazy. We saw being priced in and knowing possible Trump coming in as president and stuff like that worked out. I just wondered, does any other individual stocks that you're looking at in Northern Dynasty type that you're saying, "Wow, this thing is just so mispriced here based on their assets and the management team."

- Marin Katusa: One that I haven't bought yet or one I'm looking at that I want to buy?
- Frank Curzio: Yeah, maybe either or.
- Marin Katusa: Or one that I ordered?
- Frank Curzio: I don't want you to give anything away that you're going to give to your [inaudible 00:43:10] but just a couple things maybe that you're interested in looking at the conference talking more to the management teams.
- Marin Katusa: There's a couple of the royalty companies that I think they're a little bit pricy for me. I'd like to see them come down a bit because royalty companies trade at a premium to NAV. I think what Pan American did, buying out Tahoe was really, really smart. I think they're going to sell off some of the non-core assets like the Lake Shore assets that Tahoe bought, but Ross is the chairman there. I told them, I go, "I love the company but I'm waiting for a major market correction to buy that one." Market corrections always come, you just got to be patient. I know it's tough and needs discipline to do that.
- Marin Katusa: I'll give you one that is in my newsletter because, Frank, I do like you believe it or not. For your audience to do some research on that I think it's such a contrary in play. Everyone when I say, "What are you doing?" I put millions on this personally. I just think the management team is top, top tier. Eira runs this company called Lucara. It pays a dividend and yet the balance sheet is impeccable. No debt. Yet because of three or four fund managers that love the story three years ago who got fired and now their fund changes and when a new fund manager comes in, the trigger effect happens. I think it's at an incredible price that I'm looking at buying even more.
- Marin Katusa: I followed in my newsletter and we haven't yet pulled the trigger on the next tranche because I'm just trying to wait for the market, because I am very conservative on

the market. Frank, if you've been a subscriber of mine, you know what I've been talking about the U.S. dollar and the copper. Look, I'm a copper guy. I've been one of the founders of the third largest producing copper company in Canada and I've been on the board for 13 years. I understand the sector well. I just think that there's going to be some incredible opportunities in the next 12 months if you have cash. Right now, I guess the last thing I would say is cash is king.

Marin Katusa: It's crazy because in the gold sector which I'm well known for, it's like I'm a bad guy saying that. The gold bags and even the management teams think I'm nuts. It's not about being lucky, it's being prepared when the opportunity arises and you can't pull the trigger in a cheap market if you're investing. If you've got \$25,000 or \$50,000 to buy some stock, don't buy 25,000 of it all on the Monday morning because you feel good and you feel like a stud that day. Buy it in tranches. Take your time. Buy 25% today. Watch it. See how the share price, see how it's going. Look at their balance sheet. Get to know management.

Marin Katusa: It's shocking to me, Frank, how many family members I have that spend more time on fantasy sports in their own portfolio. I sit there and I guess I look at even my wife's friends and some of these people like just in their social network, the people I know and they know so much stuff about these athletes. I'm like, even if you're right, what do you get out of that other than cheering for someone else? Why not do that with your own portfolio and think of the mining sector as this fantasy sports thing? You can get really rich if you pick right and get to know the right people in the sector. Why cheer for some other guy who is rich throwing a football when you can throw the football to yourself and become rich?

Frank Curzio: That definitely makes sense and that's good advice. We'll leave it there because I usually like to keep these

to 20 minutes and this is 30, 35 minutes because all conversation just flow. I love that what you speak too, Marin, you're not speaking to institutions, you're speaking to individual investors where they can understand you. I really appreciate that. I know they appreciate that. You always offer ideas for my clients and subscribers. With that said, I'm looking forward to seeing you next week speaking at the event. Hopefully, you have five minutes for me because I know everybody is going to be [inaudible 00:47:16] since you are partner and it's going to be really crazy. I definitely love to get everything out.

Marin Katusa: I always got time for you, buddy. I always got time for you.

Frank Curzio: Now, I hate you. We always do lunch or whatever. We'll grab lunch or dinner. I'll see you in a couple weeks. Thanks so much for coming on and I'm looking forward to the conference, buddy.

Marin Katusa: All right, buddy. Take care.

Frank Curzio: All right, guys. There's always great stuff for Marin, always has strong personality. Some people like it, some people don't. I like it because he always know where he stands. He's never on a fence about anything. He's going to give you his opinion. If that differs from a lot of people out there, they get pissed off and I understand. You always know where he stands. Sometimes I can't say that for the other analysts where they bullish and bearish, depends on what the markets doing. If it's up, usually they're bullish. If it's down, they're bearish. They come on and they recommend stocks and there's no really accountability especially when you're seeing these guys on TV where Marin is on this podcast.

Frank Curzio: He talks about his winners, talks about his losers. I respect that a lot again. Just this is someone that's help me become an insider in the resource industry, that's

introduced me to some of the biggest players in there. Rick Rule, Jeff Phillips have also helped out, that just paved that way for me. It's something I really appreciate and hopefully you appreciate it because he always comes up with new ideas and shares new ideas and gives honest opinion. For this conference, if you're attending or in the neighborhood in Vancouver, to get it for free, which is available to all my listeners, I'm going to be providing a link. Let me know.

Frank Curzio: Just send me an email frank@curzioresearch.com because I don't have the link yet. I'm going to get it pretty much in a few hours after this thing goes live. If you're attending that conference, make sure you do it through the link because then you'll get them for free. Most emails and stuff like that, you're not going to send anything or anything. It's just something I provide for your guys, because I like to share all my resources with you and help you guys make money and hopefully at least some more subscriptions for our products and stuff like that. This is something that's absolutely for free, no strings attached or whatever.

Frank Curzio: If you're going to attend and don't pay to get in, you could use this link and get them for free. If you're interested and you want that link, just send me an email frank@curzioresearch.com and I'll provide it for you. I try to put up on our website. Again, I'm going to get it after this podcast publishes. Now, I am going to be speaking at this event, the VRIC. My speech is going to be a little different because I got to be talking about digital securities including our security token offering, Curzio Equity Owners, which is just weeks away from launching. I'm going to send you all the details including our white paper, the week of the launch.

Frank Curzio: It's about two weeks away, maybe even sooner. We're just going through just the minor things, design and stuff like that and get ready. We want to make sure we're learning

to use the platform. We want to have our questions. That's why we want to really sample everything before investors actually go on it, that's why we're able to answer all your questions and make it easy and provide FAQ and stuff like that for you and just maybe videos to make it very easy for people who are interested investing in this. In that speech, I'm going to break down the entire digital securities industry and tell the audience why this is a multitrillion dollar trend that few people know about or positioning himself for.

Frank Curzio: I talked earlier about how the CES lack innovation at least over the past few years. For me, digital securities, this is going to be one of the most innovative trend disrupting numerous industries. I'm talking about disrupting investment banking, real estate, brokers, royalty companies, exchanges. It's here. It's happening now. More and more STOs are being launched. You're going to see more exchanges come online especially in the next six months. You're going to see these things trade just like stocks or similar to stocks the way you're going to have equity stakes. These things are going to pay dividend.

Frank Curzio: There are going to be existing companies, not companies written on a cocktail paper napkin where you don't even have a stake-in like the ICOs. This is an amazing industry that's really, really attracting some of the biggest players on Wall Street and they're waiting again. As soon as regulation comes, not really for STOs but for the exchanges. They want to make sure the exchanges are regulated. They know everybody on these platforms this way, the IRS knows just like they know it's a broker's account. That's why if you make money in your broker's account, you're going to have to pay taxes on it. Same with this, they want the same rules.

Frank Curzio: I know when you see Crypto and you're like, "Well, I wish it was decentralized, not regulate." You need regulation. People needs to know their money are safe, it's not

going to be stolen. There's nothing you could do about it. That's how something like this will go viral. It's a way to eliminate the middle man when it comes to financing. It's an unbelievable trend, again, something that the most innovative thing I've seen since the creation of the incident. You talk to someone who's covered, Cloud big data analytics, IOT, Shell oil and all these major trends. I truly believe this is going to be a much, much bigger trend. You say, "Wow! A trillion dollar market!"

Frank Curzio: There is over \$250 trillion in assets that could be tokenized. If 1% decide to tokenize, which we're seeing out there, we're seeing famous art. We're seeing famous hotels. We just saw a company trading on a Nasdaq that tokenized one of its assets. It's been trading Nasdaq for 10 years, a biotech company, one is leading drug candidates for cancer. They tokenized that lead drug candidate. You see that happen a lot in biotech, in mining. Instead of buying the whole entire asset, you could basically tokenize just your best assets. That's something that I'm really interested, owning the best assets of a company and not just all the garbage which comes along with everything.

Frank Curzio: That's pretty cool. You're going to see that's happening right now. You're going to see it happen on a much wider scale, especially over the next six months and in the next year. That's why I partner with some of the best people. That's what my speech is going to be about. It should be pretty cool if you're there. Please attend this speech. I'm going to be walking around. Feel free to come at me. I love talking to you guys. I love you guys, listeners, subscribers, everybody. I'll be around the hall. You're free to stop by and say hi, want to catch your speech. I'll probably have a link to it within, I'd say, about five days. I'm going to post on our website.

Frank Curzio: I'll send that out to everybody as well if you're interested. Again, you could email me anytime at frank@curzioresearch.com. Now, let's get some educational

segment. I'm going to break down some of the biggest trends I saw at the CES, winners, losers, everything. You can start with 5G. The 5G is one of the biggest themes this year, also last year, much more this year. The 5G cycle works like this. You need to create the infrastructure, which is towers and stuff like that. All right, check. They did that by the tower companies. You talk about lots of different names and tower companies. You also need the wireless carriers to provide 5G coverage.

Frank Curzio: You have the AT&Ts, the Verizon T-Mobile sprints, check. They're doing it. You also need semiconductors to make the parts that allow phones to have 5G. Broadcom, Skyworks, there's tons of names in chip companies. All right, check. They've done that. Then, what you have is the last part is the smart phone companies because now they incorporate these parts into the next generation of phones and they start selling them with 5G capability which Apple and Samsung are going to do when they launch their next generation of phones which for Samsung is coming up not too long from now. Apple is usually September when they launch. The 5G trend is here finally.

Frank Curzio: It hasn't been here, people have been talking about it. Again, American Tower and things like that. Chances to make money off of the early stage. I don't think those companies have performed so well, especially over the past few months with the market coming down. 5G is finally here. How do you make money off of it? The best players, Qualcomm, Intel. You could buy some of those tower companies, the American Tower, Crown Castle, SBA Communications I think are the leaders. I'd stay from the semi-names since they're not fully leveraged to 5G. They're in other areas of the market. You could probably [inaudible 00:55:13] Intel and Qualcomm.

Frank Curzio: They're into much bigger growth market. Many of the small chip companies provide parts to smart phones. Hey, we just have Samsung. I told you that last week, seeing

a slower demand, Apple obviously is telling you slower demand. More important, I've been highlighting this six months ago because we recommend Taiwan semi-conductor who is the leading indicator on everything because they produce basically all the chips for all these companies. Telling you, six months ago, that they're seeing a huge slowdown in smart phones which they would there. It took six months later. You had Samsung won, Apple won.

Frank Curzio: When you have exposure to all different markets, you're not going to benefit that much from 5G when a lot of your exposure just to other parts that go in smart phones as well. I do like Intel and Qualcomm as players off of this even though Intel did a poor job this year at the CES. Not that it's a negative for the stock, not that we're trying to do. Basically, they come out with, say, Intel inside. Now, their theme is Intel outside. They're showing autonomous vehicles. They're showing agriculture. They're showing just plants growing in different things, how Intel impact so many things outside instead of inside. I felt like I saw a lot of that stuff already.

Frank Curzio: I know Intel does that, but still I think they did displayed 5G and AI and stuff like that and those are two major markets for them, 7 nanometer, 10 nanometer chips and stuff like that and making sure they get those launched on time. I didn't really like the display compared to last year where you saw all these trends upfront which is really cool where we know about autonomous vehicles. Now, you're putting yourself into hundreds of displays where car companies displaying the same technology and stuff. I don't think they did a great job this year. Again, that's not a negative for the stock. They are in the major trends, secular trends finally over the past two, three years.

Frank Curzio: That's starting to account for more and more of their overall revenue as a percentage of revenue which that's what you want. That's where IBM is going. IBM did a

fantastic job too at this conference. They had a great presence and they have a leader board. They're saying the most talked about companies and they have the top 10 there. I think IBM was sixth or seventh. I've never seen IBM on that list before. Just AI capabilities, they had two different presence I think at booths, one on the main floor and I'm pretty sure they had one in the Sands Expo as well.

Frank Curzio: I was very impressed with IBM and just having the right people in the booths, talking to them about the new technology, the excitement. It was really cool. I thought IBM did a great job. AI, another major trend, tons of companies involved in this which is basically machine learning. Guys, it's scary. If you're not familiar with AI, the machines are basically learning about you. While so many of us love to be spontaneous, love to do things off the cuff, we're not. We all do the same things each day, every single day. We're predictable than anything. We eat breakfast at the same time, drink coffee at the same time, go to bed at the same time, you work at the same hours.

Frank Curzio: You go on vacation around the same time with your family. You buy the same products every week especially the food. You like to eat the same food. You take your kids to whatever events that they're doing or the chess tournaments for my daughter to the soccer and stuff like that or dance at the same times every week. We're very, very predictable. AI is able to track your events, the purpose to make things easier for you to predict which is cool. If you have Google and the emails, if you know it's finished typing your sentences now. Because it's use is learning from you, which is cool.

Frank Curzio: It's also a danger if its data falls into the wrong hands because they're going to know everything that you do, kind of what we saw with Facebook where people like to post everything about themselves. I just think it's funny how there's no surprise that Facebook is basically selling

this data at everybody. You're posting everything you do, way you are. Right now, check again, what I like, you're hitting the like button, providing pictures of your kids at different places. Just so much information you're giving people. What do you think they're going to do? They own that data. It's just surprising to see how many people being upset, but you shouldn't be surprise that happen.

Frank Curzio: Anyway, when you track all that data, it's much easier for marketers to target you which is multibillion, if not trillion dollar industry, every company markets. What would you rather do, market on a TV show and you don't know who's watching or for me market to people who bought newsletters over the past three years? What do you think my return on investments going to be better? That's where the market is going. AI is a big part of that. Intel IBM really, really great in this area as well. NVIDIA had a monster presence at the CES, new graphic cards. Again, not just folks on gaming but autos as well along with big data analytics, Cloud.

Frank Curzio: You have Twilio, Micron, of course the majors like Amazon, Microsoft, Google. I think Amazon was hands down the biggest winner at the CES. Last year, all the smart home devices and everything and I'm talking if not thousands, over 10,000 devices. Somebody's company is supplying 50, 100 at a time. They were compatible with the Apple home, the Google assistant, Alexa. That was last year. This year when it came to smart homes, guys, and by the way I'm saying I'm going to say it low, Alexa because I have an Alexa in my office, that's actually going off right now which is funny. This year, everything was Alexa.

Frank Curzio: It was no mention of Google or compatible with Google. No mention of, hey, you can use this with Apple. Everything was Alexa, everything was compatible with it which I thought was pretty amazing. Speaking of smart phones, the biggest one arises was Honeywell. Not only they have simple cool devices with smart homes, I talked

to these guys in their booth, it was incredible. They're compatible with I would say over 100 companies. What does that mean? Well, there's 50% of people that have at least one device in their home, smart home device. When it goes to the second room, it's like just 20% in the U.S. There's a massive market.

Frank Curzio: Think about home builders and working with home builders and make you how smart ... All the appliances are smart now. All the lights are going to be smart. Everything is going to be smart and they're all operating through Alexa. When you look at Honeywell, Honeywell works with all other companies which I think is a big deal because they might have better cameras and maybe better technology and just a better platform in some areas and maybe not in other areas. If I decided to get a smart home and do one or two rooms and then I decided, well, Honeywell just came out with these great products, I could install them and everything is going to work together on that platform.

Frank Curzio: To me, that was a big deal. You don't see that will all companies. That's why the smart home revolution didn't take off even though since 2014 they've been talking about it. I said last year was the year. Now, you have the hub where everything is compatible and they can work together which is a big deal. Going into another winner was Procter & Gamble. I know right, ain't that crazy? The first time I think I saw them at the event but I loved it. Talk about a boring consumer home product company, getting into new technologies. It was true that their PG labs division I think is where the venture division.

Frank Curzio: They own Gillette razors where you can make your own razors on the website which you'll do to 3D printing. Then, you pick a blade and they get sent to you in a few days. They adapted the Dollar Shave Club model where you have a monthly subscription for new blades. It was just the technology was cool. They had skin care products

that were really awesome that targets psoriasis. This is over-the-counter and products that help women during menopause and things like that, just really new stuff but the booth was really cool. Just the technology and the focus even through that [inaudible 01:02:57] Oral B with smart toothbrushes and stuff.

Frank Curzio: I was just impressed that they see the world and know where technology go, where people ... I don't know how many people going to buy a smart toothbrush. That's going to be normally five years from now. Everything that could be connected will be connected. It reminds me of Intel three years ago when they were just behind the curve and I came back from the CES and said Intel just kicked it. It was the best company there. Sure enough, that company more than doubled since then. I feel like when you look at Procter & Gamble and IBM, they're in the same spot right here.

Frank Curzio: Well, Procter & Gamble is a little early but I love what they're doing, making it exciting, trying to get into growth trends because the consumer business is a very slow growing dividend paying business. It's nice when you add a growth component. You want a good example? Look at Microsoft. Microsoft started getting into Cloud, look what happened to that company, it tripled in value. Before that, even though you want a [inaudible 01:03:52] and the acquisitions and the stock price, their earnings went up almost every single year. That's like credit price stuff like that. If you look at earnings going higher, the reason why that multiple didn't go higher is because there weren't any growth markets.

Frank Curzio: They're just constantly selling Office new version, some are good, some are bad. They try to buy different things. LinkedIn is probably working out for them. Skype, I think, is working out for them as well even though people rigged on that deal when they bought it. Even though there was 10 people willing to pay seven billion for it and I think they

paid eight billion, but just getting more people to their platform. Anyway, let's not go on and on. When you add a growth component to a large company, that multiple is going to go higher and higher. The fact that Amazon is in so many growth markets means they have a higher multiple because they continue to grow their earnings faster than everybody else.

Frank Curzio: Maybe Procter & Gamble gets there. Intel got there. IBM is starting to get there. That's a good way to look and buy good companies that pay a dividend with the growth catalyst that are dirt cheap right now. I find some of my best ideas. Real quick as a run along here. Smart cities, still an amazing trend since infancy. Parking, lighting, irrigation, everything is controlled by sensors which is saving the cities that have used this probably dozens now, millions and millions of dollars every year just dimming lights, watering the plants at a certain time in the areas of the park and stuff like that.

Frank Curzio: It's just unbelievable with the traffic lights to make sure you lower congestion emission and stuff like that. Just start researching that. I'm not going to go over any names, because I have one of the best in my portfolio. I don't want to give it away, but it's a trend that I love and it's going to continue to be very, very big at least over the next 10, 15 years. The technology for drones is getting insane, much faster, better cameras, more usage. I say more usage for pipelines, agriculture, real estate and they also incorporate any big data analytics along with Cloud and AI to improve crop yields, productivity, returns.

Frank Curzio: AVAV, which is AeroVironment, is still my favorite name in the space which is down off its highs. We took profits at I want to say close at 300% on this name and we sold half of the position. Since then, it's down about 30% from its highs along with the rest of the market. They'd come back a little bit. Hey, they're still doing great on earnings front. They still continue to be at earnings estimates, still

growing. The AVAV is more of a focus of government than it is for individual consumers when it comes to drones. Energy cell technology, a company called Widex, W-I-D-E-X, was using this technology that we charge its battery for its hearing aid.

Frank Curzio: It took 12 seconds to charge it for 24 hours of usage. I'm going to be looking more to the technology. Hopefully, one day it can make it into smart phones which I think is something that's revolutionary if they could just come up with a battery that last for two, three days. I think everyone in the world would buy that smart phone. We all hate charging our phone at least once a day, twice a day, whatever it is. Kohler may have had the best presentation, smart toilets, smart shower, smart bathroom, mirrors, faucets, play music, change colors, the faucet shuts off using your hands and works with Alexa where you could say, "Alexa, pour me three cups of water," when you're cooking and will pour you exactly three cups of water.

Frank Curzio: The showers, everything was incredible. It's probably something you need to see. I took videos on this. Again, you go to my Twitter account, @FrankCurzio, because I'm not doing a justice explaining it. It's just something you have to see, even the smart toilet that folds down that looks beautiful, just looks like a little stand and then it folds up, and then comes out obviously when you have to go. Kohler really blew me away with their technologies and that was huge. Ecovacs is a company that has a window cleaning robot. It just sticks to the window and it just cleans the ... I thought that was amazing. I thought it was awesome.

Frank Curzio: Think about it, you're not going to see those guys hanging from 40, 50, 60-story buildings cleaning the outside windows. Those guys [inaudible 01:07:46] anymore. I think that was a wonderful invention. They showed this big window, the robot just going up and down and cleaning it. When you think robot, think Roomba-like.

It was like sticking to the window and just going up and down and cleaning it all around. I thought that was amazing. Ecovacs also has more than a dozen of their own Roomba-like robotic vacuum cleaners. In fact, there's at least 10 company displaying Roomba-like devices. I'm not sure if that's good news for iRobot.

Frank Curzio: You want to check the percentage of revenue they generate over that product. There was a ton of companies and some really cool technology that look like it clean better that were cheaper. Definitely take a look at that. Wearables, hundreds of companies displaying watches, outside design, almost all of them had the same features, the steps, heart rate, display text messages, had their own app and stuff like that. I think the difference in wearables was digital health companies. Several companies tell the people who have heart attacks or strokes where the device can track your heartbeat at all times and records to your doctor.

Frank Curzio: I thought that was really cool. They had companies like Boston Scientific and other hardware companies in that industry where they have implant devices that use neurotransmitters to control your pain. They test it first and if it works and you like it, then they insert it in your back, in that fatty part in your back. It has a two-year battery life and then it basically targets these neurotransmitters. It's controlling the brain that tells you have a lot of pain [inaudible 01:09:14]. Pain is good, lets you know that something is not right. They said the way they're targeting it is they just lowers the pain threshold while the people on chronic pain. I thought that was pretty amazing.

Frank Curzio: I love those products. Robotics, real quick, I played a robot in ping pong which I mentioned earlier which was cool. It was awesome. It was in front of over 100 people and it was really cool. Just sensors, AI, robotics all together and it was amazing. It was really playing me and it goes basically based on your level of play and then it could match it

and then teach you how to get better. They don't sell this product. It was just displayed where as a technology thing where this is what we use in automation and stuff like that. That was amazing. Tons of robots from Samsung and LG, which both of them have personal robots that they had displays.

Frank Curzio: Again, I had a live video presentation of this on my Twitter feed which is really cool. These things follow you around, do whatever you want. It was weird and creepy at the same time, it was also cool. Definitely take a look at that. Overall guys, listen, there's a lot of really cool things, lot of good ideas, also terrible things like the U.S. post office, taxpayer dollars basically. They're every year now, but it's a pretty big display in a main area in the Sands Expo. There's no real technologies for it. It's not something like, "Wow, you got to go use post office now." Just disappointing to me. GoPro, they used to have a big presence there.

Frank Curzio: This year, they put their huge booth like in the very main area where you pay the highest cost like Panasonic, same level to Sony and stuff like that and the major companies that I know spend millions on this. Because these displays are fantastic. Again, you see a lot of this in live videos I have in Twitter. GoPro spending a lot of money to be there and the booth is crowded and I know that their new Hero camera had got great reviews. The Hero camera, I've seen similar products offer by a lot of foreign companies, Asian companies, China, Japan that were cheaper that have the same features. I was surprised they pay that much money and maybe that's good or bad.

Frank Curzio: For me, it's stuff that I avoided because they don't have any proprietary technology, any special patents. People can come in and make the exact same product. When you're a one-product company, basically that scares me. I always avoided GoPro and the Fitbit and stuff like that. Finally, some disappointments, no Gibson. Gibson usually

has a big tent there and they have live bands playing and you could drink beers, wasn't there this year. I don't know why. Under Armour this year wasn't there, interesting, very surprising. They're there almost every year. Last year, huge presence, very big, had some of the best athletes' attendance and stuff like that.

Frank Curzio: I took videos of it. Some interesting things, again, I'm not promoting my Twitter account but you're going to see Uber taxi helicopter that's unbelievable that I have a video of. You have to see this thing to believe it. It's huge. It's amazing. It's got like four different copters. It's unbelievable. VR and AR, virtual reality, augmented reality really a key focus this year but incorporating it with big industries like building. Pre-building stage, I can go in there and save up all the schematics, whatever. I can go in there and just look at it and change different things with the VR, things that I want to do before you actually building or add on certain things during the construction phase.

Frank Curzio: I try other technology which is awesome. The last thing, guys, is autonomous vehicles. Tons of car companies displaying amazing, amazing cars that you probably can't really buy. I'm not a fan of autonomous vehicles. They're going all in on this trend and I don't see this level five where everything is autonomous. I don't see it. There's people like me. I like to drive. I want to go in if I want to get a bite to eat or something. All you need is one guy like me to crash into one of these things. Forget it. It disrupts everything. Whose fault was it? Was it this? Was it that? Where they think this industry is going, maybe it gets there. For me, it's longer than 10 years.

Frank Curzio: You have self-driving cars and they drive around Vegas now and even last year. That's fine. I'm talking about fully autonomous. What they're starting out with what you saw from Hyundai, what you saw from Kia is these busses and mini busses that actually ... Maybe that becomes a trend

first. All these guys really get into autonomous vehicles, I just don't see this being a major trend right away. Yes, it's a feature that you have, you can use on Teslas and stuff like that, and I get it. Just fully autonomous is different levels. Level five is fully autonomous, you're not to do anything.

Frank Curzio: I just can't picture people going into cars sitting there for two, three hours and letting the car drive itself. I like driving. I don't mind driving. Some people do, some people don't. I think this technology is good for working in the cities, in major cities. The amount of money that's being spent on this trend, the parts and everything, the car companies are in trouble right now. Everybody has cars that are affordable. I think people are going to continue to buy cars every single year like the iPhone. That's why you're seeing a lot of these things decline. I'm just not totally sold on autonomous vehicles. I know it works. I've seen it works. I've seen this technology. I sampled it.

Frank Curzio: To go into everyone's household where your neighbor has a fully autonomous vehicle, I just don't see that happening any time soon. I don't know if I would tell you to buy any of the car companies. The chip companies are making money, the NVIDIAs and stuff like that, even Blackberry omics technology. They're making money because the big companies, OEM companies, are spending a ton of money to incorporate a lot of this in gadgets and features into their cars. When it comes to autonomous vehicles, I just don't see that happening right away. I think it's going to be big disappointments if you think this technology is coming around the corner in less than five years, because I just don't see it.

Frank Curzio: Guys, men, doesn't get better than that, right? You're sitting at home, doing all this work for you, kind of crazy. I love it. I love learning new things. That's when I start the CES. Again, Curzio Research Advisory members, you're going to get my next issue. I'm going to have lots of

pictures in there, a place where you can go see videos and again recommend the best company I thought that was at the CES. Again, it's a great company, almost no one's ever heard of it. I never heard of it before this and I was just blown away by this trading in a fantastic price. If you're a Curzio Research Advisory member, you're going to get that issue on Thursday.

Frank Curzio: Guys, that's it for me, nice long podcast filled with tons of ideas. Any question, comments, be sure to email me, frank@curzioresearch.com. That's frank@curzioresearch.com. Again, please go to the Twitter [@FrankCurzio](https://twitter.com/FrankCurzio) and you're going to see a ton of coverage, a lot of videos. Again, I don't care if you follow me, if you'd unfollow me after that, but just don't look at those videos and be like, "Wow, this is cool." Think of it as how you can make money off of this, where is this going to lead to. That's how you find the best ideas, by looking at different technologies and saying, "Well, how is this going to be incorporated on the industry? Who are going to be the major players?" Believe me, for me, that always leads to lots of lots of ideas especially in a tech space after I attend the CES. Guys, thank you so much for listening. Woof! See you in seven days. Take care.

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