



Frank Curzio's WALL STREET UNPLUGGED

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

Frank Curzio: What's going on there! It's March 6th, and I'm Frank Curzio. This is the Wall Street Unplugged Podcast, where I break down the headlines and tell you what's really moving this markets. I spent much needed time with my wife yesterday. It's been busy, crazy. So got tickets a couple months to go see Pink in Jacksonville. Man, she was awesome. Just killed it, flying around the audience. Wires, trapeze, everything. Just singing, not lippping. Just awesome - really, really great concert.

And even if you don't like her music, I just love the fact that she's like, "Here. Here I am, this is me. If you don't like it, F you, I'm not changing." And that's powerful to me. I love people like that. Just, "Hey, this is me. That's it, not going to be what you want me to be or what I'm going to do. And whether you like it, you have to respect it." Right? Because she shared a story about her daughter, who she brought on stage with her. And her daughter asked her why is she so ugly? Right, that's what she asked. "Why was I so ugly?" And she was talking about this on stage. And she's like, "You're not ugly." She's like, "Look at Mommy. They said I was big-boned. I look like a guy, gonna turn out to be a nobody." All these people criticizing her and criticizing her. She said, "Now look, look at this stadium. It's completely sold out, I've sold out every stadium. So just be who you are, because you're beautiful. You're perfect."

And it was such a powerful story, right? To me or to anybody. Because the most difficult thing, especially in today's world, is being different. Right? You're not part of the crowd. What's going to happen? You get made fun of. "We don't like you." If you go back even looking at

some of the most successful people in business – Bill Gates talked about that during his early years. He was always teased.

I remember Jack Dorsey, who I love, a guy that doesn't really know how to fail. But everyone said, "This guy can't run two companies, it's crazy." If you don't know, he's running Square. Square as in the teens, people said they need new management. He's going to need help. Went from the teens to the \$75 dollars, 30 billion dollar market cap.

He also runs Twitter, founder of Twitter. That fell into the teens after it came out to \$4 a share. And man, you go back and look at those articles. They wanted that guy's head on a plate. You're like, "This guy, gotta get him out of here! We need help." Everybody. You put on CBC, everybody was ripping this guy. Everybody. When they had that downfall, they went to 16, 15, around there. Now? Stock's over 30 again. One of the greatest platforms out there.

I mean, if you look, the most successful people and most popular people in the world, they're all on Twitter. Warren Buffet, the Pope, every musician, actors. Not saying that, "Oh, that's why it's so popular." But it makes it powerful, because millions of people are able to follow their favorite musicians, their favorite actor, whatever. Right? They're going to use that Twitter to connect, to bring people together. So it's just a matter of time before the company figures out, "Hey, let's figure out how we make money on this."

It's kind of like Facebook, if you think about it. [inaudible 00:03:39], IPO, whatever, 50 something, fell to the 30s, went to the 20s. Man, they really wanted Zuckerberg's head on a platter that day, it was crazy. Go back and read those headlines; market was crashing, and look what Facebook did. 160s now? Went over 200, pulled back, yes.

But getting back to the point here, being different is good. If people are making fun of you, it's usually because they're jealous, or they're really insecure. It usually means, believe it or not, that you're doing something right. And this is gonna go to the first interview here.

Getting to the point here, because if you have some crazy idea, ideas people are gonna tell you that, "You're an idiot for pursuing, it doesn't make sense," go for it. Just go with it, especially if you're young, because you have a lot of work in your power. If you fail, there's still time to do other things, tackle other ventures. Maybe change a career - so many different things. But go for it, don't listen to so many people. You want to listen to people, you want to get advice. I've taken advice from so many people that are brilliant and smart. But at the end, if you're really passionate about something, do it. 'Cause I have to tell you, your idea could be amazing.

And that's why, with our company, I want to focus on the new people that we hire and the young people. I want to hear their ideas; I don't care if they're bad, I want to hear their ideas. I want to hear their perspective, because they're going to think differently from us. And they're going to know the newest technologies out there - they knew Instagram before anybody knew it had any value. All these companies, so many of them, but giving them that platform to actually share their ideas and explore them.

Because I got to tell you, you don't disrupt markets by doing what everyone else does. Well, what we see all the time, right? When companies change their names, through each bullish cycle. You know, it's 2007, and they have a uranium company. And then 10 years later, vanadium prices start doing great. Starting going high - vanadium's a byproduct of uranium, so it's easy to change your name. "Oh, we're a vanadium company now." Or then, "Hey, let's buy a small property with cobalt. Cobalt is hot right now." And now, those same companies, they're marijuana

companies. No, you're not going to disrupt markets by just following the trends all the time. You're not. You're going to disrupt markets by doing things differently, by doing things that were tested that didn't make sense.

I have a good example of this in my industry, the financial news industry. It's a cardinal sin to give stuff away for free, it's been tested time and time again. Give out too much free stuff, subscribers or people who follow you, they're never going to pay for anything. They just want free stuff all the time. You talk to any publisher outside of us, every one of them, they would tell you, "Don't offer a lot of free stuff. Maybe an e-letter or something like that."

Well, us here, we've got e-letters, they're published on curzioresearch.com for free. My weekly breakdown, where we highlight the best financial stories every week, is free. We have a token tracker site, where we list news about security tokens every week. Which, three months ago, we're like, "Hey, let's see these stories." Now, we can almost do this daily, 'cause this industry's getting widely adopted. I would love to be first in the market on this thing, or pretty close. It's exciting. But that's for free, and you know what? This podcast is for free.

Which is interesting. Because I was told by numerous people I worked for throughout this industry that doing a podcast is completely, completely useless. Waste of time, waste of free time. Well, this podcast is the reason why I was able to launch by business. It's the reason why we generated over six million in sales in our first two years. It's the reason why we have an opportunity to become bigger than the publishers that told me that my podcast was a complete waste of time. So for us, our free model works. And you know why? Because we're not full of shit. So when people read our free stuff, they listen to the podcast. They know I'm in the field. They know that I'm at conferences. See that we're doing homework, sharing

ideas. How much time we're putting in. How much we care, you get to see that stuff.

That's compared to what? Getting a random email from a newsletter publisher you may have never heard of. Interesting, because according to the promotion, that person is about to become the next Warren Buffet, who probably never had a losing position in five years. But the email's super aggressive, hyped up. That's the only means of communication. They promise you're going to generate 20 X returns in six months. Or the best ones – it gets even better – when they said, “The market's gonna crash. Get out before May 1st. Market's not going to crash May 2nd, it's going to crash May 1st. That's the data you got to get out.” But that's the communication in a high-price sale.

But for me, for us, for our company, we didn't listen to the numbers. And we do follow numbers, of course. But we tested this ourselves, and you know what? We found out pretty quickly that offering free content to new people, or people who aren't familiar with our brand yet, and that's a great way to introduce them to us, through that free content. Because once they come in, they end up becoming paid subscribers. And this model works if you have great content and good services. Worked for Dollar-Shave club – at a dollar, they're losing a ton of money, just advertising. They're losing a ton of money.

But why would they offer their product for a dollar? Because they know when people test it, they're going to like it and subscribe to their services. And you had one small, little company saying, “Try our service for a dollar.” And now, how many millions of people sign up to it where they're paying \$9.95 a month, or whatever they pay? And here's a company that disrupted a multi-billion dollar industry dominated by major players. What to talk about disruptive? They changed the face of what all these big companies are doing now. And Dollar Shave Club got bought for one billion dollars. 2011 to 2016, got purchased

for one billion dollars from Unilever. Giving away, not free, but a dollar's kind of free.

But test everything. Go out there. Especially when people are against you, you're not part of the crowd. That's how you disrupt markets. That's how you become different. For us, we're looking at our model and testing different things. And that's why we're raising money for Curzio Research, to our security token offering. To get our brand in front of more people, because we know by our numbers, people get introduced to us, our podcast, our content, they pay for our subscription services. And right now, instead of us having a small list of 40,000 people - which, by the way, has grown 60% over the past four months - we plan to grow a list into hundreds of thousands, and potentially millions long-term. You think about millions. What are you, crazy? That's a lot of people. It's not as crazy as it sounds in this industry. We know every number, we know every metric.

But that's where our competitors are right now. Hundreds of thousands of millions of names on their list. So we want to get our brand out there to more people. Doing that through the Curzio Equity Token. Give you guys an update, I continue to update you. We pass our three million dollar soft cap last week, so it's a go. Actually pushing through four million right now. But that's all investors have exposure to. For the first time in the industry, actual equity stake in a pure play financial newsletter publisher. Which can't be offered by anybody else.

But things to think about, right? Because by being different, it's not the worst thing in the world. You're going to get people yelling at you. You're going to get, "Why you testing that? It's terrible." I cannot tell you guys, serious, how many times people told me I'm wasting my time doing this podcast. And I'm going to say, almost every place I've been to, that's what they said. Because you couldn't measure it on a spreadsheet with immediate

numbers. “Oh, this leads to this, and this leads to that.” No, they didn’t understand that people want to know the person before they purchase things. They want to get to know – know that he’s real, know that he’s out there, understand his analysis. Listen to him. Compared to just getting a random email that’s all hyped up. I mean, proven, that model works and it’s been working, and that’s why hey, we’re looking to expand our company.

Now I’m telling you all of this, this story’s relevant because of the guest I’m about to introduce you to. I should say, actually, the first guest I’m about to introduce to you. It’s going to be a long podcast; I have two amazing, amazing interviews. Okay? So the first one, his name is Richard C. Wilson. Richard is the CEO of the Family Office Club. It’s a private club, over 1,700 investors. There were 25. Lots of events they held every single year where they focused on managing family offices. What’s family offices? Well, focus on imagining clients who have tens of millions of dollars – most of the time it’s much more than that – and providing all kinds of advice and services to them. And Rich is also a bestselling author.

Now, I’m about to bring Rich on in a second. But he’s not coming on to talk about how, “Hey! If you have \$50 million in assets, you can come and see us!” No. If I had to guess, most of you, probably worth less than \$50 million, most of you. I’m hoping that all of you one day will be worth a lot more than that. Following my advice, that would be great.

But I’m bringing him on because he talks to hundreds of these successful entrepreneurs. He’s going to tell you exactly what they have in common. Going to talk about their investment strategies; I’m telling you, the investment strategies are going to blow you away. For me, I thought they were different than they would be. But I think you’re going to find a lot of value in this – I want you to let me know, frank@curzioresearch.com, but

I want to get the behind the scenes take of someone who talks to them. How they became a self-made millionaire, most of them. How hard they work, what they look for in investments, and how every one of them – tell you, it’s gonna be really great – every single one of them are doing things differently. They didn’t choose to follow in the path of everybody else, and that’s why they’re so successful.

Now my next interview – another good one, guys. I talk about the markets, economy, technical analyst with Chris Gessel, who’s a chief strategy officer at Investment Business Daily. Chris is a brilliant analyst, he’s been at IBD since 1996, and if you’re a value investor – and by value investor, I mean someone who believes in buying dirt cheap stocks, low PEs, have strong balance sheets, and that’s your way. David Einhorn, we all know what happened to David Einhorn the past four, five years, maybe it’s longer now.

You need to listen to this interview; open up, just don’t be stubborn in your investment strategy, and listen to what he has to say. ‘Cause IDB is all about growth, technical analysis – Chris is going to break down his strategies, his methodologies. Finding how many of the best growth stocks these guys have been into through the years. And even better, the fact that he’s been at IBD since 1996 is really, really cool, so we’re going to share a lot of stories and talk about the past, and how IBD grew, and how the mentioned really turned from being so value-oriented, back in the early 90s and 80s and stuff like that, to really focused on growth, as to why you’re buying these companies that seem to be expensive evaluations. But those are the ones that tend to go up the most if you’re smart and you have the right strategies. Chris is really going to break it down; more important, he’s going to share some of his best ideas with you. So two amazing interviews, and you know what? Let’s get started with Richard C. Wilson.

Richard C. Wilson! Thank you so much for coming on the podcast.

Rich C. Wilson: Thanks for having me here.

Frank Curzio: Well, you're a different breed of guest I usually have on my podcast, right? Most are stock analyst, market analyst, CEOs, industry experts. But you're a person that some of the most successful people in the world turn to for advice, since you manage family offices. Explain that concept to people who aren't familiar with it, and also, if you can, when did you decide that family offices was your thing? Because doing a lot of homework, research, and getting to know you now, what you do requires an incredible amount of knowledge, to the point where I'm pretty sure you can easily be chosen to be hedge fund manager, or wealth manager for a major institution. But you why'd you choose family offices?

Rich C. Wilson: Sure, yeah. So first off, family office is essentially a more complete, more holistic, more long-term way of managing your wealth if you're ultra-wealthy. If you can imagine, if you have \$10,000 dollars to invest, it's night and day difference than \$1 million, or \$1 million versus \$50 million, or \$10 million versus \$400 million. You need different types of solutions to the different levels of complexity. And if you have 100 different LLCs, and you have to deal with taxes in seven different countries, you need a different accounting firm and tax advisor than you do if you're worth \$10 million dollars, and you're running a couple Subway franchise restaurants in Florida.

So they're drastically different situations, and so essentially, family offices are around to help those in that unique challenges and needs when they are worth a lot more than those people. And so there's only two types; there's a single family office, which is just for an individual. If somebody sells their network of 200 subway franchises for \$300 million dollars, and they

want a team just for them, it's a single family office. And on the multifamily office side, it's really like a wealth management firm that's much more holistic and long-term, and tax sensitive. They might be serving 10, 20, maybe even 200 clients that are all at the \$10, \$20 million dollar net worth, or higher. So those are the two types; I don't know if you have any questions about those before I go on about how I got started in this space.

Frank Curzio: No, go on about how you got started, I think that was good. I'm curious to know how you got started in this space.

Rich C. Wilson: Yeah, sure. Well, essentially, I got pretty lucky out of my undergrad; I went through the Chamber of Commerce, and just cold called, and met for coffee with everybody until I got a decent-paying job out of my undergrad. And I lucked out and got a six-figure position at age 21 doing risk control mapping for public trade companies. And it bored me out of my mind, but it paid my MBA in cash, and I realized, at age 21, no one else is going to pay me six-figure, unless it was something based on my results in some sort of meritocratic, "eat what you kill" type situation.

So I looked at commercial real estate, in raising capital for hedge fund; I got hired at the hedge fund side for a placement agency, a third-party marketing firm. While doing that, we found the institution had too many checklists to get by, and the high net worth investors weren't qualified, or couldn't write large enough checks.

So I stumbled across the term "family office," and after doing so, I realized, "Well, I shouldn't waste time with anyone else. I should just approach these family office groups." While trying to do so, I realized that there weren't a lot of them out there that were public at the time, 2007. It was hard to learn about them; when I did find an article, it was three years old and written by a

journalist who never worked in the space, or ran one. So I just told myself, “Well, I’m just going to meet with these types, share what I’m learning online, just to teach myself. And I’ll get better over time.”

And long story short, once I started sharing things online, this took off and it started getting a couple hundred people a day coming to the website. Started getting calls all the time, spoke 150 times in 14 countries, and bought familyoffices.com. We’ve written 13 books now, and hosted 110 of our own conferences over the last 12 years. But it just kind of took off; I was in the right place at the right time, carry off of the high-value niche, I guess, and just shared what I was learning.

Frank Curzio: And you’re being modest there, because some of your books are bestsellers. Which is really cool, I think everybody always loves to see that, instead of everybody saying, “Whoa! My bestselling books and everything!” But you’re being very modest with the books that you’re written. You get a lot of interest in them. I guess what I want to know, and I’m hoping my audience wants to know this as well, is after meeting these people – we’ve all studied investments of how you’re supposed to grow your investments, how you’re supposed to diversify, compound. Yet, after meeting these people and talking to them personally, and some of them are very successful at an older age, and some of them are younger, have you learned anything different? ‘Cause if I had to guess, I don’t think a lot of these people became rich just diversifying. They put all their eggs in one basket, and they had one idea, and you hear that all the time. But to actually become that wealthy, it seems you like do have to just focus on that one idea. But has anything changed your perception about investing after meeting so many of these people?

Rich C. Wilson: Yeah, for sure. A lot of them play very strategic, multi-part games with their capital and their business. So many of them developed business models that are unique, that

change the dynamic in their industry, that dominate the industry, or that own a mixed-base. They almost sometimes monopolize a niche space, or they find a unique structure to use, and they're able to roll up a lot of competitors. Superior act as the capital, or superior structure, or superior fees, or business model. And then, they're able to have a marked competitive advantage, and an unfair advantage against competitors. Many of them – definitely not all of them – but a good chunk were in the right place, the right time, were great executors, and they also had a compelling aspect or two about their business. So I think that is important to note.

But at the same time, almost none of them created their wealth out of nowhere by chasing some trend. A lot of them were in their space, and then some momentum in their industry or an adjacent industry helped lift their wealth up. It wasn't that they were momentum chasers and they were doing block chain, and then switching to cannabis, and then switching to opportunity zones, and chasing everything. It was more that they took advantage of an opportunity that was either a global opportunity or industry-specific, and applied it to their domain and rode that momentum. Some of them spiked their wealth up in that way.

But the last thing I'd say is just one thing that's really interested is that wealth management, traditionally, is all about playing decent. It's all about diversifying, it's all about putting you in things that are not correlated. It's all about protecting you and cap of preservation. But a lot of single family offices, especially first generation, they're looking to keep playing the game that they're best at. And they see offense as part of their defense, and a lot of them respect what that wealth management brain can do for them. And they have a percentage of assets that has just folded, [inaudible 00:22:54], diversified. And they have a bucket, which is cash-flowing commercial real-estate, and then they have a bucket which would be their offense

game, which would be investing back in the space where they made their money, or the next space, where they want to have full control and do direct investing. I know that was a full-on answer, I'll try to keep my other one shorter. But, [crosstalk 00:23:12].

Frank Curzio: No, no.

Rich C. Wilson: -ideas.

Frank Curzio: That was perfect. I love that, I love that, because I think one of the things, if you read these traditional investments books here, is you always hear that, "You got to diversify." But yet, when you're younger, you have plenty of working power to take on those risks. There's plenty of time to make mistakes, and I'm not telling you to throw everything you own into one thing and lose it. But I think there's something to be said where even the millennial generation, where if you have an idea, go with it. If it doesn't work, there's other opportunities, compared to someone who's 67 years old. They don't have a lot of working power, and they want to live off their money. But the way you disrupt markets, and I think what you're saying here, is not by following trends. Not by doing the same thing that people are doing, it's more like, "Do something completely crazy that everyone thinks will never work." They tested it a hundred times, never worked, maybe just didn't work a certain way. But I guess that's how you disrupt markets, right?

Rich C. Wilson: Right. I like to find a market or an opportunity, and then look at your background, your DNA, your resources, your experience, and see if there's some area that you carve out for yourself, high-end part of that market, that perhaps some very successful groups are doing something more broad, and you could be more specific. So those prospects, who have received the help, or the service, or the solution, at that specific level would see you as the group, which is customized and helping their needs specifically, so that

you look like the Excedrin for their migraine, and not just a blue pill or a vitamin. If you have a migraine, you want Excedrin; if you can find that valuable, niche position, and if there's no one else doing it, you might starve trying to do it. Or you might be that smart and on top of things.

Usually, there's a couple people that sort of direct competing with you – maybe not exactly. But if there's 157 other people with a block chain investment fund, maybe don't launch a block chain investment fund. Maybe by secondary share, off of ones that are cratering and can't meet validity requests to their investors, or maybe a fund that short balls change on, or something that's different. 'Cause if you're just following the crowd, with the crowd, and you're not ahead of it, and you're not the market leader in it, you don't have a defined, unique niche, then you're just going to be mediocre and lost in the ocean of noise of that space. You have to really be distinct, and you don't get conviction with investors or partners by doing something that's plain vanilla, what everyone else is doing.

Frank Curzio: Now, it definitely makes sense. And you run something called The Family Office Club, and I read some statistics on it, where it's a parlor club, over 1,700 investors. And you mentioned early about the conferences; you have about 25 live events each year. I have to say, from someone who's in this industry that's established, word of mouth is probably a big deal. But I would think this industry that you're in, as high barriers as entry, because wouldn't you really be competing with the Goldman Sachs and Morgan Stanleys? And I could picture their pictures saying, "We get into the best deals, we're everywhere. We know everything." Is that kind of like your competition? And for you, I'm sure you don't have to worry about that. But just getting into the industry that you're in. Seems like it would be high barriers entry. Very, very competitive at least.

Rich C. Wilson: It definitely takes time. It takes patience, because you're planting seeds, and if you don't do things for long-term, people will smell it out, and then nothing will work short-term. So if all you're worried about is short-term, it's going to mess you up, both short-term and long-term, because people won't think you're genuine. You're not adding value consistently, it'll be obvious you're not doing things in the highest quality way possible that's helping the client as much as possible, because you're so worried about getting the bills paid this month, etc.

So a really long-term view is important in this space, but we're not competing really against Goldman and most wealth management firms. 99% of multi-family offices don't help their clients much at all with direct investments. If someone says that they want to buy an apartment building down on 8th Street in their city, most wealth managers will say, "Okay. Well, here's some words of caution, and here's a couple scary firms that we know of you could go to. Let's talk about what else in your portfolio might overlap with that exposure."

But really, it's to their benefit that they keep the money on their platform, inside a wealth management firm, and they try to convince them to invest a wreath, or a real estate fund manager and say, "Don't get your hands dirty. Go through something that's more liquid, that's tradable, etc., and keep it under our asset advisory wrapper agreement." And that way, they get to charge the client more on fitting use, and the truth is, a lot of clients, once they get to \$20, \$30 million net worth and up, but even before that, often times want to do direct investments. They want to invest in the building down the street, or buy their own office park, or start investing with multi-family sponsors. So they end up doing so as very little advisory, or poor advisory, and it's not strategically done from a high level down. And so the result is right now that there's a huge gap in the marketplace of all the ultra-wealthy wanting to do direct investments and not receiving a lot of help with it.

So we help clients that want to start their own single-family office, select the right multi-family office. Or they might like their Goldman Sachs provider, or their multi-family office they're with now, and we can help them develop a direct investment allocation program, and help advise on them strategically really focusing on, "What is the game that they want to play? Now that they've had a liquidity event, now that they're worth X, what are your unique abilities and capabilities? And where do you want to go with that over the next decade?" And I think that's something that we really don't see too many others providing in the marketplace, so we don't really worry about other firms trying to offer something similar.

Because for example, even a Goldman or UBS, etc., when they have direct investments, they're going to be syndicating a deal among ten families. It might be a hundred million plus families, but if not one family is being shown that large asset - and also, it's a very large asset. It's not really worth Goldman's time to get their hands dirty on a 10 million dollar apartment complex for one client. That just doesn't happen on the direct investment side.

Frank Curzio: Nah, it definitely makes sense. And what I found interesting is you've been basically giving folks on one area of the market. And it's something you call - you don't - it's called centimillionaire's market, right? So it's families worth over 100 million dollars, and you provide some interesting stats about this. Where Bloomberg ... [inaudible 00:29:41], there's 3,000 billionaires globally. And we always know stories about billionaires, we see them all the time, right? But there's over 40,000 of these centimillionaires who are institutions, net worth, again, more than \$100 million. And when you're looking at this, and you brought it back to Bloomberg here, they have 12-full time reporters there dedicated to writing stories about billionaires. But zero covering centimillionaires, which creates a big advantage, cause this is a massive market. It's much bigger than billionaires.

So you actually wrote a book about this too, right? “Centimillionaire Migraines.” Talk about that market, because you’re right. It’s something that you don’t hear about. And I bet you they like that, right? Cause once you’re a billionaire, you’re going to get exposure. It’s an easy headline, everybody knows about you. But it’s almost like you can hide under the radar. But you still need a lot of financial advice. Is it better to talk in this market, not just because it’s much bigger than billionaires, but what are you hearing? ‘Cause again, it’s a market that seems like it’s untouched, believe it or not.

Rich C. Wilson: Yeah, it’s not only 15 times larger than the billionaire market, but these people have less gatekeepers. And there’s many more of them, and less people are chasing them, ‘cause they’re not so famous. They’re not the titans who own the Dallas Cowboys that can get in trouble in the newspaper or something, right? They’re people that no one’s ever heard of, so there’s all these different factors.

And I think just like family office in 2007, in the future, there’s going to be a lot of information out on this topic. And I think that individuals that are worth \$100 million plus have distinct needs from others. If there was a word for \$50 millionaire, I would have gone with that, because the needs definitely start at \$30 to \$50. But over \$100, you’re paying for a family office, whether you have one or not. You’re just paying for it in lost efficiency, lost opportunities, wasted time. Things done in a more stressful manner that should be done by a high-quality solution provider at the same or lower cost. And so at the 100 million dollar plus level, you really do need a family office quality solution.

And I think that is part of the message in the “Centimillionaire Migraine” book. But a lot of that book is just explaining that if you don’t have all six of these headaches right now, as a \$100 million plus net worth family, it’s almost inevitable that you’re going to have at

least four or five out of the six. So you might as well guard against them, mitigate the risk of them and apply some thinking models, and practices, and tools to protect your family from what could hurt family relationships, or hurt your net worth.

Frank Curzio: It's funny, because a lot of people might be listening to this saying, "Wow. I wish I had those headaches, 'cause I have so much money." But like you said, it is about playing defense. And it's just the level that they're at, in terms of investing in the right areas. Like you said, a \$10 million real estate project, or getting the right advice and getting everything under control. The fact that you handled that is such an important thing, and I guess going to lead me to my next question here.

'Cause you have a podcast, which is awesome, it's called "Family Office Podcast," where you talk about everything from deal flow, capital raising, market consulting. But I listened to a couple episodes, and you were saying how some of these businesses, how it's a subscription newsletter. It's kind of our business right now - which is our business, financial newsletters. And this was ... I forgot, I don't know if you named the type of business it was. But you used 100 million dollars as a company, "This is where they want their sales to go." But you talked about different ways of giving them advice, where it's not just giving them advice, but you said, "You know what? I'm not going to charge consulting on this; for us, we'd rather get a small equity stake in the business and help them out this way." How do you determine that? Because getting equity stakes in businesses is fantastic. But also, it just might be better to manage the whole entire family office.

Rich C. Wilson: Right, right. Part of it is that, dependent on what is best for the family and what they're looking for, some families are set up very professionally already, and all they need help with is their direct investment program. And really, their focus should be so narrow that really, our work is

going to be strategizing on in their focus, and helping them originate that deal as well. And in those cases, it can be pretty lean on what we would charge on a retainer, or a basis point fee, and have it be more focused on carry and performance, or an equity partnership with them.

Other times, like right now, we're onboarding a \$128 million dollar family, a \$310 million, and a \$500 million. And with all three of those families, they have a lot of work to do. They have a lot of trust and estate planning to do, they have assets that they need to prepare to get out of. One of them has to refinance a large portfolio; there's just a lot of oversight needed, and a lot of hands-on help and introductions, and coordination needed. And then we'll get to the direct investment program, but it might take us 3 to 5 months just to get through some of the basics of where they should be going, and why, and how things should be structured. And so different families have different levels of heavy lifting needed, but a consistent thing is a lack of a formalized direct investment program, I've found. And then there's a spectrum of how much work is going to be needed to get things cleaned up, such as proper financial statements, accounting, tax advisory, estate planning, in place.

Frank Curzio: I'm going to take a stab at this, but what is the number one question – and if I'm wrong, you'll let me know. But what is the number one question that they ask you for? In terms of service, in terms of investment advice. Because if I had to guess, it would be probably, "How can I generate the most income with zero risk?" Because it seems that, again, it's protecting, and it's defensive, and that's why the housing market exploded with CDOs, because, "Hey! Triple A ratings, there's no risk on these things." Then you're getting high, high interest payments. Is that one of the things they ask you? Outside of, "We're looking for an investment opportunity."

Rich C. Wilson: You know, most of them are not overly concerned about

the income. A lot of them are sitting so much cash, they have more than enough cash to not even be worried about the income. A lot of them need to watch what their burn rate is, and match their income against that, to have a sustainable level of assets. But a lot of it is about getting the right, trusted partners around them, and how to get a model in place that allows them only to do what they're best at doing, and what they want to be doing. Not having to do deal with things that they're bad at doing, that cause them stress, chaos, disorder, distraction. And a lot of things they get sucked into are not really to what they're passionate about, or how they create value in the world, or how they create additional wealth.

So whether or not they say it directly, almost everything that they come to me for is a symptom of or a result of, or is very closely related, to the fact that they don't yet have that model and set of processes and systems in place so that they can just focus on the game they want to be playing, and what they're excellent and passionate about, versus being sucked into all the different things that are needed to help manage their wealth.

Frank Curzio: So I want to ask you this, because you're talking about centimillionaires here. And if I had to guess, less than 5% of my audience – probably less than 2% of most audiences, if I had to guess. But what advice would you give young investors, and you covered a little bit before, but what advice would you give them now that you've talked to so many people in this industry that have been successful? Would it be to take more chances? Is it, “Hey, guys, focus, build your network early, when you're young?” Or is it, “Get a major degree at a college?” Because we do have a lot of young listeners here too. And a lot of these people, which I listened to on your podcast, it makes sense to me. These are self-made people, this isn't money passed down to them, where they came out and they found something that, again, they had a niche market that they conquered and they benefit of, and are very successful. But for our

young investors, what is something that you would tell them based on everything that you've learned?

Rich C. Wilson: Yeah, definitely be careful nowadays when you're recording something, giving blanket advice. Obviously, it's not that generic investment advice, but on the career, business advice side, I would say to find a niche area where there's an overlap of where you think there is a lot of money to be made, you're passionate about it, and it plays off of your natural strengths. Things that you're naturally good at, things that you've done before, and you've experienced that. And to find that intersection, based on all the potential opportunities in front of you, and to screen things very heavily through those lenses. And to not be following the crowd, but figure out how you can be in a position so eventually, you'll be leading the crowd or leading a trend, or dominating a niche area, or monopolizing a very focused area.

For example, we help people that need marketing materials put together for investor relations through our pitchdeck.com agency, and we several times now have helped investment firms run a parallel thinking track that makes many people who are in business in their careers, where someone will come in and they say, "Oh! Well we do commercial real estate investments in Florida and New York." And we say, "Okay. Well, which do you do more, which do you do the most of? Where are based out of, etc.?" And it turns out, they might be based in New York, and their biggest expertise is self-storage, for example.

So instead of going out into the world and saying, "We're a commercial real estate firm focused in New York and Florida," and then the investor or someone hears that and says, "Okay. Well I know 5,000 people that are in commercial real estate in those states, so why do I care? What deals do I send you, what opportunities would we work on together?" Instead, it's night and day difference saying that, "All we do is invest in self-storage in

Manhattan.” Or, “We only invest in self-storage in New Jersey, or in Queens, etc.” Because it becomes so much more creditable and clear that you could realistically become an absolute expert on every self-storage location in Queens, or in Miami, etc., and you can cover the deal flow there. You can figure out who the asset owners are, you can know the market like the back of your hand.

And I know a billion dollar plus group that’s done this with office parks within half a square mile of Times Square. And I think their advantage has been that the most expensive real estate in the world is right there. And there’s a lot of highly competitive firms going after projects there. But almost nobody else globally, no one else I’ve ever heard of, only buys real estate there. And because of that, they’re going to know the owners better, they’re located right there. They also doing leasing and maintenance in that area, so they can dominate and have an advantage over others because of that laser focus.

So I would just encourage people to have that focus, and when anyone’s giving you advice, I would just look at what they actually do and not what they tell you. And that’s how I’ve built my entire business, is by focusing on family offices, helping single-family offices. Helping people wanting to start their single-family office, and the centimillionaire area. Those are all different niches within the same niche, and I keep on covering another sub-niche that’s underserved. And I can put a flag in their ground and serve that niche, and fit that target group that’s highly valuable right between the eyes. I think that would be my most valuable advice, because that’s what’s worked for me, and it’s the recipe we use over and over again.

Frank Curzio:

I want to finish with this, because I noticed you have professional designations where you’re a qualified family office professional. But it also says that you’re a certified capital raising specialist. Now how did one become a certified capital raising specialist? Because I’ve never heard

that before. And that has to be one of the most powerful things in the world since, at the end of the day, 99.9% of businesses are looking to raise money. I'm just curious, I've never heard of that before.

Rich C. Wilson: Sure. That's something that was developed over the past ten years; we've had about 6,000 professionals go through our capital raising certification, or family office certification, and some of our others. And essentially, it's a self-paced online certification program to basically teach people the fundamentals of how to raise capital in a modern way – using digital media, using it to track investors to you. Using a lot of things I've talked about on this podcast, actually; figuring out what niche audience you want to appeal to and position yourself as well as possible. And we do 25 live events a year, and half of those events are capital raising workshops, where we go through intensive, face-paced, small group exercise trainings on capital raising. The other half are investor summits, and the capital raising certification, so that somebody in Hong Kong or Australia who can't come to our live events, or who doesn't want to travel to them, etc., can just do the program online and get the level one certification online.

But we also do the training in person, and we offer three different variations on the workshops. They have one called “Capital Raising Catalyst,” which is the fundamentals. We have one called “Investor Influence,” which is all about persuasion and effective communication. And then we have one called “Marketing Material Mastery,” where we go over the 14 different pitch materials you should have in place, and the 9 different marketing materials that could help you be more effective at investor relations and raising capital. And we encourage people to complete several of those programs, so they have a really well-rounded specialist knowledge on raising capital.

Frank Curzio: Now that's great stuff. So like I mentioned, bestselling

author. You have an amazing podcast. If somebody wants to find out more information, more interest in your services and learning more from you, how can they do that?

Rich C. Wilson: Well, most important thing to know is that we've built our whole business based on just giving away a lot of information. And if somebody wants to engage in person, or get help on something hands-on, then we might charge money for that. But we try to make it very easy to get to know us, and just add value first. So if you are in the investor relations, or capital raising world, I've got 80 pages of advice for you at our website, which is capitalraising.com. And there's a book to download. It's the same book, which is my bestselling book on capital raising on Amazon, in case you just want it in paperback form. We sell it for \$3 or \$4 bucks there, cheap as they'll allow us to.

We then, if you're new to the Family Office world, and whether you want to start a family office for your own family, or you want to just learn about the phrase so you can see how you can raise bigger checks at a time, and raising capital, you can learn about the space at familyoffices.com. We've got a free book on family offices there, and we also have our schedule of our 25 live conferences this year, just on the homepage there, familyoffices.com. So I encourage you to check that out.

Our membership model is like Netflix, it's \$299 dollars a month, and it's month to month, you can cancel at any time. There's no long-term lock in contracts, and we got about 1,000 members who think it's worth it to be a member, and coming to the events and workshops. And right now, we got a \$99 first month promo as well, if you go to familyoffices.com, you'll see that. The first month, you're paying \$99 dollars, and we're losing money on you coming to you first event. 'Cause we know most likely, you're gonna like it and be a member for a long time to

come. So we just take that hit up front and take the risk off the table for people.

Frank Curzio: That makes a lot of sense. That's what people do. They give away free stuff when they have good products, right? Which is really cool.

Rich C. Wilson: Right, right.

Frank Curzio: So Rich, listen. Thanks so much for explaining this. It's so many different levels, and I'm hoping this interview went where we're not focusing on necessarily family offices, but how these people operate, how they operate their businesses. Even for the younger generation, and how everything really comes together. And hopefully that came out, and I think it did, but I really appreciate you taking the time to come to the podcast and explain it.

Rich C. Wilson: For sure, yeah. Thank you, thank you for taking the time as well, Frank.

Frank Curzio: All right, guys. Great stuff from Richard. I mean, I love that interview. Just wanted to give you a different perspective. And I always say this podcast is about you, not about me. Frank@curzioresearch.com. Let me know what you thought about it, okay? Sometimes I'll like things. But for me, I love how he talked about the investment strategies of the wealthy. How most of them are self-made millionaires, so they really worked their asses off to get where they are. I love how he talked about the traits they have in common; they want equity ownership, want to look at places they have a competitive advantage, almost where it's kind of a monopoly. How most are not that conservative, which surprised me. I figured, "Hey, you're rich. Let me make sure I got this income." He did talk about cash burn. But no, they're always looking for the next big idea, which is awesome.

And I'm going to reach out to Richard since we're raising capital for Curzio Equity Owners, and our token is lots of access to high-profile investors. I know some of them,

they're always looking for exposure, alternative assets, like a digital security. I was at meetings, set-up into next week with institutions and funds who want to know more about our token. And I may be flying in a couple weeks to either Hong Kong or Dubai, where one friend that I talked to yesterday is going to set up a conference just for us, Curzio Research, and they're inviting anywhere from 15 to 30 family offices and funds. And they've been screened - only ones that have expressed interest in actually becoming investors in my token, have read everything - but I'm going to be pitching my company to them and talking about the financial newsletter industry, which a lot of people don't know about, or the margins, or how scalable this industry is, 'cause most companies are private.

And it makes sense, when you talk to people. People do not realize how big the financial newsletter industry is, they don't realize it's easily over a \$2 billion dollar a year industry. Easily, with incredibly, incredibly high margins. I tell people that, it blows them away. I'm like, "Yeah, that's how big it is." So lots of meetings planned, and that's why I said, if you're still interested in investing in our token, the 28th was the last day I can guarantee discount to my listeners and subscribers, because that was our private sale, which I promised that it was only open to my file. And nobody outside of our followers will be able to invest in the token. But you're still going to get this discount as long as this offering is open, right?

So we're at \$4 million in capital raised - our hard cap is \$12 million. It could end soon, with the investors that we're meeting. And we may not hit the \$12 million. Which is fine, because if I'm meeting with some of these funds - and I've heard this with past crypto funds, I haven't experienced this yet, talking about two or three institutional investors. But some of them just, "Hey, give me a 30%, 40% discount on the token." Why? So you can get the token at \$3 instead of \$5 and then blow out of them day one? It's not in our best interest, it's not in

the company's, the investors'. My name's attached to the company, my friends and family are in it, and if that's what I'm going to deal with, then no. We won't raise \$12 million, it's fine.

But that's why when we're sending out emails saying, "Hey. We can't guarantee it, because once we fill the \$12 million, it's over. But we could guarantee it in the first two weeks of the private sale. And now, we're going out to everybody else." So guys, listen, we're still getting questions from people being interested. If you are, just go to www.curzioequityowners.com. Make sure you read everything. White paper, safe agreement, FAQs. We have an investor guide there, have investors talking to us. Talking to me personally. If you're a serious investor, you have to be accredited to go in this. But everyone on our list, our file, gets a 10% discount, which means that you'll be able to buy the token at \$4.50 instead of \$5. 'Cause you know, that's my way of giving back to you guys, anybody who wants to come in as an investor. But again, I talked to a lot of you personally; if you want to learn more, just go to www.curzioequityowners.com.

Now, today's podcast is running a little bit long. Whenever there's a long podcast, I try to make sure the content is really, really good; hopefully it's been good so far. Things are going to get even better. I rarely do two interviews in one podcast, but again, so many incredible people have been reaching out to us, and even these two that I planned, I planned weeks ago. Some were planned months ago, and that's thanks to you – word spreading about the podcast, word of mouth. And a lot of great guests are coming on, and that's what led us Chris Gessel reaching out to us. He's a chief strategy officer at IBD – it doesn't get much better than that, because he is old school. I mentioned before, he's at IBD since 1996. So he's going to be sharing some amazing stories, and also ideas with you, so guys, be sure to have a pencil and paper handy. There's at least five, six ideas with you, really, really cool. And let's get to that interview right now.

Chris Gessel, thanks so much for coming on the podcast!

Chris Gessel: Frank, it's great to be on with you.

Frank Curzio: Well, listen. I'm honored to have you on the podcast, 'cause you're someone who – I like to say “old school” in a positive way, where you've been pretty much at one company. IBD since 1996.

Chris Gessel: Right.

Frank Curzio: Which means you've lived through several boom and bust markets, right? And we have the younger generation, where they read about and think they know it. But it's a lot different going through this and going through the motions behind it. And you guys have so many [inaudible 00:50:42] strategies for IBD, and you how to predict growth, how to get out of the market when it's bad. Talk about what's changed through IBD, of what you learned over those years, 'cause I think it's such a valuable lesson. Especially for young investors out there.

Chris Gessel: Well, there's been some nuances in when stocks start moving and things like that. But overall, I think the big takeaway is things haven't changed. I mean, the market is acting the same; it goes in and out of a, like you said, growth cycles or up trends. We still see that the time to buy is when the market's in an uptrend, and we have some tools to let us know when a new uptrend is emerging. But really, if you stay and sink with the market, that's the biggest overall factor in your success. And we spend a lot of time looking at the market every day and understanding what it's doing right now. We're not really trying to make calls like, “We think it's going to be up 20% this year.” Or, “We think it's running for a number of years.” We have ideas about where we think we are on the cycle, but really, it comes down to what the market is doing every day, and then everything else follows from that.

Frank Curzio: So what do you think of the market today? Do you look 6 months out, 12 months out? And how does that factor into

your strategy? Because I've argued where right now, it's kind of a Goldilocks economy. If you talk to 10 people, 5 of them are going to tell you that, "Oh, you got tariffs. You got our debt, and all these risk, and we're a little expensive running up." And even though technically, we're not really that expensive, looking on a forward P basis. And then you have others in the bullish camp, saying, "Things are great, the economy's better now. USA is the best." So what's your strategy to determine if it's at the proper market to invest in which, which is basically going to result in what stocks you're going to pick for your portfolios?

Chris Gessel:

Yeah. So yeah, I agree with you, I think that we're in a decent economy. Things are growing. Sure, there's risk; the biggest one is trade right now. It seems like the Fed is off the table, they backed off. So in general, we're positive about this, the general economic backdrop. And then technically, and going to what's happening in the market, at the end of December, we bottomed from a bull market. Definitely the S&P and NASDAQ were below 20% per number of days. We haven't had something like that in a long, long time.

And so when we see a correction, a lot of people get dejected by corrections. And they lose focus, and maybe they're not paying attention so much to the market. But we get really active in the sense that corrections build the basis for the next big move up. And so when the correction was going on, we were looking at our screens every day and finding these stocks that were doing much better than the general averages and building strength lines, which plots their performance versus the S&P, were shooting up higher. And so those were stocks that were on our watch list, and just drawing attention to them.

And then when the market turned, right around Christmas, and then we got a follow through – and a follow through is when you get another big move in the market that confirms what you're seeing previously – now the bias

switch is on, and we were aggressively going back into the market and talking about it, as well as in our premium stock picking products. And so right now, we're in the early stages of a new rally coming off the bull market. Now today, the market's pulling back a little bit, and that's normal. But we really come off a lot out the bottom, which is normal, and it's looking good.

Frank Curzio: So now you say, "Okay, the market's looking good." I love this, because I think this is really cool. Could you take us how you select our stocks? Because say, I would guess when we do hit the bottom, you determine on technicals. And like you said, the market tends to bounce back, it forms a nice bottom. Maybe you want to get more aggressive in growth stocks. Or is it you're looking at the market and saying, "Okay, maybe it's not done yet. Maybe we go into consumer staples or utilities, as opposed to maybe going into - as an extreme example - bank stocks or the biggest growth ones." How do you determine which stocks are you going to pick? Is it, "These are the ones that are going to grow the fastest?" Or it's kind of conservative? But take us to the process where now you have the idea of where the market's going. How does the stock selection work?

Chris Gessel: Well, we're running screens on the market all the time. And what we do at IDB, it's unique in that we combine fundamentals, which is our first screen on the market. We're looking for companies that have great earnings and sales growth. They're doing something special in their industry, or at least there's some move going on in the industry. And then, we apply a technical [inaudible]. So we're looking, "Are they making consolidations? Are they already outperforming the market?" And then when those stocks start breaking out, we're buying them on those breakouts. And we have rules on when to hold them, and profit taking rules, and taking 20% or 25% profits on a lot of stocks. And then letting the others that have really spectacular earnings and sales growth. Those turn into

your big winners, where they might be up 100% or 200% the year, and can really begin a major up move.

So that's the overlay, and really what it is, we have a lot of tools on the site. And some of our products, like Market Smith, has a list called "The Growth 250." We have the IBD 50 in investors.com, or our website, and our newspaper as well. And so we've got all these lists that are looking for really strong stocks, in terms of fundamentals that are also outperforming the market. And so you get this small [inaudible 00:57:18] of stocks that somehow, during a 20% bear market, are actually pretty near new highs, even when the market turns out. And those are usually the first ones to break out, and we're jumping all over those kinds of stocks.

Frank Curzio: Nah, that's great stuff. You know, I also want to go back, because it relates to what we're talking about here. When I think about where you started, and I was in the business back then as well – and that means we're young investors, I guess, right?

Chris Gessel: Right.

Frank Curzio: But when you go back, I remember back at that time, there wasn't a lot of people – and even with IBD, it was foreign to people, where you guys are talking about growth strategies. And people, it felt like back then, were so much into value. You probably remember the value line; it's still around, but it was the Bible of the industry. You remember.

Chris Gessel: Sure.

Frank Curzio: You used to get them mailed to you in little clips with a bunch of stocks, and one page write-ups and stuff like that. But how was it back then, when you're explaining growth? 'Cause now, we're in a very, I would argue, a bull market for growth for a while, compared to value. But a lot has changed now, right? It seems like there's so many

people in value. But back in 1996, I don't know if there was that many people in growth, right? Was that a hard sell for you guys back then, even though the Internet was really getting going back then?

Chris Gessel: Not so much. I think there's always been two camps on Wall Street. You've got your value, your investors. And then people are more aggressive going for the things that are seemingly high priced, but they're growing faster, so they're high priced for a reason. And there's always been that dichotomy. Definitely, I think that among ... let's say in general, people like getting bargains. And so there's a natural tendency from most investors, at least to start off, being more valued investors, because they like the idea of buying low and having a stocked rebound. Our approaches, if you buy right, you're buying at high, and the stock goes higher. And we've got all sorts of examples from decade after decade of how stocks perform that way.

And in fact, that's how Investor's Business really came about, because our founder, Bill O'Neil, back when he was a stock broker starting out in the business in the late 50s, early 60s, he didn't want to just be an above average stock broker. He wanted to be the best, just his approach to everything, so he started looking at what the best stocks in the market, how they looked before they started rallying. And he started pulling together data and charts, and kept seeing all these reoccurring themes, where you have lots of great earnings growth, and then the stock was probably building a consolidation, going sideways often, because the market is correcting. And then as soon as the market turned up, these stocks that had these criteria of great earnings and sales growth would bolt out first, and that's how he got onto it.

So I would say, when I started back in the mid-90s, IBD had already been around more than a decade. And I think that idea was getting out there more. But in the general population, it's still a tough sell at times, to say, "Really,

the time isn't to buy when a stock is down below its 200 day moving average. It's when it's hitting the highest price that it's ever traded at." And there's definitely times, it's not just any old new high when it's been going sideways and then it breaks out. But a lot of what we do goes against human nature, and that's where rules come into play, because so many problems that people get into in investing have to do with emotions and how they want the market to be. And this is really based on how the market acts, not how we want it to act.

Frank Curzio: And I love this conversation, because for me, I made that mistake, where I grew up as a value investor. My late dad was a value investor, and then I worked for Jim Cramer for five years, and he was pure growth, so I was able to get exposure to both, and it gave me a great understanding – 2003, '04, '05, '06, around there – of how growth is, I don't want to say everything, but it really means a lot.

It even came to the point where I missed companies like Apple – people forget Apple – and Netflix when they were getting started. Looking at 2004, Celgene, these things were trading the typical way we measure stocks. I shouldn't say that, but that's the standard out there, I guess, the P ratio. And if you look at them, Apple was trading it like 50 times earnings back then. Netflix, 100-some-times earnings. Those stocks are up if not thousands a percent, maybe even 10,000% plus. How do you explain that to them? Because that's one other thing I think investors have trouble with. When you recommend the stock, they immediately look at the P and say, "Wow, it's a P of 60. This is crazy." But you have to look at the growth in that, right? So how do you explain that to investors who have that stubborn mentality? Where they're like, "Oh, this is too expensive. I'll never touch it." Because then you miss some of the names, like the FANG names from 10 years ago, which I know you guys have been in.

Chris Gessel: Yeah. I mean, if you're focused on P ratios and other value metrics, it is highly unlikely you will ever get one of the big winners in the stock market that will go up 1,000 or 10,000 percent. Like in the case of Cisco, I don't know, 80,000%. And the reality is that when stocks – or companies, I should say – are showing really powerful growth, and Wall Street is looking at it, and they're trying to get on ahead of time, typically the price runs up ahead of the actual growth. And so you'll get these really high multiples. But what happens is that they continue growing, and not only do they continue growing, a lot of times, they start growing even faster than expected. And that's when you get these massive moves, like with Apple, that was a dog stock for years and years. You know, it was the ugly duckling compared to Microsoft, and then they got their businesses in order, and things took off.

So that's just how the market works, and actually, you asked me early on how things have changed. And I would say that Wall Street looks even further out, and will start jumping on a stock before maybe the earnings will come in, a lot of times. And so we'll see that with a lot of IPOs that come to market; they may not be profitable, but their sales growth is in the 30% to 40% range quarter over quarter. And so then, that's where you get these younger companies that really start taking off. And if they don't deliver on the earning growth, then they'll falter, but if they come through with that earnings growth, that's where you get these incredible new stocks that just make great games.

And one of the recent ones in memory is Square, the payment company. And it's a great example of ... it came public. It wasn't profitable. Sales were growing quite a bit, and it made a base and tried to break out, and then went sideways. And then in 2017, it really started moving, and from around – I don't know, \$15 a share, it went to over \$100 in about two years. So that's the kind of thing that we're looking for, where it's a new company. We know

people are using the product, and the numbers are backing up the story, and it's really working.

Frank Curzio: Now, a lot of this, you can tell, is based on technicals. Has anything changed, say in the last even five years? Where algorithms ... for example, we have a company in our portfolio called AeroVironment. And they just came out with good earnings, and that's not why I'm highlighting them. I'm highlighting the reason is, it's up 7% last night, and now it's up pretty close to 20%. And you'll see some stocks where they'll report weak earnings, and maybe not too bad, and they'll open DOW 5%. Next thing you know, they're down 15%, 17% for the day. But it seems like these moves are accelerated, which may trigger some of these technicals. Have you noticed that to be difficult? Where you want to be able to take profits and limit your losses, but it seems like sometimes, these moves are getting more extreme. You see a lot more volatility these days. I wonder if that's impacted anything with you guys.

Chris Gessel: Yeah, there's two elements to that. I would say overall, when I look at a chart today, and I can go back and look at charts from 20 years ago, or when we were first starting, actually, the charts look the same. There's really nothing different. There's always something happening technology wise that people then blame on why their stocks aren't working. And whether it was hedge funds in the 1990s, or high frequency trading now, or dart pools, things like that, there's always something going on. But when you step back, and you look at these companies that actually deliver on the sales and earnings, their charts look normal.

Now, the other part of your question is volatility around earnings, and that definitely has changed. And that happened to be with regulation, FD, full disclosure. And again, with a lot of well-intentioned changes from regulators, there are unintended consequences. When I started, you would never, rarely, ever be in a stock that was acting well and had broken out, earnings came out,

and it would just continue higher. And the reason was, there was always a little bit of information coming into the market. Either through road shows or call analysis, things like that, and the company would tip off Wall Street. Like, “Yeah, maybe things might be a little softer.” And so the chart would show, would reflect that news, before earnings came out. And so you wouldn’t necessarily be in a stock that was going to report bad earnings, because it had already triggered a fill roll.

Now today, companies are really limited on what they can say. And if they say anything, they have to say it to the entire market all at once. And so a lot of companies have just said, “Okay, we’re not saying anything except on our earnings calls and our earnings releases.” So that’s why we’re seeing such volatility around earnings reports, which is great when it goes up. We all love that. But when it goes against you, and you’re up 10% or 20% in a stock, and all of a sudden, you’re underwater, that’s a bad feeling.

So I’ll tell you, one way that we’ve come to deal with that volatility is by using options. So instead of buying a stock outright, before earnings, we would buy a call option. Usually you can buy a very short dated option, like a weekly option, or maybe a monthly, just depends. And in most cases, you can buy the option, and if you take the premium and look at it in terms of the overall stock price, that stock plummets on earnings, the most you can lose is the premium. So on a \$100 dollar stock, if the premium is \$4 dollars, you’re risking 4%.

Now for people who know about IBD and Bill O’Neil and CAN SLIM, we typically don’t want to take any loss greater than 8%. We try to keep them smaller. So if you think a stock is going blow out on earnings and take off, buying a call option ahead of earning can make a lot of sense. And a lot of option traders would say, “Oh my gosh, that seems like that’s the worse time to buy a call, because of the volatility, it’s so high.” And then you get the volatility

crush after earnings, and things like that. But we're coming at it from a different way, because we're applying our edge, which is, "Okay. We see a stock that's in a base. It has a history of good earnings and sales, maybe they're accelerating. It's still fairly early in its run. We think that this is a good risk." So we'll go ahead and buy that option. And really, the whole idea is it's not to profit from the option. It's to get in the stock and exercise that option."

Frank Curzio: 'Cause you said something interesting there. You tend to not like to take losses more than 8%, but even with a company like Square – and I see it not just with Square, but everybody. And the reason I'm bringing up Square is 'cause we have in our portfolio, I think we recommend about 40-ish, and doing well. And when I look at Square, this is a company that had several moves, sometimes daily of 8%, where it would come down. On its growth trend, way higher, and of course it came down. Is it getting in and getting back into it? Because like I said, with today's volatility, sometimes you'll see some of these stocks if just technology's out of favor. If they start talking about Facebook and privacy issues on the Hill, then all a sudden you'll see some of the stocks, some of these things come down. Could come down 8% in a day or two

How do you manage that? Is it getting out and getting back in? Because for me, it seems like it's difficult. And a lot of this, as you know, is just noise. But is it worth getting out of the position, getting back in? How do you play that? The huge volatility, especially in technology?

Chris Gessel: Well, the 8% rule is based on buying at a profit buy point. It's not just anywhere in the stock trend, and we would never sell a stock just because it fell 8% from a recent high. That's not a recent to sell. So when a stock is consolidating, and there's a clear buy point resistance area where, if it crosses that volume, then you should be buying. And if it's going to work, it should not fall 8% from that buy point. So that's where the 8% rule comes

in, so in the case of Square, yeah, it's gotten a lot more volatile, especially during the correction. It pulled back 50% from the time. And we would really be focusing on the stock in those bases. In 2017, it got a little wilder – it was another base that we've focused in on last summer, in 2018, that lead up to the peak around 101. So that 8% rule is in terms of a buy point, not a ...

Frank Curzio: Got it.

Chris Gessel: You know, falling from a high or something like that.

Frank Curzio: Nah, it definitely makes sense, and I want to pick your mind about this, because just to see that strategy up close – we all read about it in IBD. But just to have someone here explain it in detail of exactly what you're looking at behind the scenes, I know my audience really appreciates that. Now, I want to get to the markets, because you have an interesting opinion on it right now. You're saying it might be in a new phase. There's been prolonged sideways action. So most people, when it goes sideways, they don't consider that a bear market. But you're kind of saying that we might still be in the early stages of a new bull market. So explain that, 'cause a lot of people are nervous right now thinking, "We're kind of at the top." But you're saying, "Wow, the market looks positive, we may be entering a new phase at this bull market."

Chris Gessel: Well, the first thing to remember is that the NAS tech was down 23.9% from its high. So a 24% bear market, that means the bull market, from 2009, is over. That was the first true bear market where we had closes of more than 20%. We did have a pull back into 2011, where inter-day, I think we got below 20% for about 15 minutes or something like that. But there were a number of days below that 20% level, on the NASDAQ and S&P. So just by that factor, the bull market coming from 2009 is officially over.

However, one of our portfolio managers in our sister company, a guy by the name of Mike Webster – very smart, really analytical – and he has been arguing that the consolidation that we saw ... I guess it started in July of 2015. And that was the top of the market before we had an 18% correction in the NASDAQ. And then it came back, and it didn't quite make new highs, and then going in 2016, that's when there was fears over weakness in China. And the market sold off again, we were down almost 19% in February, March. And then the market started coming up, and we got one more scare in June with the Brexit vote. So really, that meant the market was going sideways for more than a year, and we saw that in the Russell and all the other indexes.

So a prolonged period when no one was making any headway, there was some truly sizable, intermediate corrections. Probably nothing big enough to be counted as a bear market, but still, time has a lot to do resetting the market. We've gone sideways, and then Brexit happened, there's a big sell-off, and now the market reverses, and now we're running. And really, his thesis was that was the true reset. Now, if you disagree with that, then we come to what we just saw from October to December. That's a bear market; bear markets end bull markets. So we are now in the beginning of a new bull market, at the very least, and if you look at maybe comparing how the NASDAQ and S&P ... this is a much bigger analysis.

But if you look at how the NASDAQ has acted since its major taught back in 2000, and you overlay that with the Dow Jones in 1929, the similarities between the two markets are very apparent. Especially the initial selloff, they are almost mirror images. And then they were really following each other as they were recovering. Then there was a little bit of divergence, but what my kids noted in the late 40s, the Dow Jones really began a major uptrend, and went from ... I don't know, probably around 200 to 1,000 by the early 60s. And we're kind of in that same

period, where we came up near the old tide, pulled back, and that was in 2015, 2016. And since then, we've made a really nice loop, and then we've had another bear market in that period.

So you could argue that we are still in the early stages of a major new bull market. Regardless of whether you believe that, or you just want to go with, "Okay, we just had a garden variety bear market, and now we're running up, at least the short term outlet for stocks is very positive." We're leading towards, "Well, maybe there's more to this." And that can inform how aggressive you might be. However, how we started our conversation is, "If the market starts telling you something different, you need to change your outlook, because anytime you argue with the market, that is an argument you're going to lose."

The interesting thing is that when the NASDAQ and the S&P come up to their old highs from October – and right now, we're about 7% off on the NASDAQ – that will be a really testing point, to know whether this idea of a major bull market, in effect, is true or not. Because if we come to that level, and we'll probably bounce around a little bit, but if we can break through the 8100 level and start pushing towards 9,000 on the NASDAQ, that's a pretty solid piece of evidence whether there's something more going on than just a rebound from a 20% correction.

So I think with that, I'm really curious to see how the market acts around that point. And if it can break through, I think that's when we'll get really aggressive, and going out on margin and things like that. So right now, we're just having a normal pull back in the market. It's been strong coming up the bottom. We've been expecting it to bounce around, and we've been seeing that for a week and a half now. So we'll see where it goes from here, and like I said, we watch the market day to day and react to it accordingly.

Frank Curzio: So I don't know if you're allowed to share any ideas, 'cause we covered so much. And I love it, just going into the methodology, the markets, and what you look at. And I appreciate it, 'cause you're breaking it around for everyone to understand - I know everyone appreciate. When it comes to individual stocks, I'm not too sure if you can give out recommendations. I know you talked about Square, but based on where you're seeing the market go over the next few months and how you feel about this, is there certain ideas that you would share? And again, I don't want you to give us anything away that people are paying for. But just different ideas where everybody used to buy all the FANG stocks, they were all correlated. We're not really seeing that too much, Facebook down a little bit more. Looks like some of the other ones, Apple's down a lot, but Netflix is doing pretty good. So are there any individual names that you see, based on your overall outlook for the economy and the markets that you guys are playing right now?

Chris Gessel: Well I'll tell you, there are a number of stocks. And a lot of them are in the software sector, and actually, software kind of came under pressure this week because they had such a week. But I'll tell you, we do have a premium stock picking service here called Leaderboard. And we've got a number of software stocks - some from the enterprise sector, some from security. And so CyberARTS and Coupa are a couple names of service now. vScaler, things like that. So I would say right now, software is the leading sector. It's at the top of our industry list. And there's a list of stocks that have made really solid moves out of these first stage bases. And that means that there's going to be more opportunities to add to these positions if you already have them. And if you don't, look for the bases or pullbacks to the 50 day moving average, that's a good place to get in if you've missed the original breakout. So that's something that is really looking good right now.

And you know, actually, we have a feature that we publish

every day, it's called "The IDB Stock of the Day." It's free, it's open to anyone. And that's where every day, I sit with the market team and we are talking about stocks, I'm running screens. And I'm looking for something that is acting interesting; there's something interesting about the earnings and sales. And maybe it's in a base, maybe it's pulling back. So there's always a fresh idea for you every day to add to your watch list and start looking at.

One thing I'd say is if you see the stock of the day, that does not mean it's the stock to buy that day. It's a stock to watch and do some research and start understanding it. So there's always new names coming out, and it's just a process of building up a watch list and really looking for things that are showing the earnings and sales growth, and the proper technical point.

And so when you're looking at stocks, they're early in their run, they're breaking out of first and second bases. Those are the things you really want to focus on. Third stage bases, maybe you're just going to go for a 20 or 25% gain, and then we start getting very cautious around stocks that are breaking out of fourth and fifth stage bases. So that's something that we would typically avoid, and because stocks all go through this growth cycle – or I should say leading stocks. They break out, they run out, maybe 100%. They might base for a while, and maybe they'll rally another 50%. And by that time, they might have three or four bases under their belt. Then maybe they'll have a bad earnings report, they sell off, they spend a number of months below the 200 day moving average. And then business picks up again. So we've seen a number of stocks like that.

I'll tell you one that we recently put on Leader Board like that. And that is Shopify. So it had a huge run in 2017, and basically had been consolidating sideways for almost a year. And it's starting to show good growth right now. It's still right around its buy point, 'cause market continues.

The economy looks good, that would be another stock that I would keep an eye on.

Frank Curzio: Wow, lots of ideas. And I know my audience always loves that. And Chris, if someone wants to learn more about you – I know obviously, go to IDB. But you specifically, how can they get in touch with you? How can they learn more about what you're doing, what you're writing, what you're saying? How can they find you?

Chris Gessel: Well, I guess we're going to be starting a podcast in mid-April, a weekly podcast. And I'll be on that quite a bit. We're also talking about creating a chatroom, and I'm going to participate in that as well, and be answering people's questions from the trading day, and look at what's happening in the market. So that would probably be some of the best ways of directly interacting with me. The other thing is I'm directing all the market coverage in our stock picking services and everything. So a lot of what you see out there is at least informed by my thoughts of what's going on in the market. And then if people ever want to reach out and have a question about something, probably the best way to get in touch with me is to call our customer success team, and they can get any messages and questions sent directly to me as well. So I'm always happy to interact with folks.

Frank Curzio: That sounds great. Well Chris, listen. I know you're a busy man, thank you so much for taking the time. I know my listeners are really going to appreciate it. And yeah, good luck with the podcast. I've been in it for a very long time, over 10 years, and I think it's a great idea. And it really connects to people, as a lot of listeners will tell you. But that's a really good idea with the podcast, I think that's awesome, and good luck with that.

Chris Gessel: Thank you very much, been a lot of fun.

Frank Curzio: All right, guys. Great stuff from Chris. I always say this

podcast is about you, it's not about me. So let me know what you thought about the interviews, about the podcast format. Frank@curzioresearch.com. That's frank@curzioresearch.com. Guys, thanks so much for listening. Really, really, really always appreciate all the support you guys give. I'll see you guys in seven days. Take care.

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