

Frank Curzio's **FRANKLY SPEAKING**



Announcer:

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

Frank Curzio:

How's it going out there it's Friday March 29th. I'm Frank Curzio host of the Frankly Speaking podcast where we answer all your questions on market, stocks, economy, sports. Anything else you want to throw at me. I created this podcast to answer more of your questions that you were sending through my Wall Street Unplugged podcast which I host every Wednesday. If you want any questions answered just send me an email at Frank@curzioresearch.com. That's Frank@curzioresearch.com.

Be sure to put Frankly Speaking in the headline. You never know your question may be the one I read on this podcast. Let's start one from David and I like emails like this by the way 'cause it's very simple. He says, "Hey Frank. My suggestion for a future guest in your podcast is Chuck Butler from Daily Pfenning.com. Thank you." I always tell you this right now we're in a very good position thanks to you. It's all your fault that we're getting a lot of new listeners on the podcast, more people listening and it allows us to really reach out to so many more guests. So if you think any interest you have of me interviewing anyone on the show, again, I do a lot of diligence on these people. I make sure that they're good. They're gonna be good for you.

I'm only gonna put great people in front of you. They're not always gonna be right all the time, but I'm gonna be doing that vetting. That's my job to make sure I'm putting guys

who actually care, have good track records. Maybe these people won't want to interview, but if you know anybody out there that you think would make good guests send me an email, Frank@curzioresearch.com. Now getting back to Chuck Butler. Chuck is the managing director at EverBank global markets. Big currency guy. Writes about that in his daily ... It's a daily free newsletter. Daily Pfennig it's called, and you can subscribe to it. I just subscribed to it myself because I'm familiar with him, but I want to just learn a little bit more.

I've started reading and I'm impressed. I really like the guy. I kind of know who he is because I am good friends with Frank Trotter, wouldn't say good friends, but Frank Trotter has helped me tremendously. He's the President of EverBank. He's not retired and someone I've interviewed on my podcast, but just an amazing guy that I know he could make that introduction happen and have Chuck come on the podcast. But Frank was just, every time I met Frank and I spoke to him probably, numerous times, dozens of times that I just picked his mind. I asked him millions of questions about profitability, banks, new products and he would just laugh and be like, "Man you're really into this." And I was like, "Yeah." Yeah it's not often you get to talk to the president of a successful bank. Yeah I learned a lot from, he's a great guy and I could always reach out to those contacts and get Chuck on, but Chuck seems like he would be a good guest. I'd love to have him on and I'm probably going to reach out to him.

So again, interview think of any guest out there that you want to hear from just send me an email Frank@curzioresearch.com. Next question is from John. He says, "What do you think about the latest announcement by Apple? Do you think it would benefit the stock?" So Apple just has worldwide developments conference where it announces all of its new products for the year. It was pretty impressive. I mean launch Apple TV+ video service. Get a featured content from Steven Spielberg, Ron Howard, bunch of other famous directors. It's gonna be available on Smart TVs. Available in a 100 countries. Available this Fall. It's gonna be ad free subscription service. I'll talk

about that later on. They didn't mention anything about pricing, but they also signed Oprah who took the stage at the Apple event to basically say that she's gonna be working on documentaries for Apple on women's health.

They also launched a new Apple TV app it's gonna allow Direct TV users which is AT&T and Hulu users to access those channels through Apple TV in that app. They're gonna introduce new TV channels HBO, Showtime, CBS. It's gonna be available also to Smart TVs, be available to 100 companies I mean Apple TV I think is no surprise when you have a company sitting with \$200 billion in cash in a very high intensive cash spending business. We see that from Netflix. What is it 13, 14 billion in commitments. When you have this amount of money to buy anything we all know content is key. It's gonna take a while to build their brand and if you go I think it's The Verge. It might be The Verge that actually went through all the titles and broken them by categories on what Apple's gonna launch over the next year or something. It was actually interesting. I briefly went through it. I didn't have so much time, but they were coming in just separated by drama, comedy, TV shows and stuff like that and original content.

It was really cool to see all the projects that they're coming out with. Again, it takes a while to get assigned actors and everything, but Apple's all in. I don't see this as a threat to Netflix. Right it's not a zero sum game where you're gonna use Netflix and you're not gonna use Apple TV. We all watch different channels. It's not like I stick to CBS and I'm never gonna watch NBC or ABC. It's you're able to watch these things and binge whatever you want so you go back and forth between platforms. So I think people out there saying this is a negative for Netflix, it's not a negative for Netflix. Again, it's not a zero sum game where there's one winner one loser. They both could be huge winners, but Apple is gonna become a major player in this so they need to.

They need to expand outside of iPhones. TV, Apple TV+ not the only announcement where they're launching a magazine

subscription service with Apple News called Apple News+. It's gonna have over 300 magazines. The LA Times and Wall Street Journal will be included. The New York Times and Washington Post will not be included. Interesting. It's gonna cost about \$9.99 a month and it's available right now. They gave you an update on Apple Pay which is gonna be in 40 countries this year on target to surpass 10 billion transactions, but very big announcement they introduced the Apple Card. It's a credit card could be used wherever Apple Pay is accepted. Which, again, gonna impact what Visa, MasterCard, American Express, Capital One? I know it's a credit card and we hear about things all the time, but there's some pretty cool features. I mean 2% cash back when use on the iPhone or watch which how many of us make purchases on our iPhone?

Apple store and services, you make purchases there you get 3.3% cash back and there's no late fees or annual fees. That's interesting. That was pretty cool. They're gonna partner with Goldman Sachs to issue that bank card which is good. So, think about this guy's Apple being close all the time. Right doing themselves, not a lot of partnerships. This is some of the things they're getting into. I mean they just announced HBO, AT&T. You're just looking at different CBS. You're looking at a lot of different companies now. Now you're looking at Goldman Sachs. And it gets better they're launching something called Apple Arcade where it's working with Disney and Sega new gaming services. So these subscriptions are gonna allow you just to access a 100 or more games and these games will not be available on other platforms offered by Activision, Take-Two, EA.

Look they're targeting 150 countries this Fall. That's about how many countries Apple Arcade would be available in. They didn't really announce any pricing for it, but they said there's gonna be no ads or in game purchases which is a big revenue generator for a lot of these other companies, but if Apples able to launch a Fortnite type game that's gonna be really interesting. I mean that's gonna be a direct competition with the Activisions, Take-Twos, EAs and things like that. I could see those companies

may be getting hit a little bit, but let's see. Remember Apple has 200 plus billion in cash to do all this stuff. I don't know what they've been waiting for so many years when they could've bought Netflix 70% lower. It really dominated this industry, but it's nice to see them getting into a lot of these new services. Why? Because look services are only 13% of Apple sales. It's still an iPhone company.

So, you're asking me, John asked, "Is this good for the stock?" Look I think Apple TV+ is great partnering with Spielberg, Ron Howard, but the companies not focused on ad sales and they're not focused on collecting data from its clients which you see from Google and Facebook in a good way. Not necessarily a bad way just so they could just send them more ads. And advertising we know is a secular growing industry to gross rev, 'cause every business is always gonna spend money to advertise 'cause that's how you grow businesses. And they spend a lot of money to advertise. So when I look from a customer's perspective I think it's really cool these announcements. I think they're amazing. From an investor's perspective I'm not too crazy about it. Again the company remains an iPhone company period. Generating, again, just 13% of total revenue from services which are also mostly based from the iPhone those services.

I mean they're such a large company. They're so big and this is a step in the right direction, but if you really want to increase sales in the services divisions you got to start competing with the Googles and Facebooks. I know it's nice and you're like, "Well there's not gonna be any ads on these platforms. That's gonna be cool and that's gonna get a lot of customers." Maybe you're building up like Facebook where you have no ads, no ads, no ads until you have 100 million people on these platforms and then you throw ads at them. That's fine. That's cool, I get it than destroying the experience right away. I mean that's what Facebook did better than anyone else especially in social media, but wow. No ads. Let's see how big this will get and then we started placing ads on this site. So there's no immediate catalyst.

There's a little excitement. I mean the stock always gets hit on these announcements. I mean they could announce anything. They could announce that they just I don't know came up for some kind of crazy formulae to, I don't know, to lower the average age of a person. I don't know to just fountain of youth or whatever and the stocks will go down. Every single time Apple, every single time they make announcements that seem to be great the stock always gets hit. Always. It runs up into that and then gets hit. So I wouldn't look at it as a short term long term trade, but I do like all these announcements. These are all long term revenue generators. Hopefully it'll generate more money for services, but overall I think it was very very good.

I think it was positive. I like a lot of the stuff. I love the credit card, the TV services. We all love content, great content which is key. And I felt they did a really good job today. So that's just my opinion. And what do I know. Anyway, let's move on. Next question is from Paul. He goes, "Hey Frank I want to start by thanking you for doing Wall Street Unplugged and Frankly Speaking. I'm a long time listener and I think the content is fantastic. Quick career advice question. I worked as an equity research associate for three years and was recently laid off a couple months ago. Past six months I've been trying to get into another shop, but times have been tough. I made the several final rounds and also entered salary talks, but ultimately firm said they did not want to pull the plug. Even with bold brackets and middle markets."

"I spoke to a lot of people but wanted to get your advice. Do you think equity research will remain as a viable career or should I find another field? My main concern is finding [inaudible 00:11:43] position it's research that doesn't have a bright future. I would love to hear your thoughts and email or discuss on the show. Sincerely, Paul." Paul I think there is an incredible opportunity in the research field. Incredible because it's horrible. Especially in the financial newsletter business. I mean the research is absolutely terrible. You look at the performance and track records of some of these people writing newsletters

it's a joke. It really is a joke. I'm sorry it's a fact that I know some of my friends and [inaudible 00:12:10] and I get it, but still I mean just because you're a nice guy doesn't mean that you should be recommending stocks to people and you just don't have the backgrounds.

And I'm a good example of this. I mean people pay for my research because it's original and I love to do this. I mean I get out there. I go to conferences. I meet people, I build my network. Yeah, I'm learning something new every day and I love bringing those new ideas to my subscribers that are original and things that people usually talk about two three years from now and I'm not patting myself on the back or being arrogant here, but that's something ... I always looked at my business as how would I feel and I would love to pay for that. I mean I would love to have access to that. Access to ideas, access to the conversations that some of the billionaires and the biggest investors talk about and being in the room and visiting these amazing sites. Being first to the party. Being able to visit these stories not when you hear it after 20 different organizations or firms heard about it.

You're hearing about it first. You're spreading the word like Northern Dynasty or just so many different things where Shell Oil in 2011, 2012 when going to Consumer Electronic show for seven, eight years talking about the internet of things. Seven years ago and people were still writing promotions about that. This new technology internet of things. Everything's gonna get connected. I'm like yeah I was there when Chambers made that speech. I think it was 2011 or 12 at the Consumer Electronic conference, Consumer Electronic show where he said, I think it was something like seven billion plus devices are gonna be connected and I thought it was crazy at the time. I think it was, I'm sorry, I think it was 12 billion devices and I was thinking, "Okay there's a little over 7 billion people and then I started digging and realizing he wasn't just talking about phones and computers. He's talking about every single that has a plug or a battery is going to eventually be connected and look where we are now.

I mean our toothbrushes are connected. Everything's connected. Our clothing is connected now. I mean it's pretty crazy so look Paul I think people love this research. I think they would love that for people who are just diehards and you sound like you are. It's great to go through that process. I talked about it on Wednesday being American just hey people love the story where hey, "I keep going, I keep going, I keep going, I keep getting knocked down." Look send me your resume. I'm interested in looking at it. I mean maybe we do have open positions for research analysts. Mostly junior research analysts, but there's a ton of room for potential. I mean to run your own newsletter. To write your own newsletter and it's a fun part of the business.

It's working for funds and I hear people get on TV and they use the term, "well we really like this stock." And I hate that because what he's saying when he says, "We" is he's like, "Our firm really likes Boeing and we should be ..." No. It's I. I like this stock. And when you're a financial newsletter writer everybody that writes financial newsletter we're independent. We don't get paid for any of our research. When you come here you write your own newsletter you write whatever you want. I would never tell anyone of my editors what to write. Ever. It's independent. I don't care if your opinions totally different from me that's fine. People are gonna pay you because that's what they respect. That's what they want. So the financial newsletter industry I think is dying for people like you. People who are gonna get out there, go to conferences, find those original ideas.

Just think about new services. Think about things that you like. You always love to hear different opinions. You respect different opinions that are original. I mean PTI is a great example. Not just PTI how many shows are on ESPN between like three and six I think it's like four or five shows and it's two people just debating the top stories. And it's the same stories that they're debating, but yet people watch like almost every one of 'em because they love to hear those opinions. They're original. Some of them are out there and I think when it comes to research that's what people want. They want to know the truth. They

want to know the real story. They don't want to hear the bullshit that's in the news. They want to look beyond that and I can tell you from my business and what's going on right now I know that there's very high demand for that quality research.

So, don't get discouraged. If you want to send me your resume at Frank@curzioresearch.com or anyone else as well that is interested in an analyst position here because we are hiring. And yeah I'm a big believer that yeah this industry is not going anywhere. I think on the institutional level the sell side level yes. Very difficult. You've seen salaries cut. A lot of my friends lost their jobs. People even getting out of the hedge fund industry 'cause those performances are base, or the bonuses are based on performance and the performances from most of these guys has been crap. For most of them, not all of them. Lot of them, not a lot of them, but the major ones are doing well. And a lot of people are getting out of the industry and actually reaching out to newsletter companies like mine to see if they could write newsletters.

So again, send me your resume and Paul I really appreciate that question. Hopefully I answered it for you and look I'm just being honest with you man don't give up and I think there's huge opportunities for you. So guys that's it for me. Thank you so much for listening and all your support. I really appreciate it. I'll see you guys in seven days. Take care.

[Announcer:](#)

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