WALL STREET UNPLUGGED

AUDIO TRANSCRIPT

Frank Curzio: How's it going out there? It's Wednesday April fifth. I'm Frank Curzio, host of the Wall Street Unplugged podcast where I break down the headlines and tell you what's really moving these markets. It's official. Curzio Research Advisory, my new flagship newsletter is live. Hear my free list. You have received this offer or you'll receive it within an hour or two from the time you listen to this podcast, again, April fifth Wednesday. This offer is only for you, my listeners. Nobody outside of you are going to get this special rate. It's going to be good until April 12th. That's one week. It's a one week to subscribe to this. After that, I'm going to be marketing this newsletter, Curzio Research Advisory, to the masses. That rates not going to be available to you any longer.

I'm going to tell you something. I think I had the best marketing strategy for this launch because I told you I'm going to be ready to launch this thing three to four weeks ago. Just wanted to make sure everything was right. Wanted to add a bunch of special reports for you, even share a report where it includes some of my secrets on vesting, maximizing your returns on your portfolio. Basically a lot of the secrets I learned over the last 20 years of being in this industry. It's helped me become a better investor and each week that passed by, I received literally hundreds of emails from you. Asking, "Frank, am I on your free list? Did you send out the offer yet? When can I get the newsletter? I don't want to miss the offer." It was all planned. It was genius strategy on my part. Building up the launch of my flagship product then delaying it to the point where you want to subscribe so bad you're emailing me like crazy. "Frank, where's the offer? What's going on?"

I'm just kidding. There wasn't a marketing strategy behind it. Hey look, I just wanted everything to be absolutely perfect for you and to be honest, yes it's been delayed a little bit. Just trying to get everything finished for you, but I haven't really been billing this product over the last few months. It's been delayed over the past couple weeks, but actually for this flagship, Curzio Research Advisory, to be perfectly honest, I've been working on it for over 20 years. Just to get this product out to you that everyone and anyone can afford and after being in this industry for more than

two decades, finally have the resources to do this and a lot of that is because of you. It's why you're getting a great offer and a great price. It's the least I can do for you, but also I wanted to include a lot of bonus reports because newsletters are more than just stock recommendations.

I mean, people get excited. That's important. You know? But the quality of the newsletter, teaching people how to invest, you know, going over just having access to the context that I have access to and having that whole thing. Being able to get into trends and different stocks and learning about stuff before Wall Street or before you hear about it. Talk about water coolers, your office, or you know, that's on CNBC every day. That's what I want everyone to have access to and I provide a lot of special bonus reports, which includes not only bonus reports, but you're going to get three new recommendations right out of the gate. That's for everyone that subscribes and these picks are for just about any kind of investor. It's going to be a real conservative one, which is the first one. You're going to be like, "Aw all right. This is conservative." I know people love their aggressive stocks and stuff like that even though most of the real highly aggressive stocks are going to be for my high end newsletter, but you're going to have also two other picks.

So, it's going to be for conservative investors, aggressive investors, millennials, retirees. The first one, is a large-cap dividend payer, huge growth potential. The next one's an amazing growth stock. Going to be a beneficiary of this unbelievable trend guys, that I know you probably heard of already, but you probably don't know its full potential since it's going to disrupt every single industry and every single sector in the world for decades to come. This isn't a short term thing. This isn't like a 3D printing type thing. It's going to disrupt manufacturing. It's going to be great. So the stocks run up. This is totally, totally different. I'd also recommend my first stock, which is special situation. It's going to benefit from this incredible growth trend that, I mean, you're looking at every major company spending boatloads of cash to become a key player in because it's going to be a multi-trillion dollar industry guys. Multi-trillion. Okay? That's how big this trend is.

To put it into perspective, if you're looking at cancer and cancer treatment, that markets 100 billion, a little more than 100 billion dollars now. You're talking about a multi-trillion dollar trend here. What I like about this smaller company is it's under the radar. It's down about 50%. Insiders are buying. It's a hated stock. If you remember, I had this whole segment on hated stocks. I think it was

last week. Last Wall Street Unplugged. Maybe the week before. How to buy hated stocks where you don't really have to wait for an uptrend. You want to see insiders buying. Everybody hates it. It's down so much. This company had a ton of debt, now they sold some of their assets, paying off their debt, they used to pay a dividend, the stock was at 90, now it's like in the 20s right now. It has incredible upside potential. Not too many people are talking about it, but it fits all the criteria I went over in that segment of how to buy hated stocks and why I like them so much when you see the insiders buying them.

So you can have those three new picks right off the bat, but I mentioned earlier, I wanted to provide you special reports. One of them is on Trumpenomics, which is a huge deal. I know when you put on CNBC they actually have a logo of Trumpenomics on the left hand side, so you're familiar with it. You're hearing about it, but it's not just the industries that are going to benefit from his pro-growth agenda, which includes, you guys know already, tax reforms, regulation, infrastructure spending, but I provided which individual companies are going to benefit the most. I explain why tax reforms, if passed, can change the entire valuation of the S&P 500 guys, from being expensive at 17, 18 times forward earnings, to 15 times, maybe under that forward earnings.

I mean guys, that's like a 20% difference in valuation. Close to it. 16 and a half. That's a massive, massive difference. I mean, you're going to see in numbers, in writing why this is a big deal, which I feel that not too many people, "Oh tax reforms are going to result in this, and this is going to do good." I mean, you're going to see why this is such a big deal. I don't care if you hate Donald Trump, but that has nothing to do with that. You need to understand that if tax reforms, the regulation, infrastructure spending, if these pass, and it's going to take a while. Especially the regulation, is going to take a long ... That got pushed a couple years out, but tax reform is probably next on the agenda. If these things pass, there's a bunch of stocks that are going to take off, even from these levels. So, I provided about 10 different names in these reports.

Not official recommendations, but I provide the names that have the highest tax rates that are going to benefit the most from tax reforms. Some have not even gone up that much since November when Trump got elected president. You're going to see the numbers behind everything in an easy to read report explaining why this is such a big ... It doesn't matter if you hate him, it doesn't matter if you like him. It has nothing to do with that. It has to do with policies passed, which they probably will. You know the

health care didn't work out too well, but it's going to mean a huge difference for so many different companies and you need to know what companies exactly. What sectors. It's not just banking. It's not just infrastructure. It's not just the obvious ones.

There's a lot of stuff still that has tremendous upside potential and also stocks that could get hurt as some of these, you know again, he's not … He's pro-environment but you see the EPA and everything going. There's stocks that are going to get hurt. These solar companies might not be the best investment. Maybe wind companies, but everything's included in this report. So yeah, it did take a few extra weeks to launch, but I really wanted to provide you with a lot of great content and original content. All right, stuff you're not reading anywhere else. I truly think you're going to be happy with the product, and not just the price, which by the way is an incredible deal. I mention this a lot, but I'm going to mention it again. It's my way of saying thanks. It's priced for every one of you. Anyone that's listening to this podcast who want that insider access, who knows Wall Street, who worked on Wall Street, who has tons of contacts on Wall Street, that's going to help you avoid all the BS that comes that we see.

All right, we have 24 hour news service that need to produce news and you know as well as I do, there's not 24 hours of news some days. There's nothing to talk about so they're going to come up with these crazy stories. This is important. A lot of it is all BS. You need someone to tell you what's really important when it comes to your portfolio. What's going to drive your stocks. That's why it's priced for anyone looking to become partners with me for life. So, if you didn't get that link to my special presentation yet, you'll probably get it within an hour or two, but no worries. Just as long as you're on my free list, which means you receive emails from me in terms of your research in the past, whether it's a podcast, the weekly breakdown, you'll definitely get this offer and we're also adding a link to my website, which is W W W dot Curzio research dot com where you can view my special presentation directly.

I want to go over that presentation really, really quick for you guys because I'm advising everyone to listen to it because you're going to see why the trend that I'm talking about is going to disrupt every industry in the world. There's a lot of facts, figures, a lot of quotes from some of the people in industries and governments talking about how amazing and how huge this trend is. It's not just companies that pour money into it or private equity or even venture capital, which are all pouring hundreds of millions of dollars into this trend right now, but also governments around the

world are spending billions of dollars, also investing it, which is already generating hundreds of millions of dollars in savings. Now think about that from the government perspective because every government is sitting on massive amounts of debt, right?

We look at US sitting on 20 trillion dollars of debt, a lot of is due to health care, social security, and now with this trend of vesting they're starting to save a ton of money on so many of the things that they do, which is generating more and more cash for them, which is very, very important just by implementing some of the things within this trend and these technologies. The trend is still very, very much in its infancy and buying the right stocks, which is important, because again when you hear the trend you're going to know, "Oh yeah I heard." You have no idea how early it is in a trend and how important it is to buy the right stocks because you're going to generate massive returns for your like.

Investing in Apple or its suppliers right when they launched the iPhone or like investing in immunotherapy companies three or four years ago, which is what we did where we had a lot of winners in this space. One stock went up 900% for us. There were a couple losers that we stopped out at, but the winners far, far exceeded because we were ahead of the immunotherapy where everybody's talking about it now when you talk about four or five years ago. Or even investing in mining stocks like in December 2015. Would've been early, late 2015, like most of you did if you listened to this podcast, right? Saw gains, huge gains in McEwen Mining, Northern Dynasty went from 35 cents to three dollars and yes it pulled back. We know, but even at dollar 50 level, sitting on enormous gains, I know you took profits well ahead of that if you listened to my advice.

But getting in front of these trends is so important. Are you looking at the airlines right now? Right? We seen the airlines pull back. Big deal. When you buy the airlines at 35 dollars, you're going to see ups and downs. So, yeah the airlines pull back a little bit. Delta was 52 and it pulled back to 46 dollars, which is fine because you bought at 35, but Buffett started investing in these things at probably Delta around 45, 47 dollars. Or if you invested at 50, now you're down on your money so being early to these trends is so important because even when you see those pullbacks, what you see in every single sector you don't mind because you're in so early, like Northern Dynasty. I can't tell you how many people got murdered on Northern Dynasty.

Having news that provides wrote up that stock at 250, 275. They got murdered on it. Visiting the project at 35 cents and getting

ahead of everybody, it's very, very important. This is what I want all of you to have access to and give you access at the perfect price where anyone could subscribe. That was my goal, and again, it's one week to do this. After that you're not going to get that price, no excuses, I told you why. I stick to my word when it comes to this stuff. I don't want to be like another newsletter provider that says, "Oh we just got more demands so we're extending it for another three days!" No. This is it. Nobody's seeing it except for you. If you want to subscribe, it's there for you to subscribe. If not, it's perfectly fine. This is a free podcast. I get it. I understand, but I wanted to put it at a price level where all of you could subscribe.

You can have the kind of access to stuff that I talk to because I think you all deserve that, especially considering that you've allowed me to create this podcast, build up my base, and start Curzio Research, which is really cool, but real quick getting back to that presentation, for those of you who don't want to sit through the whole thing since you know my work, you're familiar with what I do, and you're like, "You know what Frank? I'm going to subscribe to Curzio Research Advisory no matter what." Get your three new picks, your free reports, I get it. There's a button at the bottom of the page that says get access now. You can click that, subscribe, it'll take you to the order form. You must subscribe to the one year offer in order to get the lifetime offer. So, after you subscribe it's going to take you to a new page, get a special lifetime offer for you, basically lower than your monthly car payment. I'm talking about if you own like a Ford Focus payment, not a Tesla, which man. That stock's on fire.

I told you guys, forget the fundamental … I can't tell you how many emails I got from this. "Forget the fundamentals. Frank you're a fundamental analyst! How could you forget the fundamentals on Tesla!" Never ever short a company that has a product that everyone loves. I'm telling you this, not because I'm a genius, because I've lost money doing that. I didn't want to see you guys money do that as well. Tesla's now an all time high, good for Eon Musk. Fantastic. I know he's got good ties with the current administration too, which is only going to help going forward, but I know there's a lot of people that short that stock that's getting crushed right now. There's just so much. Even when I see a Tesla, like on the road that passed me, I'll speed up to look at it. It's just amazing. The demand for that is incredible. I know the fundamentals are not there, but they're looking 10 years, 15 years down the line to becoming a major car company and it looks like they're on their way and the stock's going up.

Anyway, the lifetime offer, going to be an amazing offer. Once you become, or if you do decide to partner up with me for life, it's going to give you access to my special Curzio Inside podcast. Okay? This is a quarterly podcast. Again, only available for lifetime members that I created. It's going to breakdown the markets, talk about my recent trips, which by the way, I'm probably heading to Saudi Arabia in a few months. Next big trip. We're really cool. That's going to be an awesome trip actually because we all know what's going on. Are the adopting our technology? There's a lot of the biggest oil fields there. It's going to be fantastic. You're going to hear all the details in my newsletter of exactly what's going on, the best picks. Again, Saudi Arabia is the wild car in everything. Are they going to continue to cut? We see more, you know, I've gone over this in the Permian. You're seeing that they can use oil for 31, 32 dollars a barrel now in some areas in the Permian.

So, I see the rig count go through the roof, supply numbers go up. What's the Saudi's going to do? So, it's good timing to go there to find out, or try to find out what's going on. Are they going to cut more? You know, political. That's going to drive all prices to pass 60 dollars or push them lower, probably below 45 dollars. So, it'll be really cool. Get the inside scoop on that. Again, it's going to be available for anyone who subscribes to my newsletter. Getting back to that Curzio inside podcast, it's, if you want to view, you know, what is it? It's a quarterly podcast. Sort of like a hedge fund letter that goes out to clients every quarter. It's just going to be in audio format. I'll cover all the macro trends, the trips that I went to, the contacts and stuff that I talk to, and more important I'll have a huge portfolio review, what we're doing, whether you should sell half your position if a stock's up, whether we should add position. So, it's going to be a really personalized service for the lifetime offer.

Again, it's at a fantastic deal but you're only going to see the lifetime offer after you subscribe to the one year service, which guys, is at a price that is, I should give this away, two digits. Not three digits. So, to subscribe for the whole year. That's the only hint I'm going to give you. So, if you haven't seen my offer for Curzio Research Advisory, which you should be getting within an hour or two if you didn't get it already by the time you listen to this, no worries you can actually go to my website. I'm going to put a link up there later on as well where you can subscribe, but for you guys, I just want to say thanks so much for your support and your patience. Once you subscribe to Curzio Research Advisory, you will be really happy with the product, the service, and hopefully you'll be happy with my stock recommendations, which is very, very

important as well.

Now, let's move on. I do have an interview lined up for you today. It's my buddy, John Petrides, who's managing director and portfolio manager at Point View Wealth Management. Has over 15 years experience in investment management. You've probably seen him everywhere. He's on CNBC, Bloomberg, CNN World Business, Wall Street Journal, and has become a regular on Wall Street Unplugged. If you're not familiar with John's work, he's awesome. Another guest where we can go anywhere, talk about numerous topics including politics, earnings, the dollar, individual companies. Today, John's going to break down one specific oil company that he's actually given us a few months ago and it's up a lot. Just came out with great news. Going to talk about that company. Also, going to talk about the economy.

Also, a lot of the markets where we're hitting a period in between earning season, which could be very dangerous. See a lot of volatility if you own the wrong stocks. It's going to be a great segment. Might not sound that interesting, trust me. It's just an important period where companies warn, or they raise guidance, where you'll see maybe 10, 15% of companies S and P 500 do this before they report earnings, which, again, we just finished earnings season, but in a week or two that's when they start with those pre-earnings announcements and sometimes you can get really crushed especially if you have retailers and stuff and inventory concerns are still out there.

We're going to talk about that whole period, which a lot of people don't talk about. However, it could make you a lot of money in the short term if you play it right and of course, John like always, is going to share a few of his favorite ideas with us. One off the radar stock I'm sure that you never heard of. Great company, no debt, generating huge cash flow, pays a good dividend but almost no Wall Street coverage. Really, really great company that he's going to share with you in our interview, and you know what? Let's get to my interview with John right now. John Petrides. What's going on man? It's been about two months since you've been on the podcast. How's everything going?

John Petrides: Everything's going well Frank. Love your show. Happy to be back on and really exciting for you to start your newsletter. I've always listened to this show and I'm really excited for you and the launch.

Frank Curzio: Thanks. I really appreciate that. For you that don't know, John is managing director, portfolio manager at Point view Wealth Management. There's a lot of writing on that, that's also available

for free for a lot of people and one of the things that you've been writing about lately, which I wanted to talk to you about. I want you to come back and podcast is, and it's important because I've never really addressed this, but you talk about a bear trap. Right? Which is the time in between earning season when companies can sometimes warn that they may not meet estimates, some of them actually guide higher. There's a whole guidance thing going on, which a lot of companies do before they actually report. You can see major moves and also in between earnings, as you mention, there's a lot of headline risk and you know, things are being driven by headlines and all over the place. You call it a bear trap. Explain why you call that bear trap, because it is such an important period that I really haven't addressed too much, which I think I should, but go ahead. Why don't you do it?

John Petrides: Yeah. Sure. So, you know, obviously during a quarter, the spring month period, we just finished the first quarter. January to March. Now we're in the second quarter. April through June, but there is a one month period during the course of the ending of one quarter and the beginning of the second quarter where the earning season is ended. So, right now we're in that. The last two weeks of March and the first two weeks of April, by and large, every company has reported their earnings. In this case here, the FED has already made their decision in raising rates a couple of weeks ago. So, there's no major fundamental data that you can really hang your hat on to, you know, everybody's now anticipating the upcoming earning season.

So, right now what's moving the market is a lot of sentiment. A lot of noise and headlines coming out of Washington, DC. People overly focus short term economic data that hits the market during this time. You know? Comments can be made by certain members of the FED or certain headline risks or issues that happen and investors can have, often have knee jerk reactions to those headlines and make bigger decisions, long term decisions, based on short term noise. So, it's very important that investors don't lose sight, don't take your eye off the ball and focus on companies cash flows and don't make long term decisions based on short term noise. So, I think there's a gray period here. The last two weeks of every quarter and the first two weeks of the upcoming quarter, right before earning season begins, as a potential trap for investors.

Frank Curzio: Now when we spoke probably about maybe four or five months ago. We were talking about earnings. We did a whole segment on earnings. You know, earnings expectations went through the roof

and like, "Wow this is pretty scary," and you brought up a good point. You said, "Oil's going to rebound tremendously because we're looking at sub 30 prices and they've gone back to 50." We know they were at 53, 47 in a weeks time, now they're back to 50. But you were right. Earnings were very strong last quarter and expectations are even higher for them to be much, much stronger going forward, right? We talk about when you go back before last quarter. Not last quarter but the quarter before that. We had like five or six straight quarters of negative declines year after year. Now we're starting to grow, but right now, you're seeing the expectations. Earnings look like they're going to be really strong this year without tax reforms. Is this priced into most stocks in your opinion?

John Petrides: In terms of, let's do a broad based market comment. You know, right now, expectations for the upcoming quarter is for year over year earnings growth for the S and P 500 to be nine point one percent. That would be the fastest, assuming that's achieved, that would be the fastest year over year earnings growth since the fourth quarter of 2011. Right? So, the expectations for the market are definitely higher and again, this is without ... I can't imagine there's an analyst out there or a CFO out there, that's baking in any sort tax relief from the government just yet into their numbers since nothing has really been concrete.

So, the expectations are high and valuations are high as well. You know, 17 and a half times earnings. You know, your margin of safety for the stock market in the short term, meaning if expectations are not met, you don't have you know PE multiples, price multiples can come down to a more normalized level. We're not anywhere near the dot com bubble of 99, but the market is certainly not as cheap as we've seen in 2008, 2009. In terms of the energy sector, you know, the energy sector is clearly cyclical. Oil prices are now maybe, probably 100% higher than where they were at the trough in January and February of 2016, however we're still more than 50% off of where we were in the peak oil of the spring of 2014.

So, the supply and demand situation in the oil market is trying to figure it out, figure itself out. It looks like the supply growth rate has slowed down despite the fact that supply of oil is elevated. One thing that I think investors have lost sight of is the demand side of the equation. Chinese economy has firmed up from where it was a year, or even 18 months ago. The growth rate on the Chinese economy is around six and a half, six point six percent and global GDP is actually percolating. It's actually starting to grow.

So, that should help stimulate demand growth, which should help stimulate the supply demand equation in the oil markets, which could help push oil prices higher, which will help oil companies and their earnings, which has been the biggest drag on earnings in the S and P 500 for the past four quarters or so.

Frank Curzio: Yeah, that is interesting. I'm going to get to one of your favorite picks in a sec because I know you mentioned, but I want to stick on the macro theme just another thing here, because there's something else that you talk about, which is the great rotation. Right? You've talked about this for a while. We know like in 2013, as you wrote this on your website, bonds investors supposed to go all in on stocks, coming into stocks, what kind of happened there and yet stocks continue to out perform bonds and we take it to today, where it's kind of amazing but even when you look at the stats there's a lot of money flowing into bonds and out of the equity market, especially over the past couple weeks.

I haven't seen that mentioned too much where people are like, "Really?" Because it looks like equities are still going higher. We got a good 80 number, which is pushing the markets higher, but it seems like, I don't know, so called smart money, institutional money is coming out of stocks, into bonds now. Is that a sign that, hey you know what? There's more risk in stocks now. They don't believe maybe the tax reforms will pass that quickly. Are we looking more into this or is this just, hey, we saw a massive run. Let's get a little bit more conservative here. Should we really be looking into these numbers, which are not massive trends but it's just surprising. You would think it would be reversed, but it's not. Money's coming out of the equities now and going back in the bonds.

John Petrides: Yeah. I think you have to take a step back and look at this idea of the great rotation started in May of 2013 when then FED chairman, Ben Bernanke said that the FED was going to start easing on its quantitative, easing on the bond purchasing program and this idea that was adopted by the market as the great rotation is that you'd see this massive outflow of bond funds and you'd have the equity funds sitting there with their arms open waiting to receive them. Actually in 2013, bonds had only a third negative return since 1970. So, in 2013 it was only the third year ever since 1970 that bonds had a negative return, which is quite extraordinary.

So, and what happened since then was actually the opposite. You know? More funds started flowing into bonds and basically stocks

were about neutral. So, since the crisis of 2008, 2009 you've had one point four trillion dollars of assets going into bonds funds and bonds ETFs and you've had about 600 billion going to stocks funds and stock ETFs ac cumulatively from the crisis until about the end of 2016. Okay? Yet stocks had about 187% accumulative return over that time period and bonds had something like a 35% accumulative return. So, just conceptually you had almost three times the amount of assets go into bonds over stocks over the last eight years, yet stocks dramatically outperformed bonds. So, obviously this idea of this fear trade, you know, where investors were so shell shocked by the crisis that they just couldn't stand the volatility, was really in full effect.

So, you know, now part of my commentary was, "All right. Now the FED has raised the rates two quarters in a row, or two times in a row." The first time they've done that in over 10 years. You've had three rate hikes over the past 15 months or so. They're pounding the drum that they want to get at least three rate hikes in 2017. The language is getting more hawkish. The equity markets are taking these rate hikes in stride so, is there a point where you're going to have these massive assets? It's one point five trillion dollars of assets flowed into bonds, now will that great rotation start happening at the stocks yet? The answer is it's still not happening. In fact, bonds continue to rally. The tenure's now at two point three percent. It's down from two point six percent maybe a week ago and the only rotation that we've seen is just investors taking cash off the sideline and putting it to work.

That has been the only rotation that has happened. So, despite the fact that the FED is signaling more interest rates coming, despite the fact that investors are not earning really in any rate of return on the high end part of the bond market, and despite the fact that stocks have crushed bonds almost every year since the crisis, investors are still sticking with their bond portfolio. Will there be a point where equity returns on a trailing basis, you know, looking backwards, far exceed bond returns that investors just throw the towel in and say, "All right. Now I'll embrace the stock market." So, it's been a very, very interesting dynamic.

So, my point behind all of this is investors on a macro level are still probably significantly underweight equities despite the massive run we've had in the stock market.

Frank Curzio: I know. You can sense that too. I sense it with the people that I talk to just around circles and stuff, and again, we're not talking much about institutional money but even institutional money's on the sidelines. Everybody that I hear is waiting for, "Should I get

into the market?" I mean, I get that question. "Should I get into the market now? Should I wait for a pullback? And you know what happens when the market pulls back, everyone gets nervous and says, "I don't want to get in the market," because it's pulling back for some negative reason, but there seems to still be money on the sidelines. Guys, we're not being biased here or whatever. We're just saying that the market could continue to move higher even though some people do think it's expensive without tax reforms, but I want to also go back to what you talked about with the rotation, because usually I provide, you know before we do these interviews we provide ... I'll go back and see what you wrote for the past few months and say, "Hey, you want to talk about this and this?"

And usually sometimes we'll get on a topic and keep talking about it because it's so interesting because when I dug deeper into the rotations and funds in flows and out flows, one amazing thing that I saw and I read and this is from Deutsche bank by the way. Money is pouring into European equities right now, which surprised me. Right? So, you saw the same thing happen in 2015. Smart money was wrong. We're talking about smart money when we say this, it's institutions, and they unwound those positions in 2016. Now, it's flowing back into European equities as fast paced in over a year. Would you say that is maybe a negative, because there is money on the sidelines, and we see money flowing out of bonds and coming into equities and now we're seeing, "Hey, you know what? Emerging markets," and I've had so many people on this podcast. I've had so many people say, "Emerging markets," and America almost outperformed everything.

But, is it at the point where if you have money right now, you're an institution, you have to love the valuations, because like you said, even if you look at GDP numbers, if you look at CPI numbers, for a lot of emerging markets and developing markets, it's finally starting to trend upward. Where they've gone through everything that we've gone through, maybe a few years later during the credit crisis or whatever, but now it seems like there's other markets that people are saying, "Okay. This is just too good of a value. Let's go here." Instead of the uncertainty in the US, maybe we're trending out of premium evaluations with tax reforms that may not come. We kind of know that deregulation, right, is probably really pushed away, right? We got the health care, that didn't work out. Tax reform is probably next. If you're looking for deregulation for banks and stuff like that you're definitely looking at 2018 or further. Do you think there's going to be a lot of money from institutions saying, "You know what? These other markets that are

investing that look much more attractive right now," which could be bad for US equities?

John Petrides: So, I think that the last time I was on your show, I think I pitched international health, big cat international health care stocks. They were mainly European stocks. Roche Holdings, Glaxo Smith Kline, and the Senolfi Inventives, right? So, I think that Europe has, continues to be an attractive place from a valuation standpoint. Those people that are, that believe or convince that quantitative using or very stimulative central bank is the main driver of stocks, well, the US and the FED have started to tighten monetary policy and cut off that type of stimulus for the US, but clearly that's not the case, and will not be the case for quite some time in Europe.

The European union is in a mess. So, the situation in Greece is still out there and with their liability, the Italian economy and Italian banking stream is under a tremendous amount of stress. So, you know, I would foresee that the European Central Bank is going to stay accommodative for quite some time, which is going to help European stocks. So, I think that Europe is still a very interesting place to be an investor and put some money to work. I don't know if there's, if we're going to be sticking on this rotation theme, a massive rotation out of US stocks and into European stocks or merging. You know, US is still the best house here, the best place to be. It's one of the few central banks that is raising rates because the underlying economy is healthy. So, maybe that's where some fixed-income dollars will go. It'll go to international equity.

Frank Curzio: I was just going to say that too. I mean, because that just means that the company's doing better, the economy's doing better and that even fixed income might look better and you're going to get probably a much higher rate than you're getting US things but I'm sure this money's going to flow into the debt markets in those areas too. For me I just look at this stat and surprised me where Deutsche Bank put out a great note, I think just a couple days ago, where it's going to make me look more into this to see where this money's going. That's basically how we find new ideas where, again, I hear you talk about the rotation, then I see this stat, and you know, that's how it all forms guys. Where it's just like, "Oh. Where is it flowing? What's going on?" You know, so I'm going to look much more into it. I just brought it up because I was just so surprised to hear that.

John Petrides: You have to be careful I think, depending on the type of investor, depending on your asset allocation and depending on your risk tolerance and your income needs and you go through all the traditional questions when you try to ask, as we do, as we ask our

clients. We get to understand who they are as an investor and then customize the portfolio for them. You typically have an allocation to emerging markets depending on the client of course, but it's usually a smaller allocation because you don't know. There's a tremendous amount of variables. You know? If people are uncertain about the political situation in the United States, you can times that by 10 globally. I mean, look what happened the other day in South Africa. The president of the country fired the chief finance minister and which the value of the South African rand went down.

You just have to be careful when you're dealing with emerging markets and it's probably best to, as we like to do, is to take a company that's a global conglomerate that has exposure to emerging economies. A name like Vodafone is a perfect idea. We own Vodafone for a client. Vodafone is a UK based telecom operator, but they are everywhere. They're in South Africa, they're in Greece, they're all over the continent of Europe. In 2014, they sold their stake in Verizon Wireless back to Verizon for 130 billion dollars and with that cash, they repaired their balance sheet, they paid out a special dividend to investors, a little over five percent. So, here you're getting, you get exposure to the global economy through a wireless provider.

So, certain ways that you can get the investors that we try to offer for our client exposure to emerging market is through individual stocks that have a growing presence in the emerging world.

Frank Curzio: That makes sense. Let's go to some individual stocks to because one of the ones you mentioned on this podcast a while ago is Conoco Phillips. I just had some really, really great news. You know, we'll just go there. I'll let you explain it because the stock has run up on basically an asset sale, but talk a little bit more about that stock, which is also favorable because all prices are now running back past 50 dollars.

John Petrides: Right. So, Conoco Phillips for the longest time was one of the big three energy companies, right? It was always Exon, Chevron and Conoco. I think at one point in time, I think the three companies together were like 60 or 65% of the XLE, the energy ETS. They just dominated the space. Conoco has had come on some rough times from a balance sheet standpoint. It really got hurt in the late 15, early 16 with the price of oil dropping as precipitously as it did and in January of 16 they actually slashed their dividend by over 60%. Six zero. So, I think the management team has been on triage over the past year. Well, coming into 17, they really started focusing on repairing the balance sheet, right sizing their asset base, and

they came into the year with an anticipation of selling about five to eight billion dollars of assets, monetized those assets, and using that to again pay off some debt, get rid of some low margin products, and really try to right side the portfolio.

Well, last week they announced a deal where they had a 50% joint deal with Sinova Energy in Canada, where they had a 50% venture in a Canadian oil stance. They sold it to Sinova for over 13 billion dollars. 13 billion. Over 10 billion of that is in cash, the remaining amount is in Sinova stock, which the company has the ability and I think over six months to sell the stock and liquidate them. I imagine they're going to take that cash, they're going to take down their debt load from 25 billion to 20 billion and they announced a six billion dollar share repurchase program. Not only that in the terms of the deal, if the price of oil stays above around 52 dollars, at the end of every quarter for the next five years, Conoco is going to get something like, will get a royalty stream that will net out to something over like a billion dollars at a potential cash flow contribution with Conoco through the royalty stream over the next five years.

So, it was a home run of a deal and the beauty of it, to me, is this wasn't even, this deal wasn't even included in management's guidance for the five to eight billion dollar of asset sales, which means they're not done. Which means they're going to monetize more assets and free up more cash to, again, repair the balance sheet and return to shareholders. So, what I think they're preventing is they don't want to cut their dividend ever again. They don't want 2015, 2016 to happen again. They want to be in a position, they want to be in a cat bird seat if and when the oil markets sell off again. So, I love the deal. I love that they're at least filling their balance sheet. They're freeing up a lot of cash flow. They're buying back spots. Even the deal was one of their lower margin products, simply because of that, the margin base will increase. So, it's a home run deal for Conoco and I think the stocks are going to go higher.

Frank Curzio: I'm very familiar with this company too and just to put a few of our numbers on it. The six billion, guys, that they're probably going to buy back over the next few years, which they announced, amounts to more of the 10% of their shares outstanding, but I want to play devil's advocate with you a little bit because I always see this with asset sales. They're always a good thing because they'll say, "Well, they're still non core assets and try to lower the debt on my balance sheet and buy back stock and it was fantastic and the

stock ran higher." Ho weber, this was a pretty good franchise. This wasn't really a non core asset. That's why I was surprised that they sold it so it was actually a pretty good asset. Yeah, lower margins depending on where oil prices is, if oil prices is going to go higher, but does it come to the point where companies, and we're looking at the oil companies that have so many assets.

They have assets they probably don't even know of that are worth three or four hundred million dollars sometimes. There's so many things going on in so many different countries, but does it come to a point where, say oil prices go up sharply higher, just say. I mean, would you look at this as a negative saying, "Wow. If they held onto these assets, forget it," but yet we also looking at the debt position, they're lowering debt, but that's the factor that people want to see. Right? They're worried about Conoco, they're not buying it, because of that massive debt position. Now, they're going to lower it, you see the stock go higher, but I guess the devil advocate thing here is, does it come to a point where you would look at it if they had even more assets. Now they're starting to give away, not just non core assets, but this was a key asset that I was surprised they gave away.

They got a great price for it, but it could be worth incredibly more money down the line. Do you think that could be a negative down the line or do you think it's, "Hey, we need to get this debt lower right now," that's what investors need to focus on?

John Petrides: Well, you know, the function of any great investment, or any sale, is it's based on the price you either buy at or the price that you sell at. Right? So, what I liked about the deal was that, or the one component, they weren't fire sailing assets in January of 2016 when the price of oil was at 25 bucks a barrel. Right? I mean, they cut their dividend, which hurt for investors and income investors, but they had understood that their assets were worth more than what the market was currently valuing them for. I mean, they could've fired sale assets back then just to free up some cash to get the credit agencies or any agency off their back and they didn't do that. You know, this wasn't a bad deal in what they sold it for. They sold it for a premium to their proven reserve and they get the royalty stream on top of that, and they still own a portion of Sinova because they get the share, which they don't have to sell.

So, they're not entirely out of the situation. They have a tremendous amount of optionality there, which is what I really liked about -

Frank Curzio: That's a good point though.

John Petrides: Not only management's comments but I like that they're going to repair their balance sheet and buy back stock, but that they're going to, that they still have some skin in the game here and they still get paid in the deal.

Frank Curzio: Exactly.

John Petrides: So, that's what I liked about it. I think, too, when the energy market, and Frank as you know, in the commodity market, it's very difficult, you have to stand back and you can't get sucked into the volatility in a day to day movement of stocks, because the stocks in these industries are typically, they're being marked to market. So what does that mean? The price of oil today is 50 dollars. The price of oil is 46 tomorrow, therefore the value of everything is lower over the course of one day simply because the price of oil is down, right? And the market pings the stock price to the price of oil on that day, right? I think that's very short sided. You have to be careful because basically material stock, and commodity stock and energy stocks are extremely volatile, because they're moving day to day to the mark to market price of whatever that commodity is. That really doesn't suggest anything of what the present value or what the value, the business value, of all of their assets could be worth to someone else at the time of the sale.

So, I think it's very important that when you're investing in, base material stocks, energy stocks that you have a good handle on what their assets are really worth and focus on that because it's tricky, because the market again marks to markets on a daily basis. It's the price of the commodity and discounts the stock accordingly.

Frank Curzio: Yeah, and you brought up a good point too because now not only are they getting billions, they still have, if oil prices go up, they have that investment as well that can go higher and plus even if it goes lower, you sold it at a great price too where you brought in a few billion dollars or that could definitely lower the debt, but I want to get into one last question here. We'll finish up with this. Are there sectors in stocks, and sometimes when I finish with this, you happen to just, you'll come up with a sector that's good or a stock. I think that's how we got your COP investment, Conoco Phillips, but are you looking at anything in particular, or a sector or stock, not only that you may think is under value but something that, whether it's BioTech or it's run up recently like, "Guys, you got to be very careful in this." I mean, what are you guys looking at right now? Maybe a sector or specific stock you can give out.

John Petrides: So, there's a couple things. One, I'm not a gold book, per say.

I never care for gold in the sense that it doesn't throw off any income. It's not of any industrial use. To me I've always veiwed it as the greater fool theory, where you're passing gold onto one to the other and selling at a higher or lower price. I never, any other industrial commodity, any other commodity, I think there's industrial use for. Gold is jewelry and people use it as a store value and hedge on inflation. However, I do think gold needs to be, and I think I was on the show maybe a year, year and a half ago, talking about this as well, where I think gold needs to be a portion of a client's portfolio, an investor's portfolio.

We do have a small allocation that's gold for our client's portfolios and you always try to, we're very big believers in diversification and in rebalance thinking for our clients. So, most of our clients have a high portion of equity, or an overweight to equities, a portion of high quality bonds and then we invest in some gold as well. We rebalance every month because we always take it from the angle of, "We're smart people. We're doing what's right for our clients, but we know that we don't know the future." Right? I think with some of the actions that and the language that president Trump and his administration is saying, is bringing on higher headline risk or geopolitical risk.

Geopolitical risk, particularly post nine eleven, you know, is always something to consider and something to think about, right? With countries like Iran and North Korea, you just never know when geopolitical risk and all of the conflict that happens in the Middle East, you just never know what's going to happen from a geopolitical standpoint. But now, there's a lot more, Trump's stance is much more hawkish and I think having a portion of gold is suitable in a portfolio because it helps protect against that black swan, sort of geopolitical type of event. So, gold to me here seems like something that I would add to. Now, if you're not thinking about geopolitical risk, many people would say gold is going to be crushed because don't you know the FED's going to raise rates and which strengthens dollar and therefore you don't need ... They're trying to slow the economy from an inflationary standpoint and therefore that mutes the fact of having gold in the portfolio.

But, I don't think it should be looked in such a myopic way. So, gold to me, is a portion of a client's portfolio that I would add to there. In terms of individual stocks, the tech sector has had such a strong run this past quarter. I think it was the best performing sector within the S and P 500 up over 10 or 11%. The one thing that I like is Amdocs. In fact, I don't know if you've ever come across Amdocs or ever saw the company. The ticker is D O X and Amdocs

is a technology company that basically provides all of the back office billing for the major telecom and cable providers around the world. Right? So, for example, ATT&T, is 30% of Amdocs' sale. What I like about this company is first of all, the business is very sticky. Right? Why would anyone change their billing? Right? Just, to repaper all of that and to send your customer's new bill, new formats, it's just something you're not going to fool with. So the business is just very, very, very sticky.

Amdocs itself is trading at, discount to the market, started at 14, 15 times earnings. They don't have any debt on the balance sheet. It's only an eight billion dollar company. They have right now about a six and a half, seven percent free cash flow yield. They pay out a very modest dividend of a little over one percent. They grow at a dividend nicely, but over the last 10 or 12 years, they've bought back stock about four percent per year. So, I sit back and I think, you know, "Why is this company even private? Why is it even public? Why isn't a private equity company come in? There's no debt on the balance sheet. You could borrow very low rates. You could lever up the balance sheet. Your free cash flow will certainly own more than your cost of capital, buying a borrowing debt. You pay yourself handsomely. The switching costs really don't exist. The business is very stable and it's a nice little sleepy company."

Now, the stock is, like most stocks now, is approaching its probably 52 week high. You know? The data is very low. The volatility relative to the market. If the market moves up a lot, this doesn't move up a lot, the market goes down a lot, this does not go down a lot. It's a nice slow and steady business. So, and it's not a business that, there's not an imminent catalyst that I could tell you. "Oh you got to buy this stock now because Trump's going to say X Y and Z and all this is going to happen." It's just not that type of business, but I love it from an investor standpoint because they generate so much cash. They buy back all their stock. They don't have any debt. It's a very sleepy, sticky business. They grow their dividend and I just wonder why the company's even public to be honest with you.

Frank Curzio: Yeah, it's amazing when you see those companies [crosstalk 00:51:59].

John Petrides: Take a look at, even though within the tech sector, even though the tech sector had a ripple in quarter.

Frank Curzio: Yeah, no and it's interesting because I've come across a lot of those companies and when they have no debt, they don't really need, again, when you have Wall Street coverage they want to see, "How can they generate fees? You going to raise money? You going to do

secondary off of whatever," and when you have smaller companies or whatever or just companies that don't really need that, you don't see that Wall Street coverage because they're not going to cover the stock. Not to be crazy or whatever, but again if you own a brokerage firm, you're just to generate money in fees and if there's a company that's like, "Hey we're not really going to raise money or do too much." They're probably going to go, "Okay. Let's go into another company where we could get fees off of," instead of just covering. That happens. You see a lot of those sleeper stocks, which is really cool.

Now we got about 30 seconds left here. I talked earlier, you know, on your website where I'll read some of the stuff and I'll see something interesting and I'm like, "Hey you got to come on and talk about this." If people want to find more information on you John, how could they do that?

John Petrides: Yeah, so, first of all you can find me on Twitter. I'm at J underscore Petrides. You could find me there. Our website is Point view Wealth Management. So our website is PT view, V I E W, dot com. So, basically we provide customized portfolios for clients of all individual stocks and bonds, and then we overlay financial planning on top of that. So you get a full end to end service. We're typically for clients at a million dollar minimum in terms of aggregated assets, not individual accounts. So, your total family assets. We charge about one percent of fees on assets under management. We don't, we're independent. We're fee only. Registered with the FCC, we're independent, so we're not affiliated with a big broker dealer. We're our own shop so there's a lot less pressure. There's a lot more ability to focus purely on what our clients want, rather than trying to generate income for other portions of the business.

So, yeah. That's who we are. So, take a look at us. Frank, I always appreciate being on the show. I have a lot of fun.

Frank Curzio: Yeah. Thanks. I always love having you on because we can go anywhere. We talk about the markets, current events, different sectors, and you always share stock picks and sectors and I always get positive feedback from you, so I really appreciate you coming on and helping my listeners out. We'll definitely talk soon buddy.

John Petrides: Thanks a lot Frank.

Frank Curzio: All right guys. Great stuff from John. Let me know what you thought. Frank at Curzio research dot com. That's Frank at Curzio research dot com. I love having John on every two to three months.

Almost like Andrew Harwitz where you just get the thoughts. They're looking at the markets. They're like me. They're market junkies. They're looking at everything, all the data, so they're able to give you updates. It's not so much sector specific where you know, you have a financial analyst on, or an infrastructure analyst on. I love hearing their ideas and especially when I go to their websites and I see something interesting and I'm like, "You know what? That's going to be really cool. Let's go on the podcast and talk about it," and these guys are wonderful. The make themselves almost everyone that listens to this podcast, I mean, it's very rare that I'll ask someone to come on the podcast and they say no.

They'll either be like, "Oh I can't do it this week. You have an opening next week?" They really love the format. They like it. They love the feedback. When you send me feedback, I pass it onto them. So, if you like someone, write in and just say, "Hey, you know what? John was great," and I pass it on and it's cool because they'll come on even more. Also, feel free to be critical. Not if you don't support their ideas, if you're not too crazy about certain guests or whatever. Remember, this podcast was created for you, not for me and I want to do what's best for you because you guys, again, able to allow me to start Curzio Research and have such a big following. I really want that to be the focus where we're all in this together. It's a huge network and it's pretty cool when you have guys like John, and even Andrew and stuff like that as regulars.

Hopefully you enjoyed that. Again, let me know. Podcast is about you, not me. Frank at Curzio research dot com. Hey guys, next week we're going to go back to having educational segments, but for this week, you know how busy I've been. Sorry if I haven't answered. I'm getting a lot of emails in. Try to answer as much as I can but it's been very, very busy making sure I'm creating everything that's perfect for you, all links work, and everything's cool. Just focused on the launch of Curzio Research Advisory, which is available, will be available, again, you're probably going to receive an email within an hour or two or you probably received it already but we're launching today, finally.

So, if you didn't receive my special offer, which again, only available to you guys, podcast listeners for one week only. Then you can go to my website, Curzio Research dot come and you'll see a banner up there, click on it to view my special presentation, which will also give you an option to subscribe right away. My flagship product. You're going to get three new stock picks immediately. All which will be major beneficiaries in one of the biggest trends I've analyzed and I'm not even kidding here guys, this isn't a sales point

or anything. One of the biggest trends I've analyzed in my 20 plus years of doing research. It's also going to include several bonus reports, including Trumpenomics, your guide to getting rich in the age of Donald Trump. I don't care if you hate him, which we see a lot of that going on. Approval ratings are low, but it's important if he gets those policies passed, it will be very good for certain stocks and I'll list a lot of those stocks in that report, which is fantastic.

Also, I have a guide to investing. It's a 14 page report, took me a long time to write this. That's going to be given away for free as well. Just showing you how I find the best stock picks or spotting the biggest trends well ahead of Wall Street. Most important I'm going to include my money management technique, because I know that term doesn't sound too exciting but guys, it's very, very important to use money management techniques that limit your losses. I mean, it allowed me to be in this business for over 20 years and take advantage when the market does crash, and it will crash. I mean, that's something that happens every five, six, seven years. We see major pullbacks. We haven't really seen that. I mean, we saw maybe 2011, 2013 a little bit, but immediately snapback where stocks have gone higher and you know, it's something I see often in the newsletter world where so many editors blow up their entire file because they're not prepared for a correction or a stock market crash.

Again, it happens every five and six years and by the way as you guys know, we're kind of in like a seven year massive market so you're going to get a pullback and when you get the pullback, it's important that you're prepared because pullbacks are great if you're prepared because you're going to be able to buy stocks a lot cheaper compared to just holding them, writing them down. That's why I'm going to share the money management techniques to prepare for you. Not that I'm predicting it, but nobody knows what's going to happen in the future, but it's very, very important to protect your capital. I think this is a service that a lot of newsletter ... Again, I'm in the newsletter business for a long time. I know 90% of the people out there. I know a lot of these people do not provide that, which is important. It's always, "Upside. This is what you can make. How much money." You got to account for if you're wrong. Okay? Warren Buffet's been wrong. Ackman's been wrong. Einhorn's been wrong. Ichan. You see so many different people that have been wrong. Great, great investors.

I can tell you I'm going to be wrong sometimes as well and you have to prepared if the market does come down so you don't get crushed on your capital, you have money leftover to buy some

of your favorite stocks when they're down 15, 20, 30%, which will happen guys. Again seven year market so you're going to get this 14 page report. Again, that's why it took so long to get all this stuff up and ready for you, but I wanted to give you as much free stuff as possible when you do subscribe. I mean, in my opinion, the report's probably worth the entire subscription price but you're going to get a ton of great stuff, which again includes those three new stock picks and it's going to be available once you subscribe. So, guys, thanks so much again for all your support. My apologies again for delaying getting Curzio Research Advisory out to you, which I said earlier, it's been 20 years in the making.

I'm really happy to offer this affordable product to anyone and everyone willing to learn more about stocks, finding new ideas well ahead of the rest of the world, which of course will help you maximize the gains in your portfolio. So, guys that's it for me. I'll see you in seven days. Take care.