

# FRANKLY SPEAKING

## AUDIO TRANSCRIPT

Frank Curzio:

How's it going out there? It's Friday, May 5th. I'm Frank Curzio, host of the Frankly Speaking podcast, where I answer all of your questions about the market stocks, comedy, sports ... anything else you want to throw at me. I created this podcast to answer more of your questions that you were sending me through my Wall Street Unplugged podcast, which I host every Wednesday. So if you have any questions you want answered, just send me an email at [frank@curzioresearch.com](mailto:frank@curzioresearch.com). That's [frank@curzioresearch.com](mailto:frank@curzioresearch.com). Be sure to put, "Frankly Speaking" in the headline, and you never know, your question may be the one I read on this podcast.

The questions are pouring in on IBM and Northern Dynasty. So we're going to start there. I'll pull one question, since I'm getting dozens and dozens right now, but I'll pull one from Chad. He says, "Hey Frank, questions about IBM, just opened a position on the recent pullback and Buffett sells one third of his position. Are you still a fan? Best wishes to you and your family."

Thanks, bud, best wishes to your family as well. And it is a very good question. You know, I've been bullish on IBM. So let's go over the news. I don't know if you've heard yet. If you're watching CNBC I'm sure you heard, 'cause it's being played over and over and over and over again ... and Buffett usually comes on this time, 'cause he has his annual meeting in Omaha. And it's great to see him come on, and pick his mind about the markets and everything, and so he basically has this exclusive with CNBC, and I suggest everybody watch. Because his advice, he's the greatest investor in the world, and I love him.

But I want to talk a little bit more about IBM. Buffett did announce he sold one third of his position. He said he underestimated how much competition is in this space. So basically he's saying, "I was wrong on the company, I'm reevaluating downward-" that's what he said on CNBC. He also said that Bill Gates and Stanley Dunkinmill warned Buffett, or warned himself, about IBM six years ago, when he first took the position. If you remember back then, I was also highly skeptical, saying on this podcast, "IBM may be one of Buffett's worst picks." So he started buying in the 190's ... eventually got his cost basis down to 170, since he bought shares

when the stock fell into the 150's, but if you look at his purchases ... his original purchase was at 168 and that was a big position 57 million shares. Then he started picking away, 6 million here in the fourth quarter 2011, 3 million here at 196 in 2012.

He didn't really do anything in 2013 and most of 2014, but then he started buying again in 2015. So he has a 4 million share position at 157 and here's what's got me, you know, my mind boggled a little bit. He owns all these ... In 2014, late 2014 and 2015 he's buying shares but he's saying he underestimated how the competition was in this space when he first took his position. Why was he still adding to his position in late 2014 early 2015? I can tell you, anyone within this space, especially by then, not only 6 years when I was talking about it, knows that the competition in cloud and everything they're going into is a highly competitive space. We all know it.

I don't think Microsoft was in the cloud space as much as it was now where they're a major player, not as big as AWS and Amazon. I mean we're talking 6 years ago. By 2014, 2015 you ... I don't know, using that as an excuse just, I don't know, I don't get it.

Now, when I didn't like the stock, 6 years ago, I said "It could be one of his worst investments." They had a zero competitive edge back then, I saw huge declining revenues in that 100 billion dollar number ever year. I knew that there was no way they could meet that, not even come close. I knew earnings were going to come down, again it was 6 years ago but over the past 18 months I've been a fan of IBM and I still am.

IBM is a much different company compared to 6 years ago when it had zero exposure in cloud, social, also Watson wasn't as big of a deal back then. Yes you heard it on Jeopardy and stuff like that, I'm talking about right now with data analytics and big data, they were just basically getting started then. Now, its a big force in big data. You're looking at today, Buffet says "Hey you know what, I'm selling it, 1/3 of my position." Plans on keeping the rest, I believe. For one thing if I'm a shareholder in Berkshire I would be a little upset with Buffett coming on TV and saying this. I mean, you're ragging on a company when you still have a very very large position. I think he was a 8-9% owner so he sold a third of that, still a very large position because he was the largest shareholder in IBM.

I mean now ... You looking to sell lower? If IBM goes to 110-120 do you have the same thesis on it, being that it'll probably be trading below ten times earnings and paying over a 5 percent yield? It was interesting that he came on and actually said that,

maybe he's being more credible than a guy like Carl Icon who told everyone Apple was going to have a trillion dollar market cap last year. I think this was like, in January 2016 and in April he sold his entire position which was, you know. I actually looked it up, it was about 105 dollars he sold that position and blamed China and that growth is going to stall ... He was right though, if you look at Apple's quarter, China growth did stall, it's actually declining, declining year over year but Apple stock is 140. If you follow Icon, just like maybe if you're following Buffett here, I mean Icon was dead wrong, it's 140 bucks, just one year later. He had a pretty big position, I think 30, 40, 50 million shares something like that.

Looking at the bigger picture here. I like IBM and I hope it pulled back even more on the Buffett headlines, because I want to buy more shares. We're likely to see another weak quarter or two and hear me out on this guys. It's social, big data, cloud platforms, I mean they continue to grow. In fact it's cloud segment is already up to a 3 billion dollar business, growing at more than 60% this quarter from last year.

I know, if you're keeping score at home, seems like a small amount considering the company generated, what, 80 billion dollars in sales last year. You could say "Frank, cloud makes up 4% of sales it's nothing, what are you talking about?" By the way AWS for Amazon does ... About 3 1/2 billion they did, I believe 3.6 billion last quarter sales. It's not like AWS and that platform is insanely larger than IBM which you would think it was a lot bigger than them, and it is bigger, obviously 4 times bigger. Considering Amazon's market cap is 450 billion and IBM is just 150 billion. Again, not really comparing apples to apples here just looking at their cloud businesses.

A few things to note about IBM. Cloud is a super high margin business. When you take into account margins, since a lot of IBM's legacy business have ridiculously low margins, that's why they're transforming their business. If you look in the bottom line, looking at net income, cloud accounts for about 9% of the business, of net income and that's meaningful, that's a lot. Again it's just a small percentage and this division is expected to grow and this is analysts talking here, not even me by 33% annually going forward for a few years. Which I think is conservative since it grew at 60% plus last quarter. Plus, and you got to listen to this stats guys because this is important. Cloud is expected to grow from a 209 billion dollar market in 2016 into a 383 billion dollar market by 2020. That's according to Garmin. You're looking at close to a 20%

annual compound growth rate which is huge considering ... You know, cloud has been around for a while, however, you talk to the best people in the industry they say we're still in the very early innings of how big cloud's going to be.

I want you to think about that for a minute. 383 billion dollar market of which IBM has a 1 percent market share, and cloud feeds into their big data platform, which you could argue is almost a bigger trend than cloud. Some people say "Oh Frank, don't even go there." Everybody wants to know how to analyze this massive amount of stored data to better target their customers.

If you look at big data in cloud it's kind of becoming the same business almost. Not the same but one operates it, you know. One hand washes the other. You're getting all this data and yes you want to have analytics. On the analytical side IBM has a pretty big advantage. Amazon was probably the best but that's where Watson comes into play and IBM has been around much longer, they've been doing great on that. If you're looking at big data and cloud, especially big data, everybody and I mean every business in the entire world has to understand is going towards big data. If you're not using big data, even if you're a small business, you're going to get eaten by your competitors because they're going to know what your potential clients want and need well before you. It's going to happen, they're going to take market share.

Now look, nothing crazy is going to happen to IBM in the next 2 quarters, or maybe this time next year, not exciting. You're getting paid nearly 4% safe dividend to wait as this turnaround takes place. 4%, that's a pretty high yield. They're all, "Frank that stock could come down 15-20%." It could maybe, I don't see it, not from this level. Considering I don't know one person in the world that likes IBM right now. Which means a lot of these risks are pretty much factored in right? I mean, if we've learned anything. Are they competitive concerns? Absolutely. When you're looking at a market like cloud which is expected to grow to nearly 400 billion dollars in just a few short years and you only have a 1 percent market share and your growing like crazy ... If you look at Amazon, which is expected to have a 9 percent market share by 2020, again that's from Gartner, there's still plenty, plenty of room for IBM to grow.

So you're looking at this market, you're looking at IBM, you've seen the headlines. It's pretty crazy but getting back to IBM and this stock and a 4% which is a safe dividend. If you're at the looking at the market today, right now guys, right now you're looking at the market. Forget about what happened since Trump, forget about what happened since the credit crisis, today. I'm not sure

I want to aggressively buy momentum names trading a insane valuations with no dividend, instead of buying IBM under 150, it's over 150 now. It's likely headed there because, you're going to see Buffett headlines on the front page of like every local newspaper probably. They're trading at just 12 times earnings which is a massive discount to the 17 times earnings the market is trading at.

Again, it's paying a 4 percent yield which is more than double the S&P 500, what the average company the S&P 500 pays. Not a bad deal. On a side note, feel free to email me about this say that's cool [frank@curzioresearch.com](mailto:frank@curzioresearch.com).

On a side note, in my over 20 years of investing and analyzing stocks, there's one thing that I learned that is absolutely fact. When people are great at something, it doesn't mean that they're great at everything. Michael Jordan was the greatest basketball player in the world, it doesn't mean he's going to be the best baseball player in the world. Tim Tebow, one of the greatest quarterbacks in college history, doesn't mean he's going to move up the New York Mets farm system and become a professional baseball player. When it comes to Tony Robbins, who I'm a big fan of, listen to the guy if you need to get motivated. I wouldn't be following the guy for investment advice, not his field. Bill Gross a genius when it comes to bonds. I'd never listen to a guy who's an expert in bonds when he's predicting on CNBC where stocks are heading. Which is evident since he has been saying stocks are going to likely crash since 2010. My point when it comes to Warren Buffet, arguably the greatest investor, I would say he is, according to me and my opinion, he's the greatest investor ever. I wouldn't listen to Warren Buffett when it comes to technology investments, it's not what he does.

Yes he has portfolio managers and he's managing stuff and I get it. I mean he even passed on buying Microsoft in 1990 after becoming good friends with Bill Gates, it's an industry he doesn't understand, and that's fine. People say, "Oh my God Frank what do you think you're think your smarter than Warren?" No, of course not I don't. Warren Buffett sent my dad a personal letter signed when my dad sent him, my late dad sent him a book and I still have it. I still have that letter today, which is amazing. He's like "Thank you so much Mr. Curzio for the book, I enjoyed it. I loved it." It was called "Awareness of Indirection," it wasn't a big book it was like 75-80 pages. Back then ... A lot of this stuff isn't relevant as much because accounting changes, it was a really cool book at the time. I'm just saying when it comes to certain things, you don't want to listen to a guy who's a perma-bear that's telling you the

market's going to crash. There's certain things you don't listen to.

When it comes to Buffett, when it comes to the banking system yes. When it comes to the railroads, you know so many different businesses, Coca-Cola and the big blue chips. You know, man, great hold, buy long-term, compound, I get it. Technology ugh. For me I think is going to be an Icon situation where he gets out of it and I think shares have a shot to go much much higher in the years ahead. IBM's been doing the right things and the fact that everybody in the world hates this stock right now, how much downside could you see? Hopefully it pushes below that 150 because I'm going to use it to add more shares.

IBM I still like I'm on an island all by myself and I'm perfectly okay with that because I think it's a stock that belongs in a portfolio where you have the Facebooks the Amazons, the stuff we've been recommending, some of the high growth pikes, the junior miner. This is a nice conservative stock that hey if it doesn't work out it doesn't work out. You're getting that 4% yield, it doesn't mean you're going to have massive amount of downside. Even the people that hate this stock and the analysts, outside of maybe one analyst, their price target isn't even below 145, the stock is what like 153-154 today. You're not look at a ton of downside risk unless things fall apart completely which I really don't see

IBM is a good stock, good dividend play, should provide you protection on the downside if the market does come down. On the upside you're not going to participate as much but if these guys get it right a year from now, and I think they're about 12 months away. You've seen the progress in those high growth businesses, becoming more and more big a part of their net income, I think IBM's still a good play here. I wouldn't be listening to Buffett, that's just my opinion. I'm not talking about technology stocks, I'm not talking about Buffett's reputation. I think he's the most brilliant guy in the world and the greatest investor to ever live, again that's my opinion but I just wouldn't be listening to him when it comes to technology stocks.

NAK lets do it. Got a ton of questions on this which is Northern Dynasty, I just pulled a question from Joe. "NAK who's making a nice move today, thanks for all the advice on this one. I bought shares at 48 cents, sold half at \$2.35 like you told me to and I'm holding the rest of my position long term. I'm curious, what did you think about today's news, do you think the stock is going to continue to run higher?"

Just to bring everybody in Northern Dynasty is a stock I talk about

so much that people are like, "Fred you gotta stop talking about Northern Dynasty." The only reason I'm talking about it so much guys, I'm trying to talk fast through the segment, is because I get a ton of questions on it. A lot of you owned it at a lot cheaper prices, you're doing well but there's a lot of news, there was a big short attack when the stock hit \$3.00 and pushed it all the way down to like \$1.20. They came out pretty much with favorable news today. It's a stock that's been fighting with the EPA to get their project developed, it's up about 8% today, it was up a lot more on this news. It's about \$1.60 now, which is interesting because the whole industry and I'm going to take another question on this later, but the whole industry is coming down tremendously. With the short attack these lawyers came in and said, "To get your returns we're filing a lawsuit on the returns." Like 90% of the industry now is ... If you're looking at junior miners there down more than Northern Dynasty now, over the past 6 months because the whole industry is basically collapsing.

Again, we talked about that short selling campaign how ... It's unbelievable how it's actually legal, that's okay, it's perfectly fine. Let's talk about the news. They basically filed a joint motion in federal court to extend a stay of proceeds. Essentially, what does this mean?

Both parties identified a likely framework for settlement, for settling this huge case that's been going on at least since 2012 and they just need a one week extension to allow the parties the necessary time to finalize the agreement and obtain required approvals. What does that mean? Well if you look at NAK and their lawyer who is a pretty cool guy I met personally on my trip to Alaska, a guy that worked for the Clinton administration, came out publicly, said "NAK and the EPA are on common ground, things are looking good, just finalizing a couple key points which likely means a settlement's going to take place in the next week." Which explains why the stock went up big originally.

What Northern Dynasty is fighting for is just the right to show their data just like ever other company and mining company in the world that's dealt with the EPA, which they spent over 140 million dollars, more money than I know in the history of any company on EPA studies. Building this whole thing over the past few years using 3rd party environmental experts and geologists saying "Here this is why this project is not going to hurt the environment and here's what we are going to do to actually help the environment." The EPA said, "You know what, we don't even want to see it." Doesn't get more political than that.

But now they're going to sell this to the point where the EPA is going to say okay. This isn't a personal vendetta against the EPA even though what they did was borderline illegal. Not even looking at the data, I compare this to a bio-tech company going through like phase 2 or phase 3 studies and before they get to the FDA to show these studies the FDA goes, "You know what, we're just not going to look at it because I don't think this is gonna work." Without even looking at the ... That's what the EPA did to Northern Dynasty. Lot of political stuff involved, I won't even go there.

It seems like there's going to be a resolution on this. If there is and the EPA sees this data and maybe they come back with suggestions, just say "Hey could you do this and that, this way we can get this permitted?" Once they're able to get permits and they get the approval the sky's the limit for this stuff. You're going to see the majors come back into this company which they were in in 2011, they were in there with billion dollar investments. These guys will immediately come back into it, that's been significantly under invested over the past 3-4 years and they're having a ton of trouble finding major projects. This is the largest undeveloped copper and gold deposit on the planet, which has easy access to ports. It's a flat piece of land with no rivers going through it, unlike what you would read about, you know what the EPA says in their statements.

I know this because I was there on the site. When a guy like David Lowell who also went on that trip with me and Maron Catusa and Doug Casey, he's called the greatest geologist on earth, I think he's over 80 years old. When he says "This is the greatest carbon project I've seen in my life ..." Again, I believe he's over 80, discovered some of the largest carbon deposits on like 5 continents, that's enough convincing for me. Again, I know this stuff, I went to Alaska, it's in the middle of nowhere. It was a pretty cool project, I couldn't believe how flat it was. I couldn't believe there was no rivers running though it because that's what I heard. Again, I tell everyone I thought I was going to short this company when I was going there.

When I saw it I couldn't believe it. I said, "You have to be kidding me that the EPA is coming down on you guys. There's nothing here," and they're like "I know, exactly." I really couldn't believe it until I saw it with my own eyes. I'm glad I went there because we're able to recommend the stock below 40 cents. It's \$1.60 now and the stock went higher than \$3.00, I said "sell half, hold the rest long term, your cost basis is zero." In the money even if the stock goes to zero. You sold it so much higher, but lets see how this plays out

over the next week and we'll see, we'll see what the EPA comes up with and what they settle on.

Probably going to open a door to see their research and to maybe get permitting. Even with the permitting it doesn't mean the stock's going to take off immediately, it takes a while for all this stuff to develop. What you will see, I'm telling you, what you will see, is the majors jump into this stock right away. They're severely under invested, they haven't discovered major projects, they need to discover those. They haven't because the market has been so bad. If this opens up and the EPA is off Northern Dynasty's back you're going to see a lot of the majors come back into this company I really believe that. If that does that's what's really going to push the stock higher, and higher, and higher because you're going to have a lot of cash coming into this company to develop this thing as quick as possible. It's not going to take 9-10 years, its probably going to take 3, 4, 5 years. That's how quick it could happen because, again, I've visited this area, it's flat. It's already mapped out exactly what they're going to do.

This project was discovered a while ago, and been fighting the EPA since 2012. This is very good news on the company and again, unlike all the short sellers and the BS that you've seen, all these lawyers saying, "Hey class action lawsuit," and this and that because the stock fell down, if you look in the last 6 months, Northern Dynasty probably outperformed most of the industry with the stocks getting crushed. I'll talk about that in a minute because I got a question about that.

Lets move on from IBM and Northern Dynasty. Again, this podcast is about you, not about me those are what I'm getting questions on. Some people get pissed off and say, "All right enough about Northern Dynasty or IBM." Just wanted to address those two because they're both in the news and its very important. Now, let's move on here because I had a nice rant, a little bit of a rant on Dodd-Frank. I told you about it, in my personal experience how I wasn't able to get a mortgage even though, I'm able to pay for the house 4 times over and stuff like that and I got a ton, a ton of feedback which is actually depressing. A lot of people had the same problems. They're having trouble getting loans. Probably about 5% of the emails that came in said "Oh, you know its political," and "It's not really Dodd-Frank." I'm not trying to be political here, I'm really not. All right I'm going to read some of these questions and answers that I got from that rant, again on Wednesday's podcast about how my experience with Dodd Frank was absolutely horrible.

Because of these rules, I'm not able to get a loan, I have to pay for a house in cash, and again listen to that and you'll understand. Here's some of the responses I got. The first one's from Bryan. He says, "Like you in 2012, I was purchasing a new home, had 2.3 million in cash and cannot get a mortgage for under five hundred thousand dollars. I'm a working guy, 32 years since we rode the bus to school together since 1983, he can't do it either. I paid cash for my house. P.S. the agent to see a bank account statement showing I could pay for the house and I lost it and told her no. I'm not going to show you that information, I'm already in contract, I have no obligation to show you anything. Anyway, I've been here for 5 years."

So basically he said that he was working with a guy that he's known for 32 years and even that person wasn't able to get him a loan. This is one person that had a tough experience that had to pay cash. This is a little bit long but this is really good, this is from Chris. He says, "He there Frank, I'm not a realtor but my company specializes in the marketing industry with about 95% of our clientele being realtors or lenders. We see your story play out daily. It's absolutely ridiculous, I and many others in the industry have always referred to Dodd-Frank as the most damaging bill passed during the Obama administration. The inability for complete qualified credit recipients to get a loan is astounding. On top of that, you have contradictory legislation that results in numerous fines in excess of millions of dollars levied by the CFPB, the dictator of judge, jury, and executioner created by Dodd-Frank for denying loans of applicants of minority status and military personnel, senior citizens, people on disability, etc because the algorithm that the computer spits out, will not approve them.

They are then tagged for discrimination, a double-edged sword that causes many good mortgage brokers, not saying that all of them are good, to get fined out of existence trying to navigate unclear regulations. Makes me sad to see people first hand lose their livelihood by trying to cover their own you know what by simultaneously trying to do what is best for the client. Of course with so many fines being levied around the country you have a smaller share of community banks in the market than we've had in decades maybe ever. Wells Fargo, Bank of America, and Citi are constantly in the headlines for 500 million dollar lawsuits but what do they care when Dodd-Frank has literally regulated their competition out of the market? They simply rollover and pay the fine.

You finally have some industry rockstars stepping up to the plate

in the form of PHH Mortgage and Quicken to fight the BS they're getting tagged with. Thank you for bringing this topic up, it needs to be shared with more people. I'm writing this with tears in my eyes because while legislation does not affect me directly, it's devastating consequences for my clientele, people I have grown with and formed strong personal relationships with. They deserve better for working harder than ever and making an honest living and trying to do what is best for their borrowers and buyers. Meanwhile the fat cats at the top of the 5 majors, JP Morgan, Wells, Bank of America, Citi, Morgan Stanley are making more money than ever, it sucks. Anyway, thanks for all you do, your very appreciated advice to listeners."

Interesting right from someone in the industry. Okay, I've also got one more that I wanted to share with you. This one is from Frank which is cool. He goes "Hey Frank, referring to your mortgage story with 3 1/2 percent 15 years, this is really low. Just to show you how crazy the interest environment is, in Germany you get a 15 year house or loan at a fixed rate for 1.4% per year. Thanks for the work, best wishes. I didn't know that, I didn't know they're that low in Germany. It's not political here. What we had is an absolute crash in the market almost destroy the entire planet. I'm not even exaggerating. Paulson did an unbelievable job. I don't care if you hate the guy. I know there are so many people out there like "Oh you should just let it crash." If you crash you probably have a 35 percent unemployment rate still today. Everything would have been absolutely collapsed right?"

Everyone was on credit, the extent of the damage was horrible. Everyone thought they were going to get paid because they were insured by AIG. If they go out of business all brokerage firms go out of business we all know the story if you watched any movie or read any book about it. They did a fantastic job. No matter who came in office, I think had to put their foot down. I'm even talking Republicans as well, not just the Obama administration, had to put their foot down. Again, you always go extreme. I bring up the BP example to where "Okay no one can drill in the Gulf of Mexico anymore." Whenever you see these things happen its just that full extreme.

I mean, September 11, one of the worst periods ever for me. I lived in New York at the time. I remember I where ... When things first happened, I remember looking up for the first time they allowed planes to fly again and I remember looking up at every plane. When something happens the emotions are so great and that's what happened there where I get it I understand it. When you're

not giving loans to people who have great credit, who could pay for their house in cash 4,5,6 times over there's a problem with the system and that's going to result in a much much slower economy than expected. You need to dial it back a little bit, not to the point where these guys can create exotic products and go crazy, I'm not saying that. There is a middle that needs to be done.

I wanted to hear from a lot of people out there and some people got political and said "Oh it's not Dodd-Frank. What do you want the banks to go crazy again?" It's not that. I'm not in favor of the banks. I think a lot more people should have got fired. They got fined enough but I didn't really see too many people get fired for what they did. I mean how many people made a fortune on what happened? And you know what? They got a slap on the wrist. How many people bought 10 houses and walked away? Yeah their credit is not that good but it's probably getting better now. And nobody really got punished on that end when it comes to going to jail and ... Using other peoples money to take on this exceptional amount of risk, it's insane. Everybody lying, the rating agencies, everybody.

I mean, I get it man, I'm with you on that. There is a middle ground where certain people should be getting loans and they're not right now on something that's common sense. It just doesn't make sense. So I really appreciate everyone writing in, I thought that was really cool. I just wanted to share some of those emails with you. But looking at the market as a whole, I think if we could actually change these rules just a little bit, it's going to be huge. I think its going to be bigger than tax reforms. I don't think that's factored into the stock market at all. It would result in more lending. Again, you don't want to get too aggressive here. But you have to repeal some of this when good people are not getting loans that deserve to, that are highly qualified. There's something wrong with the system that needs to be changed.

In fact charging a higher interest rate on someone who is buying an investment property. Is there that much risk? Yeah there could be risk, until you look at the financials. You cannot just say "Oh you're buying investment property because you have a house already?" Automatically your interest rate goes higher. Shouldn't you be able to look at somebody's credit and say, "No, no, no. This guy can easily afford an investment property. He should be able to get the same interest rate as everybody else.

When you look at that, again, I know why that's in place. It's so you don't have people buying 10, 15 houses. They were doing that because you just needed a library card and nothing down. Now

its a lot different. You gotta use common sense with a lot of this stuff which I believe. I think if you do and they repeal some of this, I think its going to be a big boom to the economy. I think you're going to see a lot more growth, a lot more lending, a lot more ... You know, the home markets really going to take off even further. But for now we're focusing on tax reforms and healthcare and ... Probably won't see tax reforms for the rest of this year if I had to guess but I'd be focusing on deregulation. Especially of Dodd-Frank, that's just my opinion thank you so much for sharing your stories.

This is my opinion, my experience, you can disagree if you want. To me, I just think there is way, way too much regulation. I've got dozens of emails showing that highly qualified people, again, if they're not lying to me which I don't think they are, a lot of these people should be getting loans and they're not because regulation is just too tight.

Now, take one more question. This one's from Matt, "Say Frank, I really enjoy your podcast so much that I resubscribed to a lifetime subscription to your flashy newsletter "Courtesy Research Advisory." I really appreciate that Matt. He says, "In the past I believe you spoke favorably about Sandstone Gold. If I remember correctly, you've had the company CEO and President Norman Watson on your podcast. You'll probably know the stocks sold off last week and are now trading at a 52-week low. It appears that investors are not responding favorably to the recommended commodation, or merger of Sandstone Gold and Mariana resources. Do you think the company is a buy at these levels or should investors stay away? Thank you very much for your feedback, keep up the good work.

I'm not too sure if they're not happy about Mariana Resources, the entire gold market is just crashing. Okay, it's just completely out of favor. A lot of this is following oil down which I would say, I believe oil guys is an incredible, incredible buy. Yes I did say that. I'm actually writing about a new recommendation that is so low that I think the downside of it is completely limited. It's a services company so if you know prices going low ... I don't know if you heard that news that Shell could produce epermium for 20 bucks a barrel. You're seeing a lot of activity which is a lot of services revving to this company. However in that issue I'm showing that ... Why oil prices are likely to go higher over the next few years. I'm not talking about crazy higher but probably average 55-60 bucks long term.

We saw what happened last time they pushed to 30. I mean we

went from what? 9.6 billion barrels to 8.8 I believe, 8.7? It turned out to be a 12-13 percent decline, whatever it was in a matter of 9-12 months. If we go down there you're going to see a lot of ... We're looking at the permia yes but the Eagle Ford you're not seeing the rig count go higher there. You look at the bogget, your not seeing the rig count go higher there. And your looking at demand is going to seek supply globally. I know you wouldn't believe that based on the headlines but when you look at the stats its true.

This whole fear and I know we broke through key technical levels. Everyone thinks "its going to 20 bucks again!" They're severely under investment in this industry. Looking at what? Over 700 billion dollars in Cap X in 2014, today its 4 and change now, it was lower obviously, last year. This is come back, your looking at the permea seeing more supply. People are like, "Holy cow." Remember if you're looking globally the situation doesn't look as dire as the headlines suggest. Supply is coming on the market and we get it. They're producing like crazy but they're producing the permea like crazy. Not really producing in the Eagle 4 like crazy and the Balkin like crazy which balances itself out. I think a lot of this is overblown. I know a lot of this is overblown because I've been doing the research on it for the past week. If you read that issue that's going to be courtesy of Venture Opportunities.

Again, I'm not selling it, it's my expensive newsletter I know a lot of people can't afford it but you'll see I'm going to make great points of why oil prices may come down in the short term on technical levels. If you were smart, you would be buying oil companies, really good oil companies where their production costs are crazy low and if you look at their debt look at when that debts due. A lot of these guys pushed out their payments, they restructured their balance sheets. They're going to be generating significant cash flow going forward. There's a lot of great names that I would buy, close your eyes, I know that it's going to be hard to do and just open them three years from now and man ... I mean the company I'm buying, the CEO and the Executive Vice President just bought over a million dollars worth of their stock and this was two weeks ago and the stock is down 15% from that level.

You're able to buy shares today at a 15% discount than the CEO who knows more than the company and the Executive Vice President than anyone else. If you're looking at this company it fell from, you know I don't want to try to give it away here but, you know ... It's down 75% from it's highest, it used to be a mid-cap, it's now a small cap. They operate all over the world. It's insanely

cheap when the downside risk is very limited here. The price that it's trading at is an absolute joke and it's why its 8 out of 9 largest investors have all added to their positions last quarter. And again, you're going to get in better than what they got in because all has been coming down, there's a lot of headline risk.

Let me talk about Sandstorm Gold, sorry to go off on that, that was an extra mini-question there. Let's get back to Matt's question on Sandstorm Gold. I like Sandstorm Gold but you have to remember in the gold industry it doesn't matter the management team. I used to believe that that's the number one thing. You do need to buy a company, especially a junior minor that has a great management team but it's not the number one factor. If you look and you bought the greatest management teams in 2012, no matter what stocks you bought, you're probably down 75% on those names through 2015. You have to look at the market conditions and right now the market conditions are not favorable for commodities, they're all coming down. I figured they would come down, I predicted they would come down, I didn't think it would come down this much though.

I thought it would be a good buying opportunity that's why I only have a few names. In my Curzio Research Advisory portfolio I think I only have 2 out of 7-8 names that are in my Curzio Venture Opportunity portfolio and one of them we're still up 25% on, the other one of course we're down on. I'm very particular because I just thought there'd be a better opportunity buy these names and I was right. I just can't believe where some of these names are.

Getting back to Sandstorm. A market like this is great for a company like Sandstorm. I've talked to Nolan personally I know him well. I see him at all the conferences. I've interviewed him several times here and I'm the one that actually was able to get him on Jim Cramer back in 2009 I believe. I thought his company was great and he came on Jim Cramer's show CO and did fantastic in that interview. Here's a royalty company and it's very difficult to get great deals when the market's doing awesome. When the market is doing bad, people are dying for deals. These guys have a lot of cash, cash flow coming in and those royalty structures. And people are going ... I'm telling you a lot of great companies ... Your looking at over 100 royalty deals this company has signed over the past, I want to say 24 months. A hundred royalty deals. I think they could easily sign a lot more going forward, you're going to see a lot more companies get in trouble and these guys could swoop in make really low ball offers. There's going to be people in trouble.

They're in a good position. You're looking at other companies,

Keith Newmeyers company as well, First Mining Finance. These are guys were looking for amazing deals, the market turned around, now the market's coming down. You might see these guys, actually you know, guys like that and gold mining as well add to their positions and start building those portfolios. Again, if you have a long term view on those companies you're going to be fine. They're using their stock, they're not using their big cash balances to buy these things. Yes its a little bit dilutive but they're building up these massive deposes for when the market comes back which could be next year, 3 years, 5 years. Like I said earlier, the majors are significantly under invested. These CEOs know that, that's why they're building their companies to the point where the majors are going to have to come to them because they're going to have the best projects which they're buying right now for pennies on the dollar.

I do like Sandstorm Gold. It will probably come down more along with the rest of the market. If you're a long term person over 2 years I think Sandstorm's a great buy here. So hopefully that answers your question Matt.

Man, I covered a lot today! A lot of advice here, which is pretty cool and I enjoy it. Keep the questions coming in that's at [frank@curzioresearch.com](mailto:frank@curzioresearch.com). Hopefully, try to get to as many questions as possible. You never know I might read it on this podcast but again, ask me whatever you want. Sports, economy, a lot going on with the Rangers coming back after that big loss. Ask me about San Antonio Spurs which came back which Frank Holmes has ... I believe he has third or fourth row seats. Frank Holmes is on this podcast is amazing, a big San Antonio fan he's probably happy they tied the series up. But anyway, ask me any question you want, [frank@curzioresearch.com](mailto:frank@curzioresearch.com) and I'll see if I can answer them, if not I'll try to get to you. If not on this podcast, personally.

Again, it's a little bit busy, again, a lot of questions, I'll try to do that. Also, real quick here follow me on Twitter, my handle is @frankcurzio, I'll give you some real time updates, mini rants on stocks, the markets, sports, celebrities sometimes. I make it a little fun, little aggressive. Again, if you want to follow me on Twitter and get those real time updates my handle is @frankcurzio. Guys that's it for me, have a great weekend. I'll see you in 7 days, take care.