WALL STREET UNPLUGGED

AUDIO TRANSCRIPT

Frank Curzio: How's it going out there? It's Wednesday, July 12th. 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. Got a pretty crazy schedule for the next month or so. Actually, the next few weeks to be exact. Going to be traveling to Vegas on the 20th. I'll be attending Freedom Fest. There are a lot of great speakers. There's like 100 speakers. I think they let anyone, as long as they approve you. They basically have a thing on the website says, "If anyone wants to speak. If anyone has their own company." They'll list their key, featured speakers. Which is about 15-20 of them. Then you have another 100 or so. It's really a cool event. A lot of close friends of mine will be speaking like Amir Anani, Doug Casey, Mark Lichtenfield, Jim Rogers, Keith Fitzgerald, Alex Green, Adrian Day. Van Simmon's going to be there.

Most of these people I interviewed on this podcast. They'll probably do speeches for 10-15 minutes if I had to guess. At least you get to hear them for 25, 30 minutes, 45 minutes sometimes. In fact, I know all them. They're friends. I think that gives me the right to heckle them at the conferences. Should put that in the Curzio research agreement when they come on Wall Street Unplugged. We have a lot of fun with those guys. Really cool. Listened to all of them before, there's going to be other speakers as well within this podcast, but should be a really cool event. In all seriousness, it's really a great opportunity to network. Learn about some new ideas. It should be pretty cool.

Then I'm going to fly home to Vegas. When I fly home to Vegas, the very next day, I'm going to fly back to Vancouver. Probably means I'm going to log more air miles in two days than most pilots. But I have to do it that way since I'm taping an episode of Wall Street Unplugged that day when I get back. Have some very important meetings set up in Florida that I really couldn't push. I would love to go from Vegas straight to Vancouver, but I actually have to come back to Florida for one day. Then fly across the country again. Should be pretty fun. I'm kidding. It's not going to be fun.

Flying to Vancouver to attend the Natural Resource Symposium. It's a great conference. For anyone there, stop me in the hallways.

It's really cool. You're going to see some of the top minds out there just roaming the halls. Get to talk to everyone. Again, I interviewed Rick Rule a couple weeks ago. We talked about it. It's basically a list of who's who in the resource world that's going to be attending. Rick Rule is also hosting a special cruise one of the nights where the top resource executives ... There's going to be billionaires. Probably a list of most of the top 100 most important people in the resource world that's brought this business are going to be on that boat. I'm going to be on as well, which is going to be cool. It's awesome.

I've been on his cruise the past three years and it's great. It's laid back. Everyone's drinking and having fun. It's usually when people are laid back, you find the best ideas. You meet the most interesting people. Trust me, it's never at meetings in the office where there's a bunch of executives in there and a lot of people present. Everybody's on their best behavior and doesn't want to say the wrong thing. Regulations and stuff. It's a very professional setting. When things are laid back and everyone's drinking wine or liquor after a long day, people get a little tipsy. Seriously, that's when you forge the best relationships.

If you think about it, right? Your true self really comes out when you're drinking. You don't hold back. That's when you find out what people are all about. I don't know, but it's kind of true. Think about it. It should be really cool. When I get back in August, I'm going to have plenty of new ideas to share with you. Several of those ideas. Every time I travel, a lot of those ideas make their way into my newsletters. There's Curzio Research Advisory and Curzio Venture Opportunities. A lot to look forward. Guys, this is just one month of travels. Actually, a couple week's travels. Every month, I'm going to be traveling a ton. Attending conferences. Meeting management teams. Visiting projects.

You know, this is where the real research is done. I'm a value guy. I understand analyzing a balance sheet and an income statement. I can do it with the best of them. Very very important. But when you think about that information is there for everyone to look at. There's no surprises. You could interpret it whatever way you want. But there's not a lot of balance out there, in the field, finding new ideas. I have to tell you, that's the part of the business I love the most. You always learn something new. You're meeting brilliant people. I say this all the time. Millennials, listen out there, it's kind of funny.

Being young is awesome. You feel invincible. You believe you're incredibly smart. At least, that's how I felt in my 20's. But I'm in my

40's and I meet new people. I realize I really don't know ... I hate to put it this way. I really don't know shit. I mean, there's so many brilliant people out there. Maybe some of those people may not know the difference between a stock and a bond. But interviewing guys like Ewan Ashley, who is the top cardiologist at Stanford Health Care. He analyzed the first human genome. Interviewing Vivek Ranadive, founder of Tibco Software. Who's the owner of the Golden State Warriors and now he's the owner of Sacramento Kings. Which I believe maybe he should go back to software. I won't go there. Sacramento Kings are a terrible basketball team.

Mario Ganerro, one of the most influential people. Not even in Brazil, but in the world. One of the wealthiest people in Brazil. Great guy. Jim Rogers, I interviewed. Almost died when I interviewed him on my podcast. It was kind of funny. Maybe it's not the right word. Then again it might be. He took a new routine of exercising for several hours in the morning. During out interview, he decided to jump on a treadmill. He's actually walking. I don't think he's jogging, right? He's always just walking. And all of a sudden he starts coughing and choking. We had to stop taping. I actually told him. I said, "Look, Jim, it would probably make my podcast go viral if you just died while I was interviewing you. I really don't want that to happen."

He kind of laughed. We finished up and everything. I also met lawyers who worked closely with the Clintons. They had some amazing stories about Bill and Hillary. Like the time Bill was in a meeting in the Oval Office. It was one of these lawyers and a few other people. Hillary just opens up the door, you know. Without even knocking. Just yelling at Bill, "This meeting was not on my schedule! What's going on?" Obviously this was when Bill was president. She walks out and slams the door. Bill gets up and opens the door a crack and sees her walking away. He comes back and goes, "All right, thank god, she's gone. We can continue." It just seemed like the normal husband and wife relationship type of thing.

You get so many interesting stories when you're out there. You meet so many interesting people. It's really, really cool. Not only that. Including so many of you, right? That email in Frank@curzioresearch.com. Of course, dozens of countries, small business owners, financial planners, millennials. For me, it's always a learning process. It's a really cool job. I love being on the road. It's one of the parts I like when other people, sometimes, like being behind a desk and don't like going on the road. For me, I really like it. You're always learning something new. Finding new ideas. Could

be like that every single month.

Anyway, you get to hear a lot of these stories. Especially if you're a lifetime member to my products. You're going to hear about these things for decades and these stories. More important, being out there in the room. Boots on the ground. Whatever you want to call it. That's how you really find the best ideas real early on. You know what? That's how I actually found this company. Who's CEO just rang the opening bell on New York stock exchange on Monday. That CEO is Jonathan Awde, who's a co-founder of Gold Standard Ventures. A stock we were able to get in very early on, 2011. I know, before the emails start pouring in, I did recommend this stock. I'm going to trade it higher at a higher price. Last year. The stock's actually down about 10% since the last time I interviewed Jonathan Awde, which is not bad considering I interviewed him in April. The entire sector has gotten crushed since then. It's down a lot more than 10%.

But Jonathan's here to give you an update on the stock. Which I ask all my guests to do, especially CEOs. If you have a stock that's up 100% or down 30%, since my listeners own it because of you, and also because of me sometimes, I always want them to come back and give you updates. Jonathan's one of those guys that always does that. Gold Standard Ventures is going through one of the biggest drilling programs in all of Nevada. They have a lot of catalysts coming up. At the current price, the stock is trading at levels that I actually can't believe. Considering they increased our acreage by 40%, they discovered high grade gold at it's star, star project. With just one deposit on their enormous land package found in the fourth window of the Carling Trend.

He also just acquired another company right in the Cortes Trend. Which is quickly becoming the hot area, even hotter than the Carling, when it comes to finding high grade gold deposits. His stock is trading below the level of all those catalysts that happened already. Which is pretty insane when you think about. That's how barren and how terrible the resource industry is. Here's a company that has partnerships with some of the biggest gold producers in the world. Everything is set for this company. Yet it's trading like your typical junior minor who hasn't found anything right now. Remember, two weeks ago I ran the closing belt with New York stock exchange. I was invited by Frank Holmes as he launched his new Gold ETF.

Jonathan rang the bell for his company, right? For his company, which is a lot different than what I did. I was invited. Something I know he is really, really proud of. Jonathan Awde, he is going

to give you a great update on Gold Standard Ventures. His amazing experience ringing the opening bell on New York stock exchange. It's a really great interview coming up. Then on my educational segment, I talk about a strategy I use that has made me huge returns. Also made my subscribers huge returns over the years. That almost all of you listening to this will never, ever use. Hopefully I can change your mind today. It's really the easiest way to generate 50%+ returns, probably in just a few months, safely if you do the strategy at the right time. Before I get to this educational segment, I'm going to play my interview with Jonathan Awde, which was done on Monday about an hour after he rang the opening bell on New York stock exchange. Here's that interview right now.

Jonathan Awde, thanks so much for joining us again on the podcast!

Jonathan Awde: Thanks, Frank, it's a pleasure to be here.

Frank Curzio: Congratulations. You rang the opening bell on Monday. Talk about that experience for you. Starting this company, now. You're sitting on that platform. Unbelievable. Explain it because it just happened, guys, on Monday. Fantastic stuff.

Jonathan Awde: Yeah. We just came from the exchange. It was truly a lifetime experience that we will never forget. It's been on my bucket list since my sophomore in college. Just the energy, the culture, the history. It's just amazing. To see the companies that have been there before and done that … It's truly an amazing experience.

Frank Curzio: It's even amazing from my point of view. I was covering your stock, I want to say, 2011. Early on. Seeing how far you've come. Seeing what Gold Standard Ventures has become following from the beginning. Now seeing this part, it just seems like it's still an early step in a much bigger project with the way Gold Standard Ventures is going. Just to see that whole process. The early drilling results. Then positive. It's amazing, from my end as well, covering you for so many years, man. Congratulations. It's really good stuff.

Jonathan Awde: Thank you. Thank you.

Frank Curzio: All right. Let's get into you … Actually, before we get into your company … Jon, every time I have you on, I have you on every three months or so, you always give me an update on your company. We always go into factors like macrofactors. We talk about this a lot every time we see each other at conferences. I wanted to start off with the macropicture on gold. I'm having

trouble ... I've asked gold experts, Rick Rule, Jeff Philips who I've had on this podcast. I'm having trouble finding the catalyst that's going to push gold prices higher. I'm not sure if it's inflation, geo-politics. We have risks out of Russia, North Korea. Is it fundamentals? Maybe weakness on the dollar. Which, you know, usually was driving gold prices higher, but it hasn't of late. What catalysts do you see? Everything is perfectly set for Gold Standard Ventures, but the whole industry isn't really a good ... Pretty much out of favor right now. What's going to drive gold prices higher which will eventually drive Gold Standard Ventures higher?

Jonathan Awde: Yeah, you know, we're still in a really challenging gold market. It's tough to gain traction. I think what's interesting that's going on right now, the US dollar is starting to curl over. Maybe it already has started to curl over. Historically, the price of gold typically goes up as the dollar's going down. I think we're going to get to an inflection point here where you have the broader markets at or near all time highs. I think we're going into an inflection point. I think there's a lot of mixed economic data coming out of the US right now. Some of the data is strong. Some of the data is weak. Some of the data is really foretelling of maybe a bit of a slow down. I think we're really watching the dollar.

I think we're obviously in an interest rate environment that probably has at least one more rate hike. I talked about this the last time I was on your podcast, Frank. Really for the gold sector, the gold industry, there's just a shortage of quality, advanced stage development assets in the gold market. There's no pipeline. I think that's what puts Gold Standard in a good position to attract interest and attention and capital is to be in a politically safe jurisdiction. Nevada is ... If it were a country, it would be the third largest producer of gold every year. The Carling trend is the second largest concentration, or endowment, in the bowl on planet earth. It is a challenging gold market right now. We've got lots of cash and more than enough money for the next couple of years to execute our strategy.

Frank Curzio: You know, you bring up a good point. Guys, if you get a chance, go to Gold Standard Ventures, go to their website and look at your presentation. You had a pretty amazing slide on their that I haven't seen at other places where you talk about how significant it is that the large producers have underinvested over the past ... Whatever ... 5, 7 years. But you have a chart showing where the combined production for large cap producers is going to decline by more than 20%. I didn't know it was that big. I know that they significantly underinvested. You brought up just a little bit of what

that means for Gold Standard Ventures. Talk about that a little more. These guys have to be on the hunt for good, high grade gold projects, right?

Jonathan Awde: Yeah. By the year 2020, the top 40 largest senior gold producers on this planet, they're projected to have nearly 21% decline in their gold production. Up until the last 18 months, two years, there's been a real underinvestment into the exploration space. Senior gold producers have decided to ... If they don't step in and help offset the funding gap, there's going to be a real continued lack of exploration. Therefore, a real continued lack of discovery. I think that's ... Again, it bodes well for companies that are able to raise capital. Have projects that have a shot to turn that corner or to go to the next level. We're thrilled that we've got our largest exploration program in history of the company in place this year. We're going to draw almost 50,000 meters this year. We think that there's additional discovery opportunities available to us on this project.

Frank Curzio: Now, explain how big of a drilling project that is. I know that this is your largest drilling project to date in the history of your company. Explain that. You're great at this, Jon, you actually talk so long where it's not so technical. We're not all geologists out there. But talk about the size of that. Where you're drilling. Why that's so important right now. It's an enormous drilling project.

Jonathan Awde: Yeah. It's the single largest exploration program for a non-producer in the state of Nevada. Really, we're focusing the bulk of our exploration efforts. About two-thirds of that drilling is going to be on the offside discovery called Dark Star and that whole corridor. Frank, on March 23rd, we announced our largest, arguably most transformative, land acquisition that took us almost 18 years to put together. Sorry, 18 months to put together. We picked up 21,000 new acres continuous with our project with the south. We've added another six kilometers of strike line that our team is really excited about. We're going to be exploring this year. We just got our EA, which is a permit that will allow us to drill on a much greater portion of the project. That's going to be the focus of the bulk of our exploration efforts. The Dark Star discovery that we brought in to do in 2016, we love where it's going. It's growing, it's open. Some of this new ground of the south, we've got several historical intercepts and occurrences that we feel are ripe for expansion.

Frank Curzio: Recently, you just acquired another company, which is Battle Mountain Gold. Could you talk a little bit about that? I know you're so focused on that one area. This kind of increases your exposure

in Nevada. This was something that, I wouldn't say, caught me by surprise at all. But it's nice to see that you're expanding out of other areas. What's the strategy behind that? I know that the strategy's always to focus where you are. Maybe investors are saying, "Okay, does this take away from anything that you're doing here?" And sometimes investors are like, "Hey, you guys have a great property. Just stick to that." I kind of like this acquisition. Can you talk about it a little bit?

Jonathan Awde: Yeah. That's a very good point, Frank. Last year when we first made the investment into Battle Mountain Gold, we did get a bit of pushback from some of our shareholders, asking us why we did it. Why we did it is because it was a phenomenal opportunity for us to gain a second toehold into, arguably, what will become the most prolific gold trend in Nevada. Which is the Battle Mountain Eureka Trend, or the Cortes Trend. It's probably got years before it will overtake the Carling, if it ever does. But some of the largest gold deposits in the world are in the Cortes Trend. We saw an opportunity to get a strategic and district scale asset. Last year, we bought an initial 19.9% stake. We then subsequently increased our ownership from 19.9 to 28.5%.

Then earlier this year, we decided that it's better for us to own the whole thing. So why did we do it? Again, the Cortes is next to the Carling trend. The most prolific trend in Nevada. This is contiguous with a major open pit mine that belongs to Newmont called the Phoenix Fortitude Pit. Which produces about a quarter million ounces of gold a year and 50,000,000 pounds of copper. This is a project that sent the entire exploration team of Gold Standard Ventures was unanimously supportive of getting behind. We think there is a lot of additional exploration upside here. We feel like we're just going to get started on it. We're going to sort of follow our typical, systematic, model driven approach to all our geophysics. To our sampling, mapping, and then get in there with a drill rig at some point.

Frank Curzio: Jonathan, I'm going to bring my listeners in here really quick. I know they've been long-term investors in your stock. Maybe we have a few listeners that, you know ... Last time you were on, I was talking about Gold Standard Adventures. The stock's down about 10%. This is since April. Probably out-performed the entire industry over that time because most gold stocks have just gotten crushed, especially over the past few months. Talk a little bit. When I say your company, it gets linked into the whole entire industry. But, I mean, where you are right now in this stage of drilling where what you've explored ... Oceania Gold owns 15% of your company. Gold

Corp owns close to 10.

You have every ingredient for this thing to really, really succeed. Yet, you'll see your stock price come down with everybody else. This is going to be a really tough question because obviously every manager doesn't have control of their stock prices, but what are some the initiatives? What are some of the things that you look at? I know Cheryl was like, "Okay. Here's a great company in a terrible sector. Should I wait for the sector to turn around? Is this an isolated example." You guys really outperformed the market in 2012, 2013 when things were terrible too. It seems like where you're priced right now, it seems like a no brainer for me, Gold Standard Adventures.

Jonathan Awde: One of my favorite sayings, or favorite quotes, is from Rick Rule. Obviously a mining legend. When it comes to investing in the resource market, you can either be a victim or you can be a contrarian. I think that there's so much opportunity out there. Look at what happened with gold standards. On March 17th, gold standard got into the GXJ, which is the junior gold's ETF. Then on April 12th, they came out with an announcement where they had to rebalance the whole index. The smaller names in the index got sold or trimmed. This created a lot of uncertainty. A lot of money left the ETF sector. Of course every time money leaves, or outflows, they have to sell all the individual names listed in the ETF.

A lot of stocks and our category got really beaten up. But fundamentally, you look at what happened during that two month period, we acquired 21,000 acres. Which is about 45% of our land. So we added another 45%. We came out with a made resource for North Dark Star. We did a lot of good, fundamental transactions. Catalyst events. Milestones. But yet the stock went down. That was really because of the GXJ rebalancing in its vacuum of capital leaving the gold space. I think what you have here: at some point gold, in the next two to five years, is going to be higher than where it is today.

Yeah, you should have a portion of your portfolio in the gold space. Then you should pick a few of the producers, explorers, and the streamers to get exposure to this market. I think that political stability, being in good jurisdictions, is really, really important. I guess, are you in elephant country? Are you in a part of the world that can produce a five or a 10 or a 20,000,000 ounce deposits? Not every geological system in the world has the potential to produce that. But you look at the Carling trend, you look at the Cortes, there's five to 10 deposits that are mines where they have 20-50 million ounces of gold.

We're excited about this year. Honestly, Frank, it's historically been a really good thing to get into the GXJ. We had a two week honeymoon. Just the timing of getting in there was not ideal, obviously. Just because of the kind of exploration program we have in place. The fact that we've got $45,000,000 in cash, really excited about what we're doing. Not so concerned, day to day, about the share price. I think we have a good underlying asset to underpin this value. I think it's a great platform to go to the next level. Look at where we're trading now. It's at or near where we were before the big discovery at North Dark Star.

Our big hole in North Dark Star, which would be announced in August of last year, was 126 meters of 4.07 grams per ton oxide. I'll say one more thing about sharing the gold space. The average grade of gold mine, in an open pit, in Nevada last year, was .85 grams per ton oxide. More importantly, and this is part of the challenge with the gold space, what that .85 to .9 grams per ton oxide is being replaced with is .6, .65, .55. Lower grade. If you want to achieve the same level of production, you have to move a lot more tons. Therefore your costs go up. A lot of these lower grade deposits that are coming on stream, they're unique to 13, 14, 15 is our goal to have north of 25% IRR.

I think when you find an open pit, keep each project north of a gram, that's sort of a new high grade. Then when you find anything above that, that's gravy. Typically, highly profitable, highly economic, high margin ounces. I think you're going to see a real focus on that is margin, return on capital, IRR. I talked about this a lot the few times I've been on here. You're probably going to see smaller assets get built, but with a real emphasis on what's the payback. Again, what's your IRR? Margins? Profitability? We're super excited about what we have. We've got a few upcoming catalysts. We've got a maiden resource coming out for our North deposit in the northern portion of our project. We're going to have drill results done over the next four or five months. Metallurgy. Then we'll come out with a PA in a year.

Frank Curzio: Jon, you make me laugh, man. You know why? Because we've done this so long, you know exactly where I'm going. It's not even funny. I don't have to be here anymore. I was just going to say, one thing is you explain that amazingly. This way everyone can understand it when it comes to IRR and how important that is in grades. I was just going to say, one of the biggest things, especially when it comes to early stage mining stocks, or just junior mining stocks, or in this area, people love to see news. They hate sitting there and saying, "Okay, I own this stock. Nothing is happening over six

months."

I always say what's the catalyst and the drilling results? Then you just said here's some of the catalysts. You're kind of answering the questions before I even ask them, I think. Which makes this pretty cool. Anyway, I wanted to say this and I'll end here. I was going to say, what's the catalyst for people that buy your stock right now? You just said the drilling results are coming out. But I wanted to say congratulations. What a big deal, right? It's actually your own company, to get up on that platform, and ring that bell, and learn the history about it.

I guess for people out there who haven't done this or are not familiar with it, what stood out the most to you going to New York stock exchange and doing it? You're probably so in the moment, I don't know if that's a tough question or not. But what was one of the takeaways that you would have from an experience like that? Which is so amazing.

Jonathan Awde: Well, you know, Frank, typically when you go through a period of four or five years of a destructive bare market, it can typically rip apart a company and tear it apart. What those four, five years of pain did for Gold Standard, is it brought everybody closer together. It really created a family concept. Work hard, play hard. Everyone's committed to the end goal. I think that's rare where people remove their egos, and their need for significance, and just all work toward a common goal. You're all rowing in the same direction. Just being up there with the entire team and family, it was just an amazing experience. Having a financial background and capital markets background, to be there ... Again, just the energy, the atmosphere, the level of professionalism, and the pride that those floor traders take, it was just a phenomenal experience.

Frank Curzio: That's great stuff. I really appreciate you joining us on the call just a few hours after you rang the bell. Listen, congratulations, man. Real proud. Listen, we'll definitely chat soon in Vancouver, right? I'm sure I'll be in Vancouver in a couple weeks and we'll definitely set something up.

Jonathan Awde: We'll see you in a couple of weeks, buddy, thank you so much.

Frank Curzio: Sounds good. Take care, buddy.

Jonathan Awde: Thanks, Frank.

Frank Curzio: Great stuff from Jonathan Awde. He's a guy that's calling us a

couple of hours after going to the New York stock exchange. We did that interview Monday. Just to see how far the company's come since we first covered it below, I want to say, below 40 cents or so when we first started recommending it. Now, it has come off its highs. The gold industry's been really tough. Like he said, he's been operating in a very, very tough industry since 2011. Mostly bare-ish the whole time outside, maybe, the first year. And a brief period in early 2016.

When you look at this company, guys, it gets lumped into the rest of the junior mining companies that really haven't had a significant discovery. Mostly junior minors. But here's a company that has an investment from Oceania Gold. 15% of the company, they own. They have major partners. Even Gold Corp owns 10% of the company. You're looking at a high grade deposit, discoveries, massive drilling programs, good management teams. When you see Gold Standard Ventures, when I see it at this level, if gold continues to go down, the stock's going to go down.

We see that. Obviously it outperformed the market over the past four months since he's been on because it's a much better company than a lot of other junior miners. If you are a believer that gold prices are going to go high over the next three to five years, here's a company that could double, triple, even go higher from these levels for the assets that they have. Just like he said, they increased land by 40%. Major discovery. High grade. When you look at this company, at this level, and where it's trading ... If you're a believer that gold's going to go higher, it's difficult to find a better company that has so much established with a price that's this dirt cheap.

In my opinion, again, doesn't mean that gold prices can't come down, the stock can come down. But if you're a real believe, like I am, in the next few years, gold is going to make a major comeback, this is a stock that's likely going to outperform the entire industry. They have everything in place. It's a company I followed for a long time. I really appreciate Jon giving us a call. Pretty much first to the party here, a couple of hours after being on the New York stock exchange. Which is really, really cool.

Anyway, this podcast is about you, not about me. Let me know what you thought at frank@curzioresearch.com. That's frank@curzioresearch.com. Once again, I want to thank Jon for coming on just a few hours after ringing the opening bell on the New York stock exchange.

Let's get some educational segment. Let's start out with a quick

story. It's about Starbucks, 2006, 2007. If you look up Starbucks, they went public in July 1992. One of the fastest growing businesses in the world. Store count rose nearly 9000% to over 15000% by 2007. Pretty amazing. Sales skyrocketed from just $100,000,000 in 1992 to 9.4 billion. It had an increase of 9300%. I think they started with ... 1992 was 150 stores or something. So again, 150 stores in 1992 when they went public, to over 15,000 in 2007. Amazing, right?

Investors saw massive gains. On a split-adjusted basis, right? It split numerous times. It's 30 cents in 1992 and it went to $17.50. You're looking at nearly 6000% gains. I want to put that in perspective. It's 360% annual returns over around that 15 year period. Think about that for a minute. Doesn't get more awesome than that. You look at the peak, right? Which was in 2006. Every analyst had a fly rating on this stock. Everyone loved it. You couldn't find a person on TV that was negative on the company. Then what happened?

Everyone just assumed Starbucks everything and their sales would continue to grow faster than the overall market forever. Which, we know, that never happens, right? That growth usually slows for every, single company. So you're looking at Starbucks trading at a crazy 50 times earnings and 12 times book value. To put that in perspective, the SP500 back then was trading at 16 times earnings, less than two times book value. They deserve that ... It's a little crazy, right? 50 times earnings. You deserve that kind of multiple if you're growing 300%. The returns that they're showing their investors, and how fast you're growing over that period is insane.

That's why you have that premium evaluation on stocks like Amazon, Facebook. When you see that growth, people will pay for that. They'll pay a much more expensive multiple than market. But like most awesome growth stories, Starbucks started running into major problems. In 2007, you had McDonald's say, "Hey, you know what, let's start selling coffee." Makes sense. Much cheaper prices. They started taking market share. So did other fast food chains. For the first time in 15 years, this was around the beginning of 2007 now, Starbucks reported its first ... Think about this, its first year to year decline in sales.

How crazy is that? Yes, they're opening up tons of stores and that adds to it, but think about over a 15 year period. Since going public. During that time, it was also terrible. Dairy prices were sky rocketing. Energy prices were higher. Food prices started to rise. These costs caused margins and their earnings to fall sharply. Then what happened, right? The death blow hit. Went into the credit crisis. Retirement accounts got crushed. You all know the

story. Home values plunged by 30%. Unemployment surged. The financial system on the verge of collapse. Most people were more concerned about their financial well-being than, "Hey, let me go to Starbucks and pay $2.50 for a cup of their premium roast." Right?

The stock really got hammered. It went down to $4.50 in 2008. Down 70% from its peak. Just a couple years ago. But if you look at what happened next, it's a really cool strategy that so many people really don't use. You look at Starbucks, it's one of the premier companies in the world, right? Like most experienced management teams, what happened? They immediately cut costs, started closing stores, laying off employees. They found ways to lower input costs on their key ingredients. Came up with a strategy and said, "Hey, this is how we're going to grow again. Here's what it is."

They're able to do that because they're in business for such a long time. It took less than 18 months for Starbucks to get back on track. Sales started going higher. The stock doubled in price. You look at today, Howard Schultz has a lot to do with that. He left the company, I believe, in 2000. Didn't like what was going on. And then finally came back in 2008. A lot of this is credited for him. He said, 'Hey, I don't like the direction of my company, I need to come back." You look at Starbucks today, he just stepped down again recently. This year.

Starbucks operates over 23,000 stores in 70 countries. If you bought shares, at least of this industry leader, in late 2008 ... Even if you bought it in 2006, 2007 when they had problems. You could go back and say, "Okay, 2008's credit crisis, Frank. You pull any stock then. It's higher now." You're right. They had tons of problems before that and started crashing before that. Even if you bought in 2007, mid-2007, end of 2007 ... You would be up enormous returns on Starbucks.

Even if you take the low in 2008, it's like 2000% gains. You're looking at SMP500 over the same time frame. Taking 2008, you'll get 220% returns. When you buy industry leading companies when nobody else wants them, it's one of my favorite market strategies. Which I covered a few times. We're going to get more in depth. I felt like I didn't do a good job explaining exactly what I mean. I talked about it with Nike. I talked about a segment like this a few times. We're going to get a little bit more in depth here. It's not going to be long, I promise.

But if you're looking at every single company, every single one goes through tough times. Doesn't matter if it's a local deli, right?

It's on your corner. Or one of the large companies in the SP500 index. Doesn't matter how experienced your management team is. What set do you operate in? A successful business, especially if you're successful, you're always going to see new competitors enter the market. You're always going to have new regulations. Look at geopolitics. These are things that impact sales, impacts consumer spending. If you're in business long enough, you're obviously going to see a recession. You may not think so.

I thought the passed eight years have been a bull market. But you're probably going to live through a recession where everything is good with your business and people are just not going to spend money to buy your products because they're worried. You're going to see sales and earnings slow. If you look, these slow downs usually result in a big pull back in the stock price of publicly traded companies. When it comes to industry leading companies, these big pull backs almost always result in huge buying opportunities for investors. You can date back to whenever you want.

Apple almost filed for bankruptcy in 1997. If it wasn't for Microsoft, which made a large investment in the company to keep them alive, how ironic is that? The iPhone, iPad would have never been created. My goodness, think about that for a minute. Think about that because I was actually walking through Times Square last time I was there. Not near stock exchange bell. I stayed at a hotel in Times Square. Millions of people, obviously, it doesn't matter what day you go. It could be any night. Tuesday night is just millions of people, right? Everybody is on their phone. Most of those people were iPhones.

I was just walking by everybody on their phone, looking at their phone. Most of them were iPhones. Pretty crazy. Imagine not having that. Anyway. Look what happened to Apple, where it is today. If you bought Apple during those troubled times, you're likely sitting on a small fortune. You may own a couple of islands of yourself. Who knows. Name whatever you want. Look at McDonald's stock price. Fell sharply in 2003. Remember that? The sanitary problems they had with their stores. Sales across the country. It was just terrible, right?

What did they do? They brought in new management. Changed its menus. Sales started to soar. You're looking at McDonald's, right? The largest food chain in the world. It's up about 700% since 2003 after implementing all those changes. I can keep going here. Wal Mart 2015, remember the stock fell 30%? Amazon, Costco, Target, eating their lunch. Killing them. Crushing them. So what did management do? They knew they had to spend big money to

improve their e-commerce. Improve their infrastructure to better compete in their stores. It only took 12 months later and sales started to rebound.

You look at Wal-Mart, it's up 40% from its 2015 lows. Guys, I'm not cherry picking a few names here to make my point either. You could look at every DOW component, which is the 30 companies, right? 30 industry leaders, most of them. Everyone of them are the biggest within their industry. They have a similar story. You can trace back to whenever you want. Industry leaders went through some rough periods. Their share price got crushed, yet nearly everyone of those names is trading at all time highs today.

There's a few reasons why these companies almost always bounce back. If you look at them, it's industry leaders, right? They have experienced management teams that lived through several boom and bust periods. What does that mean? They're familiar with the restructuring process. They can quickly put up a plan together to cut costs. Get the company back on track. Plus, a lot of times, these companies have been in business for 30, 40, 50, 100 years. 150 years, you could date back for some of these companies. A lot of them have pretty solid balance sheets. Which is very, very important.

You're not looking at a small company running into trouble that spent too much on growth and you're saying, "Wow, now we're in trouble. We have to raise money, we have to do a secondary offering. We're going to dilute our shareholders. We're going to crush our stock price." It's not like that with bigger companies that have better balance sheets. They have money to fund new areas of growth. Like in IBM, to totally transition its business and go into things that are working instead of their old legacy business, their servers and all that garbage. "Hey, we got so much. Billions on the balance sheet, let's get into Cloud. Let's get into mobile. Let's get into a big data analytics."

They have the money to do that where small companies don't. They're very familiar with that restructuring process. They can use that cash, also, to acquire smaller and faster growing competitors if they want. To extend their credit lines, right? They usually have good standing of credit. They have existing relationships with banks. They can take out debt. They can do numerous, different things but they have so many more options when business is terrible or they missed a few quarter, to transition. Most of the time, these companies bounce back.

I have to tell you, buying these industry leaders when nobody wants them, it seems pretty easy, right? It seems like a no brainer. But nobody ever does it. Why? Because our brains aren't wired that way. It's kind of weird when you think about it. Here's an example, right? Going on a sports analogy here, guys, you know I love sports. Look at the New England Patriots. Won the Superbowl this year. There's not a football fan on the planet, even if you hate the New England Patriots, that doesn't believe they're going to win the Superbowl next year. Because they just won last year.

Every team that wins every major sport is always favored to win the following year right away. Almost every single time. But yet, if you take the New York Jets, right? One of the worst performing teams. Terrible. Nobody's betting on them to win the Superbowl next year. I mean, are you really going to go and bet the New York Jets to win the Superbowl? Watch, New York Jets are probably going to win the Superbowl. You know how I am at picking Superbowls, right? This might be the one year I pick it because the Jets are going to win it. Imagine that, that'd be fantastic.

But to my point. Our brains are wired to just pick the best. When things are good, that's what you want to focus on. New England Patriots are going to be great no matter what. Even they're losing people. Even though they should've got crushed that Superbowl and they didn't. They came back. Remarkably. Amazing. But our brains are wired to not go pick the New York Jets. To go say, "Hey, you know, New England's definitely going to win." That's the way we ...

The same is true for stocks. Most investors hated AMD, right? The Intel rival when they trade at $2.50 in 2015, you couldn't find a person that liked it. Today they love it at 13. They hated 2.50 but they love it at 13. It's just the way we're wired. I'm not making fun of anybody. You look at May 2012 when Facebook went public, right? Its share plunged, what, 50%? Fell below $20 a share. Investors were like, "Here it is, Myspace! Going bankrupt, terrible." Today Facebook is at $150. Every sale site analyst, every single one. I don't think you're going to find this ... Every single one has a buy rate.

They love it at 150, they hate it at 20. It's the way we're wired. If you look at and focus on something like this, it's very, very important. Industry leaders, when they're out of favor ... Again, nobody wants to buy IBM here. Nobody wants to buy ... I'll give you a bunch of examples. Why am I bringing this up again? I've done educational segments in the past kind of like this. Saying how you can buy a lot of great stocks when they get crushed. But recently, and when

I say recently, I mean the past months, I'm getting so many emails saying, "Frank, I want to put money on the market, but I'm nervous in stocks at all time highs." Right?

We kind of all feel that way. Frank, the market looks real expensive here, I'm on the sidelines right now, just waiting for a pullback. Which you know what's going to happen. We're going to pull back 20%. You're going to be scared. You're not going to go in. That's the way our brains are wired. You get the pullback and you say, "Whoa. Holy cow. I think we could fall even more." I get it. I get why people are worried out there. We're in a bull market for what, eight straight years. The average bull market lasts for what? About four and a half years on average. In fact, I believe this is the longest bull market on record. If not, we're just a few months away. I've done research on this three or four months ago.

Close to the longest bull market in history. I know you're nervous. Even I'm nervous when I look at the market as a whole since valuations are stretched. Now, if we look at economic data, it's starting to roll over a little bit. Housing starts down 30% at an annual rate. Auto sales down 20%. No growth in capital goods orders. I can keep going. Retail sales worth is slowing. You see retail is getting crushed. A fed that's aggressively raising rates where there's no inflation in sight based on the CPI. Their top gauge to monitor inflation not over 2%. Which I don't want you to get too upset. We're going to raise rates.

They're aggressively raising rates. It's scary. Again, I see your concerns. But instead of looking at the market as a whole, start looking in individual names. Even the best-of-breed companies within a lot of industries have gotten crushed over the past few months. GE, I know it's been falling as a company I like. But having a three year outlook on GE. Buying it here is a no-brainer. Retails like Macy's and Costco, not yet. Keep them on your radar. I mean, these guys know exactly what to do. Macy's knows how much they have to cut. They know they have to get ... Find that mix between online and big box. They're not there yet.

These companies have gotten destroyed and they're trading at cheap levels. Not because their stock's down. They're still reporting decent earnings. They're just growing a lot slower. Look at oil companies, Exxon and Chevron. Exxon got a big upgrade, right? I usually don't mention upgrades, downgrades too much. But Exxon got upgraded from Barkley's. Barkley's is probably the best South Side firm in the world at covering oil. Amazing. They do these surveys where these CapEx surveys that I use for my research. I think it was over 700 billion dollars. It's global CapEx spending. It

went down to 400 billion. For two years straight, it went down 35%, 30%, 27% two years in a row.

I've been tracking this data for a long time. They have good access to that entire industry. Goldman doesn't cover oil well. I wouldn't listen to Goldman at all. Goldman's an amazing firm. I love them. I think they're great. When it comes to research, they have amazing smart people there. They just can't cover oil. They're terrible. Everything they say in oil, do the opposite. Barkley's is like the oil firm. Pretty good upgrade of Exxon right now, right? The company has fallen a lot off its highs.

You look at Goldman-Sachs's the stock is down 5% on a year. Might not be a bad buy, especially when D regulations definitely come down the line. Might take 12 months, 18 month. Might be a good time to buy. Disney's flat on the year while the market is up a lot. Look at the industry leaders that underperformed in 2016 like Coco-Cola, which is now up 8% in 2017. American Express, which is up 13% this year. Home Depot up 14% this year. Nike fell 18% last year. A company I told you all about. A crushed, worst performing DOW component. I also liked them a lot. Saying, "Hey, these industry leaders rebound." It's up 15% this year.

The formula is try to find industry leaders that are fallen out of favor, but don't stop there. That's where you get your list, right? That's where you could screen for these companies down 10% over the past 12 months because the market's up a lot, right? They're significantly under the floor. You have a screen. You have a whole list. Go to the SMP500. I just mentioned DOW components to prove my point. Go to the SMP500. See if these companies pay dividends. Some of them may pay a solid dividend that's perfectly safe like IBM's dividend is safe. That's why I liked IBM. Fine, you gotta take five years to finish restructuring. You're going to pay me 4%. I don't mind waiting.

I'm not going to put all my money into IBM, but hey, it's worth a position in my portfolio earning 4% while you can't even get 1% almost anywhere outside of stocks. Seeing that transition, all the factors. You look at IBM. Everything that they talk about and the clients sales. Everyone's eating their lunch. It's all factored in. We've been talking about it for 10 years. We know all those risks. There's not a risk you could tell me on IBM that I don't already know. You just can't. Everybody knows about it. It's factored into the stock price. But if you see a company paying a 2% dividend, which is a little bit better than the market, changes are you're going see money just pour into that company.

Especially as they have a restructuring in place. You have the entire world just craving cheap companies that have a history of raising their annual dividend. If you see a cheap company paying you 2% yield, that's a very good buy for a lot of fund managers. It's an easy payday for them. Remember, they just want to barely beat the SMP500 and you get paid. Should see the hedge funds on those bonus fees. If and when the market falls, right? When. It's going to fall. These stocks, since they're already down a lot, if you look at the names I just mentioned, a lot aren't going to go down as much if the market does come down. At least not as much as the momentum names.

Facebook, Tesla, Videa, Amazon, which are trading at very expensive levels. Crazy levels. If you look at the risk/reward, you don't know what the market's going to do. We can keep going for another five years. Now you own really cheap companies, pay dividends, industry leaders, have a history of always coming back. You have a little bit of red, you know. Of course, the mark comes down, they're kind of ... They're probably not going to come down more than the high growth names. So outperform the market. But from a risk/reward basis it's a very good strategy. A lot of these companies bounce back immediately.

Look at Nike up 15% this year, 20% from its lows. Those are good gains in nine months on a company that we were well ahead of. In fact, if you're a Curzio research advisory subscriber, which I know everyone of you are, at least most of you took me up on that offer, which is really cool. I just recommended an industry leader that's down about 35% over the past two months. Many of its problems that just pushed the stock down recently are not going to exist probably 12 months from now. The stock could pop, I believe, 50% in the short term for an industry leader, which is insane. Which would basically put it at where it was trading about five months ago.

You're a subscriber. You're going to get that stock pick today, be sure to check your email. Very good write up. 10 page write up on this stock. Pretty cool. But that's how I would look at the market, guys. Try to buy industry leading names that have significantly underperformed the markets. Maybe you see some insiders buying at cheap levels, which is another buy signal. You don't want to try to catch a falling knife like Macy's. Technicals do matter. We see insiders buying at certain levels, that's usually a buy signal. They know more about their company than anything. Maybe you don't have to wait for that little bit of an uptrend, which people love to see before jumping in.

But stop looking at the overall market because it's scary out there. Many names are trading at crazy valuations. Especially the fang names. I told you why Google is probably going to sell off two months ago on education segment. They're down 60 points from its highs. We're going to see the same thing happen as on Facebook. Every company needs to take a breather, even the ones with the biggest growth trends. Again, guys, don't look at the market. I get a ton of emails, that's why I wanted to cover this segment. Get more in detail. Give you a lot of stock picks. Look at individual names. High quality names that are sold off a lot. Start doing your research. A lot of times, more times than not because of their experienced management teams, these guys could quickly turn around operations. You see these industry leaders usually rebound within 12 to 18 months.

Hey guys, if you want to get realtime comments from me, usually post political rants. Now it's on stocks, the market's economy. Follow me on Twitter. @frankcurzio's my handle. It's @frankcurzio. Also, if you're listening to my podcast on iTunes, I'm going to ask you to do a little bit of a favor. There's a rating button there. You could rate it. You could give me one star if you don't like me, which is perfectly fine. Or five stars. I would never tell you how to rate it with five being the best. When you rate Wall Street Unplugged, it moves up the list on iTunes, which it's already pretty much near the top. That high rating makes a lot easy for me to basically get the best guests out there.

Especially if they're first time guests who have never heard of my podcast. Looking, go on iTunes, say, "Wow, this guy got good rating. This, that." So it's easier for me to get these great guests because the lineup of guests that we're getting over the next couple months is going to be remarkable. The people that I'm talking to right now, I'm planning ... Especially in two weeks from now, I'm going to have a first time guest that's unbelievable. Unbelievable. I'm not selling you this, I'm serious. I can't wait to interview this person. It's going to be fantastic. That's one of the reasons why I'm actually coming back. Just to interview this guy from my studio, which will be easier.

I also have meetings set up, that's why I am coming back from Vegas and then flying all the way back to Vancouver. It's going to be awesome. It's going to be two weeks from now. You're looking at great podcast guest because what do they do when you ask them to come on a podcast? They do research on you. When you rate the podcast and it's up there, that's what they love. Of course, everyone wants to go on the biggest shows and right now

we're ranked fairly close to the top in podcasts tanks to you. So if you can, go in there, give it a rating. Couple of comments. Again, not going to tell you what to say. If you don't like me. If you hate something I said, feel free. Post your own opinions. But again, even the bad ratings, good ratings, it moves up the line. Makes it a lot easier for me to get the best guests for you to listen too. Guys, that's it for me. Thanks so much for listening. I'll see you in seven days. Take care.