

## The Disciplined Investor Podcast – Guest Interview Summary

Guest: Frank Curzio

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### Summary

#### US Economy Growth Prospects

Andrew and Frank discussed the current state of the US economy, noting consumer resilience despite manufacturing contraction and service sector strength. They highlighted the uncertainty caused by tariffs, which Frank dismissed as a non-event given the likelihood of Supreme Court reversal. Frank emphasized the positive market conditions, including potential lower interest rates, deregulation, and the administration's market-friendly policies, predicting continued growth over the next 6-18 months.

#### Tokenization: Opportunities and Risks

Frank and Andrew discussed the implications of tokenization, particularly for private companies and publicly traded stocks. Frank explained how tokenization could provide more liquidity and 24/7 trading, potentially reducing the power of high-frequency trading firms like Citadel. They also explored the potential for tokenizing real estate and other assets, with Frank noting that BlackRock's strategy of buying entire neighborhoods and reselling parts of them highlights the opportunities and risks of such approaches. Andrew shared an example of how options trading by a young investor led to a temporary spike in stock prices, illustrating the potential for market manipulation through complex trading strategies.

#### Curzio Research Conference Overview

Frank discussed his upcoming conference at the Pier 66 Hotel, which will host high-end investors and feature various speakers and sponsors. He highlighted the availability of Curzio Research's products and services, including their podcast "Wall Street Unplugged," which Andrew was invited to speak at but couldn't attend due to a family commitment. Frank encouraged listeners to explore the podcast first before subscribing to their newsletters or other services, emphasizing their commitment to providing transparent and sometimes contrarian financial insights.

#### Interest Rates and Economic Impact

Frank and Andrew discussed the current state of interest rates and their impact on the economy. Frank noted that while rates are expected to decrease, there are some concerns about the long-term effects of lower rates. Andrew expressed his lack of concern about potential bond market issues or a sell-off in the U.S. economy, but acknowledged the possibility of future risks. They agreed that the current market environment, while concerning, does not warrant immediate action.

### **AI Growth and Market Valuations**

Andrew and Frank discussed current market valuations, with Frank emphasizing that while the S&P 500's PE ratio of 22 may seem high, it's actually cheaper than recent years when growth was lower. They explored how AI companies like Nvidia are achieving exceptional growth rates and productivity gains, leading to fewer jobs but significant efficiency improvements. Frank shared his perspective as a 30-year fundamental analyst, explaining that traditional valuation metrics like PE ratios need to be considered alongside growth rates and total addressable markets, particularly for companies like Palantir which he believes is uniquely positioned in the AI space with a potential trillion-dollar market opportunity.

### **Private Equity Investment Concerns**

Andrew shared his experience at a Miami event where private equity representatives approached him about investing in private equity, despite his lack of interest. He expressed concerns about the liquidity issues, taxation problems, and long-term nature of private equity investments. Frank agreed with Andrew's concerns, adding that most retail investors lose money in private equity due to complex deal structures and lack of transparency. He also discussed the case of Anthropic, a rapidly growing AI startup in which Amazon holds a 33% stake, noting that Amazon's investment has been highly profitable.

### **Agentic AI's Impact on Employment**

Frank and Andrew discussed the future of AI, particularly agentic AI, which Frank explained as digital employees capable of performing tasks like coding, accessing databases, and executing actions. Frank highlighted the significant investment in agentic AI by major companies and institutions, predicting its widespread use in replacing human workers in various industries. They also touched on the impact of AI on different job sectors, noting that non-blue-collar jobs are increasingly at risk. Andrew demonstrated the capabilities of AI through a spontaneous query about Frank's background, using the Copilot mobile app. The conversation concluded with a brief discussion about Salesforce's recent earnings and AI strategy.

### **Salesforce's AI Promises Underwhelm**

Frank discussed the bearish outlook on CRM systems, particularly Salesforce, due to their overpromising and underdelivering on AI capabilities, which is not translating into expected

growth. He highlighted that while Salesforce's earnings look strong, they are due to price increases and cutting content, which could harm subscriber growth. Frank also expressed optimism about small-cap stocks, noting that they have underperformed large caps but could benefit from a bull market, mentioning specific opportunities in sectors like oil and Bitcoin mining.