

Chuck Jaffe (CJ): Nolan Langford, chief executive officer at left brain wealth management is here. We're talking stocks, and this is the market call.

CJ: Welcome to the money, life market call part of the show where we talk with experienced money managers about how they do their job, what they look for that determines their buys and sells what they see happening on the market, and how they put it all together.

CJ: Returning to the market call today. Nolan Langford. He is chief executive officer at left brain wealth, management. I know he is one of your favorite guests that we have here, because you always say that, but also because he at 1 point was a regular on the show. As we helped left brain launch their left brain thinking podcast which you can find now Youtube and things along those lines. Learn all about what they do at Leftbrainwm.

CJ: Nolan Langford. It's great to have you back on money life.

Noland Langford (NL): hey, Chuck, it's always great to be here, and it's especially great because it's the holiday season. Favorite time of the year.

CJ: Yeah, it's not just our favorite time of year, or almost everybody's favorite time of year. It is also a time where market is at record highs before Santa Claus comes to town. Most people are thinking Santa's coming, and we might have a January effect. So good market and you are a growth oriented investor. So having some growth is good. But let's start before we jump into where you see the market. Now let's start with your methodology. A quick refresher on the left brain method.

NL: Yeah. The left brain method. Chuck, we're really looking for winners. We're looking for a few lens to find those winners. One, you know. Clearly, we want something from a fundamental standpoint that's attractive. We define that as we have profits.

NL: and what we really like is when those profits are accelerating, and we're looking for the same thing with revenue growth. A lot of times you'll get profit growth. But you can get it from a lot of ways you can do financial and engineering. There's a lot of ways that you can get earnings growth. But we're looking for earnings growth

NL: coupled with revenue growth, and we like to see that over a prolonged period of time. We like to see that there can be persistence and acceleration both in profitability and in revenue growth. So that's what we're looking for. We're looking for winners in terms of this market getting to record highs.

CJ: Well, we've all been winners with a rising tide to a point, because the big winners have been kind of few and far between, and it's not even the magnificent 7, because not all 7 of them are still magnificent. So

CJ: from your standpoint right now, how easy or hard in these conditions is it for you to find those proven winners?

NL: You're right. It has been more challenging the last several years, especially coming off, you know, Post Covid, we sort of been through a roller coaster of business conditions. You know, we had the supply chain. We had inflation issues, especially in the growth sector coming off of 2021 chuck. When that sector hit a record high. We've had some broken business model issues as well, especially in the tech land.

and so it hasn't been as easy to find.

But where we are now in the business cycle, particularly now that interest rates are sort of a lot more predictable, or at least not going up, not raging.

We've avoided kind of a nasty recession, and we've kind of come through the other side a lot of businesses. We're finding that we looked at it several years ago that maybe that they were expensive and the business models were unproven a few years later. We're finding valuations are a lot more palatable.

and we find in the businesses are a lot more durable than we thought, or at least they've strengthened over the last few years. So we have a lot of things on our stopping list, Chuck.

CJ: So let's talk about some of the things that are on your shopping list. How much for you right now? Is this a feast where it's easy to fill a portfolio, and the hard thing is separating it out. How much of it is?

Yeah, okay. It has been that that fewer winners makes it tough. So if you say you've got a lot on the shopping list. What's going to distinguish one winner from the next?

NL: You're right, because for the 1st time in a long time Chuck.

the ideas are fighting for shelf space. and we have more ideas a lot of times, and we do have capital to to fund them. So obviously, we want to create a balanced portfolio. We are fiduciaries for our clients.

NL: and so we do need to make sure that we're kind of have broad exposure. We don't need to take an exposure in every sector. But we need to have multiple names in a portfolio. That's 1 of the things that we look at. The other thing that we're looking at, like I mentioned to you is profitability. We want not only profitability, but we want increasing profitability. And then, from a competitive standpoint, when I say winners, I'm not necessarily just saying stocks that we think could double.

NL: but companies that we think are category killers, meaning that it's obvious that they're going to win this category, and all you have to do is keep hold to them for some time.

CJ: Let's get a for instance, what's a name or 2 that are poster children for the methodology.

NL: Right now, we really like travel. If you take a look at earnings, estimates, and revenues growth, we really like what we see particularly within travel. We like the subcategory of cruises.

NL: and we like both cruise lines, Royal, Caribbean and Carnival. We've been favoring on into 2025, just because of what happened during Covid, and the ability to kind of snap back fast in 2025. But I think cruising right now, within travel is a poster child for something that is accelerating both from a fundamental standpoint, and where you kind of have a you know kind of a duopoly between the big 2 Royal Caribbean and Carnival.

CJ: When you look at something like that in these economic conditions, where we know that there's a new administration coming. We know that it's got some policies that may change in the value of the dollar and do some other things that have some impact. But we don't know exactly how that's going to go. How much does that put you on edge like

CJ: travel is one of those things that between tariffs and a couple of other things. You could make it that people are suddenly not looking to travel much if we wind up with inflation, becoming stickier, or, worse yet, going up in the wake of tariff increases and things along those lines. That's a market that at least short term is going to be impacted negatively. So does any of that play into your thinking?

NL: Not necessarily chuck, because what you mentioned is maybe a 1 quarter or 2 quarter phenomena. You know, if something happens that way, we're thinking more intermediate or longer term, meaning that we know human nature. It's a human instinct to want to get out and travel and explore the world. and the more money and more discretionary money people have at their disposal, the more likely they are to do so. So we think that their long term trends are going to propel travel and cruise line generally like, for example, the baby boom generation, you know. Every few seconds somebody turns 60,

NL: and that's kind of like a green light to start living. The retirement, lifestyle and cruising all in is still one of the most economical forms of travel. So there is sort of this trade down impact where, if you do get into a tough economic situation, cruising could be attractive to a lot of people, because the all in cost is less expensive than traveling in other formats.

CJ: So again, Rcl. Royal, Caribbean and Ccl. Slight preference to carnival cruise lines among the cruise duopoly. But what else stands out to you right now?

NL: Yeah, there's a lot of just from a category standpoint. We do like software, you know, this year, and the last year has been all about AI. But it's been AI from a hardware standpoint, ie. Nvidia.

NL: But after you get the hardware in. You need software to really drive efficiencies.

NL: And software was really left behind the last 12 to 18 months. But it's starting to resurface. And there are an enterprise. Software spending is starting to be a lot more resilient. And we're starting to see a reacceleration there. That's an area we like along with Fintech financial technology. And finally, just from a category standpoint or a size standpoint, Chuck. And I'm sure you've heard this. You know, we really think going down market.

NL: particularly in the mid cap space. We're defining mid cap as these companies

NL: between 20 billion in market cap and 100 billion last couple few years is the market headlines have mentioned all these new records, you know, like you mentioned earlier. A lot of that was on the large cap ie. Mega cap. You move down market cap and you start to find a lot more attractive holdings that really haven't been bid up.

CJ: For example, give us a name or 2 in there.

NL: Yeah. A name that we like. They just reported earnings is Snowflake is the name that has come out and just reported earnings last week. Of course, they're in the data or the Damas data streaming business. The revenues are not only subscription or usage based.

So the last couple of few years, as people built out their hardware for AI and just cut back. Generally the clients onto their system grew, but used it to decline. Not now. So now we're starting to get a reacceleration and usage in customers. And with the use cases for AI, we think that's going to continue to accelerate. That's just one example, there's a lot of names like that. But that's 1 example. And again, it checks a couple of boxes. Well, and I want to point out that snowflake, which is ticker symbol, snow. We discussed that the last time you were on the show back in May.

CJ: and you had it as a hold. You were waiting. It wasn't yet at a spot where you like to buy it. So obviously some things have turned on that which brings me to, you know, one more question here, which is, what makes you turn on a stock rather than so much on the turn for the positive go from a hold to a buy. What makes you sell? Once you found the right thing, the right kind of business. It's the winner. What makes you wind up saying? Yep, but I can't hold it anymore.

NL: Yes, there's always a few things that happen that make you say this is can't do it. So one, the big one, is like accounting. So if there's an accounting issue, then generally, you're gonna look and say, Okay, until I get clarity, I can't trust the numbers and and trust the details case in point this year has been like Super Micro.

You're just not comfortable holding the name 2, the business just your thesis in the business or the business just changes or declines, or you lose confidence in the business case in point, we don't own it. But, for example, Intel, if Intel was a name that we had liked before, you know. Certainly, with all of their issues, it's not certain how things are going to play out. They've lost leadership. You don't have increasing profitability, you have decreasing profitability. So that would be another story. Just the business conditions have changed for the worse, and we're not convert, convinced that they're temporary. But then the 3rd reason about selling is generally chuck. Something comes along where we have just a lot more conviction. It looks like. Nothing is a sure thing, but it certainly looks a lot more attractive at the moment. So those are generally the big 3.

CJ: Well, now, we're going to get your quick and dirty. Take on some stocks that my audience is particularly interested in.

CJ: money doesn't grow on trees, you know it doesn't, but it does grow. If you're looking in those long-term winners that Nolan Langford was talking about, Nolan is the chief executive officer at left brain wealth management left Brainwm Com. If you're looking for more information, quick and dirty, of course, is our lightning round. If you want to participate, said your name, your hometown, and the ticker symbols. You're interested in the chuck@moneylifeshow.com added to the list, and hope it makes it into an interview soon

CJ: starting today with a request from Javier in Wilmington, North Carolina, shared with rich in Orchard Beach, Maryland. Both want to know about rhythm. Capital Corp. That's RITM.

NL: Yeah. Rhythm capital is listed as a reit. They're in the mortgage servicing mortgage finance business.

NL: And then last year they actually bought a hedge Fund golf to capital to kind of round out the revenue generation. This one we like, we think, all signs point to a green light. Here we have interest rates that have settled down. We have an economy not poised for recession. And what we really like about the shares is the 9% dividend yield. You can tell Javier this one's a buy a lot of it.

CJ: Nolan Langford, chief name that is the name that has come out and just reported earnings last. That's what matter? Which is what makes you turn on a stock holding the name to the business, just your thesis in the business, or the business just changes or

declines, or you lose confidence in the business. Looking in those long, add it to the list, and hope it makes it into an interview soon

NL: and what we really like about the shares is the 9% dividend yield. You can tell Javier this one's a buy. I'll not only tell Javier and rich in Orchard Beach. But I'll tell everybody else buy it out right.

CJ: That was a buy on Ritm rhythm, capital Corp. Catherine in Fort Collins. Colorado wants to know about Altria group. It's Mo. MO,

NL: yeah. Altria group. Interesting. Probably most people know Altria group more by its brand name of its retail product itself, the cigarette. Philip Morris, although they do have some kind of non tobacco nicotine business.

NL: This traditional business is still their big business, and it is very, very profitable, and we like it. The yield here is about a 7% yield. But that's only because the price is up 40% year to date. We have growth here that's reaccelerating. But more importantly, we like that that dividend that they've been paying. They've been paying for decades. Altria Group is publicly committed to increasing the dividend along with some share buybacks. So Altria group is a buy

CJ: smoking. Yeah, smoking. Alter your group. I'll leave it at that without adding any other comment.

CJ: that's a buy on Mo.

CJ: Joe in Parker, Colorado. Wants to know about Lumen technologies. LU.

NL: Mn, yeah. Lumen, the old Centurylink, which was a roll up of a lot of local wireline copper telephone businesses along with some fiber assets that's going through a corporate reorg now trying to reaccelerate growth.

So I know what he's looking at as far as the share price turnaround. So, Lumen, we think it's a lot more interesting from the debt side of it. It looks like they are starting to get some business from the data center and the AI side, we're starting to have some of the Hyperscalers build out the networks for their own use.

This is adding to an increase in cash flow, but we think the better exposure for Lumen is on the bond side, because it's a telephone company. They have a lot of outstanding debt to choose from. But we like the 10% bonds from Lumen that matures in 2032. So over the course of 8 years that bond trades right at par. So if you hold it and it matures at par, which is where you bought it, and there's no default.

You're looking at about an 80% return or about a 10% annual return there. So we like Lumen. But on the bond side.

CJ: So yes, Lumen, as a company when it comes to investing, don't go for the stock. Go for

CJ: James Bond. Well, no, not so much James Bond, maybe more, that 10% bond maturing in 2032 that Nolan was talking about. Our last 2 requests today are from Richard in Chula Vista, California, the 1st Lockheed Martin Lmt.

NL: Lockheed Martin, the big maker of the F. 35 fighter Jet, and a lot of other defense equipment by the Us. Government. So we really like the space for the stability of revenue, although you have to be a little bit more concerned now with the Doge government office coming in.

NL: But in the government space we actually like Axon a lot better. Axon is the maker of the taser, non-lethal stun gun, but, more importantly, they do the on officer camera. They do the evidence.com.

NL: And so we like the recurring revenue. Here. We also like that. You do get sticky revenue from the government, but it's from local governments, because they usually do business with local police departments. So you're out of the fray of the new administration and revenues here are accelerating with really good margins from the software business, so we would say.

CJ: know the Lockheed Martin.

NL: But yes, to Axon, which we think is a better way to play the space, and is Lockheed, Martin an actual sell, or is it? Hold it if you got it? But I wouldn't buy more if they hold, if you have it with the 2.6% dividend, I would not buy more, and if you don't have a very low cost basis, where it's going to cost you a lot in taxes to sell it.

NL: I am in the camp of. I would swap Lockheed Martin for axon for the average investor so Lockheed. Martin Lmt, why don't you go back home? Give it some more thought. But axon enterprise axon, the makers of Taser.

CJ: See what I did there.

CJ: Shocking! That's a buy.

CJ: Richard's other request is Las Vegas Sands Corp. It's Lvs. Yeah. Lvs. The big land-based Casino on those Las Vegas sands no longer has properties in Vegas.

NL: It's mostly a land-based Casino play in Asia, both Singapore and Macau, so I know what he's looking at. He's probably thinking of. If China reaccelerates. Won't that be good

for Las Vegas Sands business? And I would say to Rich and Chula Vista, probably, but not enough to entice us to buy instead. In the Casino space, we'd much rather have draft kings, the online gaming operator instead of the land-based Casino operator based in Asia, we'd much rather own the more rapidly growing with a better business model for more profits.

NL: and that is draft kings.

CJ: And so Las Vegas Sands, Lvs. I forgot to tell you I have a gambling problem. Yeah, you might have a gambling problem there, but if you like, the gambling industry, dkng draftkings, winner, winner chicken dinner, and speaking of winner winner chicken dinner. Well, we are winners when we get a chance to chat with Nolan Langford, but I'm afraid we've come to the end of our time, Nolan. Thanks so much. We'll talk to you again soon.

NL: Merry Christmas, my friend, and a happy New Year to all that's not.