

COUNTERVEST STOCK ALPHA REPORT

Stock Fortunes From Tomorrow's Big Trends



Joshua Belanger

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Move Over Cable, Streaming is King

It wasn't even common for households to have a television before the industry saw its first big shake-up. Now, television can easily be taken on mobile devices and streamed to anything in your house that's hooked to the internet and has a screen. Just as you could have made money on the ground floor of cable, there's still room to get in on the ground floor of streaming...if you know where to look.

The Second Act for This Media Veteran

Most of the time you don't get a second chance, let alone a second chance to do the same thing. One man saw his vision come to life in the 80s on cable television, and now has the chance to bring it to life again in the streaming realm. What's even better is that it could mean big potential for investors in just a few months...

Riding the SPAC Trend to the NASDAQ

SPACs aren't new, they've just become wildly popular. More and more companies are taking advantage of the trend to jump onto one of the exchanges. That's exactly what happened with the company that I have for you today. In the end it doesn't really matter how the company made it to its public status, just that it did. And now we have the opportunity to grab a slice of the pie.

LOCKING IN GAINS FROM TELEVISIONS THIRD REVOLUTION

Looking back in time, it's hard to believe that there was a time when industry experts did not expect cable television would catch on.

Back in 1948, there were some communities that didn't have their own broadcast channels and couldn't access nearby towns due to blockages or distance. Community antenna television (CATV) was developed to solve that problem. It worked exactly as it sounds. There would be a community antenna, then customers could subscribe and be connected via coax cable to the antenna.

This literally created a system of television connected via cable to the community antenna. And by 1961 there were approximately 700 of these cable television systems across the US. By this time well-known corporations such as Westinghouse began investing in the business despite the FCC instituting a freeze on importing distant television signals.

By 1972, the nation's first pay-tv network and the creation of a national satellite distribution system lead into television's second revolution – the cable revolution. That first pay-tv network was none other than Home Box Office – HBO.

Out of cable revolution, something started happening with content creation.

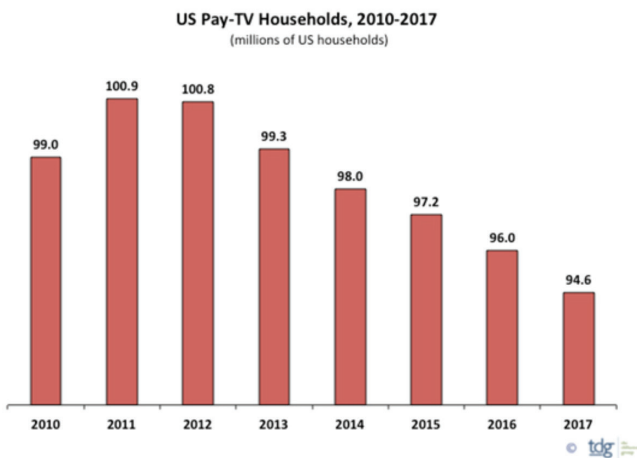
Many of the early cable networks began to employ the concept of narrowcasting. This meant that they were targeting their content to a specific niche audience. Some were easy to know the target audience, such as the Christian Broadcasting Network or Music Television (MTV). Then you had networks such as Nickelodeon which was the first network to target children.

As 1990 rolled around, 57% of US television households subscribed to cable. It was a snowball rapidly rolling and accumulating speed. The addition of households wanting access to the internet changed the landscape as providers could bundle television, internet, and telephone services.

By 2012, 93% of American households had access to cable broadband. But by then the landscape was changing, and television was ready for the next revolution.

MOVE OVER CABLE, STREAMING IS KING

There are many reasons that people use to cut the cable cord. Depending on the data source, you'll find the peak for cable to be somewhere between 2010 and 2013. One thing is for sure though, cable is falling out of popularity.



Now I'm not here to really pontificate on the "failing" business of cable. Comcast is still alive and thriving by providing broadband to consumers and businesses everywhere. As the number of cable subscribers started falling, another trend was on the rise and would quickly find their intersection.

By 2017, the number of Netflix subscribers had surpassed the number of cable pay-tv subscribers. Comcast and Direct TV have continued those losses and have lost another 4.7 million customers between 2017 and 2019.

We are in the middle of the third revolution of television: on-demand streaming. Smart televisions and the Amazon firestick make it easy to access content from all over right on your television. You probably even have a handful of apps on your phone that you can stream television shows.

Almost every broadcast and cable network now have an app to make their content accessible on demand. Some have caveats or pay-walls to access the content, but there is the acknowledgement that this is the way of the future. You also have the current large players like Netflix, Hulu, and Amazon Prime.

But there's an important trend in content creation that I want to point out to you today.

Just like we saw with the cable revolution, the streaming revolution is seeing narrowcasting. This creation of services and content aimed at a specific group should be able to attract those specific eyes for longer periods of time, where they may now be switching between apps to find relevant content.

The company I want to point out to you today, has found its niche in the streaming realm. Even better is that it's being led by a veteran of this particular niche. He found great success in 1985 with his cable network, and I think he'll be very successful yet again.

THE SECOND ACT FOR THIS MEDIA VETERAN

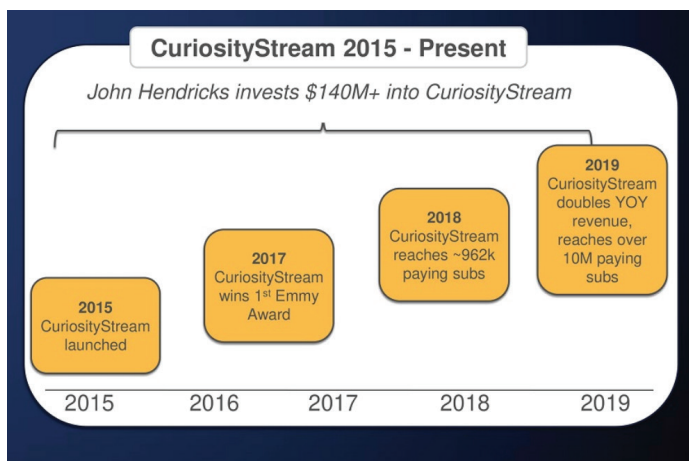
Netflix is no doubt one of the leaders of movies and scripted drama. Hulu is no doubt one of the leaders of amusement and general entertainment. Sure, both of these platforms have documentaries and educational content, but neither are dedicated to that content.

This is where CuriosityStream Inc (NASDAQ: CURI) decided to step in with the goal to satisfy humanity's enduring curiosity about our world. And at the helm is an expert in the field.

John Hendricks launched this global factual streaming service and media company in 2015. Just 30 years prior he was doing the same thing with the Discovery Channel. The channel was devoted to documentaries regarding history and civilizations whether historic, ancient, or present.

Over time, the channel would expand into other educational programming including engineering, crime, and technology. But, in 2014, Hendricks left Discovery and headed to this new project. He recognized there was a unique advantage of being a “pure-play” in this revolution without the burden of legacy linear TV assets in cable and broadcasting.

And in just a few short years, Hendricks is showing that CuriosityStream has the potential to be the replacement for the Discovery Channel.



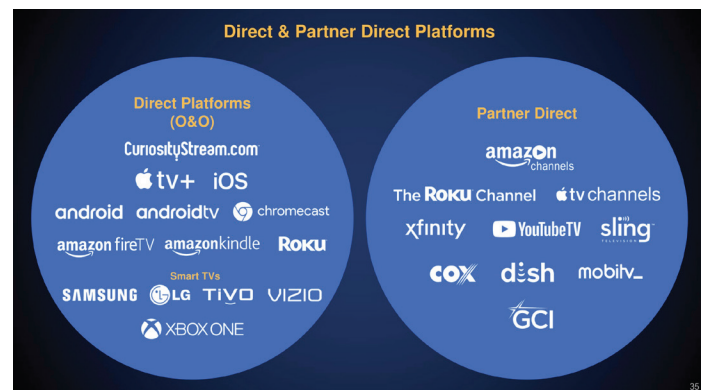
The company’s library has over 3,100 HD & 4K titles, including 900 exclusive originals. And topics cover everything from eco-engineering to the untold story of Wall Street. There’s history, science, technology, nature, and lifestyle topics covered. And even a separate section for the kids.

Just one second browsing the app and you’ll see the library has global appeal to viewers regardless of age or language. The content is already available in more than 175 countries and has been translated into Russian, Serbian, Spanish, Portuguese, Mandarin and Cantonese.

The company projects that it will be able to achieve a streaming library of more than 11,000 premium titles within five years. And with that will be able to continue expanding its subscriber base...which has already passed 13 million.

CuriosityStream has already unveiled a look at the key original titles in production for 2021. One of the most anticipated being a 6-part series on the Rescued Chimpanzees of the Congo with Jane Goodall. Unlike other content creation companies, CuriosityStream did not see the same slowdown as those with scripted content.

By utilizing video conferencing for interviews and the fact that their crews were already small, they were able to continue moving forward during the pandemic. Which was great since the pandemic increased the desire for more content. And CuriosityStream has made sure that their content can be found easily by consumers.



If consumers don’t want to watch on their website, they can easily add the app to their television, smartphone, or video game console. Their least expensive plan grants consumers access to all of the service’s HD documentaries for \$2.99 per month of \$19.99 per year.

To stream video in full 4K that price jumps to \$9.99 per month. Still there is an option to lock in content from CuriosityStream for a whole year for less than two months of a Netflix subscription. That low-cost barrier of entry for consumers can certainly make it appealing.

If you look back at the above graphic, you'll see that consumers can also access CuriosityStream content through partner direct subscriptions. This means customers of Amazon, Dish and Roku can also add on this content via a direct subscription.

On top of that, the company also has agreements with multichannel video programming distributors. That means that over 50 companies have license to show its content worldwide by selling it as part of a bundle. This includes Comcast, Hopper and DishAnywhere.

Since there are no big-name actors or directors, the production costs are estimated to be 90% lower than other streaming content companies. And that turns into more profit for the company, which in turn is good news for investors now that the company has gone public.

RIDING THE SPAC TREND TO NASDAQ

No one can deny that there's been another trend running through the market especially over the past few months.

Instead of going through the traditional process of going public, more companies are choosing to merge with a SPAC. SPACs have no commercial operations of their own, but instead are formed to raise capital with the intention to acquire an existing company.



These “blank check” companies have been around for decades, but seem to be in style right now. And in October of last year, CuriosityStream had the opportunity to combine with the pre-existing Software Acquisition Group. Since then, the company has been trading on the NASDAQ under the ticker CURI.

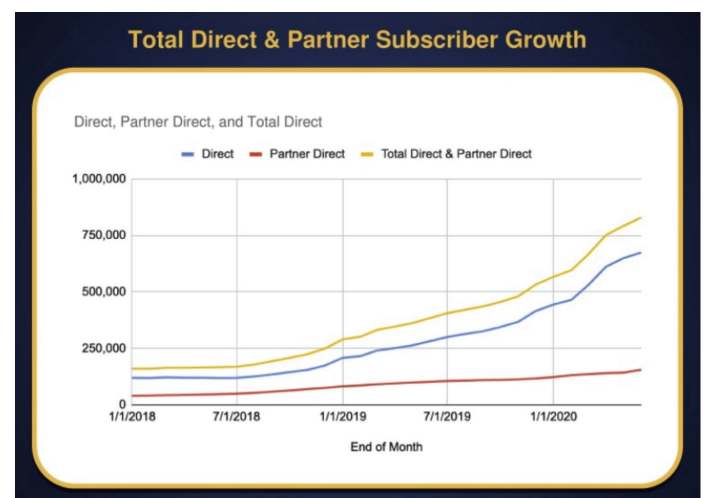
And it's been quite a ride in the past five months.

Shares have been as high as \$22.90 and have recently settled around \$13.

Despite the company having a successful 2020, the company only delivered year over year revenue growth of 70%, when the company should have been on track for 119%.

Sure, that's a bit of a letdown, but the company crossed significant milestones in every area of its business during the last year.

Revenues grew to a record \$40 million for 2020. And the company is looking to deliver \$71 million for the year 2021. On top of that, the company is continuing to gain momentum gathering subscribers.



It now has over 15 million subscribers. But its subscribers are only a portion of that revenue stream.

The company has a complete five pillar revenue system. The first two encompass the direct subscribers and the customers that gain access to CuriosityStream as part of a bundle. This is a big part of the business and only going to continue to expand. There is a potential market of 3.3 billion global viewers here alone.

CuriosityStream also has multi-year contracts with universities and other institutions to build co-branded streaming libraries. Universities are obvious partners for factual content and the president of Georgetown University is on CuriosityStream's advisory board. There's also the potential to partner with over 62,000 trade and professional organizations for bulk subscriptions, sponsorship, and content creation.

US brands are set to spend over \$35 billion in digital video ads, so why not make factual and educational content about a product or a topic instead. Which is another great sponsorship opportunity for Curiosity Stream.

Last, but not least, Curiosity Stream is not opposed to just selling content. Media houses spent over \$121 billion every year on original content.

In the end, although CuriosityStream is a streaming app, it will take anyone's money that wants to see its original content or sponsor original content, as long as it's factual. And it seems like it's working out pretty well so far.

That all being said, the company has only been around since 2015, and it's only been publicly traded for a few months. This means that major fluctuations in share prices is not only possible, but extremely likely. I can't imagine that shares will stay under \$16 for long, and I think if revenues and subscribers keep their upwards momentum, shares will take off as well.

Action to take: Buying shares of CuriosityStream (NASDAQ: CURI) for our model portfolio.

COUNTERVEST

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Contact our Customer Care Center: e-mail support@countervest.com or call 312-667-2953.

Publisher & Founding Editor: Joshua M. Belanger ; Editor: Kelly Green ; Graphic Design: Kira Kim

PORTFOLIO REVIEW

Company	Ticker	Open Date	Recent Price	Recent %	Dividend
RF Industries	RFIL	04/15/2019	6.4	-0.78%	N/A
InVitae Corp	NVTA	01/02/2019	38.27	238.37%	N/A
Twilio Inc	TWLO	01/02/2019	367.07	322.07%	N/A
Pinterest Inc	PINS	11/05/2019	85.98	320.03%	N/A
Alteryx Inc	AYX	01/02/2019	84.63	44.62%	N/A
Fastly Inc	FSLY	11/11/2019	68.75	272.02%	N/A
Veeva Systems Inc	VEEV	01/02/2019	263.38	201.04%	N/A
Mongodb Inc	MDB	01/02/2019	296.75	271.17%	N/A
Okta Inc	OKTA	01/02/2019	238.48	276.98%	N/A
GOGO Inc.	GOGO	02/12/2020	11.06	111.88%	
Loral Space & Comm	LORL	03/11/2020	37.75	88.00%	
Advanced Micro Devices	AMD	04/08/2020	83.35	70.83%	
Livongo Health Inc.	LVGO	04/08/2020	\$139.77	336.24%	
Telefonaktiebolaget LM Ericsson	ERIC	05/06/2020	13.95	69.30%	
Cloudflare Inc	NET	06/10/2020	72.36	146.12%	
Mimecast Ltd	MIME	06/10/2020	40.6	-7.96%	
Newmont Corporation	NEM	05/06/2020	61.8	-8.35%	
Pager Duty	PD	07/08/2020	42.71	41.99%	
Elastic NV	ESTC	08/05/2020	126.22	33.24%	
SmartSheet Inc.	SMAR	09/14/2020	65.5	39.57%	
DraftKings Inc.	DKNG	10/07/2020	61.11	14.59%	
BigCommerce	BIGC	11/04/2020	58.91	-28.68%	
Clearfield Inc	CLFD	12/02/2020	30.85	29.95%	
Jumia Tech ADR	JMIA	01/06/2021	38.07	14.63%	
Ondas Holdings Inc	ONDS	02/16/2021	8.81	-42.38%	

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