

AAPL | 135.77 ▲

MU | 80.98 ▲

AMD | 88.17 ▼

PFE | 34.86 ▲

TSLA | 843.88 ▼

GILD | 65.46 ▼

AFRM | 107.85 ▲

GME | 61.75 ▲

One Bar Ahead™

FEBRUARY 2021

BY KEITH FITZ-GERALD

2 Funds
Every Savvy Investor
NEEDS TO OWN

THE
"SAFETY FIRST"
ISSUE

2 "VIRUS+"
Companies that
should be on your
BUY LIST

Up Your Game
Immediately
**Selling
Cash-Secured
Puts**
(here's how)

The **NEXT**
SCARY THING
in IoT



Plus,
5 Easy Ways to
Defy Aging
(and improve your
results)

Disclaimers

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Publisher’s Statement

One Bar Ahead™, a digital magazine (ISSN 2766-7863) is published 12 times per year electronically by Fitz-Gerald Research Analytics, LLC.

Known office of publication is 1004 Commercial Ave #365, Anacortes, WA 98221 USA.

Customer Service: support@onebarahead.com. Telephone: +1.425.276.1557



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Letter from Keith

Dear Reader,

Conventional wisdom holds that the recovery will take “a while” but I don’t believe that’s true.

Covid-19 has certainly slowed the world down a bit, but what many investors fail to understand is that the pandemic has also caused a 5-10X jump in innovation. McKinsey recently noted, for example, that the increase in e-commerce activity during the first six months of 2020 alone accounted for a jump equivalent to the previous 10 years combined.

Conventional wisdom is meant to be challenged, especially now when the future is rushing towards us at breakneck speed. To paraphrase billionaire Peter Thiel, our task is not to find companies that are merely coping or making slight improvements like most investors think but, rather, to find singularly focused companies capable of rewriting the world.

Creating wealth is a logical outcome, not merely a foregone conclusion if we’re successful – and there is no doubt in my mind that we will be!

The key is defining the future as something “creatable” rather than something merely to be expected. And, of course, latching on early in the game.

There’s a big difference between the two concepts because the coming decade will not be more of the same. I know that’s what a lot of folks expect – a return to globalization, poorer countries catching up to so-called rich countries, trade and co-existence – but that’s not what’s going to happen.

Creating the future is about opening new doors and chucking much of what we thought we understood about how our world worked pre-pandemic into the intellectual dumpster. Anybody who is still thinking about Apple as just an iPhone maker, for instance, has already missed the boat. But those who understand what’s being built on top of iPhones as a gateway to the bigger ecosphere get it.

Digitalization is the single largest 5D trend we’re following for a reason. More than 6 billion people – roughly 75% of the world’s population - will interact with some form of smart data every 18 seconds with the next 3 years. It is the single largest source of profit potential in mankind’s history.

Speaking of which, I’ve got four great choices for you this month. All build nicely upon the foundation we started to assemble in our inaugural issue, and all could easily double in the next 24-36 months. Critically, they’re all “safety-first” choices offering a blend of appreciation potential and a healthy income to boot.

The first two offer an integrated shot at digitalization and an easy way to ensure you’ve got your bets covered when it comes to disruptive technologies, including a path behind the velvet rope to companies that are not yet publicly traded. The second two are very tightly focused on medical innovation at a time when people are beginning to understand that beating the virus also means living with it for years to come.

Plus, I’ve got a few thoughts on how to immediately up your game using one of my favorite tactics, selling cash secured puts. It’s a great to take advantage of the volatility created by the Reddit Raiders who recently stuck it to big hedge funds and avoid being taken to the cleaners.

I think you'll be amazed by the profit potential selling cash-secured puts can create. I know I was when I first learned about this tactic all those years ago!

And, finally I've got a few thoughts on Anti-Aging and why the first people who will live to be 1,000 years old may be alive today according to one expert.

As always, I'll be with you every step of the way.

Best regards for wealth and health,

Keith

P.S.

Please be sure to email me if you have ideas, suggestions, comments or any advice on what you'd like to see me cover in upcoming issues. I love getting feedback which is why my team and I read every message we get.

The address is magazine@onebarahead.com.



2 FUNDS EVERY SAVVY INVESTOR NEEDS TO OWN

The biggest secret to investing is buying companies that can perform “at scale” and these two choices will help you do that

2 Funds Every Investor Needs to Own

● I'm often asked...

Well honestly, challenged is more like it – by investors who simply cannot believe that we – you and I – can identify companies with “change the world” profit potential far ahead of everybody else.

Honestly, it's not that difficult if you know what to look for.

I recommended two of the best – Apple Inc (AAPL) and Palantir Technologies (PLTR) - in our very first issue and, chances are, you know how that story is playing out if you're following along as directed.

Readers familiar with my research and who have followed my work over the years have had the opportunity to enjoy some truly stunning gains with the former. Not for nothing, but Apple's compound annual growth rate (“CAGR” – pronounced kay-ger) is 32.38% over the past 20 years. That's enough to turn every \$1,000 invested back then into \$50,771 today.¹

Many people hear numbers like those and think to themselves that they're “too late” or have missed the boat. Not by a long shot!

My analysis suggests that Apple's ongoing medical pivot could be worth 3X the company's global iPhone market. That's almost totally unrecognized by the markets which means that Apple could be unbelievably inexpensive today!

Palantir, of course, is a 17-year-old company but also one that's just gone public recently. I believe it harbors very similar potential but for radically different reasons related to “big data.”

The company has huge “sticky” government contracts, is building commercial engagement and can operate where traditional SaaS (Software as a Service) companies cannot.

I think Apple is a \$200 stock and Palantir is a \$50 stock in the next 12-24 months, perhaps sooner.



You're not out of luck!

My point in all this is that you are *not* out of luck by any stretch of the imagination if you're just joining the OBA Family, just starting out or don't own Apple or Palantir ... yet.

Here's why.

Every OBA 50 company I recommend shares some combination of the following characteristics.

OBA companies are:

- 1.** Tapped into one of more of the “5 D's” which means they're backed by trillions of dollars in spending that has yet to happen but will.
- 2.** “UII” – meaning everything they make, sell or produce is Unstoppable, Inevitable and Imminent.
- 3.** Led by visionary leaders who emphasize results and who lead from the front.

Conventional wisdom is that you've got to start with cheap companies nobody's ever heard of to make the big bucks, but the truth of the matter is that the world's biggest, best and even most expensive stocks are where you want to be hunting.

Especially now.

2 Funds Every Investor Needs to Own

Price is actually now almost irrelevant, especially with zero-cost commissions and fractional shares available. That catches a lot of investors by surprise because they've been taught to hunt around the edges, usually by insiders who are already there as evident by the GameStop "short-wars" that rage on as I type.

● **Proprietary technology is a great place to start**

Investing legend Warren Buffett talks in terms of competitive "moats" but I don't think that's quite what it used to be.

Any company that catches my attention and makes it into the OBA 50 must have a proprietary competitive advantage which puts it 5-10 years ahead of what competitors are working on or even capable of fielding. To paraphrase billionaire Peter Thiel of PayPal and Palantir fame, I am not just looking for incremental changes.

What I want to identify are products, services and offerings capable of rewriting the world we live in. That's the kind of stuff that will carry profits for the next generation, not just the next 12 months.

You'll know you're on to something when big established players operating in the same or parallel industries can't see the vision. That's a dead giveaway actually!



Opportunity arises when big players don't see the vision

● **Take the Apple iPhone, for example**

Former Microsoft CEO Steve Ballmer – and I'm paraphrasing – famously called it a \$500 phone that would never amount to much and never have significant market share.

We all know how that story is being played out.

Apple now accounts for ~7% of the S&P 500 all by itself and recently posted record numbers with double digit sales increases in every category the company tracks because the iPhone changed everything. The big gains didn't come from building a better smart phone like Ballmer thought they would.

Apple, turns out, was looking at the iPhone as a platform upon which to build every other offering for the next 20 years. It just happened to be a smart phone ... or at least that's what Ballmer thought.

Believe it or not, this is still not widely understood today which is why Apple remains a great choice for savvy investors. I cringe every time I hear analysts talking exclusively about iPhone sales because Apple hasn't been an "iPhone" company for years. Worse, anybody who is still thinking about Apple in those terms is making the same mistake Ballmer did years ago.

CEO Tim Cook recently noted that there are more than 1.5 billion active Apple devices worldwide with roughly 80% of recent iPhone and iPads running iOS13. That is what's actually allowing Apple to stay so far ahead. The company is more than 40% of the way to the next double at \$200, a figure I called out publicly when the stock last split in August of 2020.

And, by the way, Steve Ballmer IS actually a super nice, super smart guy. I've met him once or twice in passing in the TV studios over the years and found him to be a really terrific person. He readily admits he miscalculated the iPhone.

2 Funds Every Investor Needs to Own

● Speaking of which...

Microsoft is another great example.

Just as people thinking about Apple still have iPhones on the brain, many analysts and investors still frame Microsoft in terms of Bill Gates and Windows. Talk about looking in the rearview mirror!

Microsoft is really about making networks of people more powerful. The products they sell – Office, Azure and all sorts of related artificial intelligence – are how they'll make it happen.

Microsoft, like Apple, is closely tied to the biggest of the 5D's – Digitalization. But, again, it's about connecting them and working at scale which is the "UII" we're after.

I think Microsoft is good for at least a double in the next 24-36 months, not quite as quickly as Apple but that's a function of being less well understood. And, actually an advantage because you've got just a bit longer to assemble a position before the proverbial window closes.

● Then, there's leadership

I hear frequently about this CEO or that CEO, usually from investors taken in by some slick presentation or interview they've seen in the mainstream media. Very few of 'em really have the executional focus I'm looking for in an OBA 50 company but those that do really stand out.

Take Tesla, for instance.

The company is practically printing millionaires because CEO Elon Musk is the pied piper of profits. Traditional analysts fall all over themselves, of course, to debate the finer points of self-driving cars, batteries or how many successive quarters of profitability the company will or won't produce. What a waste of airtime!

Tesla is Elon Musk and Elon Musk is Tesla. The dude worked his asteroids off when the company was in dire straights a few years ago. In fact, it was widely reported by CNBC and other news outlets that he slept on the Tesla factory floor to save time during much of 2018.

Chances are you've noticed Tesla's incredible run. The stock turned in 695% during 2020 alone and is poised for far higher levels. I slapped a \$1,000 price target on the stock and Wall Street appears to be catching up now based on the narrative we've talked about for years. Piper Sandler Analyst Alexander Potter, for example, just put a \$1,200 target on the company.

The key with Tesla is data ... data from electricity production and sales, data from power production, data from self-driving cars. And, of course, the man himself.

Contrast Elon Musk with Marissa Mayer, Yahoo!'s former CEO.

She waltzed into office in 2012 talking about making Yahoo! cool as a way to revive the company's fortunes. I'll never forget the message – and I'm paraphrasing from memory here – "people then products then traffic then revenue."

What Mayer failed to grasp is that trying to make a brand cool isn't the key to success. You have to actually be cool and wrap every last element of the company in products that attract customers because what you make is actually great AND years ahead of the rest of the industry. Then, you scale up.

It was never cool to be a Yahoo! user but it's been cool as hell to drive a Tesla, think about going to Mars, solve urban transportation problems, drink Tesla Tequila, buy a Not-a-Flamethrower and more for years ... just because Musk himself makes it that way.

It doesn't matter whether you're talking investing or investments ... you have to set your sights on companies exhibiting the kinds of characteristics I've just described.

2 Funds Every Investor Needs to Own

Now what?

I hear frequently from people who are just starting out and others who may not have a lot of capital. They want to buy into many of the great names in the OBA 50 list including those I've just mentioned but fear they'll be left behind if they don't or simply don't know where to start.

You're not alone... and I've got a great solution.

Two actually:

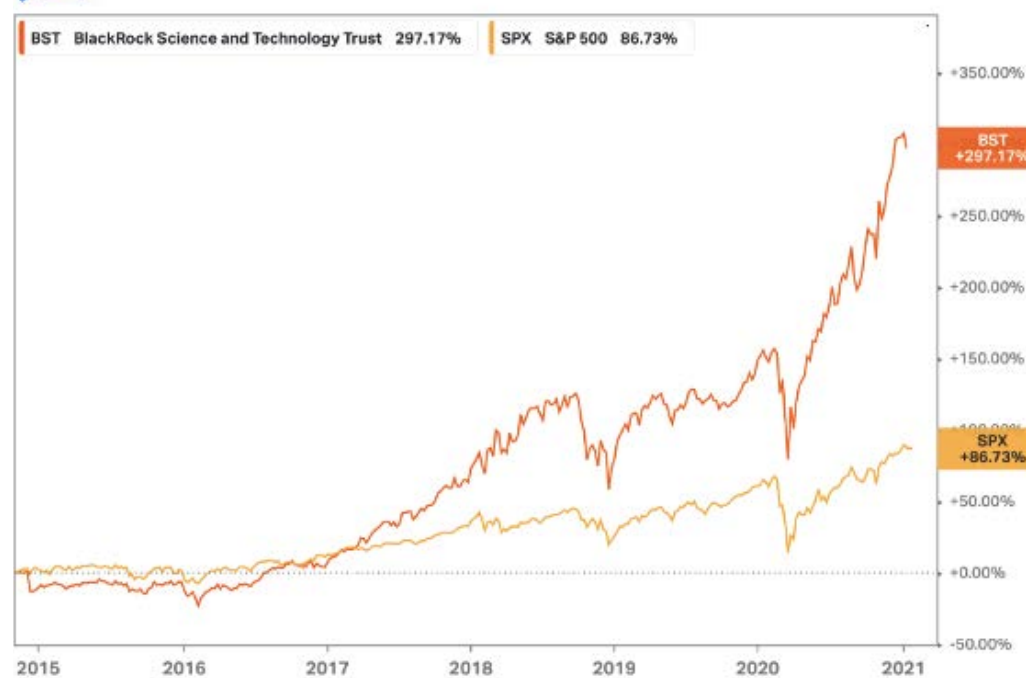
1. BlackRock Science & Technology Trust (BST)

2. BlackRock Science & Technology Trust II (BSTZ)

These are both funds intended to produce high current income, current gains and long-term capital appreciation. I like that because they're also run by a management team who knows exactly what they're doing.

BST has returned nearly 297% since inception versus a very respectable but far lower 86% from the SP500. That's 3.45X advantage made even more powerful by the 4.10% distribution rate as of January 28, 2021.²

BST's NAV (net asset value) is \$53.85 but its market price is \$54.77 which means the fund is trading at a slight premium to what the underlying shares are worth.



Source: Koyfin



BSTZ, meanwhile, is a much younger fund started in 2019 so there's not as much history to draw upon. Still, it's worth noting that the fund has returned 87% in that time frame versus just 28% from the SP500. That's a 3.10X advantage made even more appealing by the 3.84% distribution rate as of January 28, 2021.

BSTZ's NAV (net asset value) is \$40.90 but its market price is \$35.91 which means the fund is trading at a 12.2% discount.



Source: Koyfin



BST invests in many of the companies that match up with the OBA 50 and which dovetail with the UII and Leadership characteristics I shared with you a moment ago. Top holdings include Apple, Microsoft, C3, Amazon, Square, Twilio, Mastercard, Tencent and more. Obviously, some of those names aren't on the OBA 50 at the moment but don't let that hold you back. The match isn't exact, but it's close enough.

BSTZ is much the same. It has some of the great names in BST plus invests at least 25% of assets in private, pre-IPO companies including, for example, Tesla and Project Kafka. I think BSTZ is a super way to gain access to next-generation technology while, at the same time, harvesting the potentially quick profits they create as they mature.

2 - Source: Portfolio Visualizer, 1/29/21

2 Funds Every Investor Needs to Own

Both funds sell call options as a way to dampen overall fund volatility and generate higher income – a strategy we will cover together later this year. What's more, both offer global exposure.

Management fees are inline at 1% and 1.25% for BST and BSTZ respectively. The difference comes down to the additional expertise required to identify, invest and manage the private equity in the latter.

And, finally, both funds do have ESG (Environmental, Social and Governance) ratings which may or may not matter to you. They do not to me, nor do they factor into the fund's management objectives according to BlackRock. But, I do love the transparency!

“
I want to identify companies making products, services and offerings capable of rewriting the world we live in. That's the kind of stuff that will carry profits for the next generation, not just the next 12 months.
”

- Keith Fitz-Gerald, 2021

Action to Take #1:

Buy shares of BST.

Tuck 'em away in the Foundation Stones segment of your portfolio. That's the base-tier of the OBA50. Add to shares any time you can below \$50 or simply reinvest your dividends and income to ensure that you dollar-cost-average your way in over time. Implement a 25% trailing stop or use a much tighter % if doing so matches up to your personal risk tolerance and objectives.

Action to Take #2:

Buy shares of BSTZ.


Tuck 'em away in the Foundation Stones segment of your portfolio. That's the base-tier of the OBA50. Add to shares any time you can below \$35 or simply reinvest your dividends and income to ensure that you dollar-cost-average your way in over time. Implement a 25% trailing stop or use a much tighter % if doing so matches up to your personal risk tolerance and objectives.

It's worth noting that I do expect BSTZ to be more volatile over time because of the private equity valuations.

Disclosures: Keith owns and trades shares of BST and BSTZ as do members of his family.

THE “FASCINATORS”

Statistics, factoids, and other fascinating finds
that can lead us to new opportunity



Fascinators - February 2021

BEST RETURN ON INVESTMENT?

Louisiana Purchase
California
Nevada
Utah
Alaska

=



\$1.07 Billion*

*By today's standards

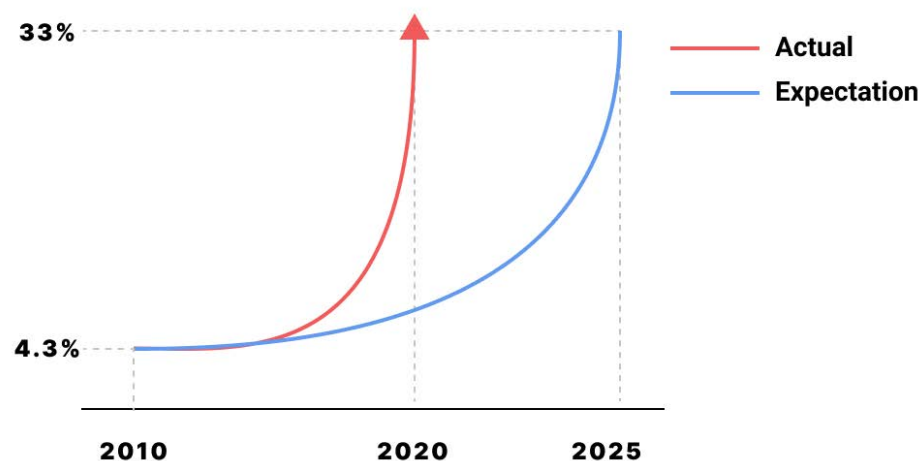
~\$1 Billion

For the same price as Instagram's purchase, the US bought Louisiana, California, Nevada, Utah, and Alaska.

The best investment ever?

The Generalist, 2020

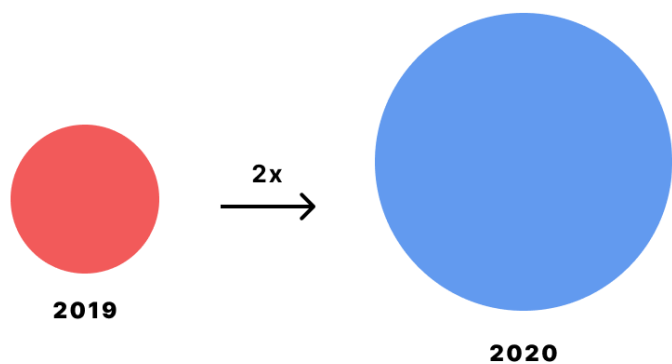
THE E-COMMERCE EXPLOSION



E-commerce reached 33% of all retail spending in 2020, 5 years ahead of projections.

McKinsey, 2020

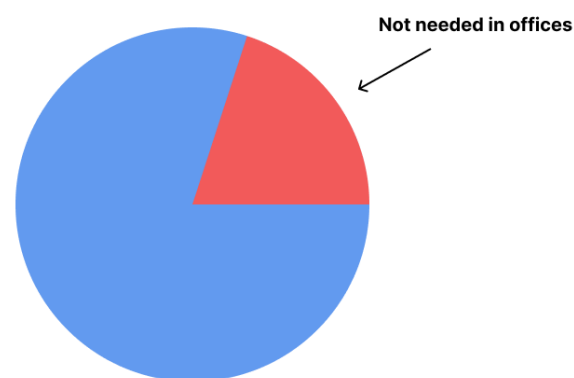
SMALL BUSINESS BOOM



1.5 million new business applications were submitted in 2020; twice as many as 2019.

US Census Bureau

CORPORATE OFFICES ARE DEAD



20% of the global workforce could work the majority of its time away from the office and be just as effective.

McKinsey Research

BITCOIN AND TESLA CONNECTION?

Correlation: **0.89** (High)

R-Squared: **0.78** (High)

The price action between the two is highly correlated... coincidence?

One Bar Ahead™



TWO “VIRUS+” COMPANIES THAT SHOULD BE ON YOUR BUY LIST



Virus+ Investments



● The Premise is Super Simple

Many investors are so focused on specific vaccines or medical technology that they're missing the bigger picture, not to mention tremendous profit potential. The companies that are really going to juice our portfolios – yours and mine – are those with huge existing product portfolios and the capacity to apply what their scientists learn about COVID-19 to 'em.

I call 'em "Virus+" investments.

Gilead (GILD) has been under intense pressure for a while now. What's more, many investors have written it off as a company that will never come back – which is almost always a great contrarian signal.

The company popped nearly a year ago last March when Covid-19 broke and, in doing so, set a new 52 week high of \$85.97 based on investor expectations associated with Remdesivir. Since then, Gilead's had a couple of upgrades which has lifted it from bottom-of-the-barrel prices as did a recent court-judgement reversal for patent infringement. But not by much.

I think the stock could easily return to \$85 a share within the next 12-24 months and top \$90+ for a double or more in 36 months as key Covid-19 learnings are applied to the broader portfolio and value that the market does not yet recognize is factored into the company's stock price.

● Consider the Following:

- Gilead has a massive oncology portfolio including Yescarta and Tecartus which may produce \$2+ billion in sales with additional treatments and approvals on tap in 2021. That's in addition to what could be a \$10 billion oncology portfolio a decade from now if company data proves out like I think it will.
- The company's HIV treatment is the industry's leading choice and a significant revenue driver with sales of \$20+ billion.
- Gilead spent \$27 billion acquiring five significant choices in 2020 including Forty Seven, Pionyr Immunotherapeutics, Tizona Therapeutics, Immunomedics and Myr GmbH that should provide a powerful launching point for entirely new drug channels.
- All of this comes at a time when Gilead's scientists are learning a lot from the Covid-19 fight that can potentially be applied to the company's entire portfolio.
- Yield is a healthy 4.18% as of this writing and an appealing choice for income-starved investors at a time when rates will remain low for the foreseeable future.
- The PEG ratio is a very appealing 0.65 which suggests extraordinary value for expected growth.
- The Piotroski score is a 6/9 with the most important cash components coming in strong, suggesting that the company is in good health (pun intended)

Here's what One Bar Ahead™, our proprietary predictive analytics suite, says about Gilead:

Virus+ Investments

The Universe

Gilead is right in the middle of what our team calls the “sweet spot” – a term we use to identify the quantitative measurements reflecting companies poised for a pop. Over time, I expect Gilead to track “up and right” in line if the markets reward us as expected.

The Universe

Gain insight into how the market looks today.



Fundamentals

The Piotroski score, which plays a key role in my research, suggests that Gilead is in good health. While total income is a little less than prior periods, ROA, operating cash flow, and the quality of earnings have all increased – all which reinforce the OBA analysis suggesting Gilead’s stock has a great trajectory ahead.

Company Fundamentals

The current Piotroski Score is: 6 - (Good Health)

3/4

Profits

Net Income: -0.02200
ROA: 0.14508
Cash Flow from Operations: 2.00000
Quality of Earnings: 0.12408

2/3

Leverage

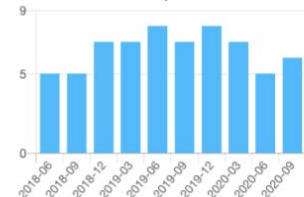
Gearing: 0.28800
Current Ratio: 0.11169
Shares in Issue: -12731111

1/2

Efficiency

Gross Margin: -0.00600
Asset Turnover: 0.03

Piotroski Score History



The MMI (Master Market Indicator)

Timing is a little trickier.

The MMI is near the upper end of the range suggesting that now may not be the optimal time to buy when it comes to short-term conditions but do NOT let that deter you. It’s not a bad time to buy, either!

In fact, the MMI suggests that buying below dips under \$65 can dramatically shift the odds in your favor. Dollar-cost averaging in a little each month would also be a great way to maximize your returns by harvesting the volatility others fear. You could even enter a really aggressive LowBall Order at or near the bottom of the range which puts you in the \$55 arena.

Selling cash-secured puts (as outlined in this issue) could also be a super way to go here. A fall under \$65 would make the \$55 - \$60 pretty darn tempting and consistent with prior support as outlined by the MMI which taps the lower white and yellow thresholds.



Virus+ Investments

Action to Take #1:

Buy Gilead for \$66 or less to begin tracking upside profit potential.

Anything under \$60 is a serious bargain in the offering with the right perspective and time frame based on prior MMI readings. Options buyers may find the 21 January 22 LEAPS \$60 calls appealing for \$9.50 or less.

Implement a trailing stop 25% under your purchase price as a safeguard against unexpected market activity. You could also try selling cash-secured puts and may find the \$50 - \$55 range a way to acquire shares at a discount. Some flexibility is obviously required because market conditions will change by the time you read this.



I identified Pfizer Inc (PFE) early on as my favorite Virus+ choice via Twitter prior to launching One Bar Ahead™ and have personally owned shares since last July. I still own shares and intend to build a position for years to come.

I'm recommending Pfizer this month because it is the quintessential OBA 50 company and, critically, the MMI suggests a great entry point if you're interested in getting on board, too.

Pfizer recently completed the long-talked about Upjohn + Mylan Merger and, in doing so, is now lighter than ever because the company no longer has lower profit legacy medicines to drag around in their portfolio and can, instead, focus on higher profit potential development.

Pfizer is also pivoting away from traditional medical applications and, somewhat quietly I would argue, has rebranded themselves as a research and innovation company. While there are a variety of paths that the company could take going forward, I think a key part of the plan includes mRNA technology which is still totally understated and even more misunderstood by the investing public.

mRNA technologies are the future of vaccination technology and, contrary to the widespread public misinformation about them being something new, have been studied for decades. mRNA vaccines are very different from existing vaccines which contain weakened or inactive versions of a pathogen used to stimulate antibody production. In fact, mRNA vaccines contain no live pathogens.

Contrary to widely spread rumors and a number of conspiracy theories making the rounds right now, mRNA vaccines do NOT enter a person's cell nucleus, nor do they rewire DNA. mRNA vaccines use cells that make proteins needed to produce an immune response. In that sense, they're "instructions" for a patient's own body which is what makes them such a potential game changer.

mRNA based therapeutics go way beyond Covid-19. Medical experts I've talked with suggest that the technology will be essential in other virus vaccinations as well as targeted treatments that open the door to less invasive cancer treatment, personalized medicine, and much, much more. It is even possible that we could even receive an mRNA "super-vaccine" a few years from now that will treat multiple diseases at the same time!

I believe getting on board now is key, early in the game before others recognize the potential we see.

Virus+ Investments

Consider the Following:

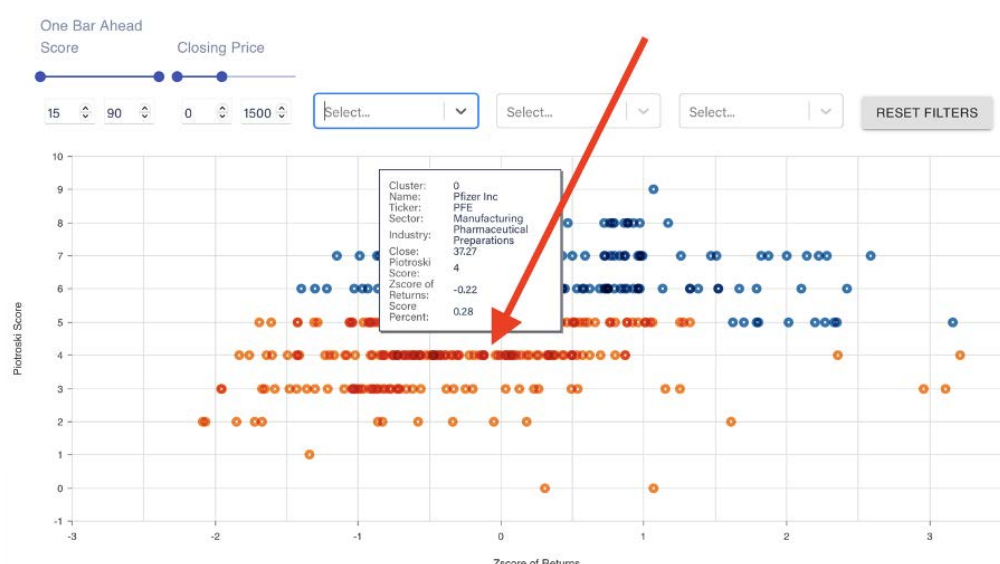
- Pfizer's oncology drug revenues have grown an average of 20.1% per quarter in 2020.
- The latest estimates suggest \$15+ billion in revenue from Covid-19 vaccines alone in 2021. The company is developing a surveillance network to track new variants and immediately produce a booster vaccine to track 'em. I think that figure could actually be closer to \$25 billion when all things are said and done.
- Pfizer has several key FDA decisions on the horizon this year including tanezumab which may be a blockbuster osteoarthritis breakthrough. There's also a mid-year decision expected on a new pneumococcal vaccine that will take over for Prevnar 13.
- Revenue growth over all may be just 6% which is distracting to traditional analysts who don't understand the role mRNA-based treatments will play. And, frankly, that's great because I think the price is artificially low against the backdrop of 10%-12% annual earnings growth I see ahead over the next few years.
- Yield is a healthy 4.36% as of this writing, which is significantly higher than the S&P500 average of 1.55%
- The PEG ratio is 4.87 which is normally entirely out of line but, in this case, holding back huge numbers of investors who don't understand the impact that shedding legacy businesses will have on future earnings – the "E" in PEG which stands for Price – Earnings – Growth Ratio.
- The Piotroski score is a 4/9, which ordinarily wouldn't be of interest either, but I think, in this case, is a huge part of why the company is dramatically underpriced.

Here's what One Bar Ahead™, our proprietary predictive analytics suite, says about Pfizer:

The Universe

Pfizer clearly has room for improvement, which is exactly what we're banking on. Normally, I'd wait to see the company amongst the "blue" but I'm going to argue that pulling the trigger early is a good thing in this instance given recent historic lows and what's ahead later this year as the world re-opens.

Value Spectrum



Fundamentals

The Piotroski score of 4/9, suggests that the company's financial health could be better. Again, though, this is before its most recent restructuring has taken place. I expect these numbers to improve rapidly and significantly as the company transitions to biopharma innovation rather than remaining a legacy medical treatments provider.

Company Fundamentals

The current Piotroski Score is: 4 - (Good Health)

3/4

Profits

Net Income:	-0.05100
ROA:	0.07010
Cash Flow from Operations:	1.00000
Quality of Earnings:	0.02010

1/3

Leverage

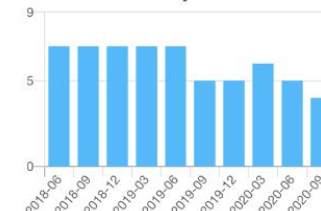
Gearing:	0.49300
Current Ratio:	0.06355
Shares in Issue:	25831454

0/2

Efficiency

Gross Margin:	0.00000
Asset Turnover:	-0.049

Piotroski Score History



Virus+ Investments

● The MMI

Here's where things get interesting.

My research suggests that MMI readings in this neighborhood are consistent with a 5% upside move within the next 90 days. After that, I expect the stock to regain its footing and begin the run that ultimately takes it into the \$60-\$65 range within the next 24 – 36 months, possibly sooner.



Action to Take #2:

Buy Pfizer under \$36.

Add to shares under \$30 if the markets afford us the opportunity to do so. Options buyers may find the January 2022 LEAPS \$33 calls appealing for \$5.00 or less. Implement a trailing stop 25% under your purchase price as a safeguard against unexpected market activity. Options-savvy investors interested in selling cash-secured puts may find the \$32-35 range appealing but some flexibility is required because market conditions will change by the time you read this.

Note:

I'll be highlighting specific examples, tactics and techniques in the months ahead and in upcoming seminars that will help you put this information to work.

If there's a strategy you'd like me to cover, please shoot my team and I an email at askkeith@onebarahead.com.

I will also be identifying specific profit targets for each recommendation as we build the model portfolio over time.



COVID-19 Treatments and vaccines are only the beginning for these two companies

CASH-SECURED PUTS

Up your game immediately!



Selling Cash-Secured Puts the “Right Way”

Selling “cash-secured puts” is one of my favorite tactics.

In fact, it's often my “go-to” choice when I want to buy a stock ahead of time, when I sense a potential reversal and even if prices are far higher. What's more, I can control risk and get PAID to go shopping at the same time, too!

Today we're going to talk about what you need to know, when to sell cash-secured puts for maximum probability of profit, and how to immediately up your game. Please keep in mind that there are risks, of course, and that options are not for every investor.

● Buying low and selling high

Selling cash-secured puts is an ideal way to “buy low and sell high,” especially if you're discipline-challenged every now and then. And, who isn't??!!

Selling cash-secured puts is also a really powerful tactic that's perfect for busy people because you can engage this trade ahead of time using strict limits you set online or over the phone with your broker. Then, get on with your life – there's no need to sit on front of the screen or hyperactively check your smartphone all day.

Before we go any further, though, I need to be clear about something.

I'm seeing a lot of advertising out there lately from folks pitching variations of put-selling as an income strategy. That's certainly one way to approach it but, in my experience, also very, very dangerous because many of the so-called experts appear to have little or no actual experience with the strategy.

The entire point of selling cash-secured puts is to buy the stocks you want at a discount – income is gravy.

I cannot say strongly enough that I advocate using this strategy ONLY on stocks you want to buy and ONLY when you've got the cash to make the purchase. NEVER sell cash-secured puts for the heckuvit or just because you want to generate some extra income.

I am going to assume that you've got at least some passing familiarity with options and that you have brokerage approval. If not, you need to do three things right away: 1) Buy or borrow a basic options textbook containing details about what options are, how options markets work and basic terminology. 2) Contact your brokerage for options approval. And 3) set up a paper trading account to PRACTICE placing these trades before committing real money.

Now, let's get to the good stuff!

● What are cash-secured puts?

Selling cash-secured puts is an options strategy that involves setting aside the cash needed to buy shares of stock in companies that interest you while simultaneously selling “put” options, a type of option that gives the owner the right but not the obligation to sell or sell-short a specific amount of an underlying security at a specific, predetermined price.

Options are traded in “lots”, each one of which represents 100 shares of stock. One lot = 100 shares, 2 lots = 200 shares and so on. It's very important you keep this in mind because the last thing you want to do is trade more lots - options – than you can afford.

Keep “size” small while you're learning to sell cash-secured puts or any other investing or trading technique for that matter. You can always increase the size of your trades later ... after you've learned how to profit consistently and control risk properly.

Selling Cash-Secured Puts the “Right Way”

Do NOT worry about trying to understand everything at once. Selling cash-secured puts is a specialized technique that requires a bit of rethinking and, in some cases, unlearning what you think you already know.

But, DO make the effort.

I think learning this strategy can “up” your game dramatically over time.

● Why you’ll want to sell cash-secured puts

Selling cash-secured puts is a moderately bullish strategy used whenever you identify a stock you’d like to own but for which you’d ideally like to pay less money per share than where it’s trading.

In plain English ... you can use this strategy on stocks poised for a run, but which haven’t taken off yet or on stocks that you’d like to “buy on a dip” or that have gotten away from you and you’d like to “buy on a dip” if the markets give you the opportunity ... see the theme developing? 😊

For example, Apple (AAPL) is trading at \$137.93 as I type but I’d love to get my hands on shares at \$134 by February. If it never happens and Apple shoots higher, I’ll keep the cash I receive for going shopping and consider rerunning the strategy at another time.

Practice putting that sentence out there to organize your logic. I mean it ... say it out loud because studies show doing so reinforces learning. Writing this down can also help, especially if you are someone who learns through writing things down like I do.

What you’re trying to do here is build a “logic circuit” in your brain that will help you run the trade but, importantly, define your approach before you do so. And if you can’t complete the sentence either verbally or in writing by the way, that’s a big red flag.

So... Let’s practice! Say it with me as you read:

- I’d like to buy Microsoft which is trading at \$____ per share today but I’d love to get my hands on ____ shares at \$____ per share no later than February.

- Palantir is trading at \$____ per share today but I’d love to get my hands on ____ shares at \$____ per share no later than February.

- JPMorgan is trading at \$____ per share today but I’d love to get my hands on ____ shares at \$____ per share no later than February.

Is there a stock you fancy that I didn’t mention? If so, try writing down the same sentence a few times.

Make those brain cells work together!

● The “Formula”

Selling cash-secured puts is like ordering a combo-meal and, in many cases, getting paid to do it.

Let’s look at Palantir.



The stock has been ranging in the mid-\$20s but there’s support right around the \$22-\$24 per share area I’ve marked in red as I type. I think it’s going to shoot higher before I can get this month’s issue published but this is where prices are at the moment so we’ll use ‘em.

Selling Cash-Secured Puts the “Right Way”

Remember our sentence ...

Palantir is trading at \$25.96 per share today but I'd love to get my hands on 1,000 shares at no more than \$22.50 per share no later than February 19th. And, I'd like to get paid \$104 for every 100 share lot I sell.

The order to my broker in this example would be: Sell to Open 10 19 February 21 \$22.50 Puts. Limit \$1.04 or more. GTC.

Here's how the order gets broken down in broker-speak.

Got questions?

I'll be conducting a “Zoominar” for OBA subscribers later this month.

Please send questions my way using:

askkeith@onebarahead.com

THE ANATOMY OF A CASH-SECURED PUT

Sell to Open 10 19 February 21 \$22.5 Put. Limit \$1.04 GTC

1 2 3 4 5 6

1. What you're doing (Open = new position, Close = exit)
2. How many lots (1 lot = 100 shares)
3. The option's expiration (day, month, year)
4. Strike price (price you're prepared to pay per share)
5. The lowest price you're willing to sell the option for
6. “Good till cancelled”

ONE BAR AHEAD™

Your broker will process your order as it's entered online or conveyed verbally, and you'll be off to the races. If it's not filled immediately, the “GTC” component ensures the order remains in effect until you cancel.

Your broker will immediately check to see that you've got enough cash on hand to make the purchase if you are “put” – meaning Palantir closes below \$22.50 on February 19, 2021 and you are required to buy shares at that price.

Behind the scenes, here's what's happening:



Selling Cash-Secured Puts the “Right Way”

Behind the Scenes, here’s what’s happening

Order Description	SELL -10 PLTR 100 19 FEB 21 22.5 PUT @1.04 LMT [TO OPEN]
Break Even Stock Prices	21.46
Max Profit	\$1,040.00
Max Loss	\$21,460.00 (not including possible dividend risk)
Cost of Trade including commissions	credit \$1,040.00 - \$5.00 = credit \$1,035.00
Buying Power Effect	(\$21,465.00)

You can see the order in red. You can also see that the break even if you execute this trade as planned is \$21.46 per share ($\$22.50 - \1.04×100).

The other thing you can see is that your max profit on this trade is \$1,040. Remember options are sold in lots, each of which equals 100 shares. So, selling 1 lot to buy 100 shares would yield $\$1.04 \times 100 = \104 . For purposes of this example, I’m after 1,000 shares which is why I am selling 10 lots and my credit in this example is = \$1,040.

The max loss on the trade is \$21,460.00, which is the total value at risk for the 1,000 shares if they go to zero and are a complete wipeout. And, finally, the cost of the trade is actually a net credit of \$1,035.00 because there’s a \$5.00 commission.

The last line in the figure reflects what’s called Buying Power Effect. Remember, we’re selling “cash-secured” puts so my broker is going to “ earmark” \$21,465.00 in my account as long as the option trade is open or unexercised.

● When to sell cash-secured puts

Technically, you can sell cash-secured puts any time you want but my research suggests the best time for maximizing profits is on big down days whenever everyone is running for the exits. This is because selling inflates volatility which means you can sell puts for more money than you would otherwise get under normal conditions.

It’s also possible to sell cash-secured puts ahead of earnings but the premiums are often skewed to the call side, an expression that will make sense after our seminar on this very subject later this month.

Again, and I cannot stress this enough ... sell cash-secured puts ONLY on stocks you want to own and ONLY when you have enough money set aside to make the entire purchase required as determined by the number of lots you’re selling.

Some people like to play games with less cash on hand, but I don’t recommend that for two reasons: a) keeping all the cash you need on hand means you are never surprised unexpectedly by a margin call and b) your broker isn’t going to worry about whether you can make good on your trade. Neither, for that matter, is the person looking out at you in the mirror every morning.

I’ll bet you dimes to dollars there are a lot of Robinhooders and Reddit Raiders that figured this out the hard way recently, but that’s a story for another time.

● Potential outcomes

1. Palantir closes slightly below \$22.50 at \$22.25 on February 21, 2021. This is the best outcome because you will buy 100 shares at \$22.50. However, because you’ve already received \$1.04 as a credit when you placed the trade, it’s like you’ve paid \$21.46 for each share. That means you’re effectively “ahead of the game” by \$0.79 per share, excluding commissions to keep it simple ($\$22.25 - \$21.46 = \$0.79$). Well done!

Selling Cash-Secured Puts the “Right Way”

2. Palantir closes at \$30 per share on February 21, 2021. This is not a perfect outcome but still a fabulous problem to have because it means you get to keep the entire credit of \$1,040. What’s more, you can repeat the trade as many times as you can until you actually succeed in getting your hands on the shares you want. The drawback is, of course, that you’ve forgone the entire run from \$25.96 to \$30 per share. This doesn’t bother me personally because I can now use the \$104 I’ve received to buy other stocks or make additional trades. It’s not uncommon to sell cash-secured puts several times on the same stock if the markets are really running before you get settled into a position you like.
3. Palantir closes at \$20 per share on February 21, 2021. In this case, you’ll be buying 100 shares at \$22.50 but immediately facing a paper loss of \$1.46 per share (\$22.50 purchase minus the initial credit of \$1.04 minus the closing price of \$20.00 = \$1.46). Many people think this stinks because they’re losing money but I personally don’t think it’s a big deal because selling the put softened the blow I would’ve otherwise experienced. If you’d purchased the stock at \$25.96 from the get-go, your loss would have been \$5.96 per share so there is that, too; you would lose “less” effectively speaking. This sounds counter-intuitive but remember why you sold the puts in our example to begin with ... because you actually wanted to buy shares of Palantir. And, you did!
4. Palantir collapses by February 21, 2021. I’d remiss not to mention a flameout but it’s important that I do. This is why you only sell cash-secured puts on stocks you want to own and for which, presumably, there is a good case to be made for owning ‘em. This is where the income crowd often gets into trouble because they sell too many puts or sell cash-secured puts on crappy stocks.

In this case you can either write off the entire \$21,460 (your max loss) or simply exit the put option at a loss prior to expiration which removes your obligation to buy 100 shares of Palantir at \$22.50 per share. The lower Palantir’s stock goes, though, the more expensive exiting becomes. So, act early and act decisively if you want out!

● Keith’s “Trade Secrets”

#1 - My Rule of Thumb is a net credit of \$0.50 to \$1.00 (\$50 - \$100) per lot. Most of the time that represents an acceptable balance between risk and reward. It also tends to cover commissions and slippage which vary by broker.

What you sell and for how much depends totally on your personal comfort level. I’ve known traders, for instance, who are content to sell far larger numbers of contracts than I do in the \$0.10-\$0.25 range and others who prefer right “at the money” and far larger premiums. It is totally your call based on your individual risk tolerance and objectives.

I am frequently asked about how I pick the strike prices I use and that’s also a matter of personal preference. I start most of the time by looking at a chart to determine the closest possible support for the past 30-45 days to see what’s on offer in terms of premium. Then, go immediately to the put chain to determine whether that’s a fair trade – meaning in line with what I want to pay for the shares that interest me and the premiums - \$0.50 - \$1.00 - I target. Occasionally, I simply start my hunt somewhere in the neighborhood of -25 to -35 deltas but most of the time it’s far simpler to look at a chart. We’ll talk about “deltas” in the upcoming seminar but keep things simple for now.

My target is generally 30-45 days out (from expiration) but, again, yours may vary. There’s nothing wrong with selling into next Friday’s expiration or using much farther dated options, even LEAPS, if you want to give your trade time to play out. Especially when volatility is far higher than normal like it was last year when the pandemic broke.

Selling Cash-Secured Puts the “Right Way”

#2 – The cash-secured put strategy is designed to remove the pressure of being right (that can be required by other trading tactics) and, in doing so, allow you to focus on being profitable. That’s a nuance most people miss, unfortunately.

#3 – Selling cash-secured puts works best on big down days when volatility is high, and people are scared. That’s because the volatility “skew” shifts as protection becomes more expensive. Practically speaking, this means you can sell puts lower and collect more money than otherwise possible. This can also lower the capital required yet boost profit potential, too.

#4 – Selling cash-secured puts can work well with whatever technical or fundamental analysis you already use because it’s based on price movement. Practically speaking, this means you don’t need a crystal ball nor a super-secret methodology. Just a basic understanding of how volatility impacts pricing ... See Rule #3.

#5 – Sell cash-secured puts ONLY on stocks you want to buy. Many options classes, particularly put selling “income” courses online, teach you to focus on inexpensive stocks with high premiums but that’s a mistake for this trade in my opinion. Crappy stocks have high premiums for a reason ... they’re crappy.

Remember, your goal is to buy GREAT stocks at a discount using cash-secured puts!

Besides, great stocks have high liquidity, narrow spreads and the best execution – all of which means that they’re easier to trade, you’ll get better pricing, and the spreads are narrower. Heck, it could even increase your profit potential, too!

● Practice makes perfect

I cannot understate how important practice is when it comes to mastering selling cash-secured puts. The last thing you want to do is start placing real money on the line if you’re not fully prepared. I’ve heard plenty of horror stories over the years and there’s simply no need to join that “club!”

Remember:

- Options are not suitable for every investor
- NEVER trade money you can’t afford to lose
- Do NOT scale up until you can be consistently profitable with small wins

● Have fun!

Many people take investing and trading waaaaay too seriously. There will be wins and losses as you learn – that’s just part of the process. The sooner you come to terms with that, the faster you can concentrate on success.

You got this – I promise!

Additional Resources

Note: I’ve obviously spent a lot of time on this strategy this month and that’s very deliberate on my part. Learning how to sell cash-secured puts can up your game immediately and give you ways to buy safely and with more confidence any time there’s a pullback.

- The Options Industry Council - <https://www.optionseducation.org/>
- The Chicago Board Options Exchange - http://markets.cboe.com/resource/industry_education/
- Characteristics and Risks of Standardized Options and Supplements – Every investor and trader must read this booklet prior to buying or selling options contracts. You can get a copy here:

<https://www.cboe.com/trading-resources/characteristics-and-risks-of-standardized-options> -

Or, chances are, obtain a copy from your broker as part of the options trading approval process.

PORTFOLIO REVIEW

Plus, this month's OBA 50

Portfolio Review (February 2021)

I'm super excited to introduce a few changes that YOU'VE suggested!

First, I'm going to be organizing OBA 50 recommendations more concisely. And second, I've created three tiers that will help you to more easily and immediately match 'em up with investments you may already own (in other portfolios) or those you want to buy later.

The purpose of the OBA 50 remains the same, though; to help you identify and pursue the world's best companies while avoiding those that are unnecessarily risky.

My research suggests owning about 15-20 stocks or funds will produce the concentration needed to significantly outperform the markets over time while avoiding the inherent risks of over-diversification that plague traditional Wall Street models (and which are keeping many investors behind).

Please note that there is some wiggle room based on your personal risk tolerance, goals and objectives. If you think, for example, that Apple is more of a Global Growth and Income play than a Foundation Stone, feel free to regard it as such! The key is consistency over time rather than splitting hairs at a moment in time.

● Foundation stones

This category will contain those companies intended to be the base around which all other choices are built and will account for roughly 50% of your overall investable capital. The intent is to create stability that gives you the freedom to pursue more aggressive choices in the other two tiers.

● Global growth and income

This category will house companies offering a unique twist on one or more of the "5 Ds" or which are technically of interest and will represent roughly 40% of your overall investable capital. The goal with this segment is appreciation potential AND an income boost so expect to see dividend payers and players here.

● Zingers

This category will be the home for more speculative choices and will account for roughly 10% of your overall investable capital. Zingers are fundamentally compelling but are going to be selected based on a higher relative technical analysis weighting using the OBA engine and the MMI specifically.

● Foundation stones (50%)

Apple Inc (AAPL) – Team Cook turned in an unprecedented \$111.4 billion quarter with record setting metrics across the board. Not surprisingly, analysts like Morgan Stanley's Katy Huberty, for example, are boosting estimates and price targets left, right and center. Some folks are understandably a little worried that the stock sold off after such a stellar report, but I'm not and encourage you not to be either. My price target is still \$200 a year from now. Yield is 0.60%.

JP Morgan (JPM) – JPM crushed earnings and beat conventional Wall Street expectations by nearly \$1.5 billion as I suggested would be the case. CEO Jamie Dimon stated that the bank is very well-equipped to handle economic environments much worse than the current base forecasts – which in plain English means that they can likely survive a SHTF scenario – and that's backed up by the Fed's stress testing. I loved the cash reserve release this past quarter because that will be deployed in share repurchase programs this year. The real future here is digital payments and JPM is very much a picks and shovels choice. A resurgent economy is gravy. Yield is a healthy 2.78%

Portfolio Review (February 2021)

NEW - BlackRock Science and Technology Trust (BST) and BlackRock Science and Technology Trust II (BSTZ) – These funds are absolutely best in class. Both tap into tomorrow's disruptive technology and, in the case of BSTZ also offer the ability to latch onto pre-IPO investments many individual investors wouldn't otherwise be able to access. Yield on the former is 4.10% while yield on the latter is 3.90%. They're a great "fund" choice, particularly for new investors or those who'd like to throw a broader net with smaller account sizes yet still have top notch potential.

● Global growth and income (40%)

NEW - Gilead Sciences (GILD) – I call Gilead the "Virus+" story everyone's missing. The stock has lumbered along well below the broader markets for a while now and recently begun to move based on recent analyst coverage, recognition of key HIV medicine, oncology and a reversal of a key court decision against Gilead invalidating Merck (MRK) patent claims. My target is \$88 by year end and I am perfectly content to enjoy the 4.06% dividend in the meantime.

NEW - Pfizer Inc. (PFE) – I identified Pfizer early on as a favorite "Virus+" player and remain convinced that's the case. The markets, though, appear to have other ideas for now. In fact, the company has sold off a bit following negative results for an FDA study on a rheumatoid arthritis drug called Xalijanz. This doesn't alter the investment case for owning Pfizer one iota in my mind and, in fact, the longer the stock bounces around at these levels, the more upside savvy buyers have. I think the company makes a lot more money than analysts expect next year and that \$35 a share is incredibly inexpensive for the upside potential I see ahead. Oh, and a 4.46% yield isn't too bad either!

Palantir Technologies Inc. (PLTR) – Don't let the recent selloff deter you. There's only one publicly traded company making a big data "engine" and Palantir's it. The company is coming up on "lockup" expiration which means inside investors can sell shares for the first time.

There is no firm date but I think mid-February is a good bet based on Q4 earnings that trigger the clock. Palantir's contracts are big and getting bigger. Newly won commercial business hasn't yet factored into the price. Buying on dips is the way to go here. I think Palantir is a \$50 stock 12-24 months from now.

● Zingers (10%)

Affirm Holdings, Inc. (AFRM) – I still believe this is a great company with a bright future but it's simply not performing in line with my expectations since I recommended it. That's why I suggested that you reduce holdings to a bare bones minimum in Weekly 0005 on February 1st while we wait for the company to gain traction.

● Hedges

Hedges are "just in case" investments against market calamity. There is no way to completely eliminate market risk, but you can take steps to tame it. Studies suggest that 1%-3% of total investment assets in a non-correlated choice like these can give you the freedom to maintain a more offensive posture than you could otherwise. We can/will add to these if the markets rollover for any reason.

ProShares Short S&P 500 (SH) – this is a specialized inverse ETF (exchange traded fund) seeking a return that is -1X the S&P 500. Expense ratio is 0.90% and it will rise as the S&P falls.

Rydex Inverse S&P 500 Strategy Fun (RYURX) is a specialized inverse fund seeking a return that is -1X the S&P 500. The fund is non-diversified and will invest at least 80% of net assets in financial instruments intended to perform opposite the S&P 500 upon which it is based. The Gross Expense Ratio is 1.57% and the Net Expense Ratio is 1.53%. Distribution Yield is 0.42%.

Portfolio Review (February 2021)

ProShares Ultra VIX Short Term Futures ETF (UVXY) is a leveraged ETF intended to perform 1.5X the VIX, a key volatility measure. I suggest picking up shares any time the UVXY is under 11. Or selling cash-secured puts that accomplish the same thing. There is some degradation because of the leverage involved so I suggest you use the UVXY more opportunistically than as a semi-permanent or ongoing hedge like either the RYURX or SH.

Position Sizing Guideline

Foundation Stones	50%
Global Growth and Income	40%
Zingers	10%
Hedges/Inverse	1-3%

Position Table

	Stock	Recommended	Price at Entry	Current Price*	Yield/Dist Rate	Profit/Loss	Stop Loss	Last Instruction
Foundation Stones	AAPL	1/8/21	\$ 132.05	\$ 135.05	0.62%	2.3%	25% TS	Hold
	JPM	1/14/21	\$ 141.17	\$ 133.62	2.80%	-5.3%	\$105	Hold/add below \$130
	BST	2/2/21	\$ 56.19	\$ 56.19	4.06%	0.0%	25% TS	New/add below \$50
	BSTZ	2/2/21	\$ 37.45	\$ 37.45	3.78%	0.0%	25% TS	New/add below \$35
Global Growth and Income	GILD	1/11/21	\$ 62.51	\$ 65.32	4.15%	4.5%	25% TS	Hold/add below \$60
	PFE	2/2/21	\$ 35.07	\$ 35.07	4.35%	0.0%	25% TS	Hold/add below \$35
	PLTR	1/8/21	\$ 25.20	\$ 31.25	0%	24.0%	None	Hold/add below \$30
Zingers	AFRM	1/14/21	\$ 114.85	\$ 113.94	\$ -	-0.8%	None	Hold/Lighten
Hedges/Inverse	SH	2/1/21			\$ -		None	Hold
	RYURX	2/1/21			4.42%		None	Hold
	UVXY	2/1/21			\$ -		None	Hold

TS = Trailing Stop
* All data as of 2/2/2021

OBA 50

Ticker	Name	Ticker	Name	Ticker	Name
AAPL	Apple Inc	GOOGL	Alphabet Inc	QCOM	Qualcomm Inc
ADBE	Adobe Inc	JNJ	Johnson & Johnson	ROKU	Roku Inc
AFRM	Affirm Holdings Inc	JPM	JPMorgan Chase & Co	RTX	Raytheon Technologies Inc
AMAT	Applied Materials Inc	LOW	Lowe's Companies Inc	SEDG	Solaredge Technologies Inc
AMD	Advanced Micro Devices Inc	LRCX	Lam Research Corp	SQ	Square Inc
AMZN	Amazon Com Inc	MRNA	Moderna Inc	TDOC	Teladoc Health Inc
AVGO	Broadcom Inc	MSFT	Microsoft Corp	TGT	Target Corp
CRWD	CrowdStrike Holdings Inc	MU	Micron Technology Inc	TMO	Thermo Fisher Scientific Inc
DHR	Danaher Corp	NET	Cloudflare Inc	TMUS	T-Mobile US Inc
DIS	Walt Disney Co	NFLX	Netflix Inc	TSLA	Tesla Inc
DOCU	DocuSign Inc	NOW	ServiceNow Inc	TTD	Trade Desk Inc
ETSY	Etsy Inc	NVDA	Nvidia Corp	TWLO	Twilio Inc
FB	Facebook Inc	PFE	Pfizer Inc	V	Visa Inc
FDX	Fedex Corp	PINS	Pinterest Inc	W	Wayfair Inc
FSLY	Fastly Inc	PLTR	Palantir Technologies Inc	WMT	Walmart Inc
GILD	Gilead Sciences Inc	PTON	Peloton Interactive Inc	ZM	Zoom Video Comms Inc
		PYPL	PayPal Holdings Inc	ZS	Zscaler Inc

ASK KEITH

Get your questions answered!



Ask Keith - Master Big Down Days

Q: What's your take on energy for the next few months? The normal oil inverse ETF seasonal play didn't work out this winter. - Karl O.

A: Very savvy question. I believe energy prices will continue to track as demand resumes into the latter half of 2021. President Biden needs 'em high to make his case for clean energy alternatives. That suggests companies like Exxon Mobile and Chevron come under pressure because they have remained largely focused on traditional energy while alternatives like British Petroleum and Royal Dutch Shell could blossom because they began preparing for a global energy transition quite some time ago.

Q: I've been an index person for years but now it's overwhelmingly evident I have to buy specific stocks to get ahead – like Tesla. What do you suggest? - M. Perry

A: History suggests there are 10-15 Tesla's out there at this very moment but having the foundational elements in the OBA 50 in place before you engage in more speculative choices is a critical first step. Doing so helps keep risk to a minimum even as you track growth. This month's first two recommendations could be perfect!

Q: I sold half my Roku on a double and as you may imagine I am regretting it! - Martin R.

A: Congratulations, but respectfully, that's your emotions talking. If you'd sold half and invested in Tesla, for example, chances are you'd have a different opinion. And, Microsoft, still a third.



It's important to distinguish between a one-shot victory and the ongoing pursuit of profits which is really, at its core, what the "Free Trade" is about. Nobody's ever gone broke taking profits, but I've heard countless stories about investors who let big winners turn into portfolio-cratering losers because they didn't take some money off the table.

Q: What's your take on fractional shares? - Eva K.

A: Love 'em. They're a comparatively recent development, particularly for investors who are just starting out and those who don't have a lot of capital yet want to own some of the world's greatest companies. Plus, many pay a dividend in line with ownership which means there's an income angle, too.

Q: How do I hedge a metals portfolio to avoid getting crushed (on days like today) - Carla W.

A: That's a lot tougher than it sounds. One possibility is an inverse exchange traded note like DZZ which is 2X leveraged and inverse against gold; both ProShares and Direxion have funds on offer.

continued. →

Ask Keith - Master Big Down Days

Options would be another alternative, but portfolio weighting is key and can get very complicated very quickly. Respectfully, I'd ask why wouldn't you just close your position or sell off some metals if they're going against you to accomplish the same thing? You'll likely save on commissions and potentially tax consequences, too. Might be worth a rethink.

Q: Do you have any conflicts of interest?

- Brian H. and Andrea P.

A: No. Unlike much of Wall Street, I do not, have not and will not accept compensation in any form from any of the companies I write about nor am I involved in investment banking.

Q: Is every company on the OBA 50 list a "buy?"

- Mark V.

A: No. In fact, some may actually be sells. The list is based on a carefully screened mix of liquidity, value and momentum (which cuts both ways). That's why Tesla (TSLA) and Twitter (TWTR) both made January's list, for example. Think of it more like a universe.

Q: Where will the S&P 500 finish this year?

- Mike A.

A: 4,233 ... perhaps higher, after a Q1 hiccup. Investors can't fathom such a run but the valuations everybody is worried about reflect pandemic-addled fundamentals. That's why focusing on the components is more important than the notion that stocks are "expensive" is critical. Trailing earnings per share are right about \$130 or so and I see that approaching \$200, perhaps more, by the time we close out the year. That, in turn, reflects valuation growth but, importantly earnings growth ... and higher prices.

Q: Is there ever a reason where you'd sell or close a "free trade" - Randy

A: Yes - when the investment in question no longer matches up to the original investment case for owning it. For example, imagine if Apple suddenly diverted into swimming pools and abandoned digitalization. Free or not, I'd bail.



Send your questions in!

There's nothing I like more than great questions, comments, and suggestions.

Please send me yours via email using askkeith@onebarahead.com or hit me up on Twitter @fitz_keith

THINKING “ONE BAR AHEAD”

- Internet of Things (IoT) -



Thinking “One Bar Ahead”

If there’s one thing I’ve learned over the years, it’s that whenever large numbers of people think they understand something well, I can practically guarantee you they don’t.

Take the Internet of Things (“IoT”), for example.

Proponents argue that the IoT will usher in an unprecedented fourth industrial revolution and that more than half of all new business will run on some form of IoT within the next few years. They talk glowingly about everything from refrigerators that order groceries themselves and help manage deliveries deep in the logistics chain to rectal thermometers which can communicate your most intimate details immediately to those who need it in a hospital setting.

There is a far darker side, however.

Technology is running way ahead of our ability to control it and that means – love it or hate it – companies will have no choice but to spend trillions to guard against those with nefarious purposes.

Talk about Unstoppable, Inevitable and Imminent – WOW!

One in four adults has at least one voice-enabled digital assistant in the house today and that number is only going to go up over time. There are an estimated 4.8 billion cell phone users in the world today which means that 63.60% of the global population is already tapped “in.” There may be more than 75 – 100 billion connected devices within the next 3 years according to Statista.

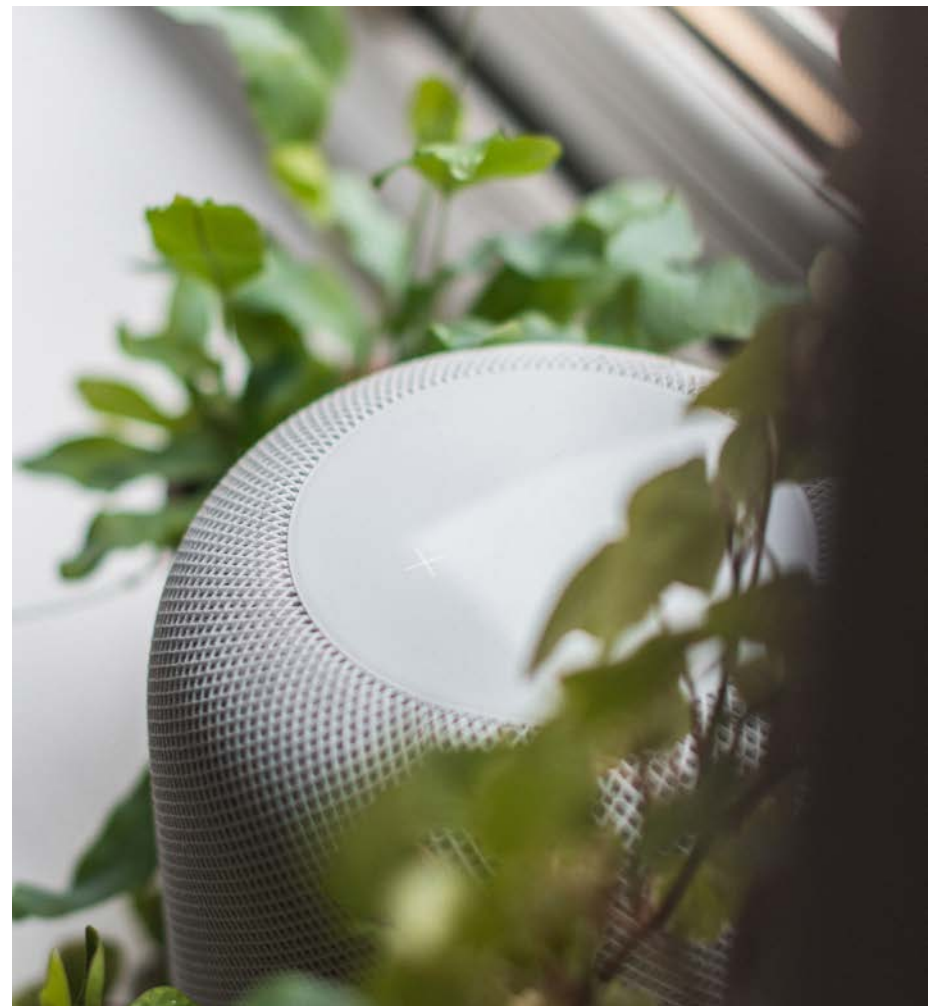
Here’s my take on the Internet of Things.

● How things break

We don’t know how smart machines fail ... yet. Proponents are downright giddy about AI and how the IoT will improve our lives; and honestly, I share some of that thinking. I’d love to be able drive into town and have my car find a parking space, for example.

What we don’t know however, is how exceptionally clever machines fail. We have no idea what will happen when an intelligent machine connected to the IoT decides that it is going to start investing in the stock market and humans can’t keep up or turn it off. Never mind the Pajama Gang that just socked it to the hedge fundies!

Potential investment implications: data security and biometric authentication that work way beyond the simple access control we know today.



We still don’t know how smart devices will fail

Thinking “One Bar Ahead”



Brain connections are already here!

● The riskiest connection is already here

Many people believe that we are still a decade away from the first implantable memory chips. They're mistaken – it's already been done. A 2018 military study funded by the Defense Advanced Research Projects Agency (DARPA) and undertaken by 15 patients at the Wake Forest Baptist Medical Center found that implanted prosthetic memory chips improved short-term memory by 35%.

Don't get me wrong. I think the notion that we'll be able to harness what scientists learn to treat Alzheimer's, brain injury or even simple memory loss from old age is great. In fact, Alzheimer's runs in the men in my family so I've got my own gremlins ahead.

What I worry about is how bad actors will exploit everything from your toaster to pacemakers like the one my dad has for nefarious purposes via the IoT.

Potential investment implications: Bio-safe epoxy resins to cover implantables, frequency control mesh, RFID and digital virus transition/defense via touch or proximity.

● Hacked by our own brains

The same study also found that the neural implants learned to recognize brain activity when test subjects correctly recalled new information then later replicated those specific inputs to boost memory.

Social media companies, your insurance provider and even hostile foreign actors could literally get inside your head one day in the not-too-distant future. Imagine being infected by ransomware, for example, that would prevent you from feeding yourself or a hostile ex-spouse taking control over your love life by reprogramming your brain activity!

Potential investment implications: Biomedical activity monitoring that works in conjunction with remote systems presently thought of as household security or proximity control. Technology that allows patients to self-treat high blood pressure, insulin or even AFib by reprogramming the body rather than a device.

Makes me wonder what SkyNet would think - Zounds!

KF





HIGH PERFORMANCE OVER 50™

5 Easy Ways to Defy Aging



High Performance Over 50™

I try to work out regularly because doing so helps make me a better husband, father and – yes – a better investor and trader. Yet, like everybody else, I'm getting older anyway!

It's a tough gig because getting older means we are increasingly susceptible to any number of diseases, something Covid-19 has made all too clear. At the same time, our physical structure becomes weaker as we get older so there's a very real risk associated with what gerontologists call frailty.

I know firsthand ... I've become a lot frailer than I'd care to admit having suffered a few critical medical challenges of my own the past few years. I know I'm not alone in saying this but there are days when I simply cannot believe the body that I live in at the moment is the same one that got me here!!!

Things weren't always this way because we didn't live long enough to get frail. Statistically speaking, you and I would have died by the time we were 40 in 1800. Now anti-aging experts like Aubrey de Grey believe the first humans who will live to be 1,000 years old may already be alive today!

Becoming less "frail" is key.

Five easy ways build strength and purpose at any age

- 1:** Carry the groceries, your luggage and anything else you'd otherwise chuck in a cart. Sounds simple but you won't believe how heavy even the "lightest" stuff seems after lugging it around a while.
- 2:** Make it a point to take a walk, a jog or a run. Studies show that just 5 minutes will go a long way to establishing the mindfulness I wrote to you about last month. Fifteen to thirty minutes 3X a week can help maintain motivation and make your lungs stronger which is critically important when it comes to fending off Covid-19 or healing faster if you catch it. Being by water can boost the effect so extra points if you can walk by a lake, a river or the ocean. I'm partial to mountain streams myself.
- 3:** Wear weights when doing your chores. I like to use a 25-pound vest when I'm cutting the grass, for example. Ankle weights or carrying dumbbells works, too.
- 4:** Unleash your inner "Travolta." Dancing is an amazing stress relief and downright fun. My wife's caught me more than once reliving the disco era in our garage as I work on my vintage cars and bikes. And, of course, joins in after she's done laughing! My grandparents used to dance in the kitchen to big band music, so the apple apparently doesn't fall far from the proverbial tree!
- 5:** Embrace the suck. That's a US Navy SEAL expression meaning that you want to lean into suffering and get comfortable with being uncomfortable. My team and I try to do 10 of something every time we cross the office door threshold ... press-ups, curls, planks, 10 minutes on the elliptical. Even if we don't want to ... no scratch that, especially if we don't want to!

KF

Wrapping Yourself in Positivity Can Make You a Better Investor

Studies show very clearly that wrapping yourself with “positivity” makes you far more likely to achieve your goals. The more specific, the better and more likely you are to make ‘em happen.

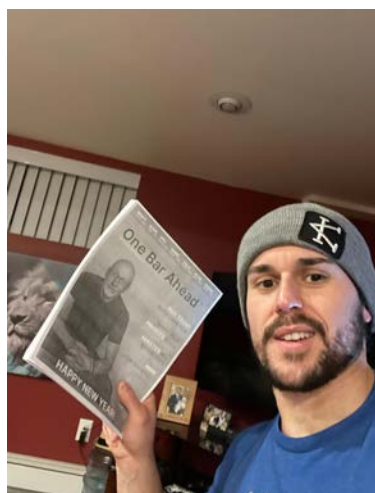
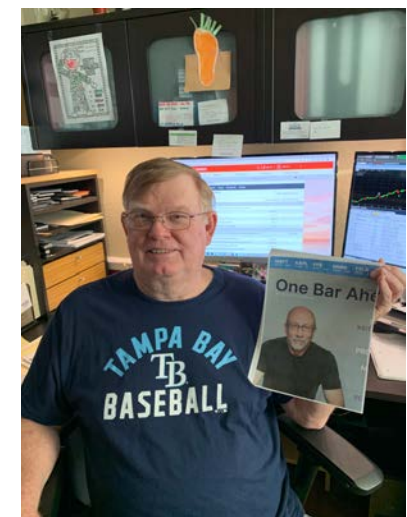
Success is contagious!

That’s why I encourage you to share your journey. Doing so can help you develop and maintain the motivation needed to make you a better, more consistent, and knowledgeable investor or trader. Plus, it’s a great way to learn new habits that can help you crush your goals.

What do you hope to achieve by being part of the One Bar Ahead Family and why? Have you just made your first options trade? Did you learn something unique about a recommendation recently that helped you make a decision? Was there an “aha” moment that helped you avoid a loss or even take one and have the discipline to move on? Did something I say or write make a difference? How has my research helped you over the years?

Please send me an email at magazine@onebarahead.com and share your “success” with the Family! Be sure to include a great picture and a brief description.

**SAY HI TO OTHER MEMBERS OF
THE FAMILY!**



KF

Thank You for Reading One Bar Ahead™!

The quest for bigger, more consistent profits never stops. You simply need access to the right stocks, the right strategies and the right education. No gotchas, no gimmicks. In plain English.

Morning! 5 with Fitz

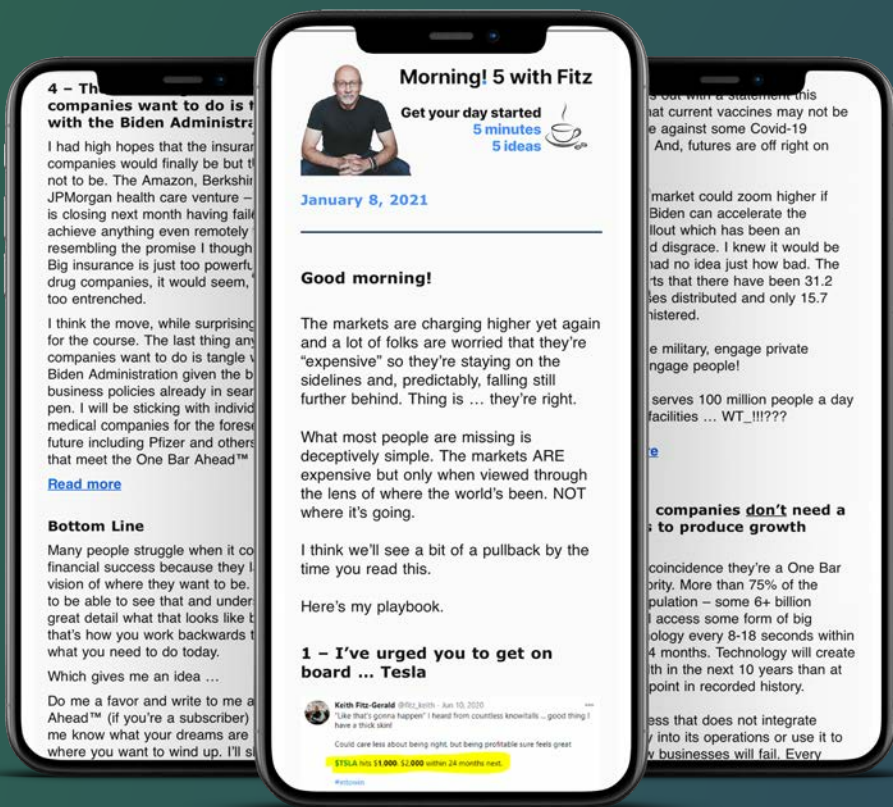
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