CCL	PARA	SHOP	KEY	WFC	USB	INTC	SOFI
9.39 ▼	17.09 ▲	58.72 ▲	8.77 ▲	36.73 ▼	28.21 ▲	31.38 ▲	4.73 ▲

MAY 2023

One Bar Ahead

BY KEITH FITZ-GERALD

Why you'll want to
BUY THIS STOCK NOW
or forever hold your peace

Dividend Fortune Builders
A new "old" company is transforming itself in ways the markets don't yet recognize

---

Plus, an **in-depth** portfolio review, the latest MMI® charts and critical updates

HP50+
TIME TO TAKE THE PLUNGE!

Disclaimers

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Keith Fitz-Gerald's ONE BAR AHEAD™

Dear Reader,

There's nothing worse than looking back at stocks that you know you should have bought when you had the chance.

Except possibly knowing that you're making the same mistake now even though you've sworn up, down, and sideways that you wouldn't "do that again."

How do I know?

I've been there and done that. Usually when I'm burnt out or have lost focus.

Chances are you can identify.

People think this is a matter of priorities if they find themselves in a similar situation, but I don't think so, particularly when it comes to investing.

The way I see things, the biggest problem we face in today's world is mental clutter and the loss of focus that happens when we allow it to accumulate.

Let me explain.

A single edition of *The New York Times* contains more written information than a person living in the 1700s would have encountered in their lifetime.

The average person in the United States today sees between 4,000 and 10,000 advertisements a day. As recently as the 1970s, that figure may have only been a few hundred a day, if that.

News took three to four weeks to make its way around the world in the 1800s but now is spread almost instantaneously.

Mental exhaustion and information overload are a by-product of the way we live. Our minds wander because the pressure to always be productive creates a negative feedback loop.

The implications are undeniably profound.

The last several years have been some of the most brutal, challenging, and complex investing conditions on record.

Many investors have lost track of their long-term goals because the going got tough. They've forgotten that this stuff comes and goes a lot more regularly than they'd care to admit. That's why time seems to pass so slowly while we're wrapped up in the daily grind but so quickly in retrospect.

And bam… next thing you know, we're operating in the moment instead of doing everything we can to remain focused on our long-term objectives and doing whatever's needed to achieve 'em.

We gradually stop doing what really matters as the clutter builds. Everything we'd hoped to achieve starts slipping away. First, it's a day. Then a week. Then a month. Even years disappear into the mists of time if you're not careful.

We need instant gratification so much that we unknowingly sacrifice the bigger picture and are willing to settle for "gee" or "oh well."

Taking a break is the *only* way to get around the problem.

Noriko and I love to motorcycle because the open road provides us with the chance to break from routine. I find that my creativity and problem-solving skills skyrocket because of the enhanced mental stimulation.

Best of all, we rediscover things we'd otherwise take for granted, like each other and all the reasons we got married nearly 28 years ago.

Our most recent trip is a great example.

For instance, there's a lot of debate right now about EVs and uncertainty about Tesla stock. Not in my mind.

We saw dozens of 18 wheelers hauling brand-spanking-new Teslas during our trip. And not one hauling Ford, VW, GM, or Rivian products. Not one.

Every gas station had new payment terminals and readers, as did the hotels where we stayed and the restaurants where we ate. Digital currency is inevitable.

We had satellite access to the most detailed maps you can imagine despite being so far off the beaten path that even the wild mustangs we saw by the side of the road thought we were lost.

My iPhone never blinked, even in areas where my Android-powered devices had failed previously. My watch and other Apple devices remained linked the entire time. Noriko even booked a hotel from the desert despite the fact that we were 100 miles into the hinterlands.

We had more smiles per mile than you can imagine!

Which brings me to the point I want to make today.

Taking a break isn't about the break itself but, rather, the vision that often comes out of a complete reset. Especially these days.

Shedding the mental clutter that is otherwise overwhelming gives you a chance to revisit places, things, ideas, and concepts that you can't see or you thought you already knew a lot about.

It ensures that you're moving towards goals you keep alive by recharging and realigning your thinking in ways you don't anticipate.

Best of all, just being "out" allows you to establish new mental connections needed to re-examine information, assumptions, and hidden gems hiding in plain sight.

Speaking of which, this month we're going to start our time together with a new look at an old name. It just may be the strongest "re-recommendation" I've ever made.

The timing is textbook perfect because two recent developments could redefine the competitive landscape in ways the markets don't yet recognize or, for that matter, value.

I think the stock could double twice within the next five years when that happens despite the fact that the company is already a household name and people think they know everything there is to know about it.

Then, we're going to move on to a new "old" Dividend Fortune Builder. We've had a lot of people join the OBA Family in recent months, and the stock I want to share with you is almost universally misunderstood for what it isn't.

People are so focused on *what is* that they're totally missing transformative businesses that are already busy creating new sources of revenue and margin-expanding operations.

I've also got a special look at income investing that I've never shared with you before. I know this sounds hokey, but "how to get paid like clockwork" pretty much sums it up, especially when you see the OBA Model Portfolio displayed this way.

Of course, there's also the latest MMI charts, a comprehensive portfolio review, and update, too.

The day is coming when I can sound the "all clear," but for now, the Fed's latest shenanigans reinforce the need for quality, stability, and liquidity. It's no accident that many OBA recommendations continue to hold up well even though the markets themselves are under pressure.

And finally, we'll wrap up with a quick look at something that sounds decidedly unpleasant but has actually been used for centuries to promote wellness. I'm a huge—albeit shivering—fan!

In closing, hang in there.

Everything we know about history suggests that we're closer to the end of this mess than the beginning of another crisis.

We are right where we want to be, and not many investors can say that.

Best regards for health and wealth,

KF

P.S. Please be sure to email me if you have ideas, suggestions, comments, or advice on what you'd like to see covered in upcoming issues. My team and I read every message. And we love pictures that help us all get to know each other better. 😊

The address is magazine@onebarahead.com.

Other ways to keep in touch

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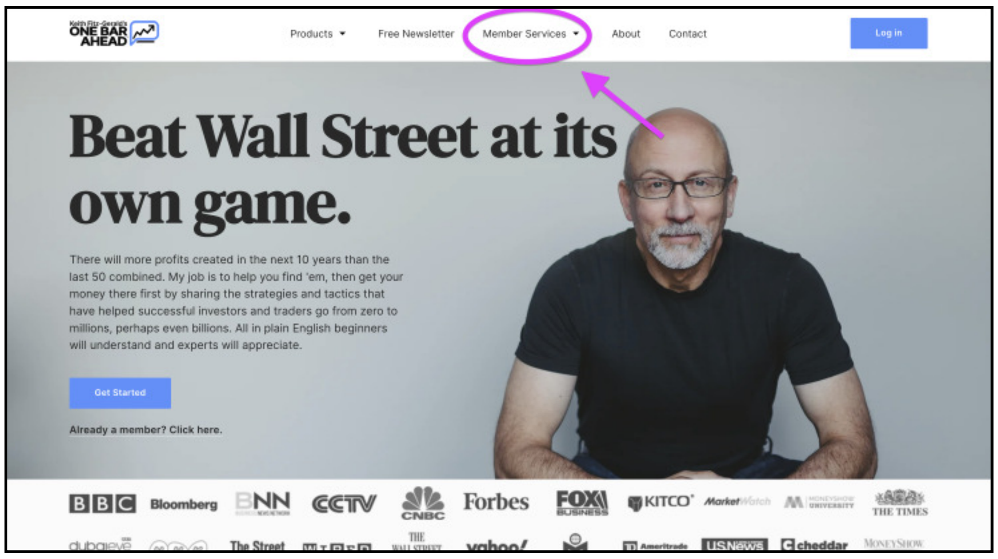
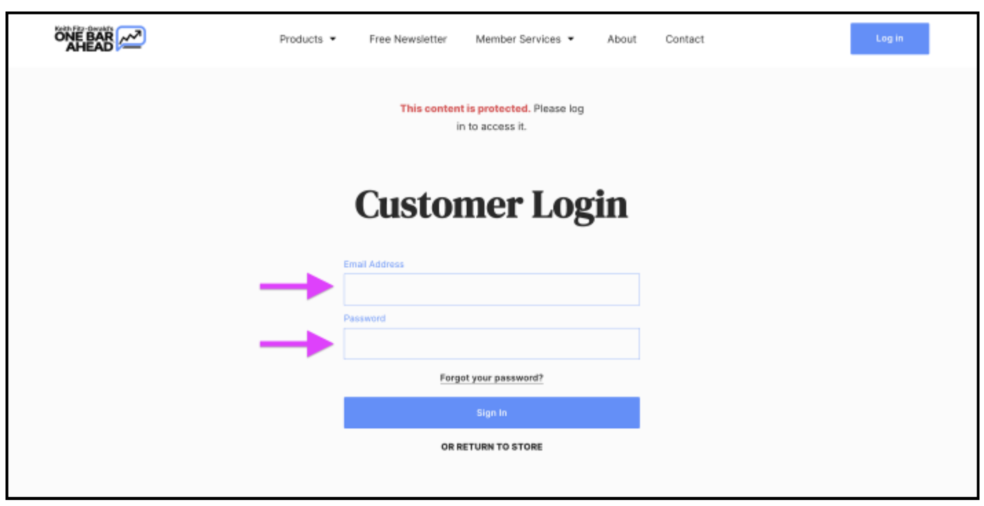
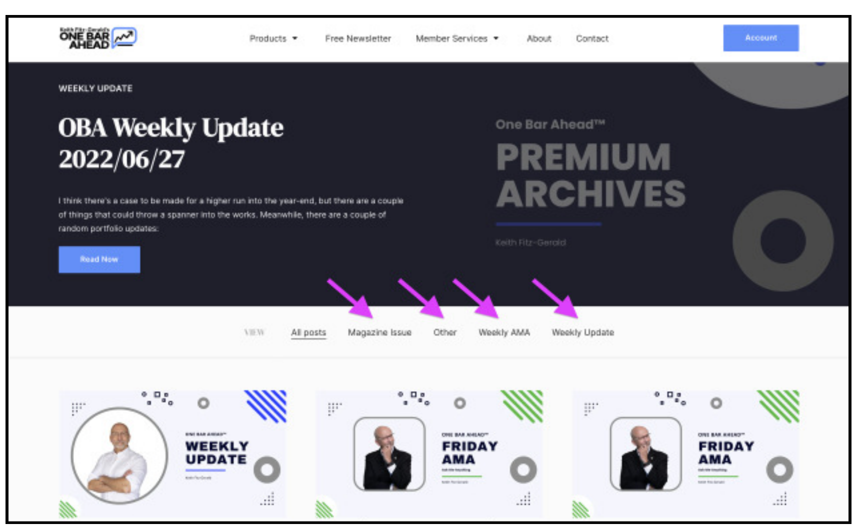


2. You will be asked to log in.

(If your password doesn’t work, try resetting it.)



3. Filter by what you’re looking for, and voila!



If you try the above steps and that doesn’t work, please contact us at **subscribers@keithfitz-gerald.com**

Chapter 1

MOST INVESTORS COULD DOUBLE SHARES YET STILL NOT HAVE ENOUGH

BUY NOW OR FOREVER HOLD YOUR PEACE!

People argue with me all the time.

Why should I buy Apple?

Their rationale varies but essentially boils down to something akin to "the big can't get any bigger."

My response inevitably sends 'em right over the edge.

Because it's Apple.

How many companies do you know of that make nearly $2,000 a second and which has a gross profit margin averaging 30–40% or more for years.

There's only one, and it's on the way to $1 trillion in revenue by 2030.

Buying now while shares languish in the $160–$170 range could be your last shot at the brass ring.

How am I so sure?

Jobs.

As in Steve Jobs.

He laid the roots for everything that Tim Cook is doing now.

Many people forget that Apple struggled once upon a time.

Steve Jobs built it from the ground up only to get fired unceremoniously in 1985. Then returned in 1997.

By all accounts, the company was a trainwreck.

Apple struggled to compete against its main rival, Microsoft, which had gained dominance in the personal computer market with its Windows operating system.

Sales were in decline, and market share for the now-vaunted Macintosh computers was in the proverbial toilet. As unimaginable as it is today, Apple had posted several *years* of financial losses.

Jobs faced the unenviable and decidedly daunting task of turning around the company's fortunes while simultaneously restoring Apple's position as a leading technology innovator.

Many doubted it could be done.

Not Jobs and not me.

Jobs launched a series of initiatives to streamline the company's product lineup, improve its financial performance, and refocus on the development of innovative new products. This included the introduction of the iMac in 1998, which became a major success and helped revive Apple's fortunes. He even partnered with Microsoft to launch Office for Mac!

Then he did something so brilliant that it's almost incomprehensible by today's standards.

Jobs launched the iPhone.

Microsoft's Steve Ballmer famously poo-hoo'd it, as did many others who had serious doubts about a really cool "phone" that would set you back nearly $1,000.

Only Jobs didn't see it that way.

He viewed the iPhone as a platform. More importantly, as a product that would one day link everything together via an "ecosphere"—a term he first used at a Macworld conference in 2001.

I latched on quickly.

It was a "holy smokes" moment.

I realized that Jobs intended to use the iPhone to create a seamless user experience that spanned everything. Not just communications.

But that wasn't the only thing that dawned on me.

If Jobs were successful, I reasoned, he'd be creating a nearly bulletproof model that made switching from one supplier to another passé.

Something the world hadn't seen before.

BUY NOW OR FOREVER HOLD YOUR PEACE!

The way I saw things, Jobs intended to use the iPhone to link everything a customer did or wanted to do as naturally as the sun coming up tomorrow regardless of which Apple products he or she used.

That's key because of something called switching costs.

Switching costs are a $5 way of saying that you can't leave Apple's orbit because Apple and its products are at the heart of everything in your life… financially, emotionally, contractually, and so on.

Jobs knew that the iPhone itself wasn't a big deal, but he was perfectly content to let everybody think so.

He was after the data. And years after his death, his legacy still is.

Once you use an Apple anything, it's almost impossible to go back to an Android or any other device for that matter.

For one thing, it takes time and effort to learn a new way of doing things. For another, every switch makes it harder to migrate your own information.

Jobs knew that once you go Apple, you'll never "go" anything else because Apple's products are designed to be an integral part of your life. Not just a computer or a phone or a watch. And the deeper you get, the more attractive Apple's products become.

Which brings me to where we are today and why I'm re-recommending Apple stock right now.

The company has just made two blockbuster moves that are every bit as earth-shattering as the initial iPhone in terms of how they'll impact the competitive landscape.

I think the stock will hit $200 a share within the next 12–24 months, perhaps sooner. Then double again within 48 months or split, which is effectively the same thing.

Why?

Two reasons.

First, Apple has finally entered India.

CEO Tim Cook was greeted by roaring crowds of *Appletisti* when he opened the Mubai location. And again in New Delhi.

Apple isn't new in India, but it's been Google's turf for years. The former has just 4% market share, while the latter has enjoyed a virtual monopoly amidst an ocean of cheap-Chinese Android-running smartphones. But opening stores is.

Wall Street analysts argue that India's market cannot afford an iPhone because it's so poor, but they're missing the point. Owning an Apple product, especially an iPhone, is a status symbol.

Apple will create a newly minted ecosystem in India just like it has in China, Vietnam, and dang near every other country it enters.

That means billions of dollars in future revenue are not yet factored into Apple's current stock price.

Google, by the way, is in serious *bandini* as a result. That's because Apple can create standards and, in true OBA fashion, influence consumer behaviour.

Speaking of which…

Second, Apple has recently introduced a high-yield savings account that offers 10X more interest than the typical bank.

So?

It pulled in nearly $1B in just four days, $400 million of which came in on the first day alone.

Forbes reported that a source indicated there were something on the order of 240,000 accounts opened in the week following its launch.

Still don't think this is a big deal?

It takes less than a minute—60 seconds—to open an account directly from your iPhone.

BUY NOW OR FOREVER HOLD YOUR PEACE!

FDIC data suggests a typical bank savings account pays 0.39%, which means that you'd earn just $3.90 in interest for every $1,000 on deposit for a year.

The Apple account pays 4.15%, which means that the same $1,000 deposit would earn ya $41.50 over 12 months.

Apple's account is presently open only to people using an Apple Card, but I expect that to change in the months ahead.

Importantly, there are no minimums, which means customers can sign up for as little as $1. And there are no withdrawal restrictions, so consumers can take their money out at any time.

The banking industry is undoubtedly shaking in their mahogany-paneled offices. Between the SVB crisis and recent banking failures, customer trust is nearly nonexistent.

People want to bank with Apple because it makes their *life* easier.

Note: I am re-recommending Apple, so we will dispense with the usual Universe/Metric/MMI charts.

Action to Take:

Buy or add to existing shares. Tuck shares away in the Foundation Stones, the "50" in the proprietary 50/40/10 One Bar Ahead® Model Portfolio.

My target is $200 within the next 12–24 months, or sooner.

If you'd like to follow along more aggressively, and have the skills needed to do so, I suggest you consider buying the 20JUN25 $110 Calls.

They last traded at $72.85 and have a Delta of 90, which means that they could provide a greater potential return on capital come expiration if AAPL rises as I expect it will. The breakeven is $182.87 as I type.

If you're keen to get an even better price and get paid to go shopping, consider selling a few Cash Secured Puts. The 15DEC23 $105 Puts last traded for around $1, and that could be a deep, aggressive entry point. The Return on Margin (ROM) is approximately 9.79%, while the Probability of Profit (POP) is 93.05% as we go to press.

As always, do this ONLY if you have the cash on hand to buy a corresponding number of shares for each put option you sell at that price. Paper trade if you're not sure, and/or review the February 2021 Issue to practice using the strategy.

Please check with a financial professional to determine whether or not any financial decision you make regarding AAPL fits with your personal risk tolerance, objectives, and situation (none of which I know).

Note to New Subscribers: I typically present several alternatives for each recommendation to ensure that everyone has a range of tactics to choose from.

Mixing and matching is encouraged but entirely dependent on your personal situation, risk tolerance, and circumstances (which I don't know). It's your money and your responsibility.

Got questions about the tactics mentioned in this issue?

That's what the Friday AMA's are for.

Make sure you send your questions to **subscribers@keithfitz-gerald.com.**

I read every email I get and answer every question, so I'd love to hear from you.

DIVIDEND FORTUNE BUILDERS

BUSINESS IS ALWAYS PICKING UP

Whenever the stock markets get dicey, I start getting emails like this one...

Hey Keith, I want to protect my hard-earned retirement and generate a little income, too. But I worry that I'm too late and all the good stocks have been scooped up. Rates are climbing so fast that I think I've missed out...

Here's a wild thought.

What if you knew that you could get paid every month for owning the world's greatest stocks?

Let me make it even simpler than that.

What if you've seen only a portion of the income you could otherwise be receiving?

And what if you knew that the odds of success were absolutely in your favour even if the economy drops into recession and inflation continues to rage?

Here's how I break it down.

First, there have been 104 rolling 20-year periods since 1919. 100% of 'em (yep—104 of 104 total) show a positive annualized total return according to Crestmont Research.

Put another way, you would have made money 100% of the time if you had bought and held for 20 years, *regardless of when you made your initial purchase*.

Second, since 1945, the markets have spent two-thirds of the time at or within 10% of all-time highs, according to First Trust.

People want to blame something or somebody when the going gets tough, but the real reason many investors fail is because they lack the longer-term perspective (like this data point) that will help 'em see through short-term chaos.

It's a tough row to hoe, but it's the truth.

And third, dividends can help you make money over time even if the stocks you buy fall.

Imagine buying 100 shares of XYZ for $10,000 and that it pays a dividend of $300 per year for a yield of 3%.

Also imagine that the company has a long history of raising its dividend each year and that over the next 10 years, it increases that by an average of 5% a year.

Now imagine XYZ takes a header, which, if you believe the hype about current market conditions, is all but inevitable.

If you bought the stock and reinvested your dividends while the price is falling and the dividends are rising, you'll end up with $12,773.37. That's a 27.7% increase, even though the price of the stock has dropped by 10%.

I don't expect you to take my word for it.

But I do expect you to think seriously about what I say for the simple reason that dividend investing can help you achieve unprecedented financial success, which is why, of course, it's a key part of the One Bar Ahead® approach.

It doesn't matter whether you've got a few bucks to your name or a few billion. Every dollar you invest in a rock-solid dividend-paying company with a bright future helps ensure yours!

It is impossible to understate the size of the opportunity.

But it's important we try anyway.

The easiest way to do that is to set up what I call the **Perpetual Payment Calendar**, or "PPC" for short. That way you can get paid just like clockwork, practically no matter what market conditions and what the headlines.

And the best part?

You're already on board if you're following along as directed with the OBA Model Portfolio.

I've been working from day one with this in mind, and, although we've never talked about it before, *you're already on track*.

WASTE MANAGEMENT

The OBA portfolio is constructed deliberately and methodically to ensure we get paid monthly like clockwork for the risks we take as investors.

Sure, there will be a few speedbumps along the way, as was the case with Intel recently when it went into slash and burn mode, but that's beside the point.

What you want to reinforce in your own brain, just like I do when the going gets tough, is that *we have a path forward*.

What's more, it's a path that can provide us with a fabulous combination of growth and income at a time when most investors mistakenly believe the two to be mutually exclusive.

Studies show that dividend-paying stocks tend to fall less, stabilize first, and come roaring back faster than people realize.

And if you're retired already or about to be retired?

Perhaps you don't have a long road ahead. Chances are your perspective may be different than folks who are in their 20s or even 50s.

You need income now; I get it.

The temptation to put your money in a CD or Money Market Account is there, especially with rates at 5% or so.

Here's the thing.

Putting your money in a bank account seems safe, but the problem is that most people who do so wind up spending the income they generate.

What you need is to stay in the game as long as you can. That's because you will need income in the future. However long or short that is, your future means that you must see the value of your principal increase to the point where it generates more income to counter the very real impact of inflation.

Life is NOT over until you quit.

Regular dividend payments can help ensure you don't!

Business is always picking up

The hardest part of dealing with tough times as an investor is having to counter the negative emotions everybody else seems to voice at the most inopportune moment.

Fortunately, there's an easy solution.

Concentrate on the positive, even if it means dealing with the negative.

There is always a path to profits.

Take garbage, for example.

The average American consumer produces about 4.5 lbs. of trash each day; for a family, it's about 18 lbs. Multiply that by 365, and you get 1,642 lbs. per person per year and 6,570 lbs. per family (or about the weight of one elephant to put that figure in context). That figure jumps to 268 tons of trash per year when you add industrial and commercial waste to the tally.

Trash is a staggeringly efficient *investment*.

Think about it.

People fret about retail spending, the macro story, politics, rising rates, and a myriad of other things every day.

The trash truck comes every week.

It must.

The amount of garbage we produce goes up as consumption rises.

One man's trash, to borrow an old adage, really is treasure.

Waste Management (WM) is best in class when it comes to profiting from the situation, particularly for dividend investors.

Consider:

- Waste Management paid a total annual dividend of $0.01 in 2003 according to historical data on the company's website. That number has risen 25,900% to $2.60 in 2022.
- The fiscal year 2023 payout ratio may be 47%, a remarkable improvement from 62% in fiscal 2020. Keep in mind this is a great development considering that the company has a dividend policy of paying out at least 50% of free cash flow and a dividend coverage ratio of 1.93X, according to company data and as cited by Eikon.

  By way of background, a dividend coverage ratio of 1.0 is indicative of a company's ability to pay anticipated dividends, so this suggests management is roughly 2X what are considered to be adequate levels. A ratio of less than 1, by contrast, suggests that a company may not be generating enough earnings to support dividends.

  The company has paid increasing dividends for the past 20 years, which means that it's very close to joining the ranks of stocks euphemistically called Dividend Aristocrats.
- Efficiency increases with scale. This makes WM very different from other businesses, and it's something we want to pay attention to because higher revenues really will translate into higher net income growth over time if my read is correct.

I found myself in a particularly enthusiastic mood after reviewing WM's most recent Investor Day Materials as a part of this month's research.

- Management remains on track to double free cash flow from 2019–2027 through a three-part strategy that includes sustainability, differentiation, and optimization.
- The company plans to create 20 renewable natural gas facilities by 2026, and management intends to use all that garbage to power its fleet or convert it to electricity to be sold into local power grids. Either way, that's a margin-expanding activity.
- And finally, the company is on track with regard to e-RINs, which are the US governments proposed tax-credit plans and a key part of the Biden Administration's plans to incentivize clean energy. Like Tesla, WM plans to collect revenue from unanticipated sources the markets don't yet value, including landfill gas, carbon capture, sustainable aviation fuel feedstock, and organics derived from the conversion of food waste into renewable energy.

I could blather on all day about why WM is a great company, but I know you're busy.

The company is big, boring, and beautiful.

All are plusses and the reason I want to re-recommend the stock this month.

As is the case with nearly every OBA recommendation, WM has a long, successful track record; solid financials; and a very predictable cash flow model... all of which help smart investors like us reduce the risks associated with current market conditions.

Many argue that shares are richly priced at the moment, but I think the opposite is true and, in fact, that the company's financial future is being almost totally underestimated.

It's a great anxiety reducer.

And finally, the way I see things, the next few years could be really something when it comes to opening new alternative energy markets not traditionally associated with garbage.

I know that's a big "gimme," but history suggests we're in the right place at the right time.

Every $1,000 invested in WM on January 1, 2000 would be worth $22,853.89 as of May 2, 2023, according to Finmasters. That's a 2,185.39% return and roughly enough to buy 11 courtside Lakers tickets if you'd like to take in a game. The S&P 500, by contrast, returned "only" 332.24% over the same time frame.

Action to Take:

Buy WM and plan on accumulating shares over time using dips and Wall Street's gamesmanship to your advantage.

Do NOT pile in all at once, especially if you're a new subscriber. The whole point of buying a stock like this one is to build wealth over time rather than take on entirely too much risk at moments in time.

The Fed undoubtedly still has a few shenanigans up its sleeve, as do the Chinese and Russians. So, stability is an overriding concern even as we wait for things to settle down.

I suggest you use two of my favourite OBA tactics—Value Cost Averaging and Dollar Cost Averaging (aka VCA/DCA)—to boost returns, minimize risk, and magnify compounding. Don't forget that these tactics also take away Wall Street's ability to separate you from your money, or at least dramatically reduce it.

Tuck shares away in the Global Growth & Income Segment of your portfolio. The "40" in our proprietary 50-40-10 Model Portfolio.

If you're keen to play the situation more aggressively and have the needed chops to do it, I suggest you consider buying the 17JAN25 $110 Calls. These have a Delta of about 90, which implies higher leverage and a greater potential return on capital if WM stock rises as expected. They last traded for $51.60. The breakeven point as I type is $174.39 at expiration assuming a purchase price of $64.40 per call option.

Ordinarily, I'd also suggest selling a few Cash Secured Puts as a means of obtaining a more favourable purchase price or generating a bit of extra income, but WM's stock-specific volatility is almost nonexistent at the moment, which means there isn't really an acceptable amount of premium available. At least to my way of thinking, anyway.

As always, check with a financial professional to determine whether or not any financial decision you make regarding WM fits with your personal risk tolerance, objectives, and situation (none of which I know).

KF

PORTFOLIO REVIEW

Plus the Fund Folio™ and the May OBA 50™

Foundation Stones (50%)

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

There will be some turnover here but, odds are, not much over time because the emphasis is on fundamental underpinnings in line with the 5Ds.

Global Growth & Income (40%)

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

Turnover here may be based on a combination of technical and fundamental data and may be slightly higher. Market action could also trigger entries and exits.

Zingers (10%)

This category is home to the most speculative choices and will account for roughly 10% of 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.

Expect turnover to be highest in this tier based on technical market action. The probability of losses is highest in this segment.

"Vegas Money"

Vegas Money is exactly like it sounds - it's where we put the stocks that can be heroes or zeros.

Not every stock will be a winner; in fact, quite a few probably won't to be blunt. We'll control risk by position sizing before we buy once we've identified an opportunity that interests us.

This means keeping positions small enough that you don't care if they flame out completely but big enough that you'll feel good if and when they do take off.

0.5%-1.0% each or less at your discretion. Skip entirely if this much risk makes you uneasy.

Hedges

Studies show having between 1-3% in non-correlated investments can help take the sting out of otherwise painful down days by dampening overall portfolio volatility. The tradeoff, of course, is that you give up some upside but that's acceptable to me given current market conditions. 3-5% may be prudent if conditions continue to deteriorate.

SH, PSQ, DOG and **RYURX** are 1:1 inverse funds which make them perfect for the task. **UVXY**, though, is a 1.5X hedge designed only for short-term holds at best which is why I advocate using it very opportunistically when the risks of a downdraft are highest.

Position Sizing Guidelines	
Foundation Stones	50%
Global Growth and Income	40%
Zingers	10%
Hedges/Inverse	1-3%
Vegas Money	Investor's discretion

**Every OBA reader is encouraged to work with a financial advisor to adjust the suggested percentages as needed to reflect your specific financial situation, risk tolerance and circumstances.*

A special note for new subscribers

The One Bar Ahead® Model Portfolio remains in **Accumulate Mode** because prices have now dropped to such low levels that missing opportunities is the more expensive proposition than trying to avoid risks you cannot control.

If you've just joined us and that statement doesn't make sense, please see Master Class #1. It will, particularly when you understand that the markets have a very pronounced upside bias over time.

Profit targets and trailing stops are published as a convenience for those who need the money or who simply prefer to use 'em.

The portfolio will return to **Trending Mode** if and when there is an identifiable, sustainable push higher. You'll know because the Bull/Bear State Indicator will reflect that. And, of course, I'll remind you. 😊

New OBAers: I suggest establishing positions using Dollar Cost Averaging or its lesser-known cousin, Value Cost Averaging. This lowers risk "on the way" into stocks while boosting returns over time and keeping otherwise frayed emotions out of the equation. Reinvest as your share count increases to magnify compounding and profit potential.

Existing OBAers: I suggest "tinkering" with core holdings to rebalance risk and harvest profits. Reinvest dividends to boost income and magnify compounding. Doing so helps lower your tax basis while also boosting profit potential over time. It also keeps emotions at bay.

All data as of April 28, 2023

Foundation Stones (50%)

AAPL

APPLE, INC

Beta
1.17

Yield
0.55%

30d
Δ vs SPX
2.14%

Total
α vs SPX
19.59%

Notes

Apple is reporting Q2 '23 earnings as we go to press. I'll update you with key info in the May OBA Journal. Until then, know that shares are trading at a P/E of 27.9X, with a 0.56% yield as we head into the company's latest report.

People argue with me frequently that this is "expensive," but that's a mistake. The markets spend two-thirds of their time at or within 10% of all-time highs. Stocks are always making new highs.

The company has returned 335.70% over the past five years and 2,964.70% over the past 10. Chances are excellent that today's prices will seem downright cheap in the rearview mirror a few years from now.

Do you really want to miss out on what happens next?

I don't.

CLOI

VanEck CLO ETF

Beta
0.04

Yield
5.84%

30d
Δ vs SPX
-2.76%

Total
α vs SPX
-11.29%

Notes

CLOI is a collateralized loan obligation fund (meaning it's a single security backed by pooled debt). The fund is a great choice for investors willing to step out a little further on the risk spectrum but who still crave the comparative safety of an actively managed income stream at a time when rates are rising. In this case, investment-grade CLO bonds.

Notes (contd)

CLOs traditionally have low sensitivity to interest rate changes due to their floating rate coupons, a characteristic, according to VanEck, that makes them similar to leveraged loans but with additional risk protection resulting from the CLO structure. I like 'em because CLOs typically trade like bonds but with the longer settlement times associated with loan settlement.

The 30-day SEC yield is an attractive 6.03%, according to VanEck.

Continue to accumulate and reinvest.

JPM

JPMORGAN CHASE & CO.

Beta
1.06

Yield
2.92%

30d
Δ vs SPX
4.48%

Total
α vs SPX
7.94%

Notes

JPMorgan reported stellar Q1 '23 earnings. Revenue for the quarter came in at $39.3 billion, beating Refinitiv's forecast of $36.2 billion by 8.6%. EPS for the quarter was $4.10, a whopping 21% higher than the $3.39 Refinitiv had predicted.

Look at this breakdown of the segments for Q1 '23:

- Consumer & Community Banking—net income $5.2 billion, an 80% increase year over year
- Corporate & Investment Bank—net income $4.4 billion, a 1% increase year over year
- Commercial Banking—net income $1.3 billion, a 58% increase year over year
- Asset & Wealth Management—net income $1.4 billion, a 36% increase year over year
- Corporate—net income $244 million

Those are some serious gains. Perhaps the most important question is: How healthy is the balance sheet after all the fallout from the SVB and community banking crash?

Notes (contd)

Without getting too deep in the weeds on Basel III, we're going to focus on Common Equity Tier 1 (CET1). Investopedia has a fantastic definition and explanation of the Basel III standards if you're interested in learning more.

The CET1 capital ratio for Q1 '23 was 13.8%, compared to 11.9% for Q1 '22. The higher the ratio, the better... it means JPM is stable enough to withstand a negative shock from its balance sheet if more banks collapse.

JPM's LCR Ratio for Q1 '23 was 114%, compared to 110% for Q1 '22. That means the company continues to build up capital reserves, which to my way of thinking is a super-smart move.

These two points suggest to me that JPM is well-capitalized and has a strong balance sheet. Of course, my team and I will keep an eye on it.

Shares are 38.95% off 52-week lows and yield 2.84%.

Oh, and I almost forgot. JPM swooped in to buy First Republic in a move that lets Team Dimon pick up a huge book of business, locations, and more for pennies on the dollar. I think it's a brilliant move and one that will pay off handsomely.

MSFT

Microsoft

Beta
1.10

Yield
0.89%

30d
Δ vs SPX
6.21%

Total
α vs SPX
11.14%

Notes

Shares of Microsoft shot up 8%+ in one day after a stellar Q3 '23 earnings report and news on the Activision Blizzard deal.

Let's dive into both.

Notes (contd.)

Revenue for the quarter came in at $52.9 billion, beating Refinitiv's estimates of $51 billion. EPS was $2.45, better than Refinitiv's estimates of $2.23. Here's some business segment highlights with my comments added below.

- Productivity and Business Processes—Q1 revenue $17.5 billion, up 11% year over year
- Intelligent Cloud—Q1 revenue $22.1 billion, up 16% year over year. This is mainly driven by the 17% growth of Azure and other cloud services; you've heard me mention Azure many times in the *5 with Fitz*. It's a key part of MSFT's dominance, especially when combined with ChatGPT as it gets introduced.
- Personal Computing—Q1 revenue $13.3 billion, down -9% year over year. Don't get too worked up about this. These devices are on a timeline, and demand was pulled forward during COVID. Here's a further breakdown of the segment.
  - Windows OEM revenue was down -28%, and Device revenue was down -30%. But again, timelines apply. The renewal cycle will kick in as tech accelerates forward. It won't look like it has in the past, which is why, I submit, PC sales are not nearly as relevant as they used to be.
  - Windows Commercial, XBOX, and Search and News Advertising saw revenue increases of 14%, 3%, and 10%, respectively.

In other news, the UK antitrust authority blocked Microsoft's $69 billion bid to acquire Activision Blizzard. This also contributed to the shares shooting up over 8% on the same day as earnings.

Notes (contd.)

Microsoft's Vice Chair and President Brad Smith said that Microsoft plans to appeal the UK ruling.

MyPOV: If the deal goes through, that's great, and *Call of Duty* along with all of Activision Blizzard's talent gets added to the Microsoft umbrella. If the ruling is upheld, that's great too. Think of it this way: Having $104 billion sitting in cash certainly helps when the right deal comes along… and there is *always* another deal.

Don't get bogged down with myopic acquisition news—instead, zoom out. Microsoft just reported stellar earnings and clearly is the leader in AI.

Shares are approximately 40% off 52-week lows as I type and yield 0.97%.

RCS

PIMCO Strategic Income Fund

Beta
0.58

Yield
14.00%

30d
Δ vs SPX
-4.33%

Total
α vs SPX
-18.21%

Notes

The Fed hasn't let off the gas yet when it comes to rates, but we may be closer to that point than people believe. If I'm right—heck, even if I'm not—the dang thing is trading at a 20.78% premium as I write, according to CEFConnect. This tells me we're not alone in our thinking because others are willing to "pay up" for the same stability we're after. Meanwhile, try not to smile too much at the 13.97% distribution rate/yield.

Continue to accumulate and reinvest.

Global Growth & Income (40%)

AMD

Advanced Micro Devices Inc

Beta
1.59

Yield
0.00%

30d
Δ vs SPX
-11.90%

Total
α vs SPX
-23.31%

Notes

AMD is reporting Q1 '23 earnings as we go to press, but here's a quick synopsis.

The company beat on revenue and earnings, but people are hung up on the fact that chip sales were off 64%. This, too, is a function of limited demand from consumers and business for PC-related sales.

Data, gaming, and AI remain on track and, in fact, continue to grow rapidly.

Just check out this press release: "AMD Ryzen Z1 and AMD Ryzen Z1 Extreme processors bring ultimate portability and battery life to handheld PC gaming consoles." And that's just one example of how AMD is capturing share of the gaming market, which is projected to grow to $546 billion by 2028.

Shares are trading 60.23% off 52-week lows and 20.2% off 52-week highs. Continue to accumulate shares.

ABBV

AbbVie

Beta
0.48

Yield
3.98%

30d
Δ vs SPX
-7.40%

Total
α vs SPX
2.71%

Notes

Some analysts were in a frenzy after AbbVie reported Q1 '23 earnings. The market too. Shares dropped more than 7% that day. I'll get into what they see/say and why we here at OBA take a different view. But first...

Revenue for the quarter came in at $12.22 billion, which is more or less in line with Refinitiv's estimates of $12.17 billion. EPS for the quarter was $2.46—dead-on with the Refinitiv forecast.

So, here's what the market is seeing.

Notes (contd.)

Q1 '23 was the first quarter where biosimilars for AbbVie's longtime blockbuster drug, Humira, were available. Global Q1 sales for Humira were $3.5 billion, a 24.3% drop year over year. While that's important to note, focusing only on this misses the larger picture.

Here's a comparison with some very rudimentary accounting that's meant to show the larger zoom-out framework. Read it with that in mind!

Annual sales of Humira were $9.3 billion in 2012 and $21.2 billion in 2022, according to Statista.

In Q1 '23, AbbVie's two blockbuster drugs were SKYRIZI and RINVOQ, which saw global sales of $1.4 billion and $686 million, respectively. Annualized, that's $5.6 billion for SKYRIZI and $2.74 billion for RINVOQ—a combined $8.34 billion. Definitely not chump change.

The United States composition-of-matter patent expires in 2033 for both drugs. Even though the $8.34B is below where Humira was 10 years ago, we need to remember that the major indications SKYRIZI and RINVOQ can achieve approval for are not exhausted yet, by a long shot. The closest alligator to the boat is inflammatory bowel disease (IBD)—specifically, Crohn's disease—for RINVOQ.

That $8.34 billion can grow just like it did for Humira!

Notes (contd.)

To recap, all the market sees is dwindling Humira sales. We, on the other hand, are smart enough to see two rockstar drugs that could still be FDA-approved for different diseases... which would generate global sales in the same ballpark of Humira's 10 years ago (before the patent expired).

Moreover, take the $12.22B in sales for the quarter and back out the $3.5B of Humira sales, $1.4B from SKYRIZI, and $686M from RINVOQ—and the rest of AbbVie's drug portfolio generated about $6.6B. Not too shabby, methinks.

Factoring the roughly -7% drop in the share price for the day as I type, shares are now trading 11.3% off 52-week highs, with a yield of 3.97%.

A bargain!

COST

Costco Wholesale Corporation

Beta
0.92

Yield
0.81%

30d
Δ vs SPX
-0.89%

Total
α vs SPX
20.43%

Notes

Same-store sales dropped for the first time in three years, which is making some investors nervous. Not me. Keep in mind that foreign exchange rates and falling gas prices had a lot to do with it.

When you zoom out, this is the picture that emerges: Gasoline was 9% of net sales in 2021 and 14% of net sales in 2022. According to the Energy Information Administration (EIA), retail gas prices for March 2022 were $4.322 per gallon—but they'd plunged to just $3.535 one year later. That's an 18.2% price drop.

Let's play this out for a minute.

Imagine gasoline is ~11.5% of sales. Take the trailing 12-month revenue of $234.4 billion, multiply that by 11.5%, and you get $26.96 billion.

Notes (contd.)

Now factor in the price drop of 18.2%, which takes us down to $22.05 billion. That's a ~$4.9 billion decline in sales just due to price action.

No wonder same-store sales are down!

Changing business conditions rarely have a lasting impact. In this case, they actually strengthen the case for owning shares when it comes to a company like Costco, which can expand for years to come, domestically and internationally. The quarterly dividend is lookin' good too: up from $0.90 per share to $1.02 per share.

Shares of COST yield 0.80%, using the new increase in the dividend on a forward-looking basis.

CTRE

CareTrust REIT

Beta
0.90

Yield
5.78%

30d
Δ vs SPX
-0.01%

Total
α vs SPX
6.81%

Notes

CareTrust continues to expand. Most recently, it bought a 178-bed facility in Burleson, Texas, and a 102-bed facility in Overland Park, Kansas. This is the first facility in Kansas for CareTrust.

Not only is Kansas new territory for CareTrust, but the company also entered into a new tenant relationship with an affiliate of Summit Healthcare Management. Having talented operators is crucial for success in this business.

Shares of CTRE trade at a price-adjusted funds-from-operations ratio of 13.2X and yield 5.76%.

CVX

Chevron Corporation

Beta
0.73

Yield
3.62%

30d
Δ vs SPX
0.84%

Total
α vs SPX
80.09%

Notes

Chevron reported stellar Q1 '23 earnings. Revenue came in at $50.79 billion, significantly beating Refinitiv's forecast of $47.89 billion. Adjusted EPS was $3.55, above Refinitiv's forecast of $3.41.

Here are four key points for the quarter.

- Higher Capital Expenditures of $3 billion, staying within the budget.
- Net Debt ratio under 5%. David crunched the numbers and came up with a Net Debt/EBITDA ratio (using the 2023 EBITDA forecast from Refinitiv) of 0.09. This is vital! I'll touch more on it below.
- Share buybacks of about $3.75 billion... that's near the top end of the range.
- Adjusted first-quarter earnings were up over $200 million versus last year, despite 20% lower oil prices.

Let me expand further on the Net Debt/ EBITDA ratio and why it's so important. A 0.09 ratio means Chevron isn't using excessive leverage. Which, to us shareholders, means management is disciplined and keeps the balance sheet clean. By not using excessive debt, Chevron can "self-finance," if you will. That is a luxury, especially in today's environment in which banks are increasingly reluctant to provide transitional credit channels.

The other key point: Chevron distributed $6.6 billion to shareholders in Q1, including dividends of $2.9 billion and share buybacks of $3.75 billion. The Net Debt ratio of 0.09 means these distributions came from cash flow generated from operations, not from debt. Many analysts overlook this kinda thing, but not us.

Notes (contd.)

Shares are trading 25.96% off 52-week lows and yield is 3.62% as I type. Continue to scoop up shares.

GILD

Gilead Sciences

Beta
0.49

Yield
3.59%

30d
Δ vs SPX
-2.54%

Total
α vs SPX
36.49%

Notes

Gilead reported a mixed bag of Q1 '23 earnings. Revenue came in at $6.35 billion—slightly higher than Refinitiv's forecast. EPS came in at $1.37, well below Refinitiv's estimates of $1.54.

The earnings, like so many other pharmaceutical companies, took a nosedive because of dwindling COVID sales. For Gilead, the affected drug is Veklury. We did some critical analysis on Pfizer in last month's OBA... let's do the same for Gilead.

Veklury sales were only $573 million in the first quarter—that's a drop of 63% year over year. But if we peek under the hood, excluding Veklury, sales actually *increased* 15% year over year, to $5.7 billion. That's a much different story!

Oncology sales grew 59% year over year to $670 million.

Total HIV-related sales saw 13% year-over-year growth, while Biktarvy saw sales of $2.7 billion, a 24% year-over-year leap.

You get the picture—other products are outperforming expectations. Gilead also has 22 ongoing Phase 3 trials... so there's lots of potential for exciting news, and soon.

Notes (contd.)

I'm going to sound like a broken record, but I've got to say it. *Don't get sucked in by the fear-driven headlines*... zoom out and think long term. Look at the rise in sales and the many opportunities for growth. GILD is on the cusp of truly remarkable growth as science advances, not contraction.

With that in mind, shares are trading at 11.7X 2023 estimates, 11.1X 2024 estimates, and 10.7X 2025 estimates. That's pretty darn attractive. All that and a yield of 3.59%.

GIS

General Mills Inc

Beta
0.19

Yield
2.43%

30d
Δ vs SPX
2.39%

Total
α vs SPX
9.67%

Notes

This past month, General Mills—which I highlighted in last month's Dividend Fortune Builders—announced a partnership with the American Farmland Trust and Rodale Institute. Together, with the company's Grow for Good rewards campaign, this will help advance regenerative agriculture on one million acres of farmland by 2030.

That's fantastic news! It goes to show that you can be a traditional, super-stable company (General Mills was founded in 1866) and at the same time keep innovating. In my book, it's just one more reason why a steady stream of income via dividends finds its way back to you, the shareholder. Excellent!

Shares of GIS are 34.92% off 52-week lows and yield 2.47%.

LMT

Lockheed Martin Corporation

Beta
0.56

Yield
2.58%

30d
Δ vs SPX
-5.37%

Total
α vs SPX
48.07%

Notes

Lockheed Martin knocked Q1 '23 earnings outta the park. EPS came in at $6.61 for the quarter, beating Refinitiv's forecast of $6.06. Revenue was $15.1 billion for the quarter, exceeding the Refinitiv forecast of $15 billion.

Revenue for the Aeronautics segment, the Missile and Fire Control segment, and the Rotary and Mission Systems segment was down 2%, 3%, and 1% year over year, respectively. Because of the DoD's budget request of $842 billion, I'm not terribly worried about this. There's no doubt a good chunk of it will find its way to Lockheed.

The Space segment turned in impressive results. Revenue for the quarter was $2.96 billion, a 16% year-over-year increase. The Next Gen Interceptor and classified programs, Orion, Protected Communications, and Fleet Ballistic Missile Programs all saw strong growth.

Given the current geopolitical climate, shares of LMT are more than reasonably priced. Over the trailing 12 months, shares are trading at a P/E of 22.95X. Using Refinitiv's forecast for 2023, 2024, and 2025, shares are trading at a P/E of 18.5X, 17.9X, and 17.3X, respectively.

One more point that's important not to overlook. Lockheed delivered $1.3 billion to shareholders in Q1 '23... about $500 million in share repurchases and about $800 million in dividends. That makes the dividend coverage ratio around 1.8X, which suggests the dividend is pretty safe from any cuts.

Notes (contd.)
Shares are 28.70% off 52-week lows and yield 2.50%.

MUFG

Mitsubishi UFJ Financial Group

Beta
0.66

Yield
3.55%

30d
Δ vs SPX
-4.85%

Total
α vs SPX
-15.84%

Notes

When asked about Japanese companies to invest in, Uncle Warren recently said, "There are always a few that I'm thinking about." Berkshire Hathaway already owns just over 5% in Japan's big five trading houses—Itochu, Mitsubishi Corp., Mitsui & Co., Sumitomo Corp., and Marubeni—and increased holdings in each last November. Berkshire now owns approximately 7.4% in each.

We added MUFG to the OBA portfolio on January 9, 2023... of course not knowing that SVB and other regional banks would be in the situation they are in. Using the iShares Regional Banks ETF (IAT) as a proxy, regional banks have been deep in the red with a return of -25.38% since March 8. MUFG, on the other hand, has fared a lot better with a return of -10.14%.

The reason we're hanging on to MUFG for now is that we're using it as a play against a depreciating USD. If you're a foreign investor—meaning ex-Japan—a depreciating domestic currency works in your favor as the Japanese yen appreciates since it purchases more of your domestic currency.

There is a nuance to think about, though.

A shift in China-centric Japanese trade may prevent the yen from appreciating as much as it would otherwise when the dollar weakens, but that does not change the value proposition.

Notes (contd.)
Still, I'm watching the situation very, very carefully.

Shares of MUFG are 48.26% off 52-week lows and yield 3.51%.

PFE

Pfizer

Beta
0.54

Yield
4.23%

30d
Δ vs SPX
-6.91%

Total
α vs SPX
-16.21%

Notes

Pfizer is reporting Q1 '23 earnings as we go to press and will have reported by the time you're reading this. I'll update you with important info from the earnings call in next month's OBA.

In the meantime, Pfizer is trading at 11.7X of Refinitiv's EPS estimates for 2023... that's after adjusting for the lower earnings from the depleted COVID drug sales. Even adjusting for that, shares are trading at 11.7X forward earnings and collecting a very attractive yield of 4.11%.

As is the case with ABBV and GILD, do NOT take your eye off the ball here even if the headlines make it seem like a good idea in the short term. Customizable medicine is right around the proverbial corner, and these three companies are best in class when it comes to harnessing that longer term.

Shares of PFE are 1.73% off 52-week lows and 27.34% off 52-week highs, which suggests a great entry point for you. Continue to accumulate shares.

PLTR

Palantir Technologies Inc

Beta
1.70

Yield
0.00%

30d
Δ vs SPX
-8.37%

Notes

A Palantir press release this past month stated, "Palantir Federal Cloud Service (PFCS) achieved FedRAMP authorization and accreditation to support workloads at US Department of Defense (DoD) Impact Level (IL) 4 and DoD IL5 on Microsoft Azure." That is a huge deal!

Total
α vs SPX
-77.89%

Notes (contd.)

Not to sound like a broken record, but I have to reinsert this from last month's review.

The DoD released its fiscal 2024 budget request last month. It's requesting $1.8 billion for AI and $1.4 billion for Joint All-Domain Command and Control. The US Army Chief of Staff said they see a need for coders that can quickly reprogram algorithms so AI wouldn't be tricked.

The press release comes not even a month after the budget was released!

Palantir is a rare company that is integral to our lives, but not many people recognize the value proposition. That's an advantage for us because it means we can continue to add to the position while prices are comparatively inexpensive.

Shares are 38.70% off 52-week lows, and just a reminder: They shot 32.85% higher in only two days in February from stellar earnings. No reason why that can't happen again—and just in time for Palantir's reporting of its Q1 '23 earnings on May 8. More on this in our weekly updates, but be on the lookout for shares to pop if earnings come in above analysts' estimates.

RTX

Raytheon Technologies Corporation

Beta
0.92

Yield
2.37%

30d
Δ vs SPX
-1.22%

Total
α vs SPX
-2.24%

Notes

Raytheon reported impressive Q1 '23 earnings. Revenue for the quarter was $17.2 billion, a 10% increase year over year. Adjusted EPS came in at $1.22 for the quarter, beating analysts' estimates of $1.13. Raytheon ended the quarter with a record backlog of $180 billion and distributed $1.4 billion in capital to shareholders, including $562 million of share repurchases.

Notes (contd.)

Raytheon is in the process of rearranging business units to unlock synergies amongst them. Eventually, there'll be three units: Collins Aerospace, Raytheon, and Pratt & Whitney.

Here's the data for the current four segments:

- Collins Aerospace—Q1 revenue $5.6 billion, up 16% year over year
- Pratt & Whitney—Q1 revenue $5.2 billion, up 15% year over year
- Raytheon Intelligence & Space—Q1 revenue $3.6 billion, basically flat year over year
- Raytheon Missiles & Defense—Q1 revenue $3.7 billion, up 4% year over year

Defense spending is becoming a greater part of many countries' budgets. For example, Poland recently announced it'd be spending 4% of its GDP on defense this year (the largest among NATO countries).

Shares of RTX are trading 27.64% of 52-week lows, with a yield of 2.15%.

SLB

Schlumberger Limited

Beta
1.17

Yield
2.09%

30d
Δ vs SPX
-3.88%

Total
α vs SPX
-19.10%

Notes

Schlumberger reported excellent Q1 '23 results. Revenue for the quarter came in at $7.7 billion—a 30% increase year over year and the largest quarterly YoY increase in over a decade.

International revenue was up 29%; North American revenue increased 32%. Here's the data from the different business segments:

- Digital & Integration segment—revenue $894 million, a -12% sequential decrease (but a 4% increase year over year)

Notes (contd.)

- Reservoir Performance segment—revenue $1.5 billion, a 24% year-over-year increase
- Well Construction segment—revenue $3.3 billion, a 36% year-over-year increase
- Production Sytems segment—revenue $2.2 billion, a 38% year-over-year increase

The -12% decrease in Digital & Integration was mainly driven by lower Asset Performance Solutions (APS) revenue. The culprits: production interruptions in Ecuador and lower-than-anticipated project revenue in the Palliser asset in Canada. This decline was offset by a 50% increase in cloud and edge solutions.

The market seemed to focus on that first bullet point, though, and not the others, which sent shares of SLB down over -4% in one day. The long-term thesis hasn't changed. Oil and gas are a necessity of life… years of underinvestment don't change that.

SLB recognizes the value of its stock even if that's not yet widely apparent to the market. I love the fact that the company restarted the share buyback program and purchased over $200 million this past quarter.

Shares are trading 63.85% of 52-week lows at a P/E of 18.4X and with a yield of 1.99% as I type.

TSLA

Tesla Inc.

Beta
2.00

Yield
0.00%

30d
Δ vs SPX
-19.13%

Notes

Tesla reported Q1 '23 earnings. EPS came in as expected at $0.85, and revenue slightly beat expectations with $23.33B vs. $23.21B. Earnings were down 23% YoY. I had hoped margins would stay higher, but we've seen this playbook before with chargers, batteries, etc.

Total
α vs SPX
-44.08%

Notes (contd.)

Just for comparison's sake: Tesla's operating margin is 11% while Ford's is 3.9% (2022 earnings). Tesla is still three times higher!

The most interesting comment was Elon Musk telling competitors he'll prioritize growth ahead of profit. That ought to be warning shot for anybody familiar with his background as a tech exec. Most analysts fear the worst because of the war with other Western car makers, but I think Musk's keen to stay ahead of China. Remember, Tesla's price cuts are coming from a position of strength, not weakness.

Tesla's business model is to gain market share now while planting the seeds for subscription-based autonomous driving later. It's absolute genius, and the fact that other car markets and analysts can't see this coming speaks volumes about the state of the market and why WE want to be ahead of this.

At the end of the day, it's all about deliveries and margins. Price cuts mean that Tesla can build market share. It's the only company with the margins to do it, other than Fiskar, which is a no-go for the OBA model portfolio because it doesn't pass muster.

Shares are 59.66% off 52-week lows as I type.

WM

Waste Management Inc.

Beta
0.68

Yield
1.73%

30d
Δ vs SPX
2.18%

Notes

WM reported Q1 '23 earnings, with revenue for the quarter coming in at $4.89 billion and slightly beating Refinitiv's estimates of $4.85 billion. EPS was $1.31, beating Refinitiv's estimates of $1.29.

Total
α vs SPX
3.61%

Notes (contd.)

This month's Dividend Fortune Builder is focused on Waste Management—and I highlighted all the reasons why it is a “must-have” stock. Make sure to check it out!

Shares of WM are 17.80% off 52-week lows and yield 1.69%.

YORW

The York Water Company

Beta
0.59

Yield
1.90%

30d
Δ vs SPX
-7.77%

Total
α vs SPX
3.61%

Notes

It has been a light news month for York. Remember why we hold this stock: We're in an environment where stable dividend-paying companies are rewarded. York paid its 609th consecutive dividend in mid-April, at $0.2027 per share.

The stability we now enjoy is something that most investors increasingly crave but don't have.

Well done, everyone!

Zingers (10%)

CRWD

CrowdStrike Holdings

Beta
1.44

Yield
0.00%

30d
Δ vs SPX
-5.41%

Total
α vs SPX
-23.44%

Notes

CrowdStrike introduced CrowdStrike Falcon Insight for the Internet of Things (IoT) and is the first and only EDR/XDR solution for Extended Internet of Things (XIoT) assets.

This is a big deal. Gartner estimates that 70% of asset-intensive organizations will converge operational and enterprise security functions by 2025. Traditional IT security solutions don't interoperate with XIoT assets. Enter CrowdStrike.

Notes (contd.)

Shares of CRWD are up 23.85% year to date, outperforming the S&P 500 by 15.53%. They are trading 41.36% off 52-week lows and 39.77% off 52-week highs. This suggests momentum is building. Scoop up more shares and let the momentum carry shares higher and higher.

ETN

Eaton Corporation PLC

Beta
1.02

Yield
2.05%

30d
Δ vs SPX
-3.19%

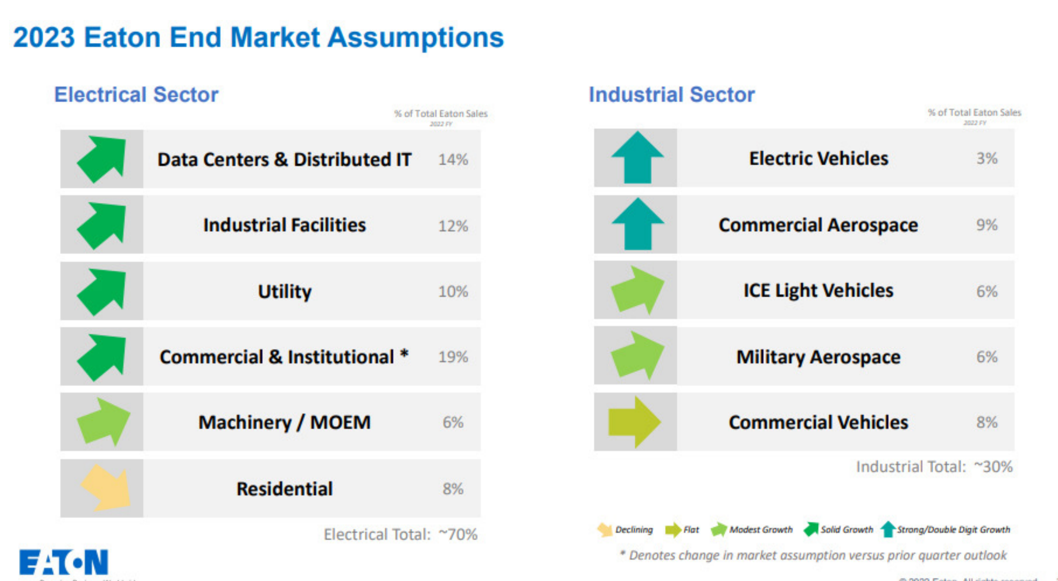
Total
α vs SPX
14.91%

Notes

There hasn't been a lot in the news this month for Eaton, so let's take a deeper dive into the Q4 '22 earnings report and the forecasts they laid out for this year.

Before we dive in, remember our 5Ds (we'll make some direct connections in the following paragraphs): Defense, Digitization, Diffusion, Distribution, Dislocation.

Eaton is forecasting that Data Centers & Distributed IT will be about 14% and Military Aerospace about 6% of total revenue for 2023. That's ~20% of revenue that directly ties in with Defense and Digitization. Another 12% is forecasted to be EVs and Commercial Aerospace, which continue to dominate the news day in and day out.



Notes (contd.)

Here's where we as investors really benefit and why this is a truly OBA-worthy holding.

In addition to the exciting sectors mentioned above, Eaton has large exposure to "boring" ones, like 19% Commercial & Institutional, 12% Industrial Facilities, and 10% Utilities. Call it what you want, but this combo of exciting new sectors mixed with older, well-established sectors leads to a strong cash flow and greater comparative stability.

That is evident from the $1.94 billion in free cash flow for fiscal year 2022. Even though this is below analysts' estimates of $2.3 billion, it was still strong enough for Eaton to increase the quarterly dividend by 6% in February.

Shares are 33.71% of 52-week lows and yield 2.10% as I type.

NVDA

NVIDIA Corporation

Beta
1.74

Yield
0.06%

30d
Δ vs SPX
-1.02%

Total
α vs SPX
29.64%

Notes

PC gamers crave more and more premium visual experiences, and content creators want to work faster with streamlined tools. NVIDIA delivers both with GeForce RTX™ 4070 GPU, which started selling for $599 in mid-April.

The GeForce RTX™ 4070 GPU can run most modern games at over 100 frames per second at a 1440p resolution. That's a huge deal considering estimates for the video game industry are $584 billion by 2030.

This growing trend is reflected in its weighting in the S&P 500. At the turn of the decade, NVIDIA was ranked 37th in the S&P 500. Today, it's ranked 5th.

Notes (contd.)

That means it leap-frogged big names like Exxon Mobil, Visa, and Procter & Gamble to get where it's now. Outstanding!

Shares of NVDA are up 150.09% off 52-week lows as I write and yield 0.06%. NVIDIA will report Q1 '24 earnings on May 24. You'll find more on this in one of our next weekly updates.

RKLB

Rocket Lab USA

Beta
1.80

Yield
0.00%

30d
Δ vs SPX
-4.60%

Total
α vs SPX
-64.14%

Notes

Rocket Lab will launch NASA's TROPICS constellation across two missions planned for May. The TROPICS constellation, part of NASA's larger Earth System Science Pathfinder Program, will monitor the formation of hurricanes and tropical cyclones and will provide rapid updates on storm intensity.

This is of high importance, as David, who lives in the Southeast, can personally attest to. On his hometurf, April and May is the kickoff of hurricane season, and he's been telling me about some pretty nasty ones.

Shares of RKLB are 50.29% off 52-week highs—the highest percentage for the whole portfolio (excluding Vegas Money). I don't like that very much in the short term, but the low-orbit market has the potential to be very, very lucrative for the right players.

SHOP

Shopify

Beta
2.26

Yield
0.00%

30d
Δ vs SPX
0.18%

Total
α vs SPX
63.04%

Notes

Shopify has been a big-time winner for the OBA portfolio since I recommended it in October 2022. Shares have returned 76.48%, compared to the S&P 500's 13.67%, a 64.81% outperformance. There have been two opportunities to take a FreeTrade (meaning capture 100% gains) off 52-week lows—one in February and more recently on April 3.

Don't worry if you missed out because you didn't really miss out at all. There is no doubt in my mind that another opportunity will present itself soon... like right now as I type. Shares are trading 103.21% off 52-week lows.

I suggest you keep an eye on your position and write down the price that'd be 100% from your entry price. Once it crosses above the 100% mark, take a FreeTrade by selling ½ of your shares.

Doing so locks in gains, ensures you're playing with house money, AND lowers risk—which is why I advocate the FreeTrade every chance you have any investment hit 100%.

On the news front, it's been a lighter month for Shopify, so let's dig into some relative valuation to break it down.

Shopify is trading at 7.4X on a forward-looking Enterprise Value/Sales ratio (EV/Sales), while the Software & IT Services industry and Technology sector are trading at a 3.7X and 3.8X EV/Sales ratio, respectively (data from Eikon). So, while a traditional analyst would say Shopify is expensive because it's trading for twice as much as industry peers, we opt to look under the hood.

Notes (contd.)

From 2019 through 2022, Shopify sales rose by 255%, or 37.26% annualized. Heck, revenue growth from 2021 to 2022 was 21.4%. Meanwhile, Eikon estimates project the Software & IT Services industry revenue growth for the coming year to be 7%, and analysts estimate 18.75% revenue growth for Shopify in 2023.

Bottom line: Shopify is growing revenue at a much faster rate than its peers. It's changing the ecommerce landscape and is more than a thorn in Amazon's side at this point, which is, I might add, why I recommend SHOP and not AMZN.

Vegas Money (0.5-1%)

NIO

NIO Inc

Beta
1.93

Yield
0.00%

Notes

Nio provided the March vehicle delivery report. Here's some data from the press release.

- NIO delivered 10,378 vehicles in March 2023.
- NIO delivered 31,041 vehicles in the three months ended March 2023, up 20.5% year over year.
- Cumulative deliveries of NIO vehicles reached 320,597 as of March 31, 2023.

20.5% higher vehicle deliveries are fabulous, but what's really going to drive NIO higher is its battery-switching technology.

And right on time!

In late March, NIO implemented a trial of its fast battery-switching technology, which is going head-to-head with rapid-charging technology. NIO's Power Swap Station 3.0 can hold up to 21 battery packs and complete the swap in less than five minutes.

Notes (contd.)

Meanwhile, Tesla's Supercharger will charge an EV up to a range of 200 miles in 15 minutes.

In my book, this is not a zero-sum game despite the fact that many think so.

MyPOV is that both technologies will have a place in the future EV landscape.

At the same time, time is money. Those who need a quick solution will go for battery swapping, while those who aren't as pressed for time will use charging technology. It's a change in consumer behaviour that most investors are missing, much the same way they could not believe their eyes when Tesla emerged and big automakers got caught flatfooted.

Think about this industry, unrelated but instructive. Consumers pressed for time will order their groceries from DoorDash or Uber Eats, while those with more time on their hands (or a flatter wallet) will go grocery shopping themselves. Both exist, and so will battery-charging and battery-swapping technologies.

Remember, this is Vegas Money, so shares of NIO bounce around quite a bit.

Please make sure this reflects your thoughts...but I think investors are asking the wrong question. It's not one and nothing but will probably be some relationship with longer distance travelers gravitating towards battery swapping while shorter distance travelers will use charging.

POWW

Ammo Inc.

Beta
0.52

Yield
0.00%

Notes

The board approved a share buyback program for up to $30 million of its outstanding common stock until February 2024. Outside of that, it's been a light news month for AMMO.

Shares of POWW are in an interesting spot. They have outperformed the S&P 500 by 6.72% year to date and are 27.56% off 52-week highs. This could be a good time to add to the position... keeping in mind this is Vegas Money.

SWBI

Smith & Wesson Brands

Beta
1.12

Yield
3.34%

Notes

2023 has been a great year for SWBI. Shares are up 44.50% year to date and are outperforming the S&P 500 by 36.19%. They are 51.49% off 52-week lows.

All that, and they are the only Vegas Money position to pay a dividend, which is 3.25%.

XPEV

XPeng Inc.

Beta
2.85

Yield
0.00%

Notes

XPeng delivered 7,002 smart EVs in March and 18,230 for the first quarter of 2023. That's a 47% drop in quarterly deliveries year over year. I am certainly not happy about that but am by no means ready to give up on the company. If you're frustrated, know that I am too. Just remember that they're operating from Toyota's playbook, and the situation was almost page for page the same in the late '60s and early '70s. Today, it's a world-class market leader—no one said the road to get there would be smooth.

Notes (contd.)

Shares of XPEV are in an interesting spot right now. They are 50.32% off 52-week lows and 73.72% off 52-week highs. If you can stand the volatility, this is an attractive entry point.

Remember that this is Vegas Money, and shares of XPEV have a beta of 2.85. So, be ready for some volatility if you invest. Actually, a lot of volatility. It's not for everyone but, again, is a global competitor in the making if my read on the situation is correct.

Hedges (as needed)

	Trailing 12 month
SH ProShares Short S&P500 ETF	9.97%
RYURX Rydex Inverse S&P 500® Strategy Fund	11.41%
PSQ ProShares Short QQQ ETF	14.09%
DOG ProShares Short Dow30	4.39%

Notes

The day when we no longer need hedges will arrive, and probably sooner than people think if and when the Fed pivots. Meanwhile, I think it's prudent to keep our hedges in place for now. Doing so helps dampen overall portfolio volatility, enhances yield, and, importantly, allows us to focus on what's needed to stay "in to win!"

Foundation Stones

	PORTFOLIO WEIGHT
Vanguard U.S. Quality Factor ETF (VFQY)	32%
Pimco Strategic Income Fund (RCS)	18%

Global Growth and Income

BlackRock Science and Technology Fund (BST)	31%
Pfizer Inc. (PFE)	4%
Altria Group Inc. (MO)	2%
AbbVie, Inc. (ABBV)	2%
iShares MSCI Japan ETF (EWJ)	2%

Zingers

BlackRock Science and Technology Fund (BSTZ)	9%

OBA Fund Folio™

Don't forget that we recently made a mid-month change to Fund Folio.

The rationale is simple.

I am concerned about Altria's (MO) dividend status given the rise in all things "healthy living" and want to get ahead of any concerns that may arise if that narrative gains traction in the media.

I suggest selling part of your Altria shares and rebalancing the proceeds straight away into AbbVie (ABBV). Or simply add new money to accomplish the same thing until you achieve the suggested component %.

Doing so helps effectively lower risk while also serving as a proxy for rebalancing the upside potential and income I see ahead.

KF

PORTFOLIO REVIEW

One Bar Ahead® Model Portfolio

PORTFOLIO DETAILS										
5/4/2023	STOCK	REC DATE	ENTRY $	CURRENT	BETA	YIELD	Profit/Loss	STOP	12-24mo Target	Last Instruction
FOUNDATION STONES	AAPL	1/8/2021	$ 132.05	$ 165.43	1.15	0.55%	25.3%	$ 136.51	$ 225.00	Buy/Accumulate
	CLOI	10/7/2022	$ 50.05	$ 51.35	0.05	5.12%	2.6%	As Desired	$ 52.00	Buy/Accumulate
	JPM	3/7/2022	$ 129.21	$ 132.17	1.08	2.94%	2.3%	$ 107.85	$ 175.00	Buy/Accumulate
	MSFT	3/7/2022	$ 278.91	$ 304.67	1.09	0.89%	9.2%	$ 236.56	$ 400.00	Buy/Accumulate
	RCS	10/1/2021	$ 6.84	$ 5.32	0.58	13.88%	-22.2%	As Desired	$ 8.25	Buy/Accumulate
Global Growth	ABBV	2/3/2023	$ 145.20	$ 148.01	0.48	3.97%	1.9%	25% below entry	$ 180.00	Buy/Accumulate
	AMD	8/4/2022	$ 103.91	$ 73.64	1.59	0.00%	-29.1%	25% below entry	$ 132.65	Buy/Accumulate
	COST	8/6/2021	$ 439.63	$ 487.30	0.93	0.83%	10.8%	25% below entry	$ 634.38	Buy/Accumulate
	CTRE	6/6/2022	$ 18.01	$ 19.23	0.87	5.74%	6.8%	$ 16.56	$ 25.00	Buy/Accumulate
	CVX	9/3/2021	$ 97.49	$ 156.18	0.72	3.85%	60.2%	$ 141.04	$ 219.00	Take some profits + buy protective puts
	GILD	3/7/2022	$ 60.26	$ 79.14	0.51	3.78%	31.3%	$ 67.10	$ 107.90	Buy/Accumulate
	GIS	7/5/2022	$ 75.15	$ 88.90	0.20	2.43%	18.3%	$ 67.03	$ 93.46	Re-Enter/Accumulate
	LMT	11/5/2021	$ 339.89	$ 448.24	0.57	2.65%	31.9%	$ 376.06	$ 502.02	Buy/Accumulate
	MUFG	1/9/2023	$ 6.87	$ 6.01	0.66	3.54%	-12.5%	25% below entry	$ 8.51	Buy/Accumulate
	PFE	3/4/2022	$ 48.65	$ 38.23	0.54	4.27%	-21.4%	25% below entry	$ 70.00	Buy/Accumulate
	PLTR	1/8/2021	$ 25.20	$ 7.44	1.73	0.00%	-70.5%	None	$ 50.00	Buy/Accumulate
	RTX	6/13/2022	$ 91.95	$ 95.43	0.95	2.43%	3.8%	25% below entry	$ 110.00	Buy/Accumulate
	SLB	11/4/2022	$ 53.10	$ 44.92	1.15	2.21%	-15.4%	25% below entry	$ 65.00	Buy/Accumulate
	TSLA	7/25/2022	$ 268.43	$ 160.72	1.96	0.00%	-40.1%	25% below entry	$ 300.00	Buy/Accumulate
	WM	10/31/2022	$ 158.37	$ 167.85	0.68	1.67%	6.0%	25% below entry	$ 180.38	Buy/Accumulate
	YORW	3/3/2023	$ 43.42	$ 41.75	0.57	1.94%	-3.8%	25% below entry	$ 52.13	Buy/Accumulate
Zingers	CRWD	1/6/2022	$ 187.49	$ 118.13	1.42	0.00%	-37.0%	25% below entry	$ 295.00	Buy/Accumulate
	ETN	9/6/2022	$ 138.46	$ 169.32	1.03	2.00%	22.3%	25% below entry	$ 183.12	Buy/Accumulate
	NVDA	3/7/2022	$ 213.52	$ 275.17	1.73	0.06%	28.9%	25% below entry	$ 300.00	Buy/Accumulate
	RKLB	12/2/2021	$ 14.81	$ 3.86	1.81	0.00%	-73.9%	25% below entry	$ 17.00	Buy/Accumulate
	SHOP	10/7/2022	$ 27.21	$ 58.74	2.23	0.00%	115.9%	25% below entry	$ 77.71	Buy/Accumulate

	TICKER	NAME	YIELD	Trailing 12 Months	Last Instruction
Hedges	SH	ProShares:Short S&P500	0%	12.70%	Add as needed
	RYURX	Rydex Inverse S&P 500 Strategy Fund;Investor	0%	12.78%	Add as needed
	PSQ	ProShares:Sht QQQ	0%	16.05%	Add as needed
	DOG	ProShares:Short Dow30	0%	7.19%	Add as needed

	TICKER	NAME	Last Instruction
Vegas Money	NIO	NIO INC.	Accumulate lightly
	POWW	AMMO, INC.	Sell at 50% profit, GTC
	SWBI	SMITH & WESSON BRANDS, INC.	Sell at 100% profit, GTC
	XPEV	XPENG INC.	Accumulate lightly

All data as of April 28, 2023

OBA 50

Ticker	Name	Ticker	Name	Ticker	Name
AAPL	Apple Inc	GD	General Dynamics Co	NVDA	Nvidia Corp
ABBV	AbbVie Inc.	GILD	Gilead Sciences Inc	PEP	PepsiCo, Inc
ABT	Abbott Laboratories	GIS	General Mills Inc	PFE	Pfizer Inc
ADBE	Adobe Inc	GOOGL	Alphabet Inc	PG	Procter & Gamble Co.
AMAT	Applied Materials Inc	HCA	HCA Healthcare Inc	PLTR	Palantir Technologies Inc
AMD	Advanced Micro Device	INTC	Intel Corp	QCOM	Qualcomm Inc
AMZN	Amazon Com Inc	JNJ	Johnson & Johnson	REGN	Regeneron Pharma Inc
CAT	Caterpillar Inc	JPM	JPMorgan Chase & Co	RTX	Raytheon Technologies Inc
COST	Costco Wholesale Corp	LMT	Lockheed Martin Corp	SLB	Schlumberger Limited
CRWD	CrowdStrike Holdings I	LNG	Cheniere Energy Inc	TMUS	T-Mobile US Inc
CTRE	Caretrust REIT	LOW	Lowes Companies Inc	TSLA	Tesla Inc
CVS	CVS Health Corp	LRCX	Lam Research Corp	UNP	Union Pacific
CVX	Chevron Corporation	MCD	McDonald's Corp	V	Visa Inc
DE	Deere & Co	MRNA	Moderna Inc	WM	Waste Management Inc
DVN	Devon Energy Corp	MSFT	Microsoft Corp	WMT	Walmart Inc
F	Ford Motor Company	MUFG	Mitsubishi UFJ Financial Group	ZTS	Zoetis Inc
FTNT	Fortinet Inc	NET	Cloudflare Inc		

Chapter 4

MASTER MARKET INDICATOR®

Improve results, reduce risk, gain confidence!

BULL/BEAR STATE INDICATOR

Bull/Bear State Indicator

Understanding the “state” of the markets is key when it comes to investing.

Traditionally, investors have used the 200-day simple moving average (SMA) to gauge bullish or bearish conditions. But because today’s markets move so quickly, the 200-day SMA has become too unwieldy and sluggish.

That’s why I created the **Bull/Bear State Indicator®** (BBSI).

Reading the BBSI is very simple:

- The markets are **bullish** when the red line is above the blue line.
- The markets are **bearish** when the red line is below the blue line.

You’ll notice that the BBSI tends to spike higher and lower very quickly, and that’s by design. Institutional interest, liquidity, and volatility tend to cluster at or near key market turning points.

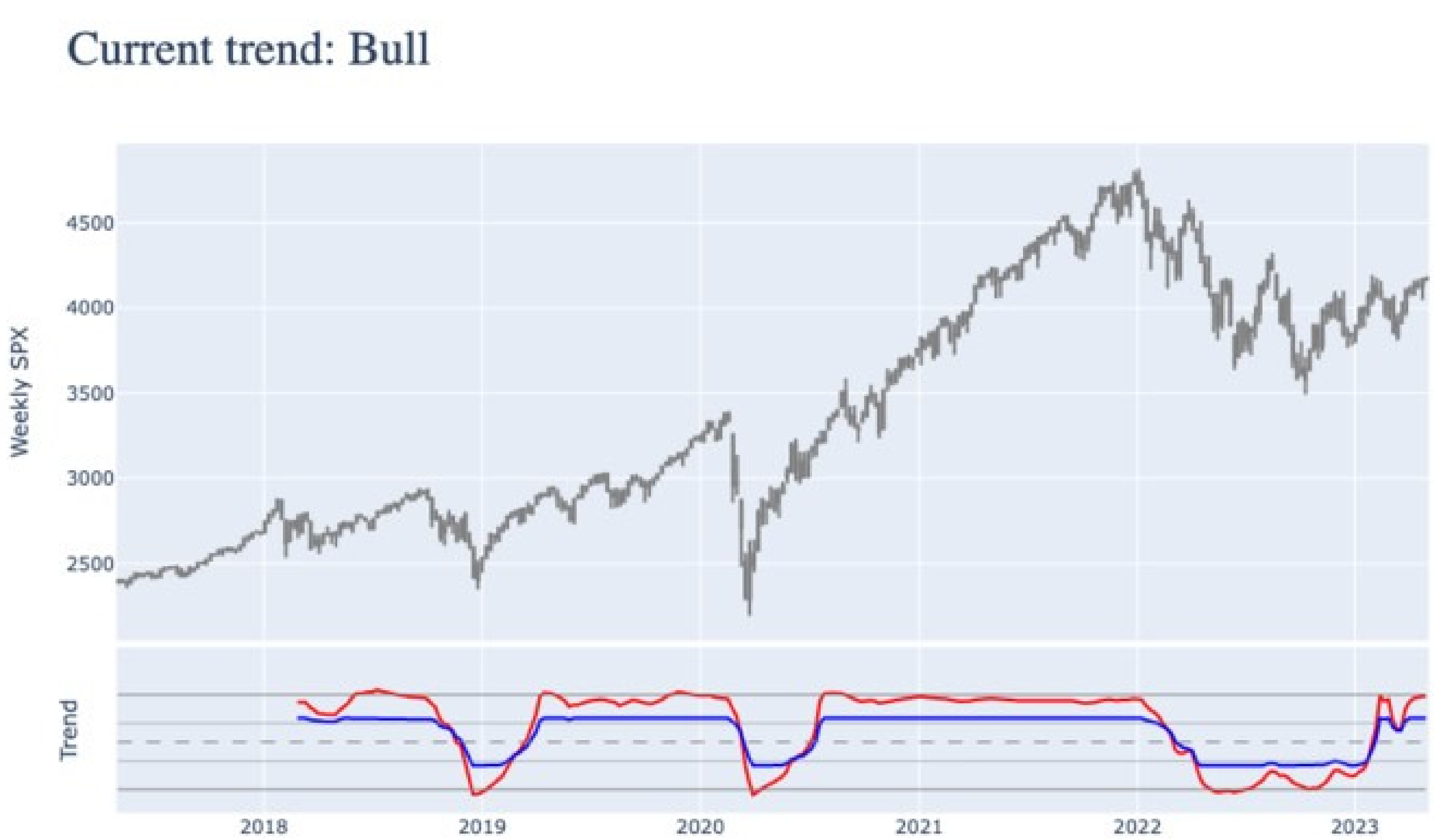
You cannot see those things using the 200-day SMA, but you can very clearly see ‘em using the Bull/Bear State Indicator. And in doing so, invest accordingly.

When conditions shift, you will see that the red line crosses above the blue ushering in the promise of more sustainable momentum and a normal statistical range.

Current Reading = Bullish (as of 4/28/23)

The BBSI is “bullish” but just barely as we go to press. That suggests further caution despite the fact that it’s a great development!

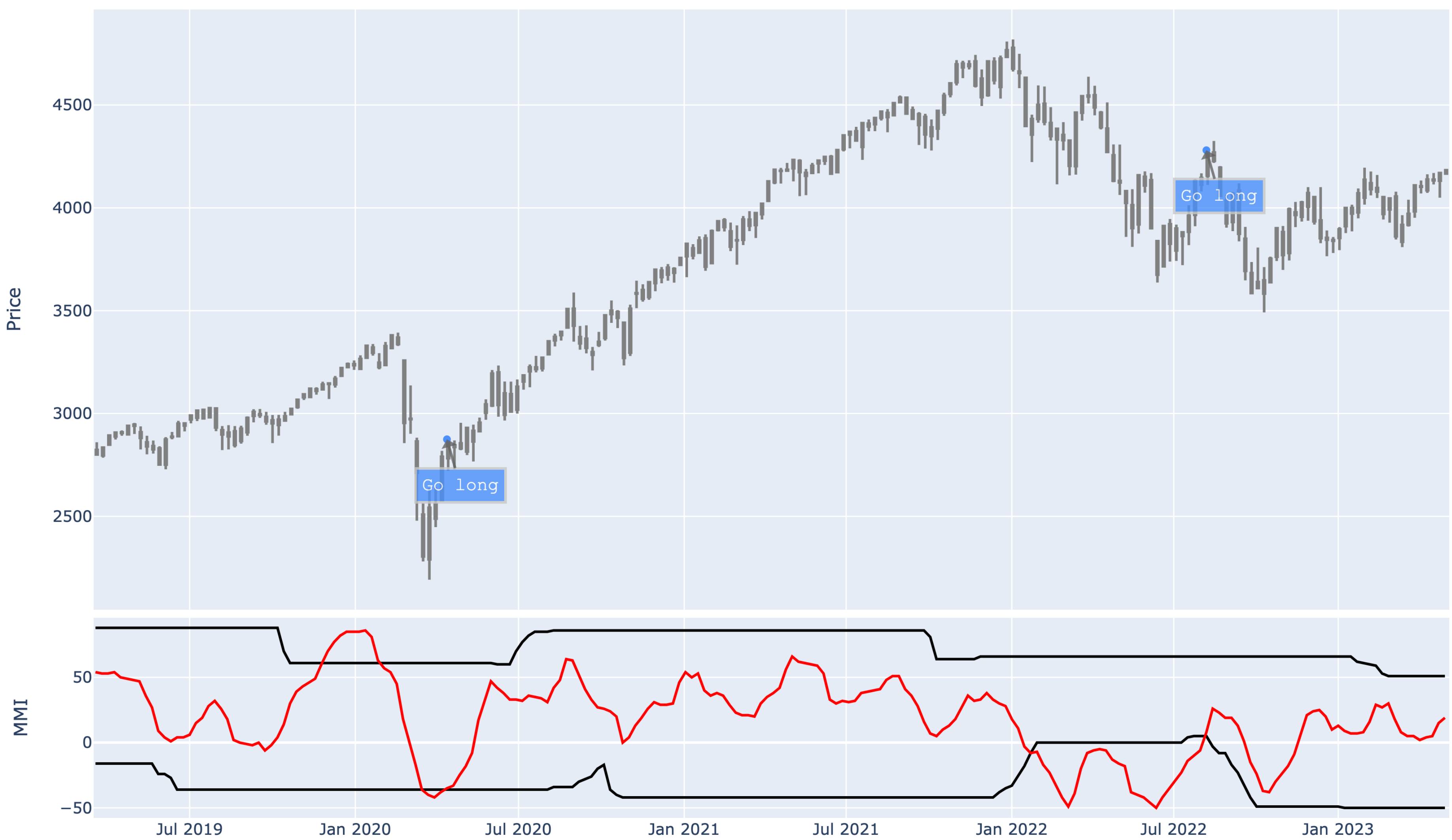
KF



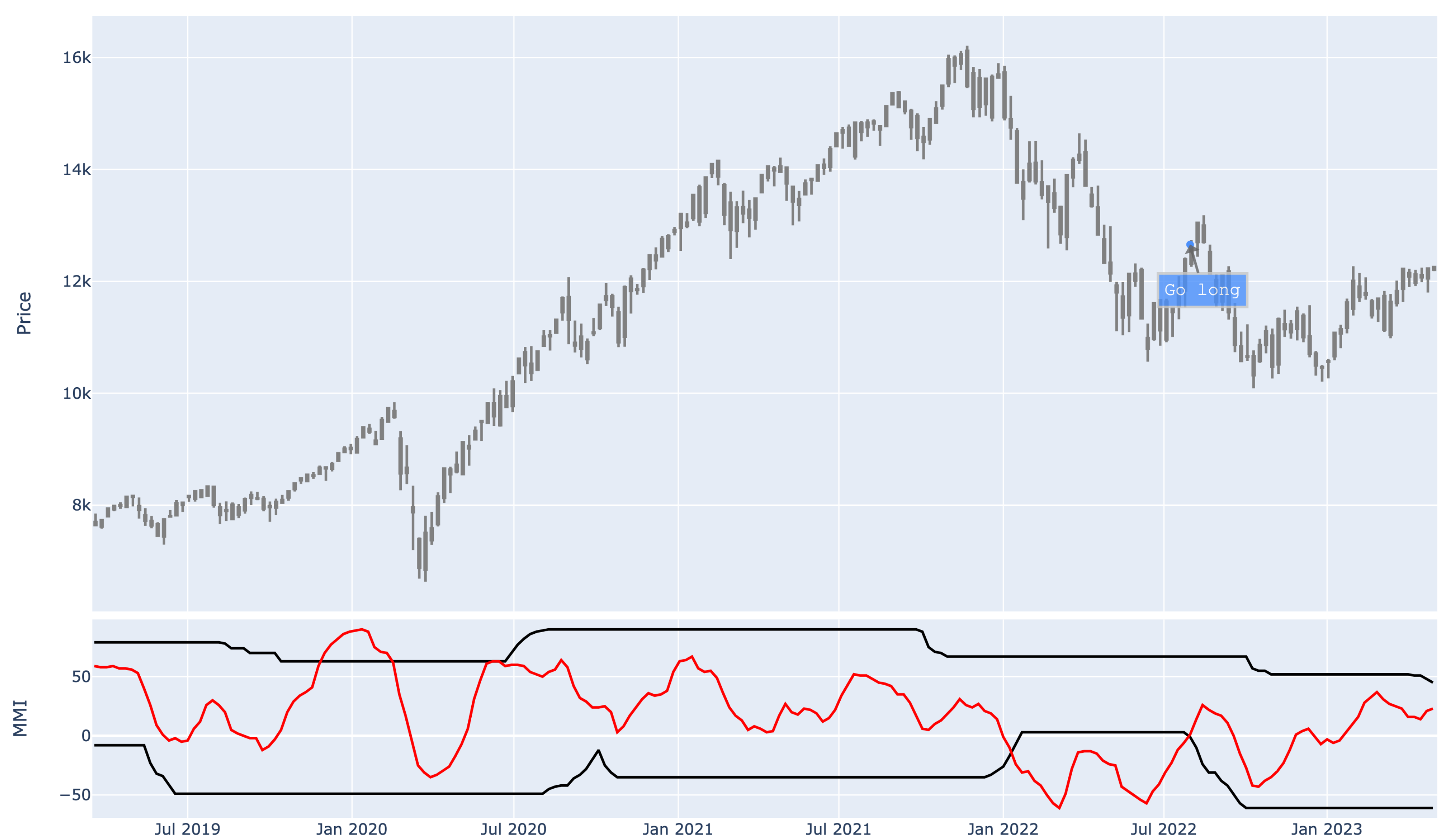
All other chart data as of April 28, 2023

SIMPLE, UNDERSTANDABLE, ACTIONABLE

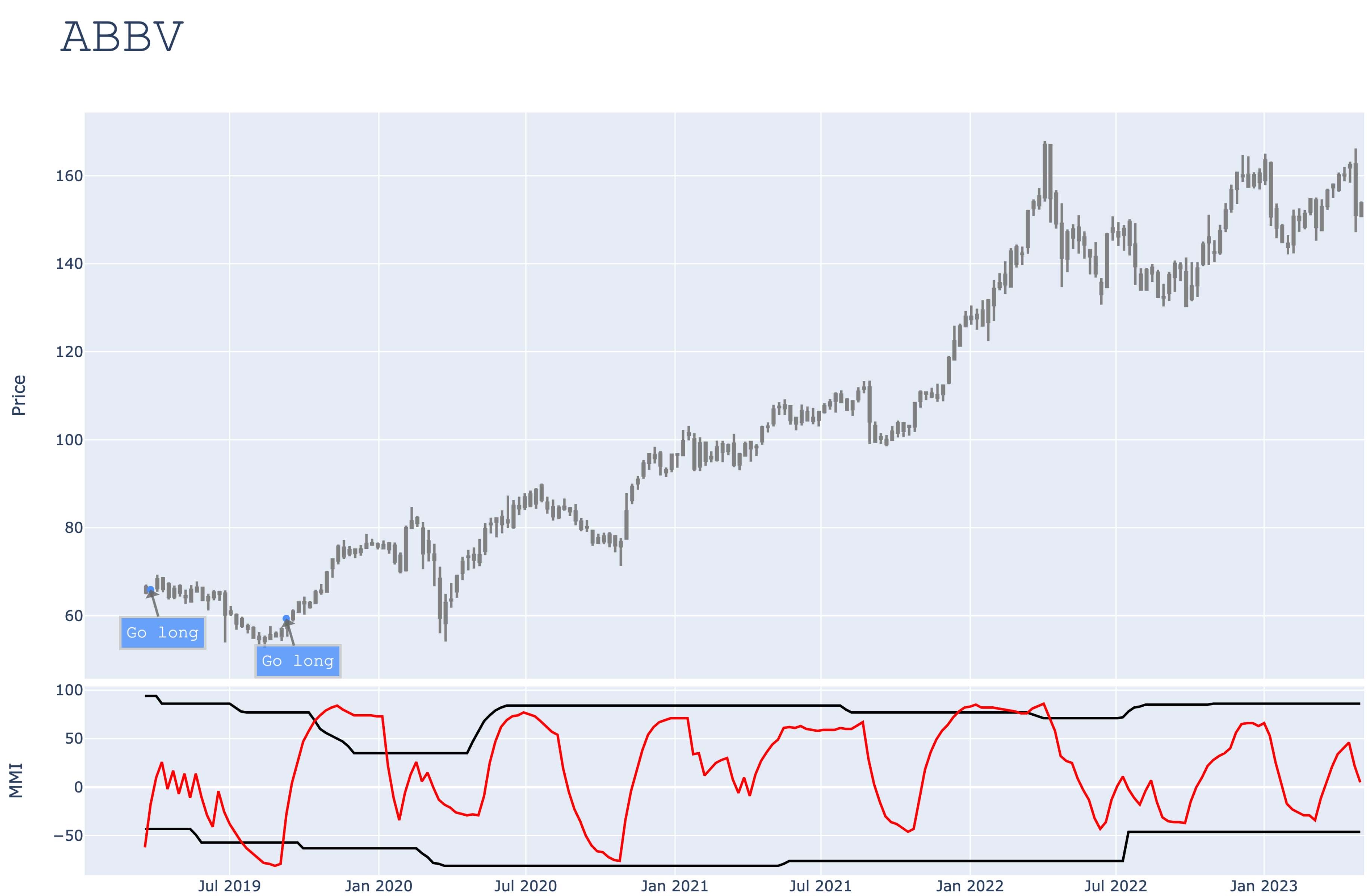
SPX



Nasdaq



SIMPLE, UNDERSTANDABLE, ACTIONABLE



SIMPLE, UNDERSTANDABLE, ACTIONABLE

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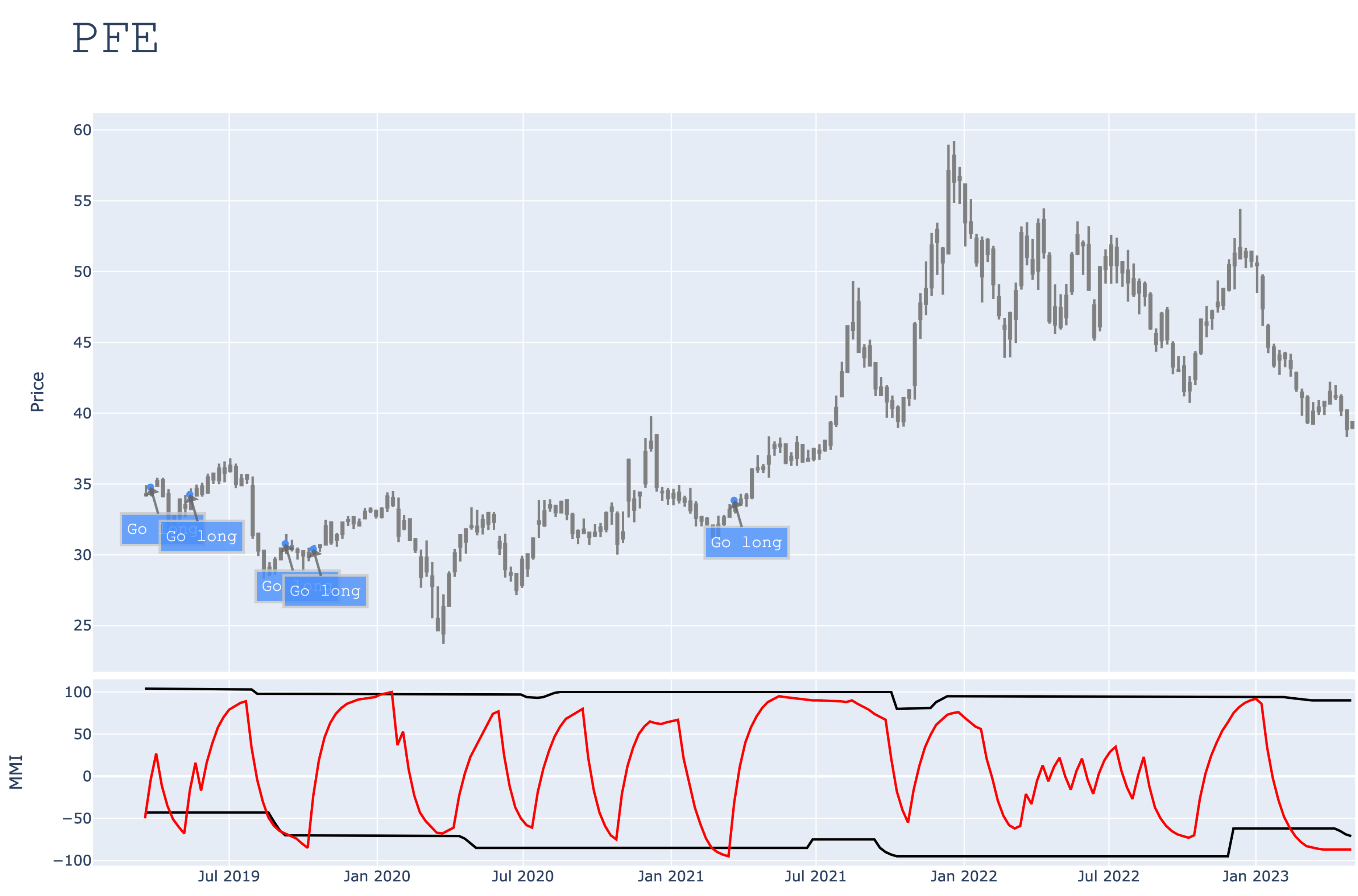
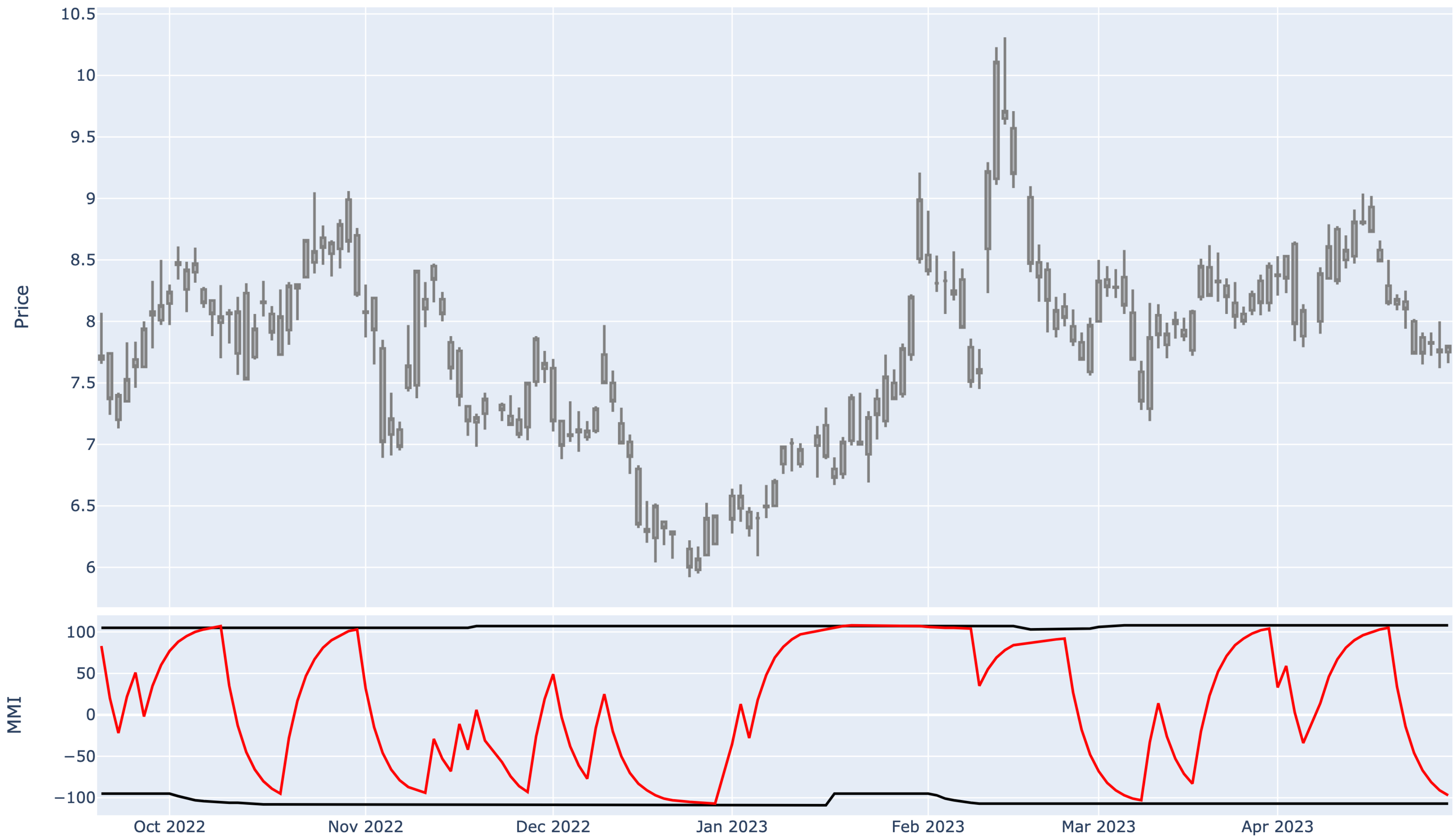


SIMPLE, UNDERSTANDABLE, ACTIONABLE

PLTR



POWW


RCS
Price
7.5
7
6.5
6
5.5
5
4.5
4
3.5
Go long
MMI
100
50
0
−50
−100
Jul 2019
Jan 2020
Jul 2020
Jan 2021
Jul 2021
Jan 2022
Jul 2022
Jan 2023


RKLB
Price
5.5
5
4.5
4
3.5
Go long
Go long
Go long
MMI
100
50
0
−50
−100
Oct 2022
Nov 2022
Dec 2022
Jan 2023
Feb 2023
Mar 2023
Apr 2023

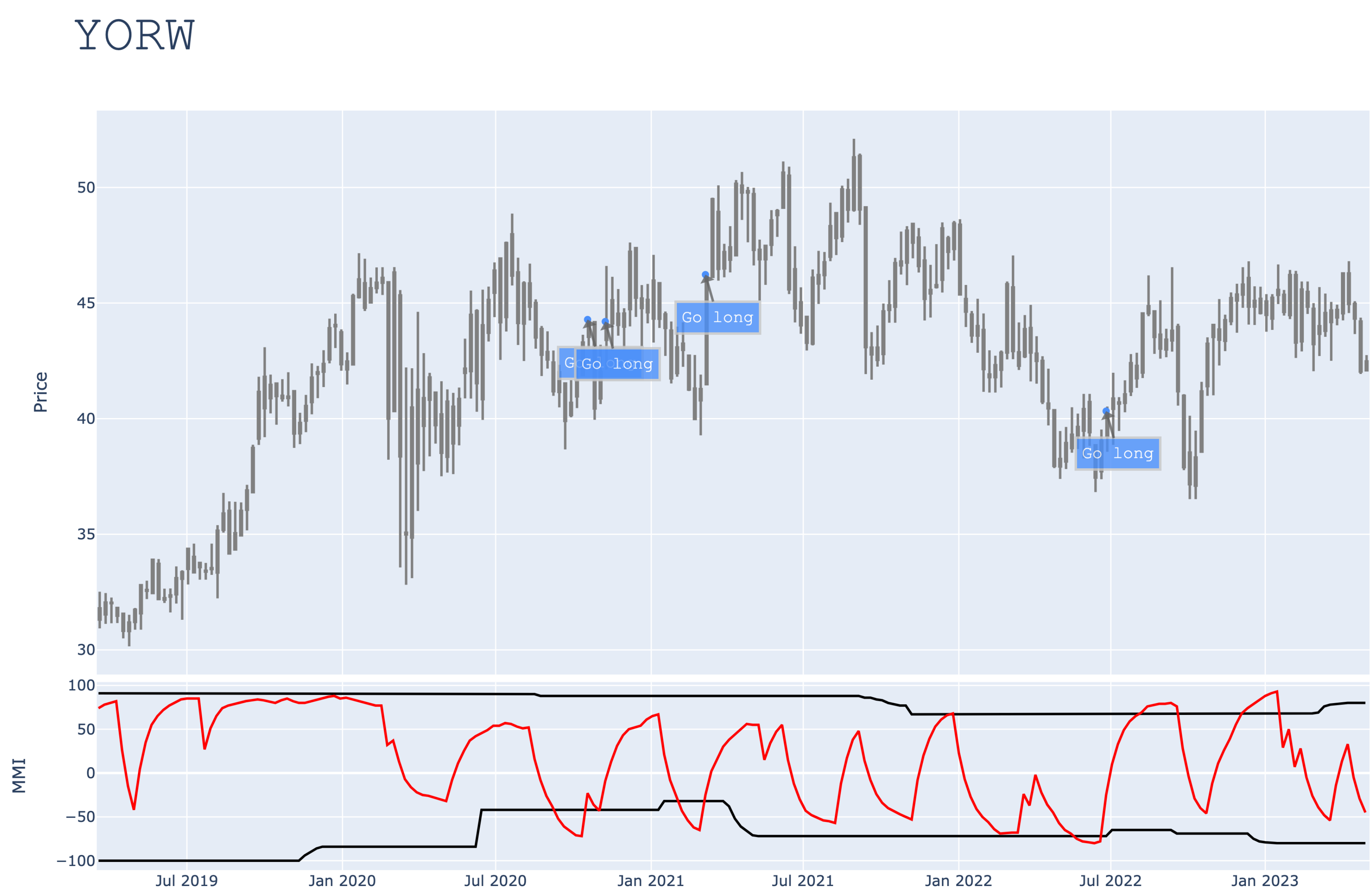
SIMPLE, UNDERSTANDABLE, ACTIONABLE


SLB
Price
60
50
40
30
20
10
Go long
MMI
50
0
−50
−100
Jul 2019
Jan 2020
Jul 2020
Jan 2021
Jul 2021
Jan 2022
Jul 2022
Jan 2023


SWBI
Price
35
30
25
20
15
10
5
Go long
Go long
Go long
MMI
100
50
0
−50
−100
Jul 2019
Jan 2020
Jul 2020
Jan 2021
Jul 2021
Jan 2022
Jul 2022
Jan 2023

SIMPLE, UNDERSTANDABLE, ACTIONABLE

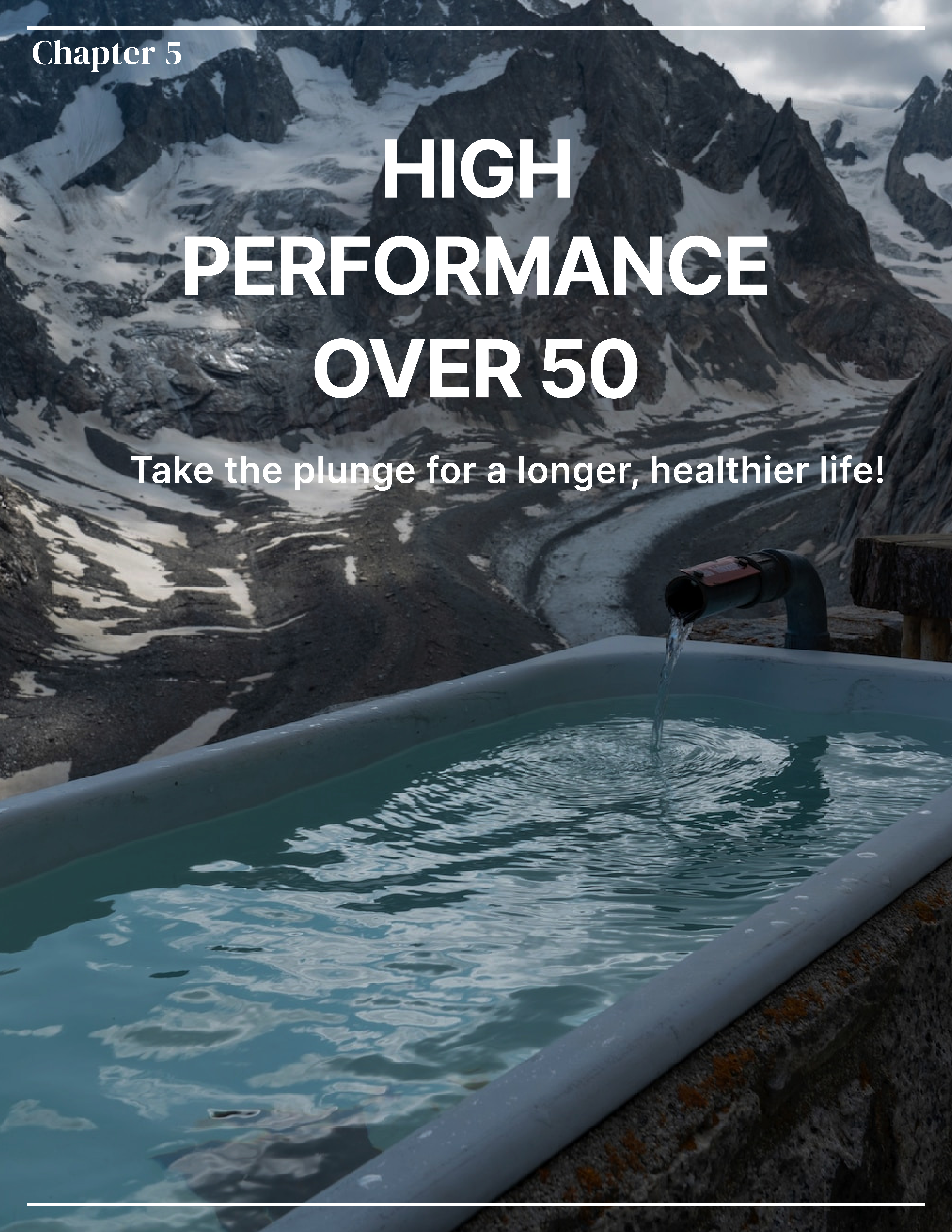
SIMPLE, UNDERSTANDABLE, ACTIONABLE



Chapter 5

HIGH PERFORMANCE OVER 50

Take the plunge for a longer, healthier life!



The next time somebody tells you to go jump in a lake…

DO IT!

The cold water won't just help you chill.

The latest research shows that a cold plunge can decrease inflammation and improve your metabolism. What's more, there's a good chance it may also increase your longevity while boosting your happiness and motivation.

Cold plunging, dare I say it, could even make you a more profitable investor.

Not instantly, of course, but over time as you learn to use your body's natural vasoconstriction to harness chaos, build critical mental stability, and even tune out otherwise negative influences.

I got into cold-water plunges years ago when I needed a reset.

I'd been training hard to complete the USN SEAL fitness challenge and my body hurt… everywhere.

One of my training partners suddenly called for "surf rotation" as we came down the trail to the beach, and into the water we went without a moment's hesitation. As unappealing as that seems, I couldn't have bailed if I wanted to for the simple reason that the razzing would have been unbearable.

Much to my surprise, I emerged from my "swim" pain-free and in a great mood even though I was mid-run and still had several miles to go.

Scientists like Dr. Andrew Huberman say this is because cold plunging can increase your baseline dopamine. That's the molecule linked to motivation.

Dopamine also helps enhance focus while lowering the thresholds that would otherwise prevent us from acting even though we know doing so helps us meet our goals (like buying stocks on big down days).

Cold plunging has even been shown to boost norepinephrine by up to 5X. That's the neurotransmitter that helps dramatically reduce pain and chronic inflammation, especially if you do it consistently.

Cold plunging isn't new despite what legions of YouTubers who latched onto it during Covid would have you think.

The ancient Egyptians recognized cold application as a way to reduce skin irritation, while the ancient Greek physician Hippocrates theorized that cold could be used to restore what he called "humors," or the body's fluidic balance.

Scottish physician William Cullen prescribed cold-water immersion to treat various ailments centuries later. Other doctors of his time even went so far as to suggest that cold-water plunges could control libido and outrageous behavior.

French army surgeon Baron de Larrey began to pack limbs in ice ahead of amputation as a means of reducing pain and facilitating treatment as part of Napoleon's Grande Armée.

German theology student Sebastian Kneipp even healed himself from tuberculosis by swimming every day in the cold Danube River. Realizing that showering and bathing in cold water stimulated the body's natural healing powers, enhanced circulation, and strengthened the immune system, he promoted it as part of his famous "Kneipp Therapy."

Dutch extreme athlete and motivational speaker Wim Hof—also known as the Iceman—popularized cold plunging for the 21st century when he put it on the map in 2011. Hof claimed his cold-water submersion method, combined with willpower and breathing techniques, could reduce symptoms of conditions like rheumatoid arthritis, multiple sclerosis, coronavirus, and Parkinson's disease. So much so that videos of him sitting on snow and ice in a bathing trunk for hours continue to inspire fitness fans around the world today.

Motivational guru Tony Robbins is even a fan, reportedly so much so that he's installed cold-plunge pools at every one of his homes around the world.

Now, if you're thinking this is an activity for the uber-rich, or at least those who may not be playing with a full deck, I want you to dismiss that notion right away.

Plunging is surprisingly affordable.

California-based entrepreneurs Michael Garrett and Ryan Duey took to the hit TV show Shark Tank to sell their new, improved $4,995 Plunge Tub. Robert Herjavec even took the plunge on camera and was convinced. Check out the clip here and enjoy his reaction. 😂

Personally, I just march down to the lake or hop into the nearby Puget Sound, which is a balmy 50 degrees year-round. I've also got my eye on a $250 feed trough at the local ranch supply store, although simply finishing your shower with a blast of cold water works wonders, too.

As is the case with many of the things we talk about, please check with your doctor first.

There are reports that cold water can lead to risk of heart attack, hyperventilation, and arrhythmias. And cold water or not, that wouldn't be a desirable outcome. What's more, you'll want to make sure you have friends nearby if you're dunking into a local lake or the ocean.

Chickening out is tempting, but I hope you don't because the benefits could quite literally be worth it. 😊

Additional Resources

- Allan R, Malone J, Alexander J, Vorajee S, Ihsan M, Gregson W, Kwiecien S, Mawhinney C. Cold for centuries: a brief history of cryotherapies to improve health, injury and post-exercise recovery. Eur J Appl Physiol. 2022 May;122(5):1153-1162. doi: 10.1007/s00421-022-04915-5. Epub 2022 Feb 23. PMID: 35195747; PMCID: PMC9012715.
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- **https://www.nytimes.com/2023/02/07/style/cold-plunge.html**
- **https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9012715/**
- **https://thecoldplunge.com/**
- **https://www.nationalsupplynetwork.com/50130048-Behlen-steel-stock-tank.aspx**
- **https://www.discovermagazine.com/health/the-science-behind-cold-water-plunges**

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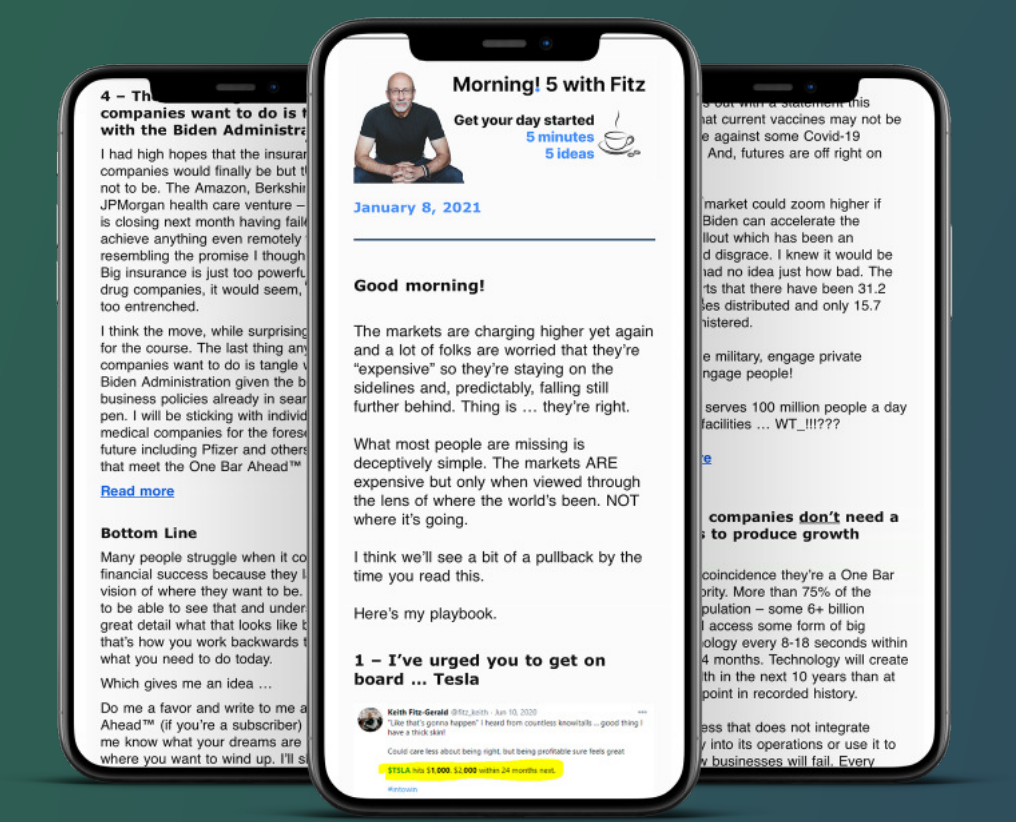

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