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SEPTEMBER 2022

One Bar Ahead™

BY KEITH FITZ-GERALD

Now's the time to buy the infra-tech stock everyone else hates

(and it's not Nvidia!)

Rethinking re-entries

21 stocks, 63 new price points

The most intriguing chart I've seen all year

Plus, an in-depth portfolio review, the latest MMI™ charts and why you'll want to upgrade this Zinger

Disclaimers

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Keith Fitz-Gerald's
ONE BAR AHEAD™

One Bar Ahead™, September 2022

Letter from Keith

Dear Reader,

Welcome back!

Conventional wisdom would have you believe that the Fed's latest prognostications will wreck our financial markets for years to come.

I can understand how people feel that way. Recent price action is challenging, unsettling even. Frankly, it's demoralizing.

Chairman Powell is grasping at straws and the entire world knows it. Highly computerized and even more highly leveraged funds magnify the situation.

History suggests otherwise, though.

The Fed was late to acknowledge the problems roiling markets. Now it's having to play catch up. Traders simply don't like that.

The world's best investors, on the other hand, are having a field day. Many are snapping up shares of world class companies that have been pummeled.

Warren Buffett, for instance, continues to bet big on oil. In fact, he backed up the truck. SEC filings show that Berkshire Hathaway now owns a stunning 188.4 million shares of Occidental Petroleum worth $14 billion. We've gone with Chevron because we've got a different – and I think better – perspective on breakthrough energy.

Stephen Mandel of Lone Pine Capital has built a $1.5 billion stake in Microsoft that accounts for roughly 9.2% of his portfolio. It's a long-time OBA fav and, I submit, a bargain at $240-$260.

Steven Cohen of Point72 Asset Management picked up 819,000 shares of CrowdStrike during Q2 alone! Got that one, too.

Ron Baron of Baron Capital has been talking up SpaceX and Tesla which he expects to return 3-5X his money. And yes, Elon rocks!

It is NOT a coincidence that we spend a lot of time talking about the importance of buying low and selling high. Nor is it happenstance that we operate from the same playbook when the going gets tough.

The markets have a very defined upside bias over time, which is why wading into the fight is EXACTLY the move to make.

I know this is a bold statement. But my research – which I shared with you in all four of our recent One Bar Ahead™ Master Class sessions - shows very clearly that's the case.

It's also important for two reasons the vast majority of investors will miss despite their very best efforts not to do so.

First, we're in great company. The world's best investors didn't get where they are by being cavalier with their money. They make very concentrated bets at very specific points in history when conditions favour buying over selling, like the present. Moreover, they do so even if they know there may be more selling ahead.

Second, the numbers really do work over time which is why taking a page from their playbook is more important now than it has been at any other point in human history.

You've got to play to win if you want to win!

While we're on the subject, I've got some big news to share with you.

Our oldest son, Kuni, has applied for and been selected as a US Navy Aviation Officer Candidate. He'll report in early 2023 for Officer Candidate School after which he hopes to fly anything "pointy, gray, and fast."

Noriko and I could not be more humbled or proud. Like any parent who wants the best for their children, we've raised our boys to reach for the stars. We simply had no idea Kuni would do it at Mach 1.8 and 36,000 feet!

Kuni's selection obviously means some changes around here in terms of how we conduct business. Honestly, I don't know exactly what that looks like just yet, but I do know that it'll be an opportunity for you in keeping with our desire to be One Bar Ahead™.

Speaking of which, let's get down to it. →

This month we're going to begin with a look at a company that could be one of the few big winners from the recently passed Inflation Reduction Act.

The stock has been beaten down despite posting spectacular earnings recently which suggests in keeping with the One Bar Ahead™ approach that it's a great choice for current market conditions.

I've also got a few thoughts on the latest re-entry points for some of your favourite stocks. What I have to say may surprise you.

Then we'll move on to the portfolio review. Despite all the doom and gloom making headlines, the world's best CEOs are plowing ahead. And as evidenced by the numbers, the business case for owning the stocks we prefer is getting stronger, not weaker.

On a related note, I'm frequently asked about the "5Ds" and how population plays into that. It's hard to explain which is why I just knew you'd appreciate seeing a very thought-provoking graphic I found while researching this month's recommendations.

Make no mistake about it.

There's a ton of opportunity out there and – no matter what happens next – it's my job to help you find it!

The fact that many people cannot see the bigger picture is an advantage we can press because we do.

Thanks for being part of the One Bar Ahead™ Family!

Best regards for health and wealth,

Keith

KF

PS: I know that we've got a number of former and current Naval Aviators who are part of the One Bar Ahead™ Family. Kuni is asking if YOU have any advice as he gets ready for OCS and beyond. Noriko and I thank you, in advance, for your guidance and for sharing what you know. That, by the way, includes advice for us as parents so that we can help support him to the best of our ability!

Other ways to keep in touch

youtube.com/channel/UCeNYMU7yzjLqGHkApJEUvKA

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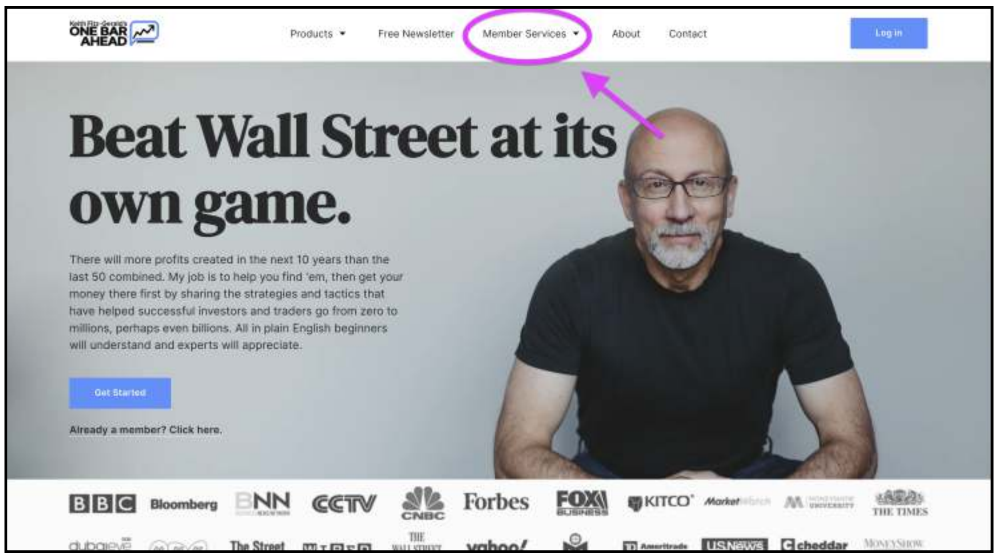
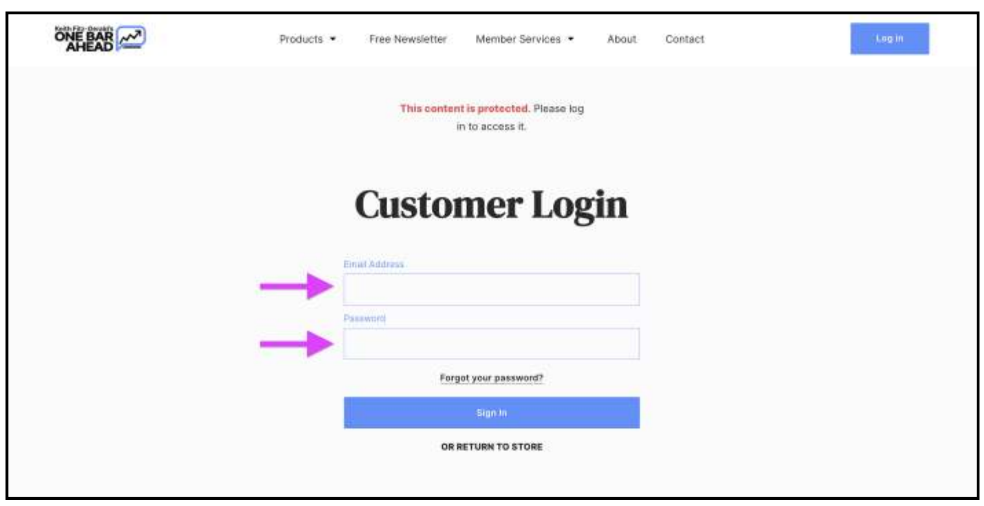
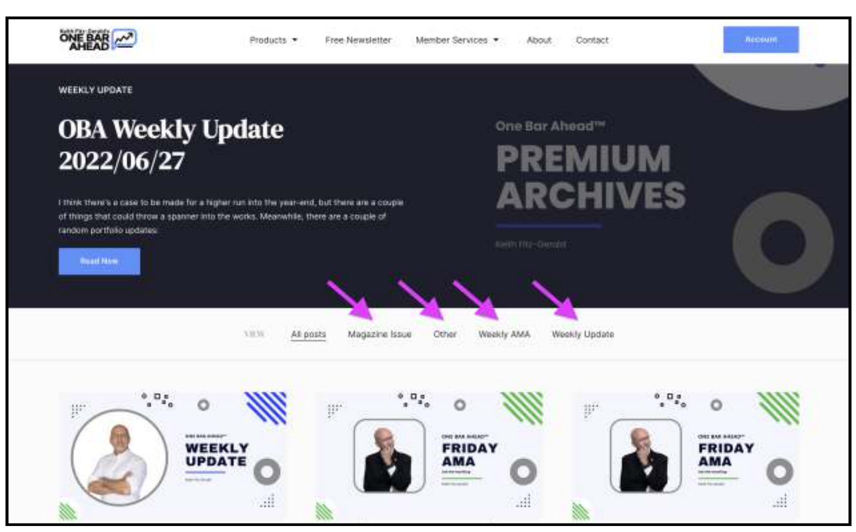


2. You will be asked to log in.
(If your password doesn’t work, try resetting it.)



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



If you try the above steps and it doesn’t work, please contact us at **info@onebarahead.com**

Chapter 1

WHY NOW'S THE TIME TO BUY THIS INFRA-TECH COMPANY

(even though everyone else "hates" it)

WHY IT’S TIME TO BUY THIS TECH COMPANY

You’ve heard about the Inflation Reduction Act.

It is without a doubt one of the most controversial bits of legislation in recent history.

The spin is that it will reduce inflation, but the data suggests that’s the one thing the Act probably won’t do.

In fact, the impact on inflation is so low as to be “statistically indistinguishable from zero” according to a study from Wharton. That’s pretty damning no matter how you cut it and regardless of whether you support the Act or not.

Why am I bringing this up?

Simple.

Major legislation like the Inflation Reduction Act can have profound investing consequences that are not readily apparent to those who get caught up in the debate itself.

That’s very much the case with EVs.

I just about guaran-dang-tee you that what happens next isn’t what most people expect. Further, I can also almost guarantee that the company poised to help make it happen isn’t on the radar for most folks.

As usual, that’s an opportunity for us to get there first then ride the winds as everybody begins to figure it all out.

The inflation reduction act is unlikely to do anything for inflation, but we can still take advantage of the ambiguity

Here’s my thinking

Like any breakthrough technology, EVs face a serious problem. They’re getting better by the minute in terms of quality and manufacturing. But anybody who wants to drive one coast to coast or in super-remote areas may not be able to “charge up” along the way.

Things are so bad and the situation so well-known that there’s even a term for it … “charging deserts” … meaning huge electrically empty swathes of our country where there are no public chargers.

EV advocates charge – pun intended – that it’s only a matter of time. And that’s true.

Meanwhile, the situation is what it is.

Many of the 120,000 public chargers out there are busted in one way or another. The screens get trashed easily, connectors fail, and the software appears to have been written by a bunch of first year coding students. Users frequently report that various chargers often stop mid-charge for no reason.

What really stinks is that many chargers sit in unattended parking lots or on hardstands that may as well be on another planet because there’s nobody to turn to if you need help.

Tesla, obviously, has this problem under control from the very beginning. In fact, the charging network was a core element in the investing thesis I first brought to the public’s attention in 2012 or so when the company debuted the Model S.

Tesla now has 3,971 “stations” with more than 36,165 individual charging stalls, up 34% from last year’s numbers. And in contrast to many public chargers, Tesla’s chargers work.

You’d think the Federal government would welcome Uncle Elon’s initiative and the reliability that comes with design excellence, but noooooooooo!

EV's get all of the press, but the real money is in charging 'em

The Biden Administration *et al* has decided in its infinite wisdom to spend $5+ billion of your money to get in the business. The Feds want a station with at least 4 charging ports every 50 miles along major interstates and travel routes.

We've seen this movie before

Many people have forgotten but the government tried rolling out an EV charger network on President Obama's watch. More than $100 million was awarded to San Francisco based Ecotality in 2009 with the intent to put public fast-chargers every 10 miles. Ecotality went bankrupt in 2013, just a few short years later.

If you're crying foul, I understand. Just keep in mind these are the same geniuses who run Amtrak, the Post Office and the IRS for Pete's sake.

A charging network is a great idea right up to the point where you use "Federal Government" in the same sentence. There has never been a single instance I'm aware of where the government has done it better, faster, or cheaper than private industry – whatever "it" is.

Still, beggars can't be choosers as the old saying goes. Once the Federal government makes up its mind about something, the inertia is nearly impossible to stop.

Which brings me to Eaton Corporation PLC (NYSE:ETN)

I think the company is a compelling proposition and a potentially awesome stock given the backdrop. The fact that shares have been beaten lower in recent months is a bonus to my way of thinking because the company continues to put up the numbers.

Consider the following from Eaton's Q2 earnings report:

- A record EPS of $1.87 a share
- Sales up 11% to $5.2B, at the upper end of guidance
- All time record segment margins of 20.1%
- Rolling 12 month orders up 25% with backlogs of 74% in the electrical sector and an aerospace backlog that rose 12% on rolling orders that are up 19%
- And, best of all, the company raised full year organic growth projections to 11%-13% with an adjusted EPS of $7.56

Obviously, this paints a very different picture than you'd think if you simply looked at the chart. Prices have fallen -21.7% from a 52-week high of $175.72 which tells me very few people see the disconnect we do.

Remember the "margin of safety" we discussed in our Master Classes?

There's a big one here.

I think we can pick up shares for less than they're worth a few years from now.

Stocks are a forward-looking pricing mechanism. Higher guidance means higher profit potential. Higher EPS, in turn, translates into higher prices over time.

Buying low with the reasonable expectation that we can sell higher is EXACTLY the move to make.

Meanwhile, it's worth noting that Eaton also has a One Bar Ahead™ "Beta" of 1.076 which suggests it's slightly more volatile than the broader market which carries a Beta of 1.0.

In addition, the One Bar Ahead™ Liquidity Score is 94/100; anything above 90 suggests the big money is pooling.

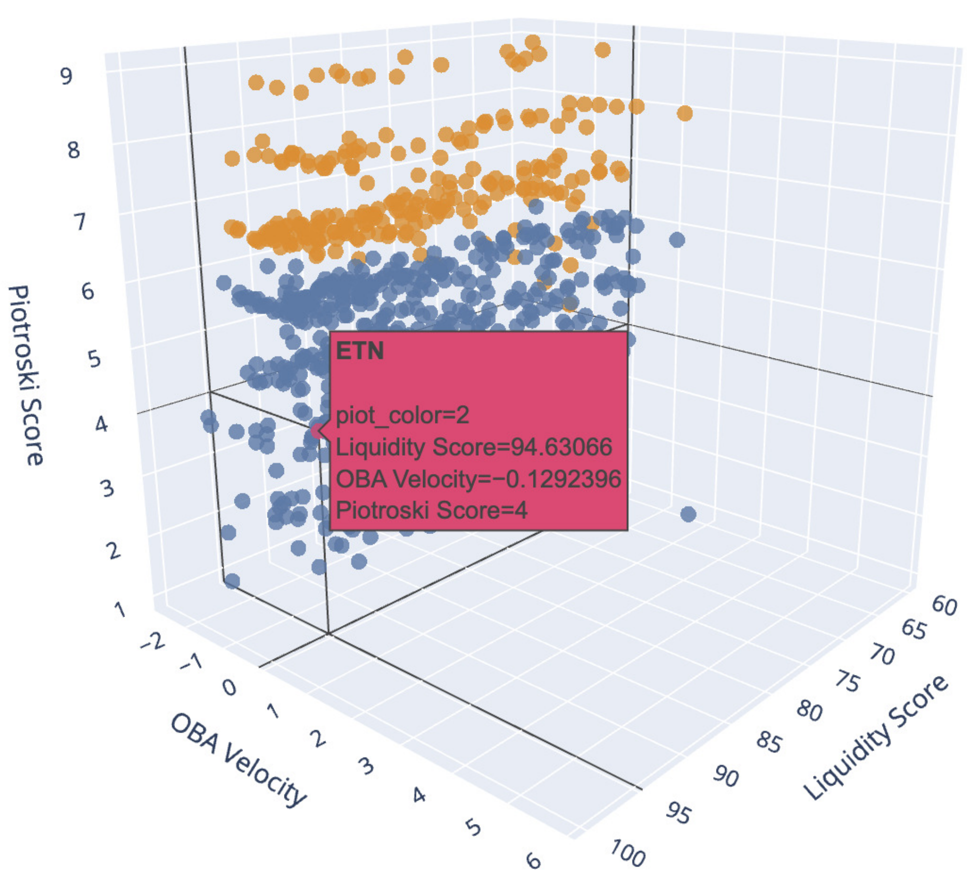
And finally, the Upside Capture Rate, a proprietary calculation I introduced during our recent Master Classes is 1.14 which, in keeping with my research, suggests ETN could really pop if there's any kind of broad market stabilization at all!

Meanwhile, the yield is 2.37% but growing at a 3-year annualized rate of 4.81% at a time when the average industrial company's annualized rate of dividend growth is -126.92% according to Yahoo! Finance.

Here's what the proprietary One Bar Ahead™ analytic suite says about Eaton.

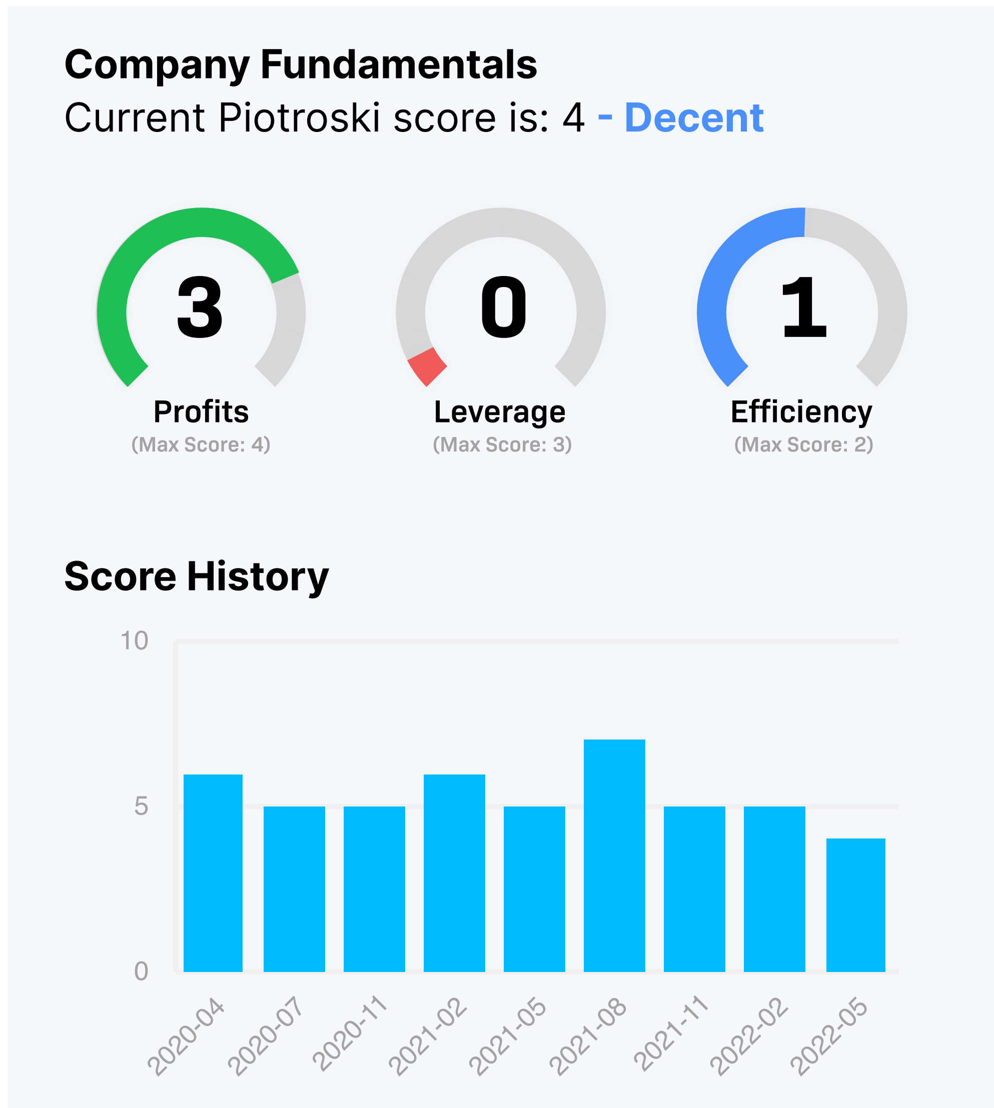
The Universe

Eaton's selloff puts it smack in the lower left quadrant which is right where our research suggests great companies often "base" before a big run.



The Fundamentals

Eaton sports a Piotroski Score that's 4 of 9 possible points. This is consistent with our research which shows that growing companies may be especially promising at a time when share prices don't yet reflect that potential. I expect the Piotroski Score to improve as broader business conditions improve.



The Master Market Indicator™

The MMI™ reflects a mid-range reading as I type, having bottomed out earlier this summer. Our research suggests that this may not be optimal from a technical standpoint but the fundamentals I've just shared with you play into that.

The stock may fall further if the Fed remains as hawkish as the headlines suggest so waiting may be in order if you really want to split hairs.

The portfolio remains in Accumulation Mode and the MMI reading is low enough that I'm content to begin nibbling in. Then, to reinvest over time and harness the lower cost basis doing so provides.

WHY IT'S TIME TO BUY THIS TECH COMPANY

Action to take

Buy Eaton at $140 or less and tuck shares into Zingers. Plan on accumulating shares gradually and reinvesting to lower your cost basis while increasing profit potential.

The broader markets are still very Fed-driven so I recommend splitting your capital into chunks then investing over a period of time that makes sense given your individual risk tolerance, objectives and situation (which I don't know).

The Fed will likely kick the markets through the balance of the year so thinking in terms of months may be appropriate rather than weeks as would be the case under more bullish conditions.

For instance, there are 4 months remaining until 2023 but the Fed may not stop raising rates until well into 2023 which suggests 6 chunks could produce even better results.

If you want a more aggressive bet or simply a lower cost alternative, consider buying the 19Jan24 $135 LEAPS calls for $19 or less. Be prepared for a bumpier ride because options are subject to time decay and volatility characteristics all their own. If you are going to run trailing stops, do so as if you'd purchase the stock, not the options. And, finally, splitting your capital into chunks may make just as much sense for LEAPS as it does for the stock itself.

Or consider selling cash secured puts like the 21Oct22 $125 puts, which are trading for $1.90 as I type. The probability of profit is roughly 75.9% while the return on margin reflects 10.88%. Do NOT use this strategy unless you have the cash on hand to back it up, meaning buy 100 shares of ETN at $12,500 for every put option you sell.

Target: TBD

Yield: 2.37%

TSLA: IT'S TIME FOR A PROMOTION

Let's talk Tesla for a moment

The stock recently split 3 for 1 which means that it's dramatically less expensive yet has correspondingly that much more upside.

This will increase trading volume and re-attract investors previously driven away by higher prices.

That's great.

The company continues to press forward:

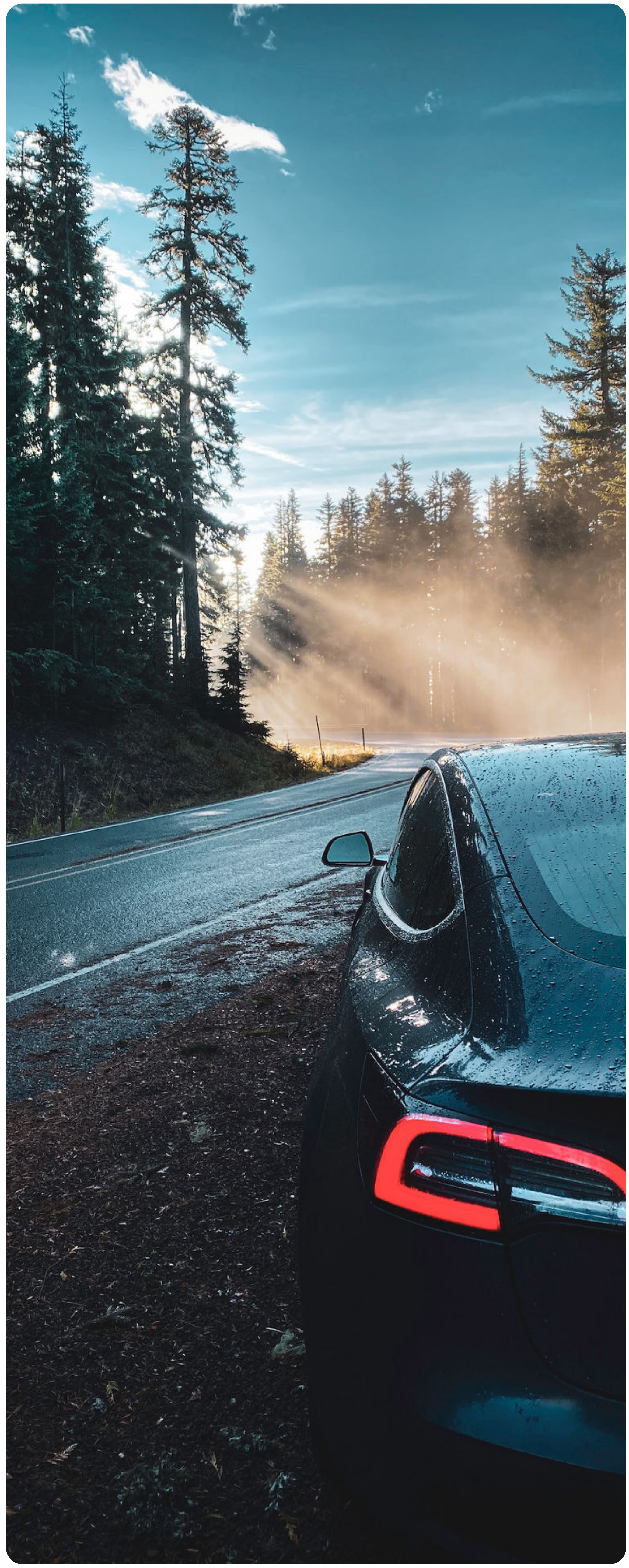
- Tesla is the single best-selling EV in the US and enjoys a 70% market share, give or take.
- The charging network will be opened to other manufacturers, whether the government wants that to happen or not. My research suggests that's a $25-28bn/year proposition all by itself.
- International demand is accelerating. Tesla will introduce big trucks very shortly.
- The company is already trading energy in Europe, but the real key is going to be here in the US. Not many investors see that coming.
- TTM (trailing twelve month) revenues are growing by nearly 60% with 2023 estimated to add another 40-45% on top of that.
- And finally, the company's Powerwall, Megapack and roofing products will provide meaningful gains to the P&L within the next two years. Something the markets don't yet recognize.

It's time for a promotion

Let's move **Tesla from Zinger to Global Growth & Income** starting next month.

Please note that there is no rush to suddenly run out and buy shares given the Fed's hawkish stance.

Split your capital as I'm suggesting with Eaton. Doing so will help you harness the volatility ahead while ultimately translating into higher profit potential over time.



Chapter 2

RECONSIDERING RE-ENTRY PRICES

RECONSIDERING "RE-ENTRY" PRICES

I promised you when we launched One Bar Ahead™ that I would do my very best to answer your questions for the simple reason that the more knowledge we share, the better and more consistent investors we can become.

Today I'm going to keep that promise.

I've received several emails recently asking about "re-entry" prices on specific stocks.

Believe me, I understand why you're asking.

Doing so is perfectly logical because that was the play in the markets we grew up with. Unfortunately, that's no longer true.

The Fed is determined to raise rates which means there is now a permanent deleveraging cycle in play. And that, in turn, suggests the concept of pullbacks will remain elusive as long as the prospect of a global margin call remains.

There is an easy solution

Most people won't understand what I'm about to tell you which, over time, is a huge advantage for those of us in the know.

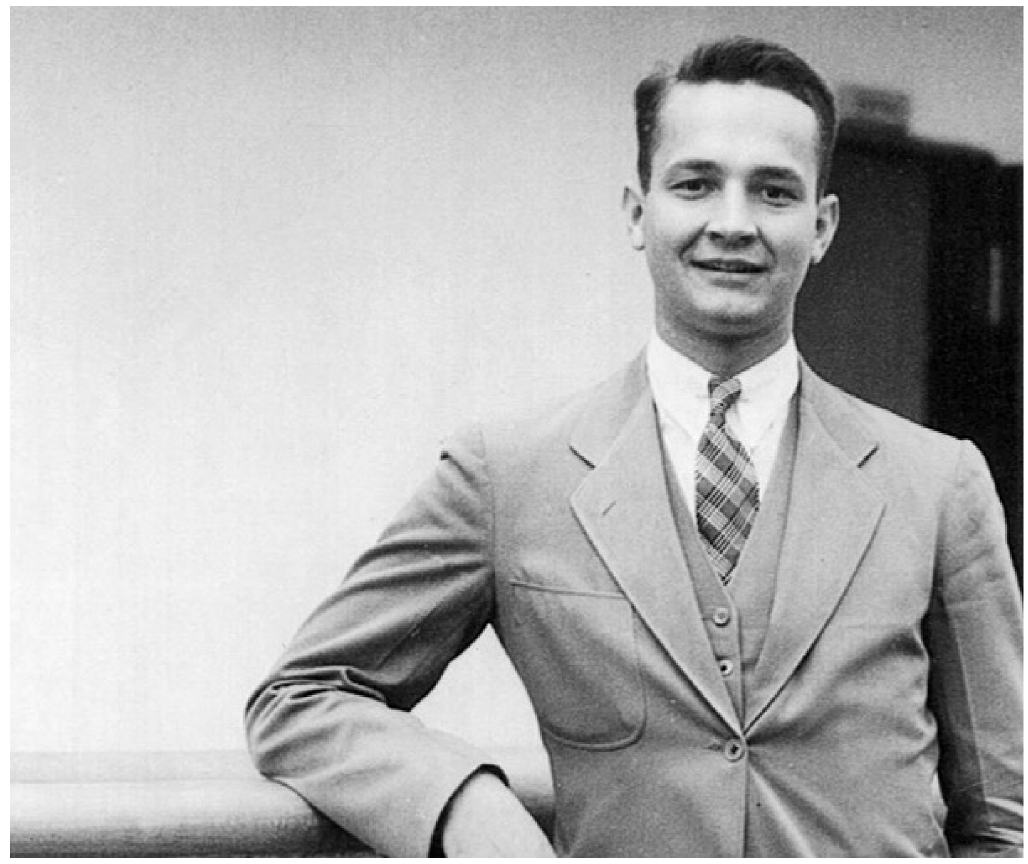
You see, pullbacks and re-entry points presuppose bullish market conditions. Moreover, they also assume capital is coming into the markets because of FOMO rather than running in fear of loss.

Flip that around.

As we have discussed frequently in recent months, the markets have a very pronounced upside bias over time which means that the downside conditions everybody is so worried about will ultimately pass.

Obviously, we don't know when that'll happen so changing tactics to reflect the conditions at hand is how you overcome that problem.

Warren Buffett, for instance, does not worry about picking specific entry or re-entry points when the markets are in a foul mood.



The late, great Sir John Templeton

He simply finds a stock he wants to buy that is under pressure *because* people are in a foul mood. Then, he starts buying.

Buffett, like us, knows full well that doing so will ultimately carry his investments to higher profits over time. The prospect of more immediate selling does not knock him off his game.

Reinvesting or adding to shares is much the same thing. In fact, this helps tremendously in down markets like the present which is why we deliberately go out of our way to buy the very best stocks we can to begin with.

Adding to shares that are under pressure decreases risk while also lowering your cost basis. Counterintuitively, both actions clear the path to higher profits over time.

Again, I understand where you're coming from when it comes to re-entry points. But that's a pre-conditioned behaviour based on market conditions that no longer exist.

So please understand where I'm coming from when I say that the better part of discretion right now is to stop worrying about 'em.

If I give you a bunch of re-entry points and the stocks hit 'em but continue to drop, you bust my chops.

RECONSIDERING “RE-ENTRY” PRICES

If I give you a bunch of re-entry points and the stocks you want to buy never drop but instead pull higher because we know that’s what’ll happen next and you’re not on board, you bust my chops.

Either way, I’m between a rock and a hard place. And that’s something I’d just as soon avoid if at all possible.

The markets have now devolved to the point where missing opportunity is more expensive than trying to avoid risks you cannot control. That’s why we have shifted into Accumulation Mode and slowed down our buying.

The situation was much the same when the Internet Bubble burst and when the Global Financial Crisis hit.

People who shifted gears and who bought throughout both crises stabilized first, recovered first and ultimately built gobs of new wealth first. What’s more, they did so even if they didn’t buy the bottom, just a bottom.

There is no law that says you must buy everything all at once.

In fact, there are all sorts of tactics you can use to overcome the limitations of trying to pick specific re-entry points in fear driven market conditions. Some of my favorites include slowing down your buying, dividing your money into equal chunks then wading in consistently, selling cash-secured puts and using LowBall Orders to get the prices you want.

The way I see it … *you’ve already made the decision to buy specific stocks so, respectfully, why wouldn’t you do exactly that?*

If what I’m advocating based on years of research and experience is good enough for the likes of Warren Buffett, Peter Lynch, Bill Miller, Dr. Mark Mobius, the late T. Rowe Price and Sir John Templeton, I submit it’s good enough for us.

Now, having said all that, I understand old habits and long held beliefs are hard to change. So, here’s the latest re-entry points. :-)

This section kept intentionally blank so you can print out the re-entry table on the next page.

RE-ENTRY TABLE: SEP22 EDITION

8/29/22

	AAPL	JPM	MSFT	RCS	AMD	COST	CTRE	CVX	GILD	GIS	GOOG	INTC
OBA Beta	1.07	1.18	0.93	0.81	1.38	0.66	1.43	1.07	0.26	0.23	0.96	0.90
Yield	0.57%	3.50%	0.94%	11.13%	0.00%	0.66%	5.01%	3.48%	4.68%	2.77%	0.00%	4.43%
RE1	$ 150.96	$ 110.62	$ 249.88	$ 5.18	$ 85.53	$ 502.76	$ 20.16	$ 156.46	$ 60.14	$ 72.91	$ 106.39	$ 30.52
RE2	$ 133.47	$ 103.37	$ 231.54	$ 4.83	$ 73.47	$ 449.41	$ 17.78	$ 133.72	$ 57.81	$ 69.06	$ 87.46	$ 26.34
RE3	$ 123.48	$ 95.86	$ 203.17	$ 4.53	$ 52.28	$ 412.37	$ 15.63	$ 113.26	$ 54.03	$ 63.11	$ 73.40	$ 24.22
Average entry	$ 135.97	$ 103.28	$ 228.20	$ 4.85	$ 70.43	$ 454.85	$ 17.86	$ 134.48	$ 57.33	$ 68.36	$ 89.08	$ 27.03
Discount from current	-15.75%	-9.71%	-13.96%	-10.74%	-20.82%	-14.35%	-18.01%	-18.31%	-8.20%	-11.47%	-19.26%	-17.95%

	LMT	PFE	PLTR	RTX	TSN	CRWD	NVDA	TSLA	RKLB
OBA Beta	0.81	0.59	1.91	1.36	0.67	0.75	1.45	2.02	1.37
Yield	2.59%	3.46%	0.00%	2.39%	2.30%	0.00%	0.09%	0.00%	0.00%
RE1	$ 416.41	$ 45.56	$ 7.09	$ 90.07	$ 85.53	$ 173.60	$ 143.65	$ 240.40	$ 4.53
RE2	$ 396.00	$ 42.60	$ 5.19	$ 85.31	$ 73.47	$ 153.28	$ 130.51	$ 215.25	$ 4.10
RE3	$ 363.55	$ 38.66	$ 4.82	$ 80.01	$ 52.28	$ 140.42	$ 122.35	$ 184.75	$ 3.44
Average entry	$ 391.99	$ 42.27	$ 5.70	$ 85.13	$ 70.43	$ 155.77	$ 132.17	$ 213.47	$ 4.02
Discount from current	-8.77%	-8.56%	-27.02%	-7.59%	-9.31%	-18.89%	-16.35%	-25.05%	-21.57%

* I've put this table in horizontally so you are able to print it out and put it next to your desk

Your own notes

THINKING ONE BAR AHEAD™

Many investors are unnerved by short-term disturbances in our financial markets. There's nothing wrong with that if you're playing a short-term game.

Thinking One Bar Ahead™ requires a much longer-term understanding.

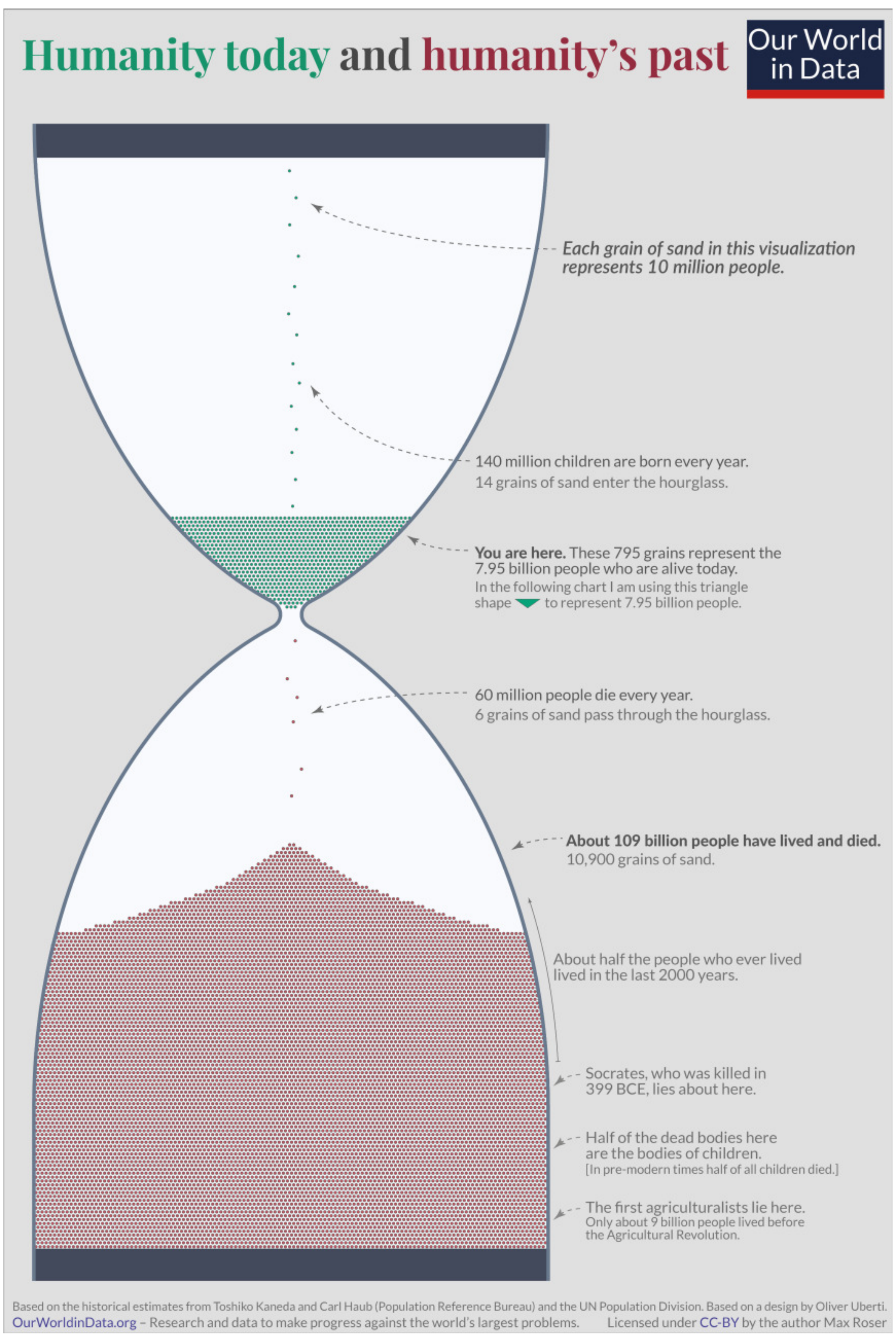
Demographics are key, especially when it comes to identifying deeply-rooted changes capable of altering our world. Where we've been is nowhere near as important as where we're going.

That's why I knew immediately that I just had to share the following chart from OurWorldinData.org when I came across it as I researched this month's recommendations.

The key takeaway is startling.

As crowded and as problematic as our world feels, ***the glass is still less than half full.***

KF



PORTFOLIO REVIEW

Plus the Fund Folio™ & July OBA 50™

PORTFOLIO REVIEW (SEPTEMBER 2022)

Buy the best, ignore the rest!

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.

Global Growth & Income (40%)

This category houses 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 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.

SH, PSQ 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

**All data as of 5/31/2022*

Foundation Stones (50%)

AAPL

APPLE, INC

Beta
1.08

Yield
0.57%

30d
Δ vs SPX
1.45%

Total
α vs SPX
15.41%

Notes

Team Cook blew the doors off earnings with a double beat, meaning that it beat on revenue and growth. Importantly, the company sees growth accelerating despite a looming recession, inflation and what it termed “pockets of softness.” Absolutely goes to show that Apple makes "must have" products, not "nice to haves". Apple is also starting production of the new iPhone in India this fall, marking a shift away from producing almost exclusively in China. The company is expected to debut new four new iPhones, new Macs, a new Watch and more this month.

JPM

JPMORGAN CHASE & CO.

Beta
1.18

Yield
3.50%

30d
Δ vs SPX
3.55%

Total
α vs SPX
-10.58%

Notes

JPMorgan Chase earnings fell short but not because it's doing anything wrong. The bank booked a $428 million charge for bad loans while also suspending buybacks. Both are prudent moves at a time when CEO Jamie Dimon has warned against geopolitical tension, high inflation and the impact of both on consumer confidence. PE is now 9, which suggests bargain basement levels for anybody establishing a position or reinvesting.

All data as of August 31st, 2022

MSFT

Microsoft Corporation

Beta
0.93

Yield
0.94%

30d
Δ vs SPX
-1.78%

Total
α vs SPX
-2.22%

Notes

Results fell short of estimates, but it's the analysts who missed. While exchange rates pressured results and advertising challenges hit, it was the PC markets that really provided the drag. In fact, MSFT continues to grow and reported year-over-year gains in every segment save two: a -2% change in Windows OEM sales and a -6% change in Xbox content services both of which are consumer driven. The company's implied gross margin is 69% and the company expects double-digit revenue and operating growth in 2023. Dare I say it, the company knows waaaay more than the sell-side analysts.

RCS

Pimco Strategic Income Fund

Beta
0.81

Yield
11.13%

30d
Δ vs SPX
4.34%

α vs SPX
N/A

Notes

Shares of RCS have stabilized over the past month after an extended period of instability over rates. The effective maturity is 5.01 years while the leveraged adjusted effective duration is just 1.82 years. Both are in the sweet spot, meaning that the fund can charge forward while helping sidestep the broader market volatility associated with longer maturity fixed income. The daily NAV distribution rate is 12.94% as we go to press. I think it's very telling that RCS continues to trade at a 15.22% premium to NAV which suggests the smart money sees what we see. Stability matters, especially in the face of rising rates.

PORTFOLIO REVIEW (SEPTEMBER 2022)

Global Growth & Income (40%)

AMD

Advanced Micro Devices Inc

Beta
1.38

Yield
0.00%

30d
Δ vs SPX
-8.33%

Total
α vs SPX
-8.49%

Notes

I recommended AMD as a counter-hedge to China's Taiwanese ambitions and as an offset to Intel. AMD's Ryzen 7000 processors put Intel on the defensive. Like Intel, AMD is an expected beneficiary when it comes to the CHIPS Act. Continue nibbling in on pullbacks or until you hold 1 share of AMD for every 2 INTC.

COST

Costco Wholesale Corporation

Beta
0.66

Yield
0.66%

30d vs SPX
-0.55%

α vs SPX
29.45%

Notes

COST took a hit when Walmart reported slowdowns in inventory but quickly regained ground as investors realized that COST is the far more resilient company. Inflation continues to rage unabated which means that consumers remain "bargain" sensitive. I think it's the only retail stock worth owning. Period.

CTRE

Caretrust REIT Inc

Beta
1.42

Yield
5.13%

30d
Δ vs SPX
6.25%

Total
α vs SPX
23.63%

Notes

CTRE is behaving exactly as intended, outperforming the SPX by almost 10% over the past month after beating earnings estimates. This REIT now has 198 properties across 21 states, with a total of 21,537 operating beds and units. I expect the company to hold its own if for no other reason than we are all getting older and specialized care/ housing as CTRE provides will remain in demand.

CVX

Chevron Corporation

Beta
1.07

Yield
3.48%

30d
Δ vs SPX
3.34%

Total
α vs SPX
75.63%

Notes

CVX absolutely knocked earnings out of the park, almost quadrupling profits from the same period a year ago. Management also announced a boost in annual buybacks from $10b to $15b, which should provide some extra kick in the months ahead. Also, don't lose sight of the real reason we're investing in Chevron - renewable energy. A strong dividend and stock growth are just the icing.

GILD

Gilead Sciences, Inc

Beta
0.25

Yield
4.67%

30d
Δ vs SPX
10.47%

Total
α vs SPX
12.54%

Notes

Gilead looks better than ever when it comes to stability and dividend growth. The company positively smashed earnings and while Veklury (their COVID drug) sales tumbled, management also boosted full-year outlook by $700m. The stock immediately jumped 5% as a result.

GIS

General Mills Inc

Beta
0.23

Yield
2.77%

30d vs SPX
5.43%

α vs SPX
-1.27%

Notes

GIS is the other "steady eddy" to pair with GILD because of its inherently inflation-resistant nature, ultra-low beta, and a high yield that's about double the S&P 500. It's also sitting at a relatively attractive valuation even after its run higher - so continue nibbling in and reinvesting dividends.

PORTFOLIO REVIEW (SEPTEMBER 2022)

GOOG

Alphabet Inc

Beta
0.96

Yield
0.00%

30d vs SPX
-1.51%

α vs SPX
-8.00

Notes
There's a case to be made that GOOG has already experienced most of the pain it will be feeling. The company's search and cloud business continues to grow at breakneck speeds. Ironically, I think Google will be far more valuable split up, which is why I'm keen to have shares now. Missing upside is the far more expensive proposition.

INTC

Intel Corp

Beta
0.89

Yield
4.43%

30d
Δ vs SPX
-8.79

Total
α vs SPX
-19.37%

Notes
Intel reported a 22% decline in quarterly revenue in what is the largest top-line disappointment since 1999 according to Refinitiv. We were prepared for that, and I'm not put off one iota. CEO Pat Gelsinger has repeatedly noted that Covid-related supply shortages and slowing PC refresh cycles would not mesh well. Still, I am not especially pleased to see Citi pile on with a recent report calling for further declines. Knowing how the sell-side operates, the real question is who's buying. The CHIPS Act will ultimately provide a boost but the question remains how much the street can scare out the weak money. Reinvest but add no new money until it breaks higher.

LMT

Lockheed Martin Corporation

Beta
0.81

Yield
2.59%

30d
Δ vs SPX
4.17%

Total
α vs SPX
38.57%

Notes
LMT took a brief hit in mid-July as the company missed earnings due to supply chain disruptions & slowing F-35 sales but immediately rebounded when talks of an additional Pentagon order for 375 jets materialized. The deal, if it goes through, will be worth and earnings boosting $30B.

Notes (contd.)
Elsewhere, LMT's cash generation continues to be strong, and the dividend yield is a great way to continue nibbling in and/or reinvesting.

PFE

Pfizer Inc

Beta
0.59

Yield
3.46%

30d
Δ vs SPX
-6.66%

Total
α vs SPX
2.81%

Notes
Pfizer's quarterly sales surged to a record high as both vaccine and Paxlovid sales jumped. The company posted a net income of $9.9 billion, a 78% increase YoY while revenue jumped 47%. It's on the cusp of truly customizable medicine which makes it about as "must have" as it gets. The recent lawsuit from Moderna strikes me as more sour grapes than a threat. Pfizer is one of the most inflation/ recession resistant stocks out there. It's also cash rich which means there's plenty of upside for acquisitions, research and development.

PLTR

Palantir Technologies Inc

Beta
1.91

Yield
0.00%

30d
Δ vs SPX
-22.29%

Total
α vs SPX
-72.98%

Notes
Palantir shares are down 80% from all time highs and there seems to be no end to the downside pressure. Yet, full-year revenue is still $1.9B, US revenues +45%, US Gov revenues +27%, Commercial clients +250%. This is NOT a company that's failing. Most people are probably fully loaded when it comes to PLTR at this point because these are not new price points. Don't waste the opportunity if you're keen to add shares. Meanwhile, I think it's telling the billionaire investor Stanley Druckenmiller has doubled down, effectively adding shares in Q1 and Q2. His cost basis is $18 or so a share according to SEC reports so this is a significant add and one that keeps us in great company.

PORTFOLIO REVIEW (SEPTEMBER 2022)

RTX

Raytheon Technologies Corp

Beta
1.36

Yield
2.39%

30d
Δ vs SPX
0.79%

Total
α vs SPX
-7.77%

Notes

Raytheon beat earnings hand over fist and their bottom-line figure improved 13% from a year ago. Like other companies in the defense industry, they're feeling the effects of supply chain disruptions, but global defense spending is on the rise and hungry for cutting-edge equipment from RTX. Even if growth is not immediately apparent, holding the stock for its low beta and high dividend makes sense.

TSN

Tyson Foods Inc

Beta
0.68

Yield
2.30%

30d
Δ vs SPX
-10.53%

Total
α vs SPX
-16.00%

Notes

The company “missed” earnings and warned about supply constraints. Not to beat a dead horse, but yeah. Revenues were still up which means sales charge on. The company simply has to figure a way through short-term inflationary pressures. Meanwhile, as I noted on Varney & Co recently, Tyson Foods, Inc, the company’s venture capital division, continues to press forward in a move that directly parallels Chevron’s move into alternative, breakthrough energy investments. People "must have" food to live and this company is best in class.

Zingers (10%)

CRWD

Crowdstrike Holdings Inc

Beta
0.76

Yield
0.00%

30d
Δ vs SPX
3.60%

Total
α vs SPX
12.95%

Notes

Shares fell after strong Q2 results proving, yet again, that why we talk about the importance of doing what Wall Street does not what it says.

Notes (contd.)

Don't forget that 15 of the largest 20 US banks and 75 of the world's Fortune 100 use CRWD services, and they can't spend less on cybersecurity even if they wanted to. That makes CRWD a potent addition to any portfolio at a time when the company is putting up 80% YoY growth in both operating and free cash flow.

NVDA

Nvidia Corp

Beta
1.45

Yield
0.09%

30d
Δ vs SPX
-14.18%

Total
α vs SPX
-23.77%

Notes

Investors made a stink when NVDA announced lower preliminaries only to release earnings that were exactly as they said things could be. Gaming and personal computer revenues were down, leading many to question whether the company has growth in its future. Spoiler alert: yes, it does. Server and datacenter revenues were up 61% YoY. The company also announced Digital Twin/Omniverse projects to the world, and every demo I see makes me more bullish. Own this stock and you own the data of our future.

TSLA

Tesla Inc

Beta
2.03

Yield
0.00%

30d
Δ vs SPX
-3.32%

Total
α vs SPX
2.71%

Notes

Musk made news in early August for unloading nearly $7b of Tesla stock, but that had little or nothing to do with the company. Tesla beat EPS estimates by nearly 26%, the Gigafactories in Berlin reached output of 1000 cars/week, Supercharger rollout for non-Teslas is going well, and the company's energy business grew 25%. Others want to be the "next" Tesla but that's an all but impossible proposition, given the diversity and strength of Tesla's portfolio of businesses. Continue nibbling in if you're light, especially following the 3-1 split. See this month's write up.

PORTFOLIO REVIEW (SEPTEMBER 2022)

RKLB

Rocket Lab USA, Inc

Beta	Yield	30d Δ vs SPX	Total α vs SPX
1.35	0.00%	20.25%	-43.54%

Notes

Rocket Lab announced that they had quintupled (5x'd) earnings from a year ago, and a slew of investment firms consolidated their target price to $15 - which is roughly in line with my own projections. The company's satellite/ component building business is also taking off, helping boost margins for a competitive market. If you don't yet have a position, consider adding here because once the Fed calms down and firms can lever up, I think prices will quickly climb. NASA's overbudget and slow Artemis program reinforces the notion of private space companies and investing in space, even if we're early to the game so far.

Cash Alternatives (0.5%)

BTC/ETH

Bitcoin/Ethereum

Beta	Yield
N/A	N/A

Notes

Bitcoin continues to fight for its life, or at least $20,000. Much to the chagrin of crypto supporters everywhere, Bitcoin has not done a single thing it was designed to do. It hasn't been an inflation hedge. It's proven to be very correlated to Nasdaq stocks and there is no cash flow because usability remains comparatively hard to come by.

Ethereum continues to be the better bet. I would be reluctant to add to Bitcoin but can make the case that Ethereum continues to attract assets as a home to digital money, payments and native applications.

Keep positions to a max of 0.5% of your total portfolio. Do NOT invest more than you can afford to lose entirely just in case the whole shebang blows up.

Hedges (as needed)

	YTD performance
SH ProShares Short S&P500 ETF	16.10%
RYURX Rydex Inverse S&P 500® Strategy Fund	14.76%
PSQ ProShares Short QQQ ETF	24.81%
DOG ProShares Short Dow30	12.05%

Notes

The Fed will remain hawkish for the foreseeable future which means two things: 1) volatility will be our traveling companion and 2) that the need to maintain hedges is super important. Studies show between 2-5% can help dampen overall portfolio volatility. Feel free to adjust that higher or lower to reflect your personal risk tolerance, objectives and situation. Read *Your 5 Minute Guide to Hedging*, which was included in the June '22 issue for more.

OBA Fund Folio™

No changes to the Fund Folio this month

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)	32%
Pfizer Inc. (PFE)	4%
Altria Group Inc. (MO)	4%

Zingers	
BlackRock Science and Technology Fund (BSTZ)	10%

One Bar Ahead™ Model Portfolio

PORTFOLIO DETAILS										
As of 08/30/2022	STOCK	REC DATE	ENTRY $	CURRENT	BETA	YIELD	Profit/Loss	STOP	12-24mo Target	Last Instruction
FOUNDATION Stones	AAPL	1/8/21	$ 132.05	$ 157.22	1.07	0.57%	19.1%	$ 136.51	$ 200.00	Buy/Accumulate
	JPM	3/7/22	$ 135.98	$ 113.72	1.18	3.50%	-16.4%	$ 106.97	$ 200.00	Buy/Accumulate
	MSFT	3/7/22	$ 284.20	$ 261.47	0.93	0.94%	-8.0%	$ 236.56	$ 400.00	Buy/Accumulate
	RCS	10/1/21	$ 6.99	$ 5.43	0.81	11.13%	-22.3%	none	$ 8.25	Hold
Global Growth	AMD	8/4/22	$ 97.53	$ 84.78	1.38	0.00%	-13.1%	As Desired	$ 132.65	Buy/Accumulate
	COST	8/6/21	$ 439.63	$ 522.10	0.66	0.66%	18.8%	As Desired	$ 634.38	Buy/Accumulate
	CTRE	6/6/22	$ 18.01	$ 21.54	1.43	5.01%	19.6%	$ 16.56	$ 25.00	Buy/Accumulate
	CVX	9/3/21	$ 97.06	$ 158.06	1.07	3.48%	62.8%	$ 135.85	$ 219.00	Buy/Accumulate
	GILD	3/7/22	$ 59.45	$ 63.47	0.26	4.68%	6.8%	$ 49.75	$ 70.00	Buy/Accumulate
	GIS	7/5/22	$ 75.15	$ 76.80	0.23	2.77%	2.2%	$ 62.68	$ 74.00	Re-Enter/Accumulate
	GOOG	7/8/22	$ 116.52	$ 109.15	0.96	0.00%	-6.3%	$ 92.16	$ 125.45	Buy/Accumulate
	INTC	4/4/22	$ 47.54	$ 31.92	0.90	4.43%	-32.9%	$ 36.90	$ 75.00	Buy/Accumulate
	LMT	11/5/21	$ 341.78	$ 420.24	0.81	2.59%	23.0%	$ 351.89	$ 502.02	Buy/Accumulate
	PFE	3/4/22	$ 47.98	$ 45.22	0.59	3.46%	-5.8%	$ 41.38	$ 70.00	Buy/Accumulate
	PLTR	1/8/21	$ 25.20	$ 7.73	1.91	0%	-69.3%	none	$ 50.00	Buy/Accumulate
	RTX	6/13/22	$ 91.95	$ 89.74	1.36	2%	-2.4%	$ 82.80	$ 110.00	Buy/Accumulate
	TSN	5/2/22	$ 95.00	$ 75.38	0.67	2.30%	-20.7%	$ 69.68	$ 109.81	Buy/Accumulate
Zingers	CRWD	1/6/22	$ 187.49	$ 182.61	0.75	0%	-2.6%	As Desired	$ 295.00	Buy/Accumulate
	NVDA	3/7/22	$ 214.27	$ 150.94	1.45	0%	-29.6%	As Desired	$ 300.00	Buy/Accumulate
	TSLA	7/25/22	$ 268.33	$ 275.61	2.02	0%	2.7%	As Desired	$ 336.86	Buy/Accumulate
	RKLB	12/3/21	$ 12.61	$ 5.50	1.37	0%	-56.4%	none	$ 18.00	Buy/Accumulate

	TICKER	NAME	YIELD	YTD Return	Last Instruction
Hedges	SH	ProShares Short S&P500 ETF	0%	16.10%	Add as needed
	RYURX	Rydex Inverse S&P 500® Strategy Fund	0.50%	14.76%	Add as needed
	PSQ	ProShares Short QQQ ETF	0%	24.81%	Add as needed
	DOG	ProShares Short Dow30	0%	12.05%	Add as needed

"Vegas Money" Portfolio

NIO will report earnings next week and I think there will be some surprises. The company continues to operate using Toyota's playbook from the 1970s. Notably, Nio will be opening the company's first overseas production plant which will make batter swap stations for use in China and Europe. XPEV recently posted Q2 results and a narrower than expected loss per share. This is what happens when a company grows quietly and why we want to own it now. The transition to profitability will bring a lot of money running and we want to be ahead of that. Make sure you have at least a few shares in your back pocket, at least if you have an interest in owning tomorrow's blue-chips today.

NIO
NIO Inc

XPEV
Xpeng Inc

PORTFOLIO REVIEW (SEPTEMBER 2022)

OBA 50

As of August 31st, 2022

Ticker	Name	Ticker	Name	Ticker	Name
AAPL	Apple Inc	GD	General Dynamics Co	NVDA	Nvidia Corp
ABT	Abbott Laboratories	GILD	Gilead Sciences Inc	PFE	Pfizer Inc
ADBE	Adobe Inc	GIS	General Mills Inc	PLTR	Palantir Technologies Inc
AMAT	Applied Materials Inc	GOOGL	Alphabet Inc	PYPL	PayPal Holdings Inc
AMD	Advanced Micro Devices In	HCA	HCA Healthcare Inc	QCOM	Qualcomm Inc
AMZN	Amazon Com Inc	INTC	Intel Corp	REGN	Regeneron Pharma Inc
CAT	Caterpillar Inc	JNJ	Johnson & Johnson	RTX	Raytheon Technologies Inc
COST	Costco Wholesale Corp	JPM	JPMorgan Chase & Co	TGT	Target Corp
CRWD	CrowdStrike Holdings Inc	LMT	Lockheed Martin Corp	TMUS	T-Mobile US Inc
CTRE	Caretrust REIT	LNG	Cheniere Energy Inc	TSN	Tyson Foods Inc
CVS	CVS Health Corp	LOW	Lowes Companies Inc	TSLA	Tesla Inc
CVX	Chevron Corporation	LRCX	Lam Research Corp	TWLO	Twilio Inc
DE	Deere & Co	MCD	McDonald's Corp	V	Visa Inc
DVN	Devon Energy Corp	MRNA	Moderna Inc	WM	Waste Management Inc
F	Ford Motor Company	MSFT	Microsoft Corp	WMT	Walmart Inc
FANG	Diamondback Energy Inc	NET	Cloudflare Inc	ZTS	Zoetis Inc
FTNT	Fortinet Inc	NOW	ServiceNow Inc		

Chapter 5

MASTER MARKET INDICATOR™

Improve results, reduce risk, find opportunity, gain confidence!

SIMPLE, UNDERSTANDABLE, ACTIONABLE

I've spent 40 years in global markets and if there's one thing I've learned in all that time it's that simplicity counts when it comes to making money. Knowing how to find great stocks, manage risk and which strategies matter is important but knowing *when* conditions favour buying or selling is critical if you want to be in the winner's circle more often.

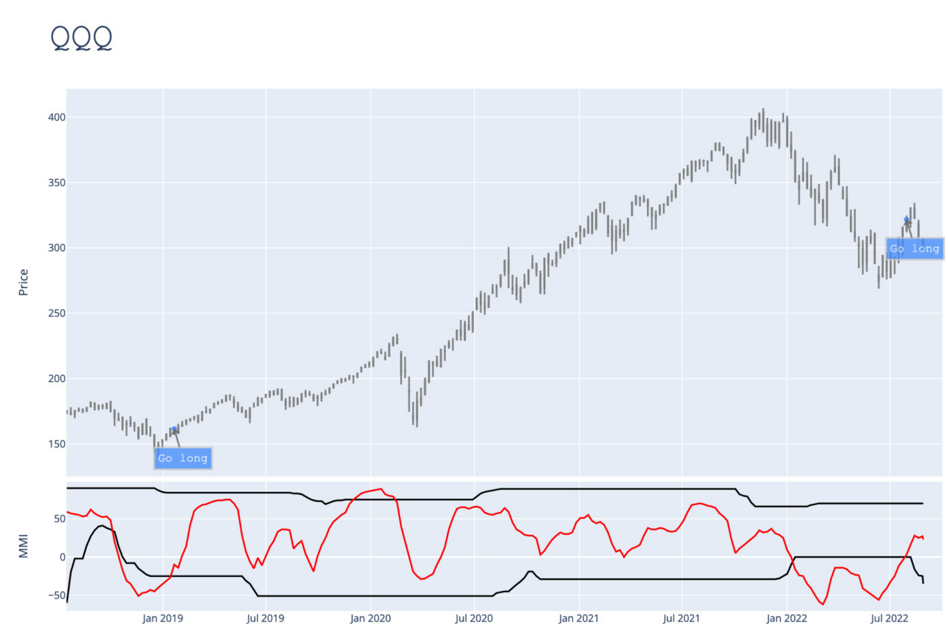
I created the Master Market Indicator™ (MMI) to help me do just that and I include it in each issue so that you can have a visual reference for each recommendation in the One Bar Ahead™ Model Portfolio. I've also included SPX and QQQ so you can better gauge broader market activity as part of the investment process.

Reading the MMI is easy and straight forward.

Lower readings suggest stocks that are positioned for maximum upside when the risk/reward ratio is highest. This is the time to add to positions, sell cash-secured puts or even rebalance into core positions you don't yet own. If you're a new subscriber, it helps answer the question of which stocks to buy first. If you're adding new money, the MMI can help you make that choice too.

Higher readings are typically associated with stocks that are at risk of flattening out, slowing or otherwise breaking down. This is the time to consider taking profits, raising trailing stops, selling covered calls to lock in an exit or even rebalancing into positions with lower MMI readings.

KF



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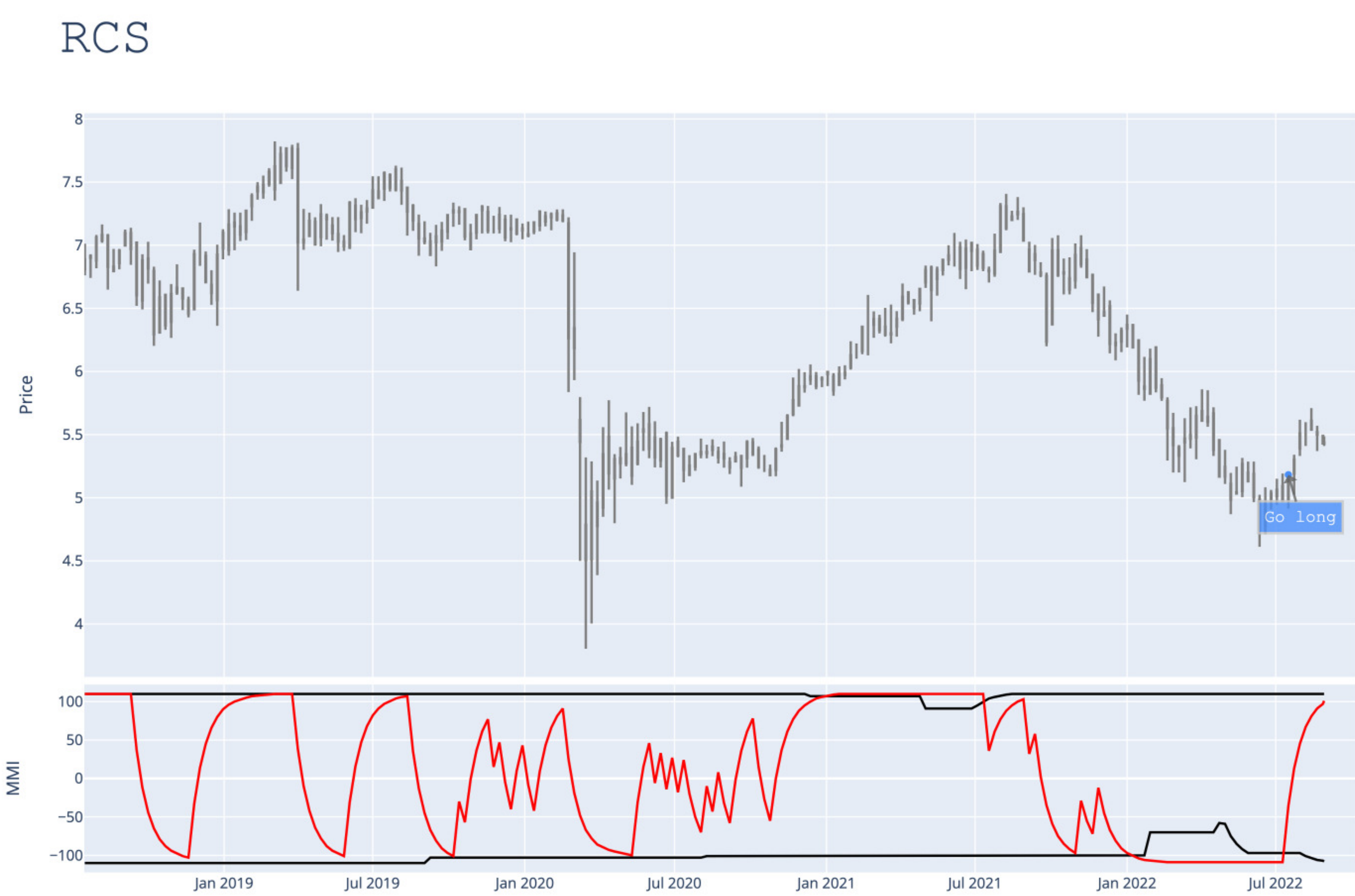


SIMPLE, UNDERSTANDABLE, ACTIONABLE

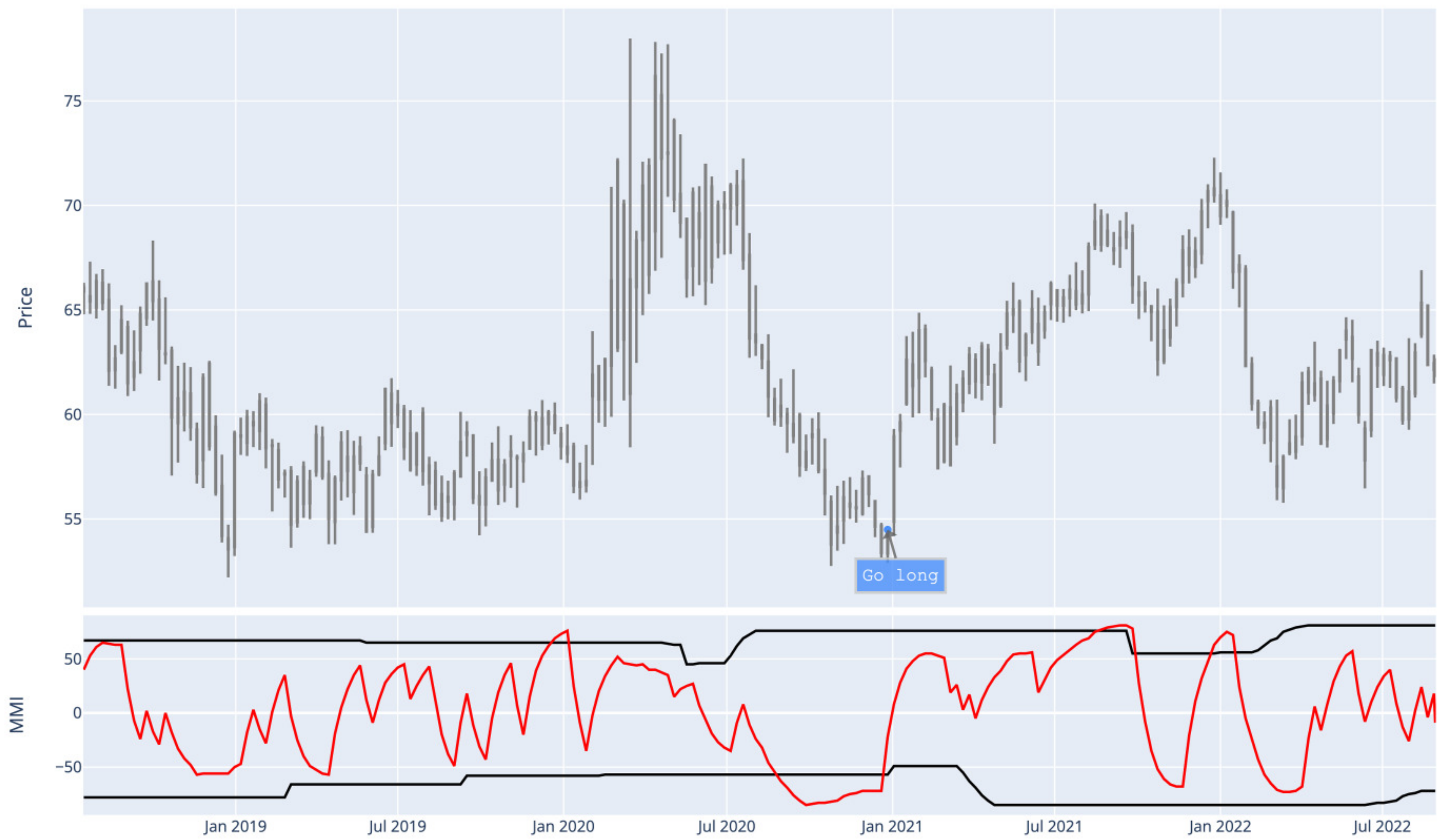
SIMPLE, UNDERSTANDABLE, ACTIONABLE

CTRE

CVX

SIMPLE, UNDERSTANDABLE, ACTIONABLE

GILD



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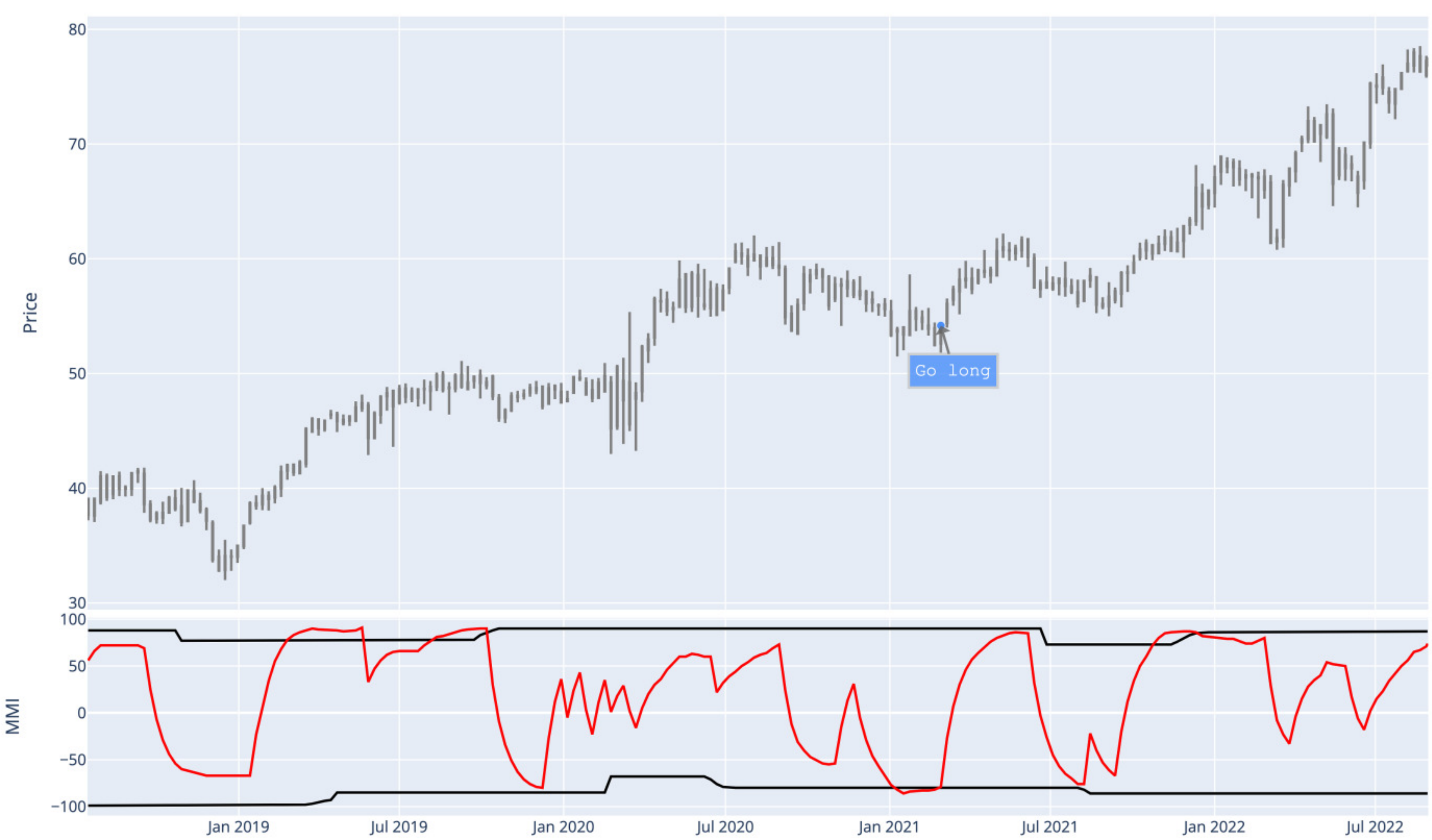

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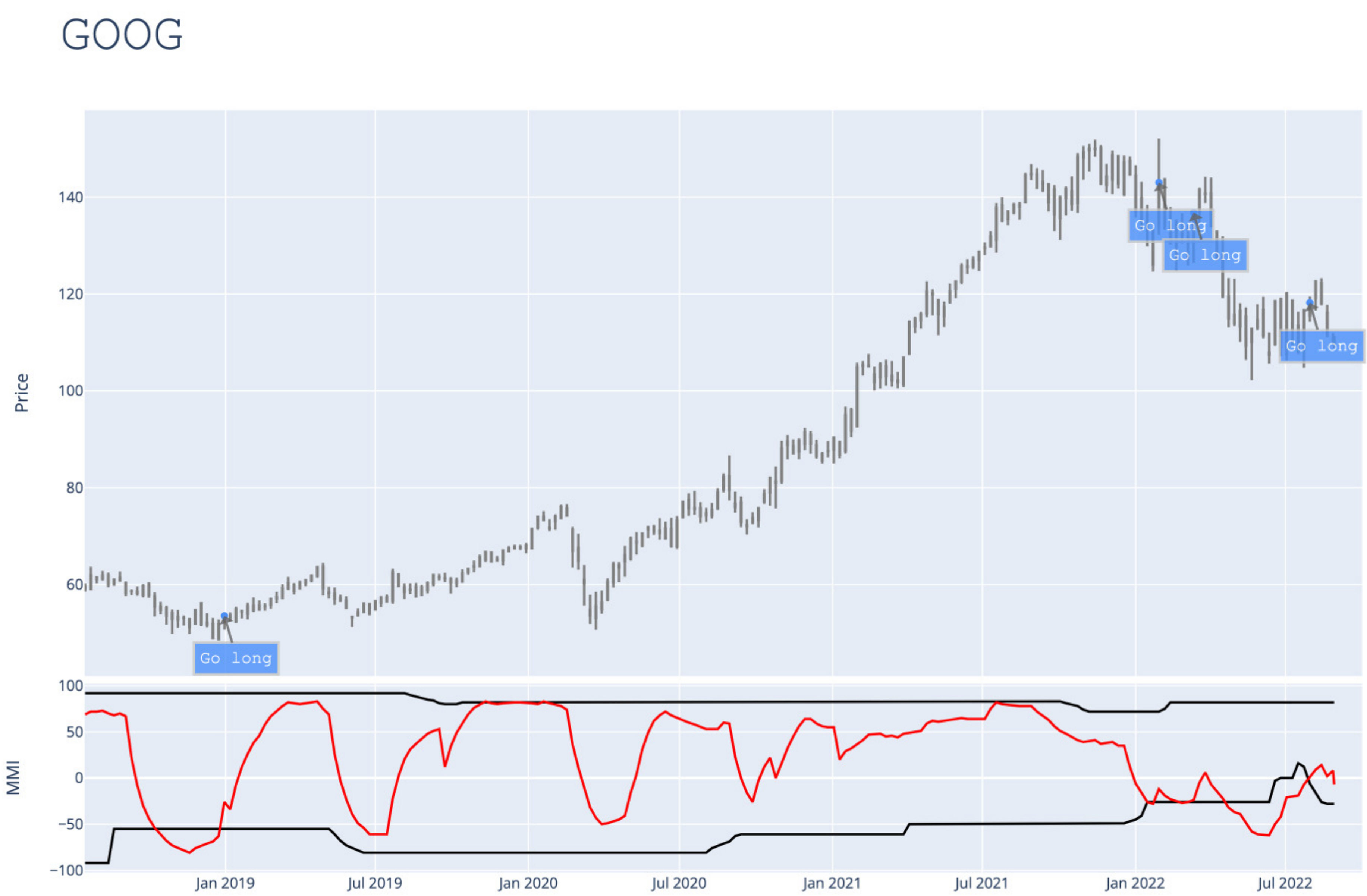

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SIMPLE, UNDERSTANDABLE, ACTIONABLE

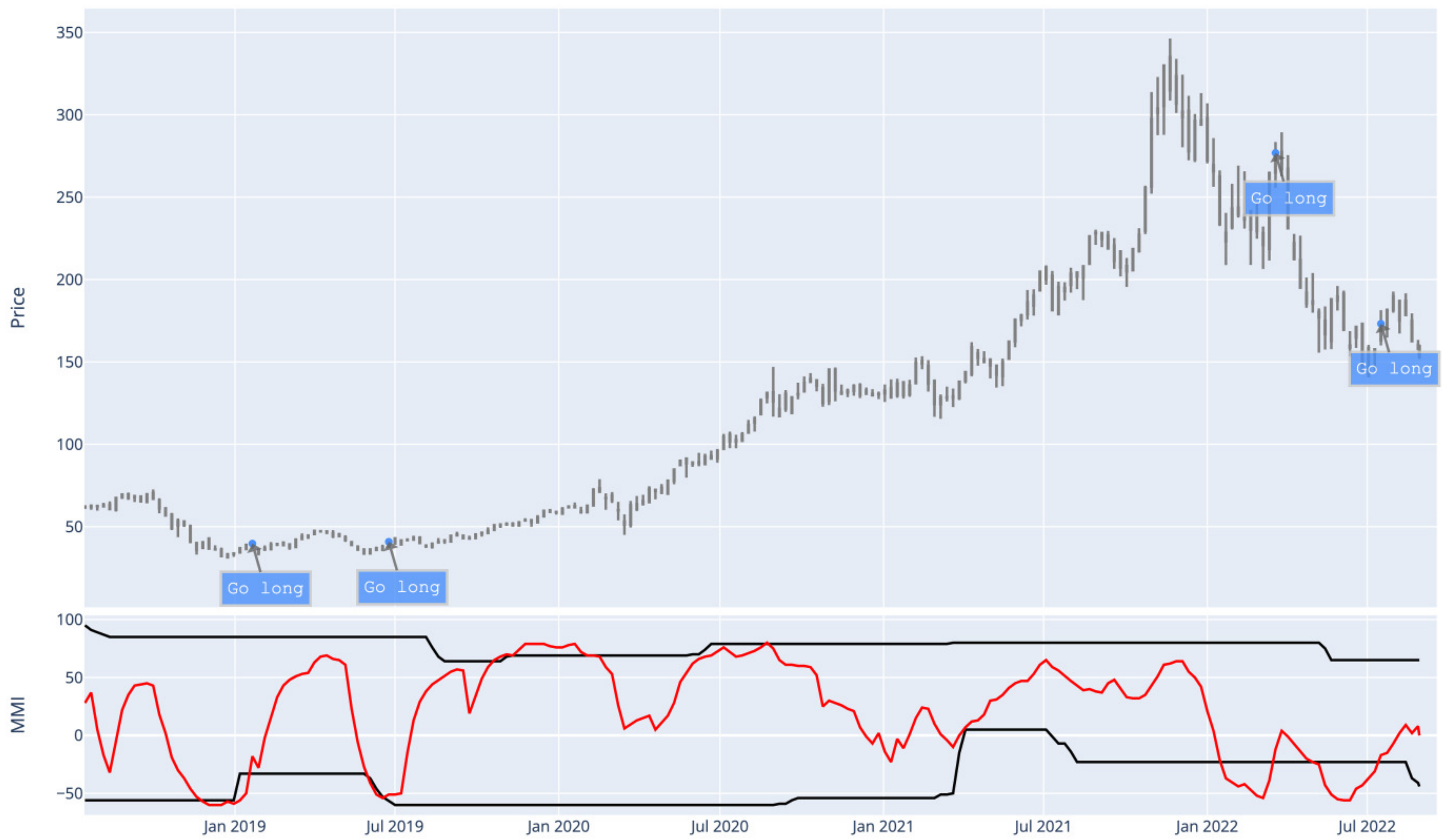
PLTR

RTX

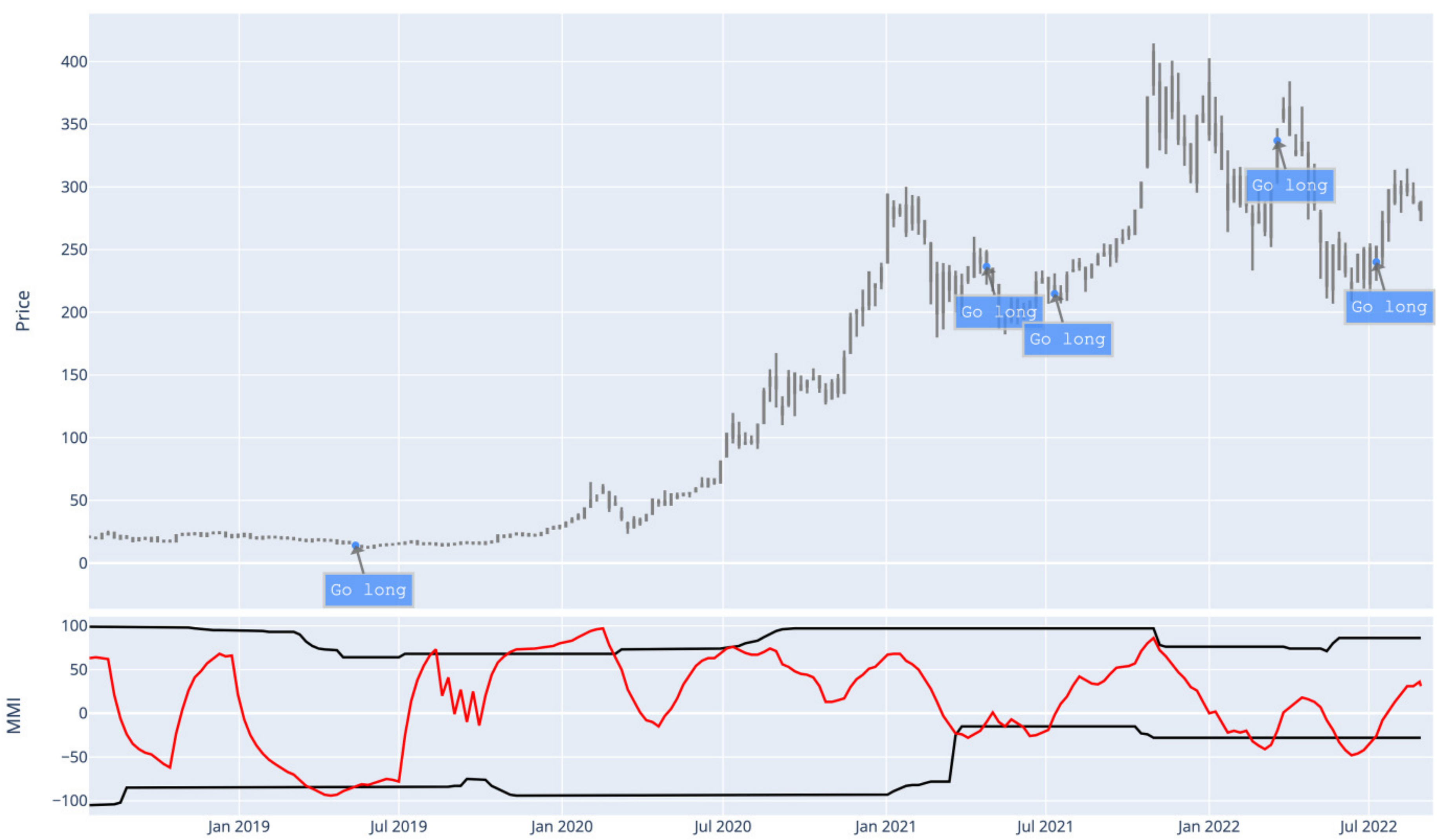
SIMPLE, UNDERSTANDABLE, ACTIONABLE

SIMPLE, UNDERSTANDABLE, ACTIONABLE

NVDA



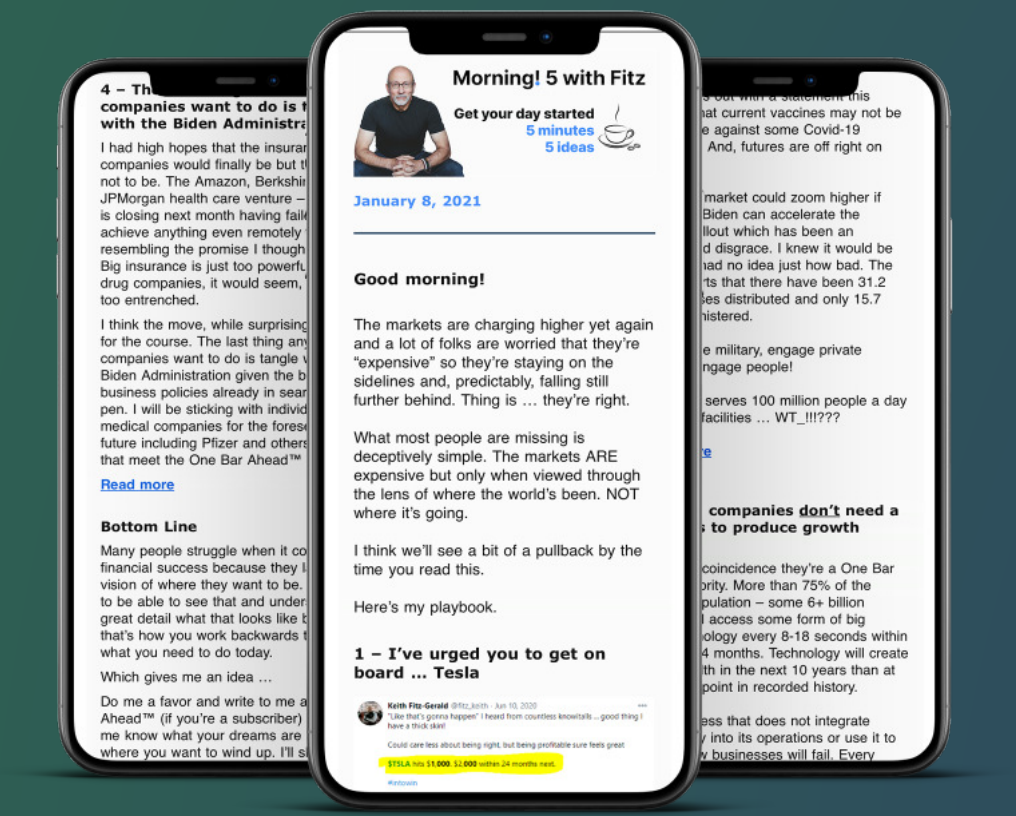
TSLA



SIMPLE, UNDERSTANDABLE, ACTIONABLE

Thank You for Reading One Bar Ahead™!

The quest for consistent safety-first, big picture 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.



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