02/12/2026

Weekly Webinar

INTRODUCTION – FOCUS ON FUNDAMENTAL ANALYSIS

An analyst for several decades

Senior Analyst - Value Notes

CFO - CPA firm, business consulting

Analyst - Motley Fool and Seeking Alpha

CFO - L Capital, family office, project analysis and capital allocation

At Fountainhead, we believe that investing in businesses, whether it's a massive Google or a startup with $200Mn in revenues. Every business must be valued based on their fundamentals, irrespective of their daily price movements over which we have little control. But we do have analytical ability to analyze and value businesses and base our decisions on how well they perform. If you've been familiar with my work in the past year and a half, I really like to go for businesses which are market leaders, and have strong, competitive advantages, very strong balance sheets, and great margins which allows them to price their products or services way higher than the competition. To me the biggest incentive to invest in a company is its "moat" or significant competitive advantages. The term "moat" was coined by the great Warren Buffett signifying an unbreachable competitive advantage, like a deep moat surrounding a castle to keep out intruders. The hugely successful Peter Lynch, also placed a tremendous emphasis on investing only in great businesses and not worrying about the market.

Four examples of companies with great moats are Nvidia with its high-powered GPUs, Google with search, Taiwan Semiconductor with its manufacturing operations, and ASML with its EUV lithography machines, without which you cannot create a high-powered GPU.

THE JANUARY PAYROLL REPORT

02/11/2026

Nonfarm payrolls growth shocks to the upside in January; unemployment slips to 4.3%

U.S. nonfarm payrolls added 130K jobs in January, outstripping the +70K consensus and far higher than the +48K in December, which was revised from the initial +50K estimate, according to data released by the Bureau of Labor Statistics on Wednesday.

Meanwhile, the unemployment rate increased 4.3% vs. 4.4% consensus and 4.4% prior.

The agency also revised down its estimate for 2025 employment to +181K from its prior estimate of +584K. That brings the monthly average for 2025 to only +15K, evidence of the low hire labor market.

US Payrolls 2025 Avg Monthly Change Revised to +15k From +49k

US Annual Benchmark Revision Subtracts 862k Jobs; Est. -825k

US Jan. Two-Month Payroll Net Revision Subtracts 17,000

THE JANUARY PAYROLL REPORT

The labor force participation rate is another plus, that went up to 62.5% from 62.4%.

Average weekly hours is up to 34.3 for January. So, there's a number of positive surprises here.

Monthly average payroll gains of 15,000 are abysmal compared with previous years.

Traders are also pushing out their expectations for the next Federal Reserve rate cut. They now are fully pricing in a 25-basis-point move by July compared to June, previously.

So, the benchmark revisions took out 862,000 jobs -- or 898,000 after seasonal adjustment -- which isn't as bad as expected but that's still not the direction you want to be going in at all. Again, that's fewer new consumers to propel spending. And it speaks to the angst apparent in consumer confidence figures about the state of the job market.

Once again, health-care employment is a stand out, adding 82,000 jobs. Construction added 33,000.Over the past year, demand for healthcare workers has quietly propped up the labor market as other sectors reined in hiring or even shed jobs. On Wednesday, the full power of healthcare's role burst into full view, and marked a clear shift in a labor market now geared toward the hard, often physical, work of caring for America's aging population.

Healthcare is "way outperforming most of the rest of the economy," said Laura Ullrich, director of economic research at jobs website Indeed.

THE JANUARY PAYROLL REPORT

What to make of payrolls and what does it bode for the markets.

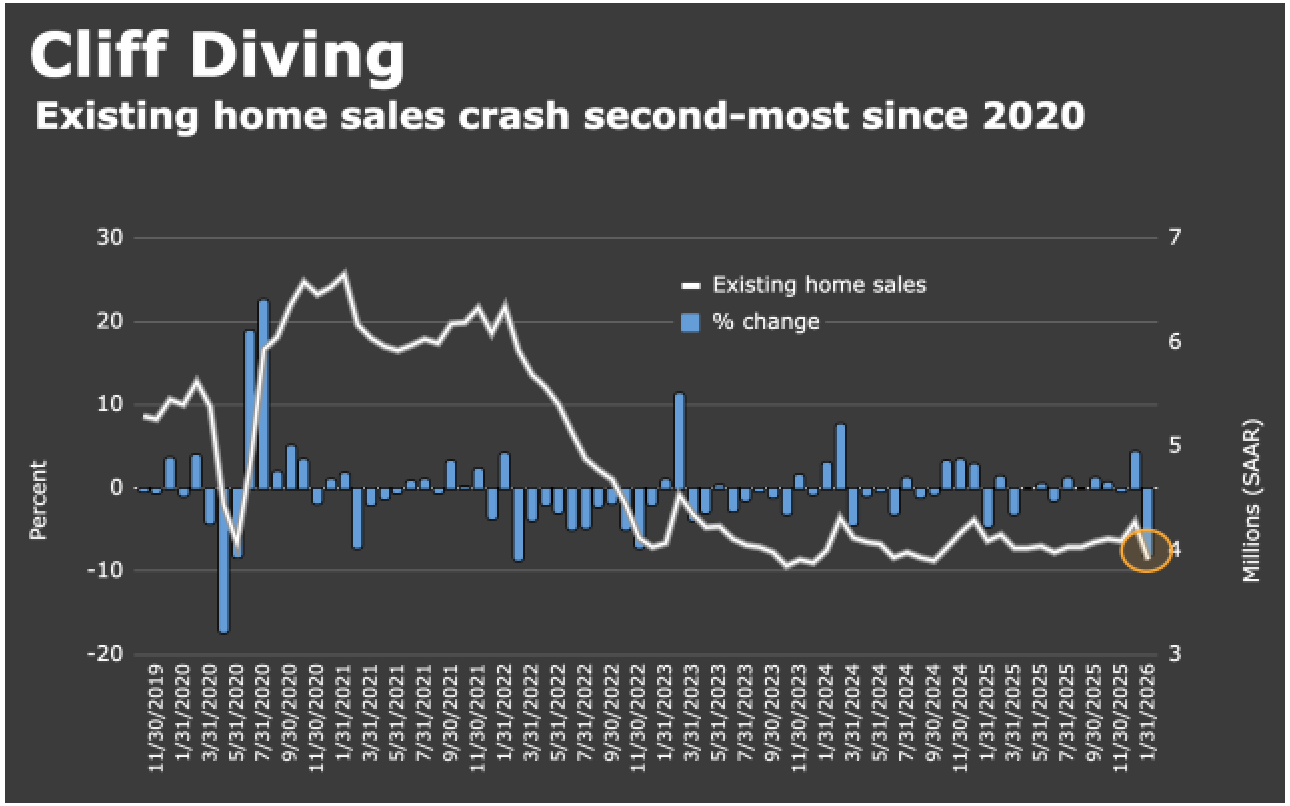
1) I'm a little surprised by the difference with ADP and Challenger, because last week the two private sourced reports painted a weaker picture of the economy.
2) The revisions were expected and they paint a very difficult picture for the market; a loss of 862,000 jobs reduces 2025 net monthly gain to just 15,000 jobs a month. That is a big problem for a consumption economy.
3) Treasuries remained range-bound not surprisingly because there wasn't enough incentive to cut rates given the surprising gain in net jobs in January.

Overall, I'm slightly pessimistic because the layoffs picture and weak private hiring and revisions don't give me much confidence.

The stock market can't keep propping up the economy.

HOUSING GETS WORSE

Existing homes closings dropped 8.5% against 3.5% expected – much worse than estimated.



HOUSING GETS WORSE

Note that this is the first time the annual pace of existing home sales slipped below four million since June, and only the second time since September of 2024.

Sellers outnumber buyers by 47%

Mortgage rates are 1% below the high

Buyers are securing the largest discounts versus list in over a dozen years.

In other words: This is a good time to buy. But people still can’t afford it.

“Affordability conditions are improving… due to wage gains outpacing home price growth and mortgage rates being lower than a year ago, [but] supply has not kept pace and remains quite low,”

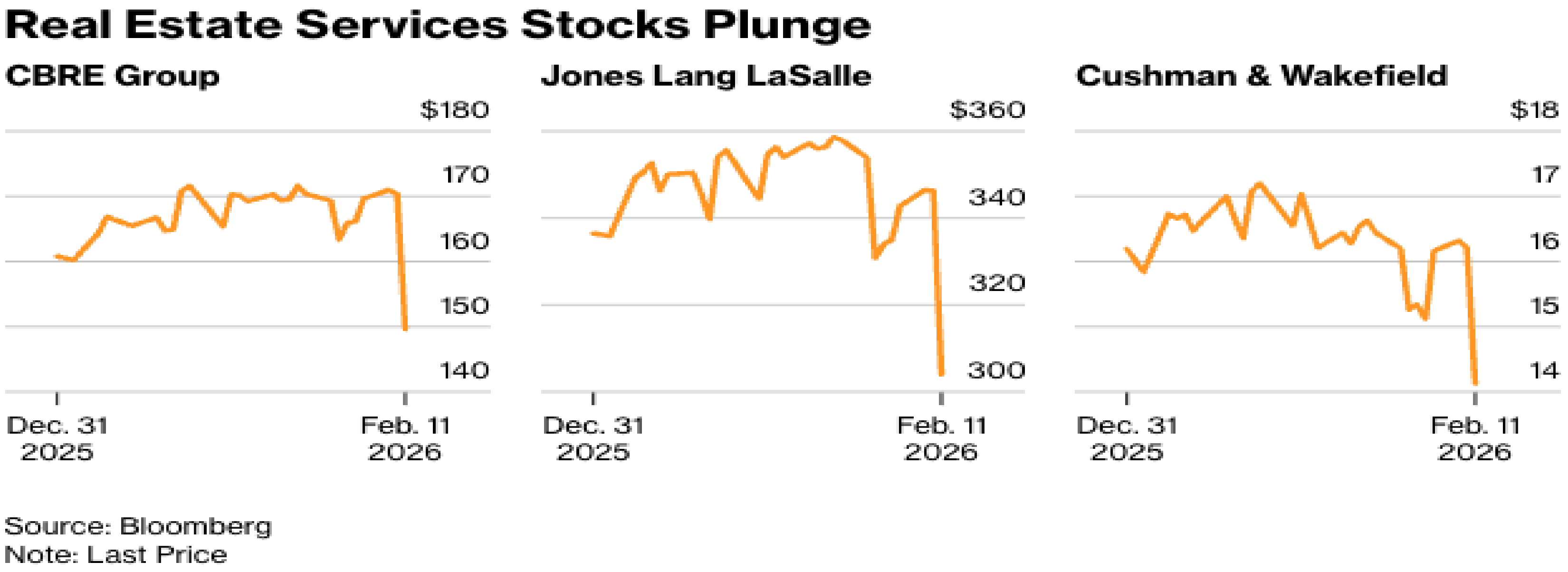
HOUSING GETS WORSE

The median existing home price in January was $396,800, the lowest since February of 2025 but up slightly versus the same period a year ago. It was the 31st consecutive YoY gain. Still too high for most Americans.

THE FEAR OF AI TAKING OVER WHITE-COLLAR JOBS IS REAL

Bloomberg: 02/11/2026

Real Estate Services Stocks Sink in Latest ‘AI Scare Trade’



THE FEAR OF AI TAKING OVER WHITE-COLLAR JOBS IS REAL

- Real estate services stocks sank on Wednesday as investors assessed the companies' vulnerability to the newest crop of artificial intelligence applications and tools that threatens to disrupt several industries.
- Shares of CBRE Group Inc. and Jones Lang LaSalle Inc. plunged 12%, and Cushman & Wakefield Ltd. dropped 14%. For CBRE and Cushman & Wakefield, the moves marked the biggest drop since 2020 in the midst of the Covid-driven market selloff.
- "We believe investors are rotating out of high-fee, labor-intensive business models viewed as potentially vulnerable to AI-driven disruption," Keefe, Bruyette & Woods analyst Jade Rahmani wrote in a note to clients Wednesday.
- Still, the analyst also notes that the selloff "may overstate the immediate risk to complex deal-making, even as the long-term AI impact remains a 'wait-and-see'."

STOCKS

In this weakish stock market, I still like 4 stocks, Nebius (NBIS), Vertiv (VRT) Credo (CRDO) and Bloom Energy (BE).

Nebius delivered strong financial results this morning. Nebius (NBIS) I added more at $86 – Now it's 5% of the portfolio.

ARR (Annual Recurring Revenue) as of year-end was $1.25 billion, ahead of our most recent guidance of $900 million to $1.1 billion. That is a 25% beat at mid-point.

During 2025 we significantly diversified our AI cloud customer portfolio by adding several large startup and enterprise logos.

Group Adjusted EBITDA turned positive in Q4, reflecting operating leverage from scale and cost discipline through- out the year. This is a big plus.

Rapid expansion of our infrastructure footprint.

We deployed five new locations globally and have secured another nine, thanks to outstanding execution by our infra- structure team. Nebius has tremendous experience world-wide in data center ramping up and execution with a strong team of over 1,200 people and two-three decades of experience

STOCKS NEBIUS

Capacity delivery ahead of plan

We ended the year with ~170 MW of active power, vs our target of 100 MW. That's another huge beat.

We are on track to end the year with ARR of $7Bn to $9Bn.

We have already secured more than 2 GW of contracted power, putting us well ahead of the target we set in November of more than 2.5 GW by the end of 2026.

As a result, we now expect to have more than 3 GW of contracted power by year-end. Power has been the biggest constraint for data center build-outs, and these guys are doing a great job beating deadlines.

We also remain well on track to reach 800 MW to 1 GW of connected power by the end of 2026.

We delivered the first tranche of capacity to Microsoft on time in November 2025 and are well on track to deliver the remaining capacity on schedule. (For context, they have a $17-$19Bn contract with Microsoft over 5 years)

We delivered both contracted tranches to Meta on time and are now fully in the servicing stage. ($3Bn contract with Meta, also on schedule.

Demand from enterprises and AI native customers continues to outpace supply, allowing us to sell future capacity well in advance.

Nebius’ focus on non hyperscaler clients is very strong and they're going to expand that significantly in the next two years.

STOCKS NEBIUS

This is a full stack AI cloud service – In the long run, it can get as valuable as Amazon Web Services, Google Cloud, and Azure. I believe the model to serve enterprises will change completely and Nebius will be a lot more than a bare metal provider for compute. It has a lot more complexity and has layers of valued added services.

From the transcript: Even before we bring capacity online, it's often sold out. As a result, the average contract duration of new cloud customers grew by 50% and the prices of GPUs didn't fall even on previous generations of GPUs as the industry may have expected. Their demand quickly grows from hundreds of GPUs to tens of thousands. Startups clients like Cuckoo, Cursor, Rodo, Higgsfield, Photoroom, Genesis Molecula, have become real businesses with real revenues. And on the other hand, there is enterprise clients who involve more -- who actually

switching most of their everyday business process to AI and generate new profits through that AI implementations.

We see the growing number of such customers, growing contracts from each of such a customer, the number of GPUs is growing, the duration of the contracts is growing.

The recent acquisition of Tavily, adds generic agentic search capabilities to customers and also brings almost 700,000 developers to our ecosystem.

Pricing is strong. We are seeing more and more customers coming into the platform and committing larger and larger and longer contracts. Everything we build, we sell.

STOCKS NEBIUS

The pipeline creation trajectory in Q1 is on track to exceed $4 billion.

Average selling prices increased by 50%, including renewals for Hoppers which are the previous generation.Lastly, we're focusing on customers with premium workloads and use cases, which is resulting in superior terms, including increasing those who are willing to prepay for securing future capacity.

Self-developed, self-executed projects – from the ground up, much more efficient and economical.

At this stage, 100% of our AI cloud customers are utilizing our AI cloud software, obviously. So, we have a 100%

attach rate. We're very excited, by the way, about the new products that we've launched like Token Factory and the Aether releases, which have opened up TAM and give us an opportunity to expand into enterprise.

Capex $16Bn to $20Bn – This is the main challenge. How do they plan to raise capital?

Internal cash generation – Quarterly operating cash is north of $1Bn

Prepayments – Clients are willing to prepay to book capacity

Current cash on hand - $4Bn

Clickhouse stake valued at $15Bn – they have 28%.

They believe that they can manage 60% of Capex from operating cash flow.

STOCKS VERTIV

Vertiv (VRT) $236 -- I would buy Vertiv on declines – I sold some as part of the sell off last week, that was a mistake.

Orders accelerated sharply, with organic orders up about 252% from the prior year quarter. The book-to-bill ratio was approximately 2.9 times and backlog reached $15.0 billion, more than doubling from a year ago.

Vertiv (VRT) issued first quarter 2026 guidance calling for net sales between $2.50 billion and $2.70 billion and adjusted diluted EPS between $0.95 and $1.01.

For full year 2026, Vertiv (VRT) expects net sales of $13.25 billion to $13.75 billion, above the consensus estimate of $12.39 billion. Adjusted diluted EPS is projected at $5.97 to $6.07, ahead of the $5.33 estimate.

The company also forecast full year adjusted operating margin of 22.0% to 23.0% and adjusted free cash flow of $2.10 billion to $2.30 billion.

Management said the record backlog provides clear visibility into another year of significant growth as it expands production capacity and increases research and development investments to support customer demand.

STOCKS CREDO

Credo Tech (CRDO)

Credo expects to report third quarter fiscal year 2026 revenue in the range of $404 million to $408 million, above the high-end of Credo’s previously announced third quarter guidance range of $335 million and $345 million.

Looking towards the end of fiscal year 2026 and into fiscal 2027, Credo expects sequential revenue growth in the mid-single digits leading to more than 200% year-over-year growth in the current fiscal year.

Credo Technology remains a Buy, with business momentum accelerating on robust AI data center demand and a diversified five-pillar connectivity platform.

CRDO raised Q3 FY2026 revenue guidance, now projecting 200%+ Y/Y growth to $1.3B and FY2027 revenue near $2B, with net margins guided at 45%.

Recent fears over Nvidia’s ‘cableless’ design are misplaced; CRDO’s AECs remain essential for inter-rack connectivity, preserving its expanding TAM.

My valuation model suggests 38% upside over the next year, with risks from hyperscaler deployment volatility and potential multiple compression.

STOCKS BLOOM ENERGY

Bloom Energy (BE)

Bloom once again delivered revenue more than 20% above analysts' expectations, with Q4 revenue of $777.68 million beating the consensus estimate for $643.5 million by 20.5%. This represented 35.9% YoY growth, decelerating from 57.1% YoY growth in Q3; however, sequential growth was very strong at 49.8% QoQ, accelerating from 29.4% QoQ in Q3 – this is because Q4 is typically Bloom’s seasonally strongest quarter.

The most important piece of information from Bloom’s Q4 earnings report was the company announcing its total current backlog at $20 billion, including $6 billion in product backlog, up 2.5X, and $14 billion in service backlog, up 1.5X.

STOCKS BLOOM ENERGY (BE)

The backlog was driven by “half a dozen” hyperscale and neocloud customers compared to one customer a year ago.

Bloom says the product backlog is attributable to its existing contractual commitments for purchases by a financier or customer in the future, including expected product revenue and anticipated ITC/tax incentives.

Product backlog grew 140% year-over-year. Service backlog includes revenue for contracted operation and maintenance services for past and future product sales, in terms ranging from five to 20 years, meaning this backlog will take much longer to convert.

Bloom is capital-light with returns on incremental capacity realized within a few months. As a result, capacity additions are expected to occur continuously on a quarter-by-quarter basis rather than through infrequent step-changes.

THE CORRECTION OR RECOVERY FROM THE SELL OFF LAST WEEK

Maybe I was wrong in calling a correction, or too early but I just don't believe that we can get back into stocks unless there are some compelling values. After recovering on 02/06 - Friday, when crypto bounced back, there was some follow up buying on Monday.

But after that we've had three down days in a row, and leadership has collapsed. By that, I mean the $650Bn of Capex is going to weigh down Amazon, Microsoft, Meta and Alphabet, Tesla is a wild card, leaving only Apple and Nvidia to carry the M-7. So that math is simple, if 35% of the index has either topped out and remains stagnant the balance 65% has to work twice as hard to keep the index moving. And a decent chunk of the index is in two sectors that are stuck as well, enterprise software and housing.

We've seen sector rotation for the past 3 months and I believe it will continue.

M-7 Rotation

I don't mind having sold off the Capex guzzlers and when I reinvest cash, I will likely go for Apple.

Otherwise, the plan is to wait for declines and look for deep value

Bottom line: We'll make the bar much higher for entry.

ANTHROPIC'S VALUATION

02/12/2026 --- Anthropic (ANTHRO) confirmed on Thursday that it has closed its oft-speculated latest funding round, it raised more money than expected.

Everybody loves Dario

The maker of the Claude family of artificial intelligence models raised $30B in a Series G funding round at a $380B valuation.* The round was co-led by D. E. Shaw Ventures, Dragoneer, Founders Fund, ICONIQ, and MGX, Anthropic said in a statement.

It also includes several asset managers, hedge funds, and venture capital firms, as well as some of the previous money that came from Microsoft (MSFT) and Nvidia (NVDA). Anthropic said the money will be used for "the frontier research, product development, and infrastructure expansions that have made Anthropic the market leader in enterprise AI and coding." “Whether it is entrepreneurs, startups, or the world’s largest enterprises, the message from our customers is the same:

OVERALL STRATEGY

Claude is increasingly becoming more critical to how businesses work," said Krishna Rao, Anthropic's Chief Financial Officer. "This fundraising reflects the incredible demand we are seeing from these customers, and we will use this investment to continue building the enterprise-grade products and models they have come to depend on."

In addition, Anthropic said that the company's revenue run rate is now $14Bn and this figure has grown more than 10 times annually over the past three years. Anthropic's revenue run rate surpassed $9B at the end of 2025, according to previous reporting. Included in that is a surge in Claude Code, the company's agentic AI coding tool. Claude Code's revenue run rate is now more than $2.5B and has more than doubled since the start of the year, Anthropic added. Weekly active users for Claude Code have also doubled since Jan. 1, Anthropic explained. "Business subscriptions to Claude Code have quadrupled since the start of 2026, and enterprise use has grown to represent over half of all Claude Code revenue," Anthropic said. Anthropic, which competes with OpenAI (OPENAI) and xAI (X.AI), has also reportedly been working with advisors in advance of a potential initial public offering later this year.

OVERALL STRATEGY

Clearly, these are astounding numbers and at this rate it is very strongly possible, that the run rate could double by the end of the year to $28Bn.

How much should we pay it? What are our reasonable estimates?

This round is at $380/14 = 27x sales, and no profit visibilty till 2030

If at the end of the year the sales ARR doubles to $28, we're paying 13.5x sales.

We need to evaluate this very carefully.