01/08/2026

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.

ADP PAYROLLS

US Companies Added 41,000 Jobs in December, ADP Says

Hiring at US companies rose in December at a moderate pace, pointing to sluggish momentum heading into 2026.

Private-sector payrolls increased by 41,000, according to ADP Research data released Wednesday, after declining in November. The median estimate in a Bloomberg survey of economists called for a 50,000 gain.

The report adds to evidence of a gradually cooling, but not rapidly deteriorating, labor market. Hiring has been tepid recently and unemployment has risen, which is weighing on not only economists' forecasts heading into the new year, but also Americans' own views of their employment prospects.

Gains were led by education and health services as well as leisure and hospitality. Payrolls declined in professional services and manufacturing. Smaller businesses also resumed hiring after months of shedding workers.

"Small establishments recovered from November job losses with positive end-of-year hiring, even as large employers pulled back," Nela Richardson, chief economist at ADP.

ADP PAYROLLS

Wage Growth

The ADP report, published in collaboration with the Stanford Digital Economy Lab, showed wage growth accelerated for workers who changed jobs, after registering the smallest annual gain since 2021 in the prior month. They saw a 6.6% gain, while those who stayed put saw a 4.4% advance in December.

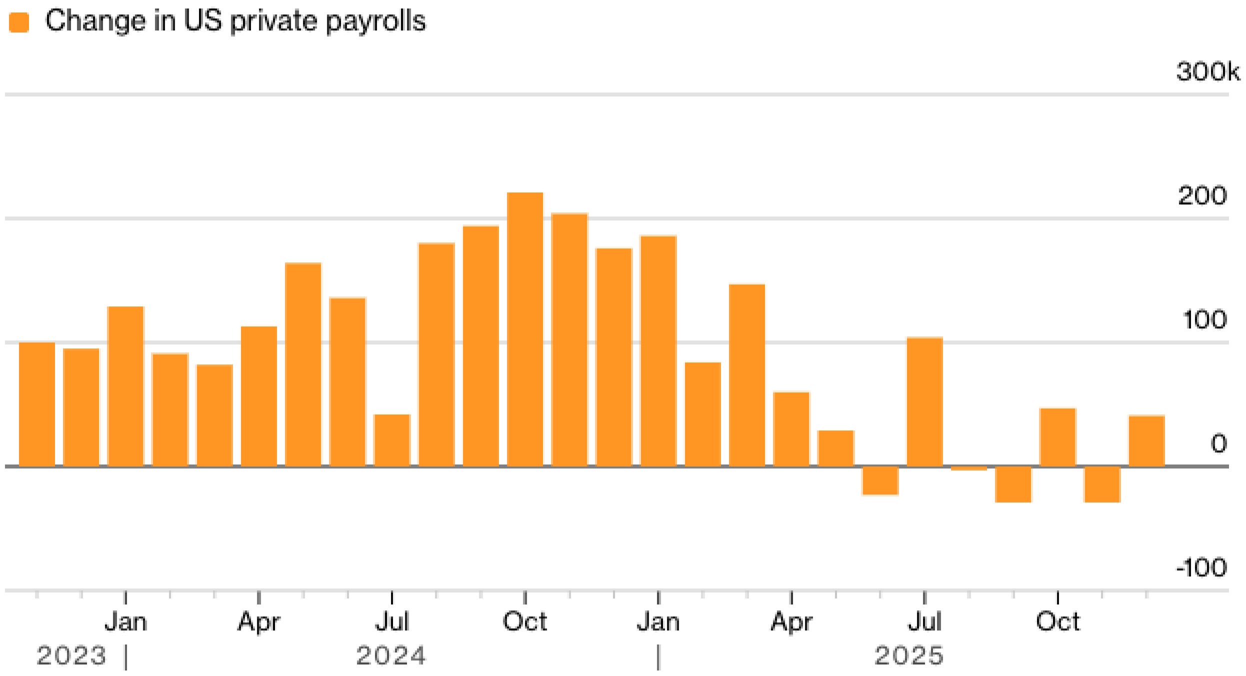
ADP bases its findings on payrolls covering more than 26 million US private-sector employees. In addition to the monthly reports, ADP also releases separate data on a weekly basis. Payrolls were positive in each of the last three readings.

Interest rates?? Key among those is the government’s monthly jobs report due Friday, which is expected to show mild hiring in December and a slight drop in the unemployment rate.

ADP PAYROLLS

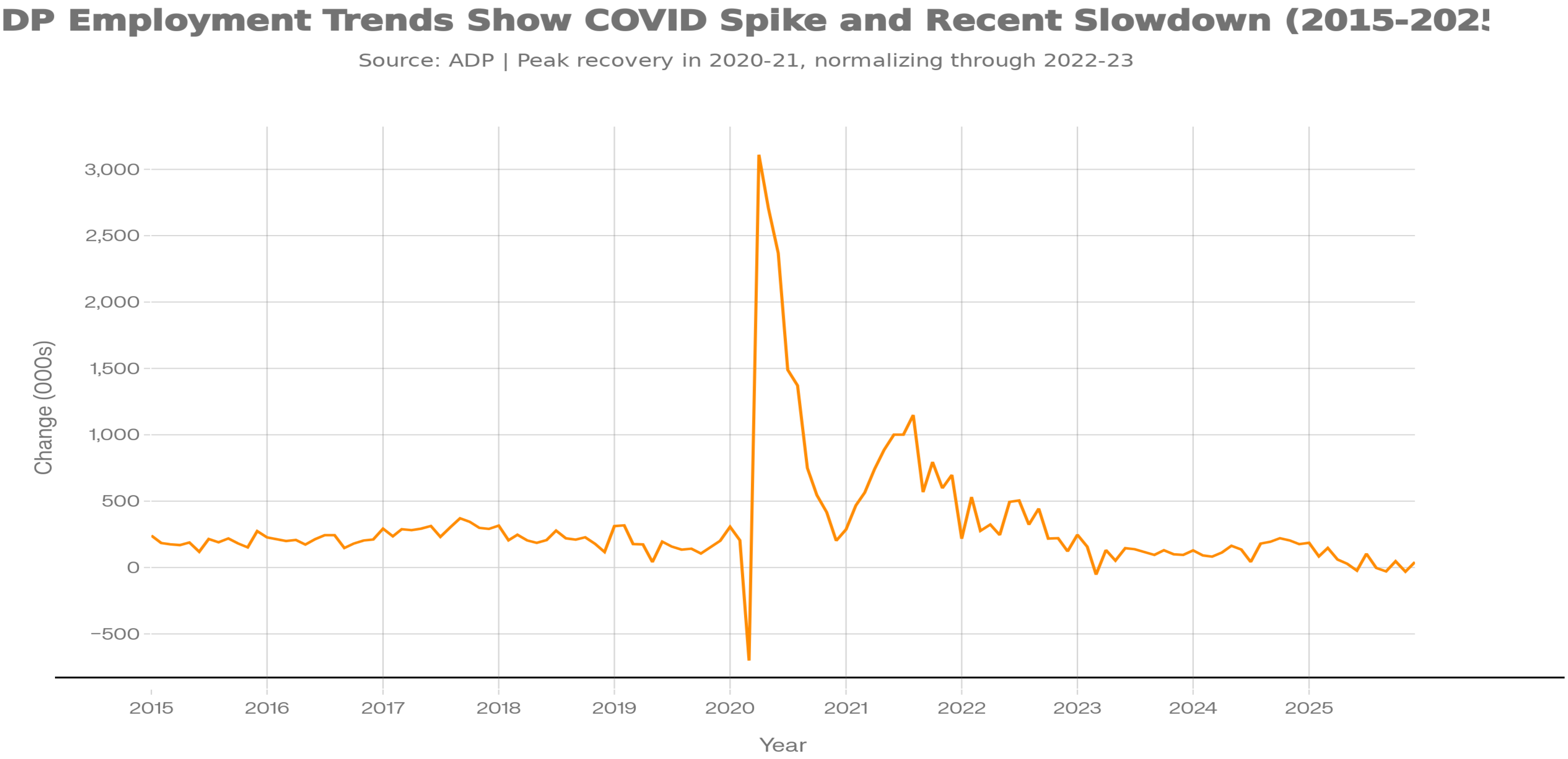
US Companies Add Payrolls at Moderate Rate

Payrolls rise 41,000, led by education, health services and hospitality



Source: ADP Research

ADP PAYROLLS



ADP PAYROLLS – HISTORICALLY WEAK

Metric	Value	Period
Highest Monthly Change	3,110.0	April 2020 (COVID recovery)
Lowest Monthly Change	(701.0)	March 2020 (COVID shock)
Pre-Pandemic Average (2015-2019)	192.0	Monthly average 2015-2019
Average Growth Rate 2015-2019	2,112.0	Annual average pre-pandemic
Peak Recovery Month	1,149.0	August 2021
2022 Normalization Year	326.8	Back to normalized levels
2023 Slowdown	113.2	Significant deceleration
2024 Slight Recovery	144.3	Minor improvement from 2023
2025 Year-to-Date	51.0	Continuing slowdown, negative months
Total Change 2015-2025	41,228.0	Cumulative employment gain

JOB OPENINGS AND LABOR TURNOVER – NOVEMBER 2025

BLS (Bureau of Labor Statistics)

A steady month without any changes.

The number of job openings was little changed at 7.1 million in November but was down by 885,000 over the year. The job openings rate, at 4.3 percent, changed little over the month.

The number and rate of hires were little changed at 5.1 million and 3.2 percent, respectively.

The number and rate of total separations were unchanged at 5.1 million and 3.2 percent, respectively.and total separations were unchanged at 5.1 million each.

In November, the number and rate of quits were little changed at 3.2 million and 2.0 percent, respectively.

The number of Americans filing new applications for unemployment benefits rose moderately last week, suggesting that layoffs were relatively low at the end of 2025, though demand for labor remained sluggish.

Initial claims for state unemployment benefits rose 8,000 to a seasonally adjusted 208,000 for the week ended December 27, the Labor Department said on Thursday. Economists polled by Reuters had forecast 210,000 claims for the latest week.

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CHALLENGER JOB CUTS

The JOB CUTS FALL TO LOWEST LEVEL IN 17 MONTHS;

HIGHEST DECEMBER HIRING SINCE 2022 YTD JOB CUTS

7th HIGHEST SINCE 1989 CHICAGO,

U.S.-based employers announced 35,553 job cuts in December, down 50% from the 71,321 job cuts announced in November. It is down 8% from the 38,792 job cuts announced in the same month last year, according to a report released Thursday from global outplacement and executive coaching firm Challenger, Gray & Christmas.

December's total is the lowest monthly total since 25,885 cuts were announced in July 2024. It is the lowest December total since 2023, when 34,817 cuts were announced. It is the fourth time this year job cuts were lower than the corresponding month one year earlier. "The year closed with the fewest announced layoff plans all year. While December is typically slow, this coupled with higher hiring plans, is a positive sign after a year of high job cutting plans," said Andy Challenger, workplace expert and chief revenue officer for Challenger, Gray & Christmas.

SERVICES SECTOR ISM DEC 2025

On the heels of a decent private sector hiring readout from ADP, ISM services printed 54.4 for December, up meaningfully from the prior month, ahead of estimates and the highest in over a year.

ISM’s Steve Miller called the results “encouraging.” “For the first time since February 2025, all four PMI subindexes are in expansion territory,” he remarked.

Although the panelist anecdotes were replete with references to input cost pressures and tariffs, the prices gauge slipped to 64.3, uncomfortably high to be sure, but a nine-month low and below estimates.

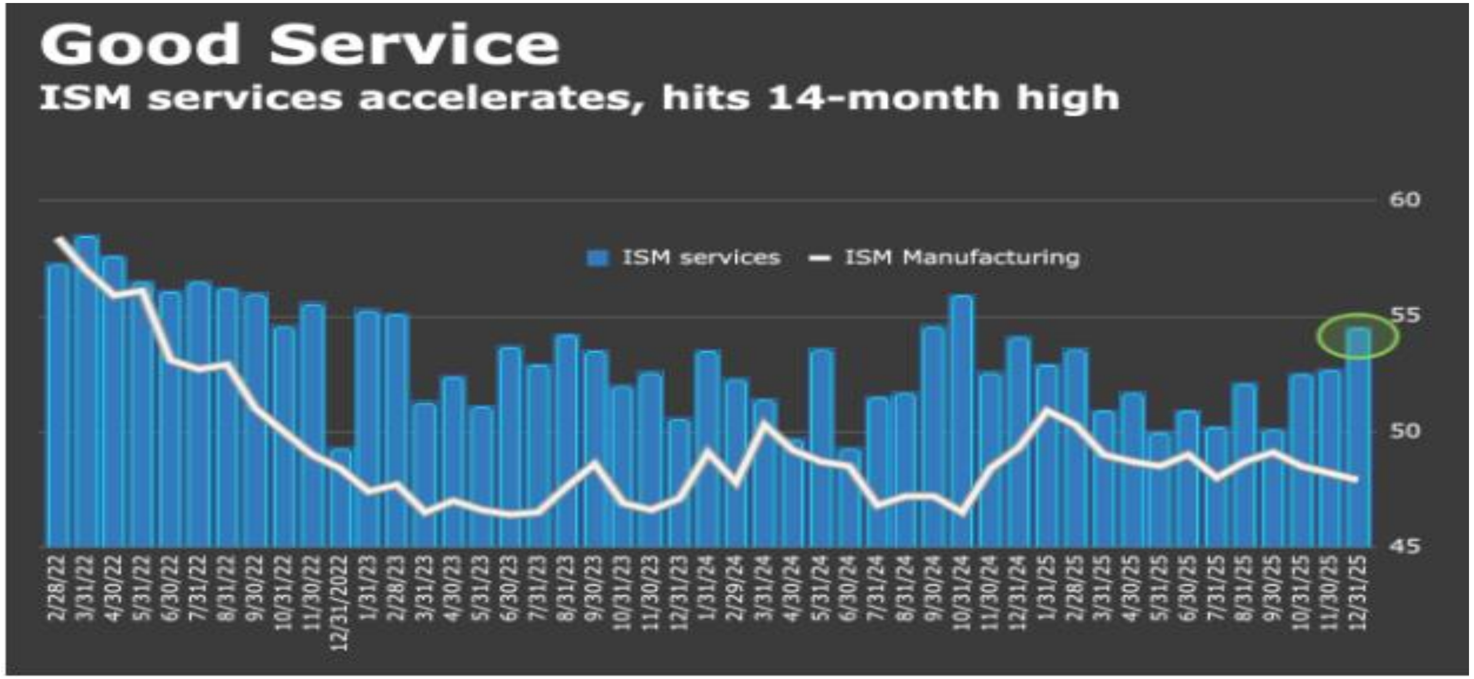
At the same time, the employment gauge rose more than three points from November to 52, the first expansion-territory print since May and the best overall result on that measure in 10 months. Taken together, the prices/employment combo counts as the least stagflationary in quite a long time.

Notably, new orders moved up very sharply, rising five full points to 57.9 (the highest

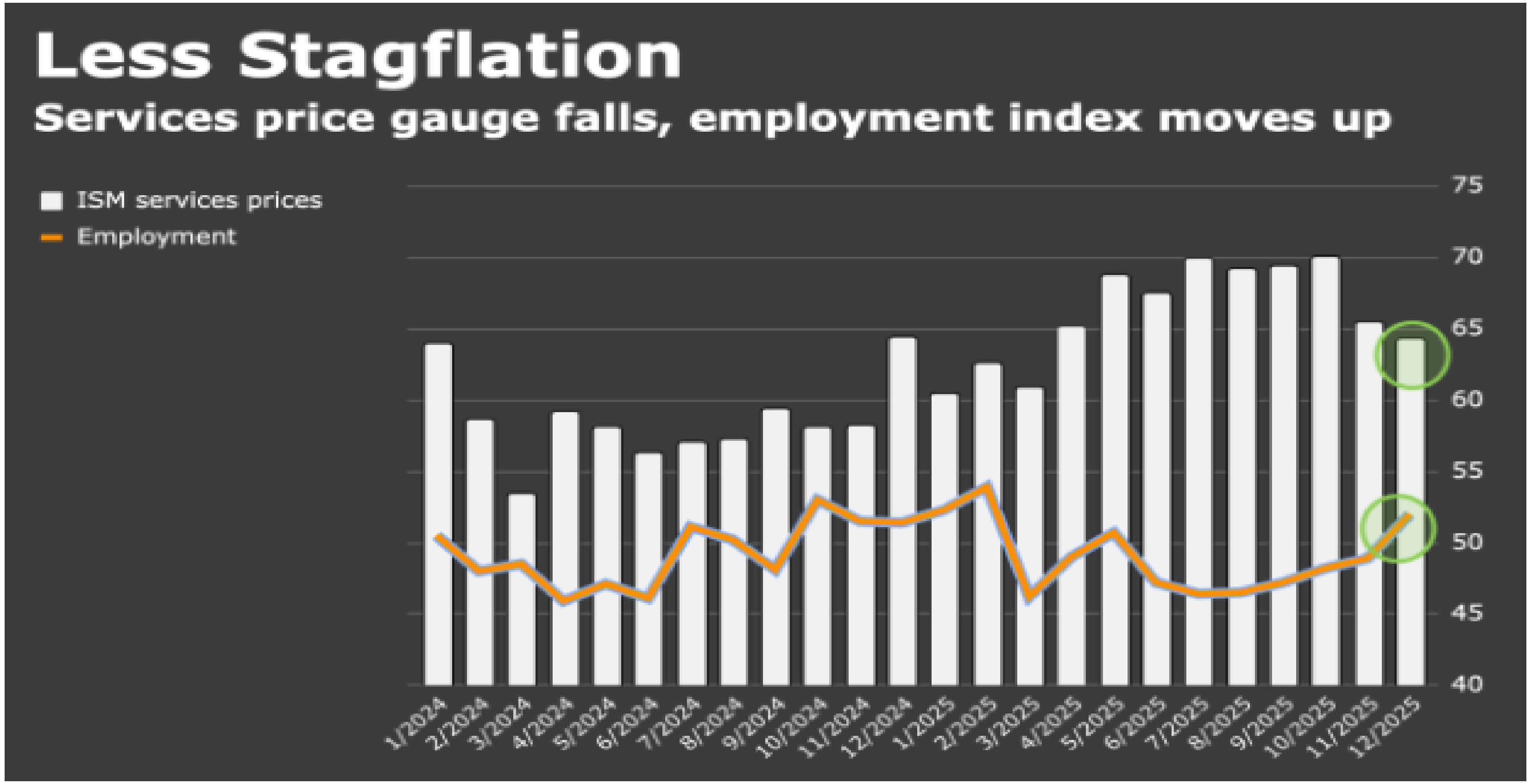
since September of 2024), while the activity gauge was a likewise robust 56.

SERVICES SECTOR ISM DEC 2025

You don’t need a lot of complicated analysis here: This counted as an objectively solid release, with all the usual caveats to account for tariff angst and accompanying Uncertainty.



SERVICES SECTOR ISM DEC 2025



SERVICES SECTOR ISM DEC 2025

This is really encouraging data, and there have been times when the soft reports – the surveys don't match what is happening on the ground. For example, throughout 2025 we've seen really shabby consumer sentiment reports and inflation complaints and yet consumer spending has been strong – albeit from higher income cohorts.

This is a soft report, which is showing strength for a change and makes you want to think that may be Mike Wilson is right in seeing something we're not. When did we see a service price gauge and the employment index go up on the same graph!

BIG BULL MIKE WILSON OF MORGAN STANLEY

Wilson, who has the highest year-end 2026 S&P 500 (SPY) (IVV) (VOO) price target of 7800, among major analysts is basing his bullishness on what he describes as “synergistic drivers” facilitating a rolling recovery in markets.

He believes that the analysts are significantly underestimating the combined impact of multiple bullish catalysts heading into 2026, with the year’s big surprise potentially being multiple expansion for the median stock alongside strong earnings growth.

“We think consensus is still underestimating the collective impact of a series of bullish catalysts from de-regulation to operating leverage to accommodative monetary and fiscal policy,” Wilson wrote.

The strategist outlined several key tailwinds he believes remain underappreciated by the market:

Earnings Growth: Morgan Stanley’s models point to high-teens EPS growth into late 2026, driven by positive operating leverage from reduced expense growth and firming pricing power. AI adoption is expected to accelerate this year, driving 40 basis points of net margin expansion.

De-Regulation: Financials stand as key beneficiaries, with eSLR rule finalization and other changes expected to “usher in the major unlock of bank capital productivity.” Expanded lending guidance coupled with easing lending standards should foster strong commercial and industrial loan growth.

Monetary Policy: Morgan Stanley economists expect additional rate cuts in January and April, with the Fed purchasing $40 billion monthly of front-end securities. The 10-year Treasury yield (US10Y) (TBT) (TLT) is forecast to reach 3.75% by the second quarter of 2026.

BIG BULL JAMES WILSON OF MORGAN STANLEY

ISM Cycle Inflection: The 45-month ISM cycle amplitude, lagged impact of lower rates, and rebounding earnings revisions breadth all point to an acceleration in manufacturing activity this year.

Consumer Tailwinds: A wallet share shift from services to goods is underway while goods pricing power firms. The OBBBA is forecast to increase personal income by $65 billion in 2026.

Dollar and Oil Weakness: Lower dollar (DXY) supports earnings revisions given approximately 30% foreign sales exposure, while gasoline prices (UGA) at five-year lows provide consumer cushion.

Wilson’s top trade recommendations to capitalize on this backdrop include Consumer Discretionary Goods (XLY), Financials (XLF), Industrials (XLI), Healthcare (XLV) and Small Caps (IWM).

MARKET BREADTH HAS BEEN GOOD, THE RALLY IS NOT JUST M-7

In my last webinar and newsletter, I had mentioned that the markets seemed unable to make new highs and I was worried about the markets topping out.

I also felt that breadth was poor – but that was likely because of the holidays.

Breadth came roaring back the first three days and average the last two.

	NYSE	NASDAQ
	Advances/Declines	
01/02	1.93	1.37
01/05	2.51	2.37
01/06	2.22	1.45
01/07	0.38	0.85
01/08	2.37	1.40

STOCKS – MOBILEYE (MBLY) $11.50

Mobileye (MBLY) $11.50 - Worth adding at this price.

Industry/Sector/Type - Autonomous Vehicles, ADAS (Advanced Driver-Assistance Systems) / Secular growth

Biggest catalysts for the stock

A 9-million-unit deal with General Motors could get them additional revenue of $1.35 to $1.8Bn in 5-7 years or about $300Mn extra per year. That is a significant win for a $1.9Bn revenue company.

MBLY also plans to acquire humanoid robotics startup Mentee Robotics for about $900M, which drew largely positive reactions from analysts.

Positives

Mobileye's ADAS business remains solid, the shift from "Basic ADAS" to the "Surround ADAS" platform used in this deal is huge and a rung up the pricing/quality ladder.

Per-Unit Pricing: Analysts from RBC Capital Markets and Fintool estimate the EyeQ6H Surround ADAS system costs between $150 and $200 per vehicle. This is a roughly 4x increase in revenue per vehicle compared to Mobileye’s basic ADAS chips, which historically sell for $40–$50.

Annual Revenue Impact: Assuming a standard production ramp-up starting in late 2026/2027, this contract could contribute $250 million to $350 million in annual revenue at peak volume.

STOCKS – MOBILEYE (MBLY) $11.50

Negatives

The ADAS (Advanced Driver-Assistance Systems), which is the largest segment of the autonomous vehicle market (before the fully autonomous stage) is dominated by a lot of Chinese suppliers, offshoots of software/tech and electronics companies and they tend to over-supply and fight on price. We saw that hurting MBLY. Secondly, OEM programs take a lot of time to ramp, the process from Blueprint to commercial production takes years.

Investing in this industry requires a lot of patience and QCOM and NVDA have other revenue segments so they don’t suffer like MBLY. But at this low price with the new contract, the pending acquisition, and strong cash flow suggests that this could move up a gear.

Valuation

Mobileye is priced at 30x earnings growing at 40%, a high P/E no doubt, but a low PEG of 0.75. It sells for 5.2x sales growing at 19% - not bad. The company doesn’t have GAAP profits but a great cash flow margin of over 30% - which means for a $1.9Bn revenue company it generates almost 600Mn of operating cash. It has $1.8Bn worth of cash with no debt and spent only $60Mn in Capex in the first 9 months of the year.

STOCKS – POST VENEZUELA DEFENSIVE POSITIONS - ITA

The Venezuela adventure should not be traded.

Dornbusch was raised in Venezuela and studied economics, including the oil industry, before starting a construction company. He left in 2003, after then-President Hugo Chavez overhauled state energy company Petroleos de Venezuela SA, and has lived in the US since, founding CV Advisors in 2009. The firm, based in Aventura, Florida, works with 135 families and institutions and manages $15 billion of assets.The sudden rush of interest to invest in Venezuela after the removal of Nicolas Maduro is “ridiculous” and no meaningful opportunities will arise until the restoration of democracy and rule of law, according to the chief executive officer of CV Advisors.

A defense ETF should be a decent hedge, in addition to GLD, which I already have

STOCKS – ITA ETF

ITA – is a defense ETF which could be very interesting.

It has high quality holdings such as Northrup, Boeing and RTX

https://seekingalpha.com/symbol/ITA/holdings

The 10-year return is 315% , with 54% in the past year.

Once I make a decision, I will send the trade alert.