



04/23/2026

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 S&P 500 HAS RECOVERED EVERYTHING AND THEN SOME!

Onward and upward - stock market momentum has remained extremely strong. As of Thursday morning, the S&P 500 continues to make new highs and has bounced back 13% from the Iran war low and is 7.7 % above its 200DMA of 6,633. It is also up 2.2% from its October 2025 high.

The upward trend continues despite skirmishes continuing without a resolution in the gulf, with a blockade in place and no negotiations in sight. Tensions continue to accelerate with the US seizing Iranian ships and Brent oil prices climbing to \$103. I'm expecting a breather.

	4/17/2026	04/23/2026	Change	Iran War Low	Oct 25 High	Difference from high	High to Low	Bounceback
S&P 500	7,126.07	7,143.89	0.25%	6,316.91	6,986.33	2.26%	-9.58%	13.09%
Nasdaq Comp	24,468.48	24,646.96	0.73%	20,690.25	24,014.99	2.63%	-13.84%	19.12%
200 DMA Exp- S&P 500						6,633.00		7.70%

THE S&P 500 HAS RECOVERED EVERYTHING AND THEN SOME

What is making the markets so buoyant and why are we not worried about the Iran war?

- 1. Low-level:** The constant shifting of deadlines from the US side, and extension of ceasefire dates suggest that this could be and remain a low-level conflagration, as compared to the past month. That suggests that the “worst is over” compared to missiles flying across the gulf...
- 2. No boots on the ground:** Around a month back, it seemed imperative to find a solution without sending boots on the ground. My understanding was that this U.S. administration would never do that – the political fallout was too high. I also realized that the other half of the equation meant a quasi-Maduro/Venezuelan type solution, which suggested that the remaining Irani leader, Bagher Ghalibaf was also inclined to just take over with equally important IRGC and religious credentials as the last man standing. Later, reports suggested that the US administration had asked the IDF to keep at least a few IRGC folks alive in charge for negotiations, after it became mostly clear by then that a regime change was not possible by air and that the straits of Hormuz would be the tipping point in favor of an impasse, which is where we're at right now. I was also emboldened with the Chinese participation, which guaranteed the safety of the Iranian leaders travelling to Pakistan for meetings.

These were the reasons for buying the dip and basis for the markets bouncing back.

THE S&P 500 HAS RECOVERED EVERYTHING AND THEN SOME

How did the S&P 500 get to 7,000 and where do we go from here?

Around that time when the US was using back channels to arrive at the ceasefire, systematic trading got into the act.

CTA/Algorithmic/systematic trades propelled the index from its lows as volatility started falling. Simply, computerized trading uses the Volatility or the fear index (VIX) and its derivative VVIX, as its trigger and toggle. During its most recent peak the VIX had crossed over 28 from its average of the mid-teens, which turned out to be a short-term top. Once the first ceasefire was declared the VIX came down sharply, forcing traders to cover their short sales and short positions in a hurry. Around the same time, buy-side exposure was limited or non-existent; simply systematic and institutional traders were caught napping without upside protection. This resulted in a massive burst of covering with some estimates ranging from \$65-\$100Bn of systematic buying in a week alone. And then over the next two weeks there was momentum, and dip buying which added fuel to the fire. There was also fresh buying to catch upside exposure when new highs are made. Systematic trades tend to follow technical rules without second guessing and that too added to the S&P 500's gains, which are now at record highs, and still not wilting.

I refer to the Heisenberg report's latest take, "The World's Always Ending Somewhere" as an excellent interpretation of market behavior and a useful guide.

THE S&P 500 HAS RECOVERED EVERYTHING AND THEN SOME

“The World’s Always Ending Somewhere”

Equities have decided the Strait of Hormuz doesn’t need to be open.

Or, more precisely, that an open Strait isn’t a prerequisite for a succession of new all-time highs on Wall Street. It’ll be open eventually (maybe, hopefully) after all, and stocks are forward-looking.

Nearly two months on from Ali Khamenei’s assassination, waters around the world’s most important oil chokepoint are doubly closed. The US Navy’s inhibiting traffic to and from Iranian ports and in response, the IRGC’s firing on and seizing other vessels.

Historically, this was considered the absolute worst-case scenario in the Mideast: Open warfare between the US and Israel on one side, and Iran on the other, with the Gulf monarchies as collateral damage and the Strait closed.

THE S&P 500 HAS RECOVERED EVERYTHING AND THEN SOME

But here's the thing about stocks: They have a tendency to get bored with, and desensitized to, bad news that isn't so proximate as to be unignorable. Everyone who's been around for a while knows that, and yet we feign indignant surprise, which is to say we're being a bit disingenuous when we act shocked by equities' no-cares attitude.

Only once in my adult lifetime was it the case that stocks were truly under siege — earnestly beset, where that means at risk of outsized losses during any given session — for a period lasting longer than three months. That stretch was September of 2008 to March of 2009.

I should probably count 2022, although that was a “crashless” slog, not a GFC-style gauntlet. In both cases, the risk to risk, if you will, was immediately proximate:

Capitalism was imploding in 2008 and in 2022, the cost of money was in the process of quintupling across advanced economies.

THE S&P 500 HAS RECOVERED EVERYTHING AND THEN SOME

Crazy as this sounds, the reconstruction of global trade barriers (i.e., the tariff wars) and the choking off of maritime traffic which accounts for, among other critical things, a fifth of global oil supply, simply aren't as immediately relevant for equities.

That's certainly not to say they aren't relevant at all, it's just to underscore the point above: What's another ship seized at this point? What's another week of curbed Strait traffic?

Energy traders would scoff at that latter question because it's not rhetorical: There's a quantifiable cost associated with each day that waterways closed. I get that. (What's not to get?) But riddle me this: What's that cost worth, net of profit upside for supermajors from higher oil prices, in terms of aggregate S&P index EPS for the full-year 2026?

That's not entirely quantifiable, but it's guessable, so to speak, and as long as Tech holds up its end of the earnings bargain, overall profits for corporate America aren't likely to be affected by the existential desktop barring a scenario where oil is \$115 a barrel for a period of 6 to 8 months or longer

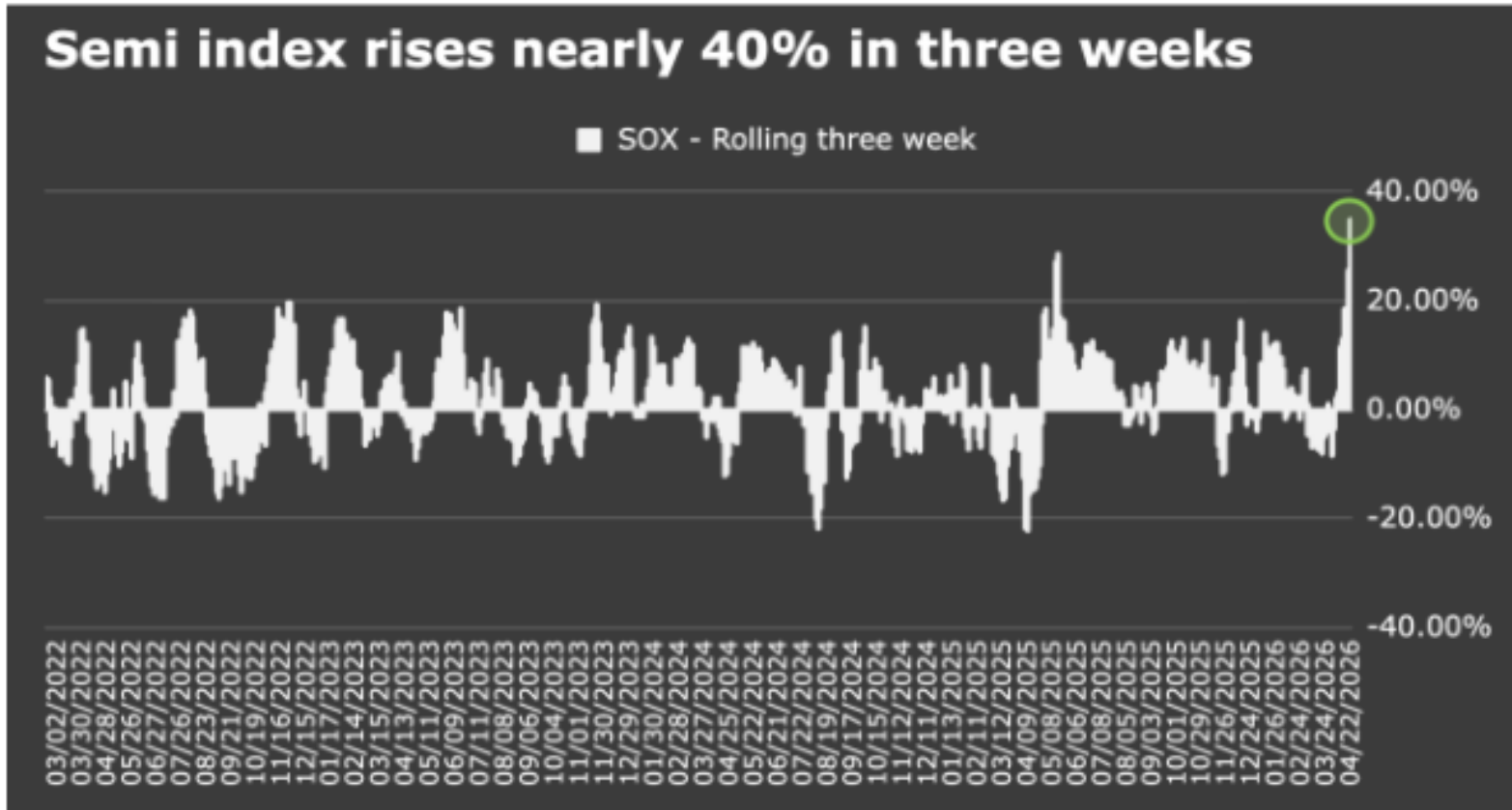
THE S&P 500 HAS RECOVERED EVERYTHING AND THEN SOME

We've had now two worst-cases in — “Liberation Day” , which constituted a worst-case tariff shock, and it took SCOTUS the better part of a year to deem the associated levies illegal, and a full-on shooting war with Iran that closed the Strait was a worst-case geopolitical outcome — and yet the S&P's hit 47 new records .

It's easy enough to “blame” AI. “The Strait of Hormuz needs to be reopened, but the market is giving the administration a pass for now [and] the rally has produced some remarkable statistics,” Jones Trading's Mike O'Rourke said, noting that the SOX closed higher for a 16th straight session mid-week.

The figure below shows you the three-week rolling gain for the semi gauge: It's nearly 40%. Have a look, its quite extraordinary.

THE S&P 500 HAS RECOVERED EVERYTHING AND THEN SOME



THE S&P 500 HAS RECOVERED EVERYTHING AND THEN SOME

Although big-cap US tech “took a two-day breather [it’s] still up 17% over the same period [and] the S&P 500 Software Industry Group is up 18%,” O’Rourke went on. “As equities defy reality, we wonder why we are so lonely in the bubble camp.”

You’re not, Mike. Alone in the “bubble camp,” I mean. A lot of people — I dare say a large plurality of market participants — are in that camp, even if most wouldn’t use the word “bubble” for fear of downplaying the significance of a new tech epoch.

The problem I have with dwelling on the alleged implausibility of stock rallies in the face of purportedly existential crises is that the juxtaposition occurs in the presence of almost all crises, and there’s a crisis somewhere every, single day.

THE S&P 500 HAS RECOVERED EVERYTHING AND THEN SOME

In other words: This “disparity” is preordained. Stocks go up over time (even Japanese stocks, as it turns out), and the human condition is one of perpetual tension, competition and war.

Past a certain point — and I reiterate this at regular intervals — bubble warnings cease to have any real meaning even if they’re borne out.

After 47 new records since January of 2025, we’re at SPX 7,137. Let’s say stocks fell 25% over the next week in response to a hypothetical collapse of US-Iran ceasefire talks.

Would that vindicate the bubble crowd? The S&P 500 would still be above the liberation day lows it would be 49% higher than a 2022 Nadir, 133% higher from the March of the Covid plunge and 680% higher from the March 2009 bottom. The world’s always ending just like you, me and everyone else are always dying. Investing based on the former makes about as much sense as letting the latter dictate your capacity to enjoy life.

STOCKS – PROFIT TAKING

Having not panicked during the Iran war and bought between March 23rd and April 8th, I believe that the markets are over bought and I have started taking profits as under.

Sold 20% of Advantest (ATEYY) \$173.70, profit taking, bought at \$133.42

Sold 20% of Micron Technology \$476.50 (MU) \$ profit taking, bought at \$325

Sold 20% of Bloom Energy (BE) \$232.6 profit taking, bought at \$132.72

Sold 20% of Reddit (RDDT) \$160 profit taking, bought at \$126.62

Sold 20% of Credo (CRDO) \$189 profit taking, bought at \$127

Sold 50% of Rocket Labs (RKLB) \$87.84 profit taking, bought at \$71.19

Sold 20% of Vertiv (VRT) \$304, profit taking bought at \$237.77

ECONOMIC NEWS – ADP PAYROLLS

ADP's weekly private-sector hiring report is on a pronounced upswing of late. As a quick reminder, the payrolls processor began releasing this high-frequency series late last year, when dysfunction in D.C. shuttered the BEA and BLS, putting a premium on alternative macro metrics.

Of course, ADP already publishes a widely-cited monthly jobs tally. The weekly series is separate, and it's meant to give investors and the general public a "pulse check," if you will, on the state of hiring across the world's largest economy.

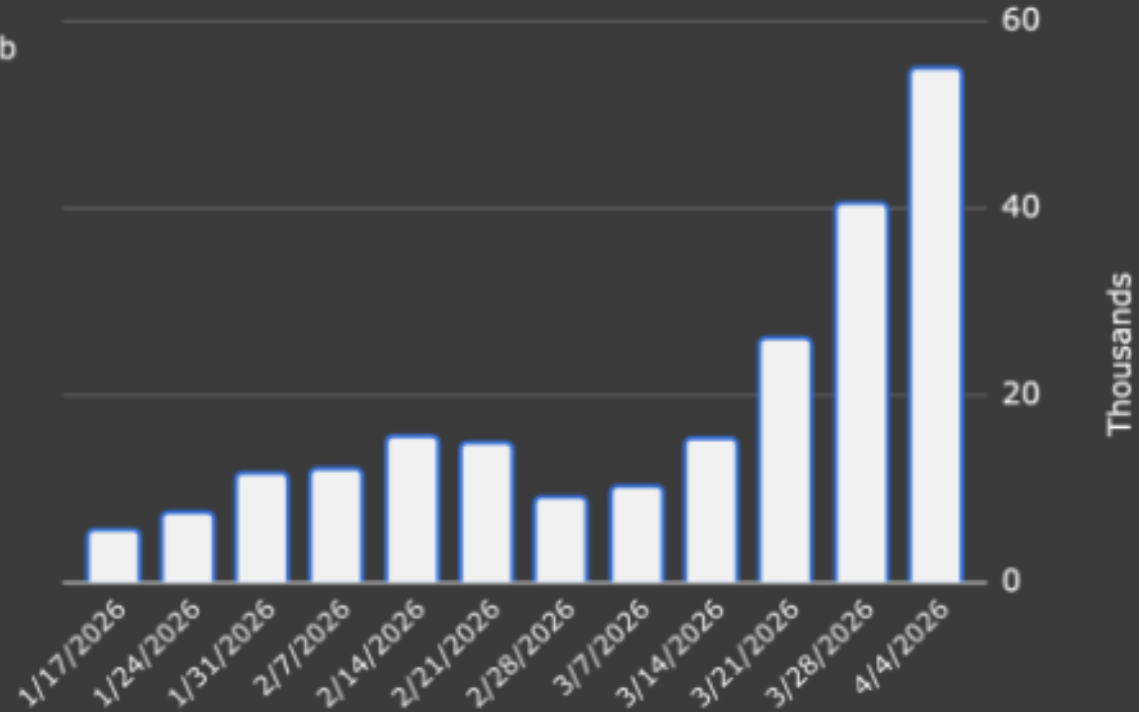
The figure below shows you the upswing I mentioned. In the four-weeks to April 4 private employers added an average of 54,750 jobs a week. That may not sound like a lot, but it's the highest four-week average in the (very short) public history of the series, which begins in November. The trend's improved for five weeks running.

With initial jobless claims still loitering at historically low levels (sub-210,000 on the four-week average), it's beginning to look like last year's deceleration was the worst of it for the US labor market.

ECONOMIC NEWS – ADP PAYROLLS

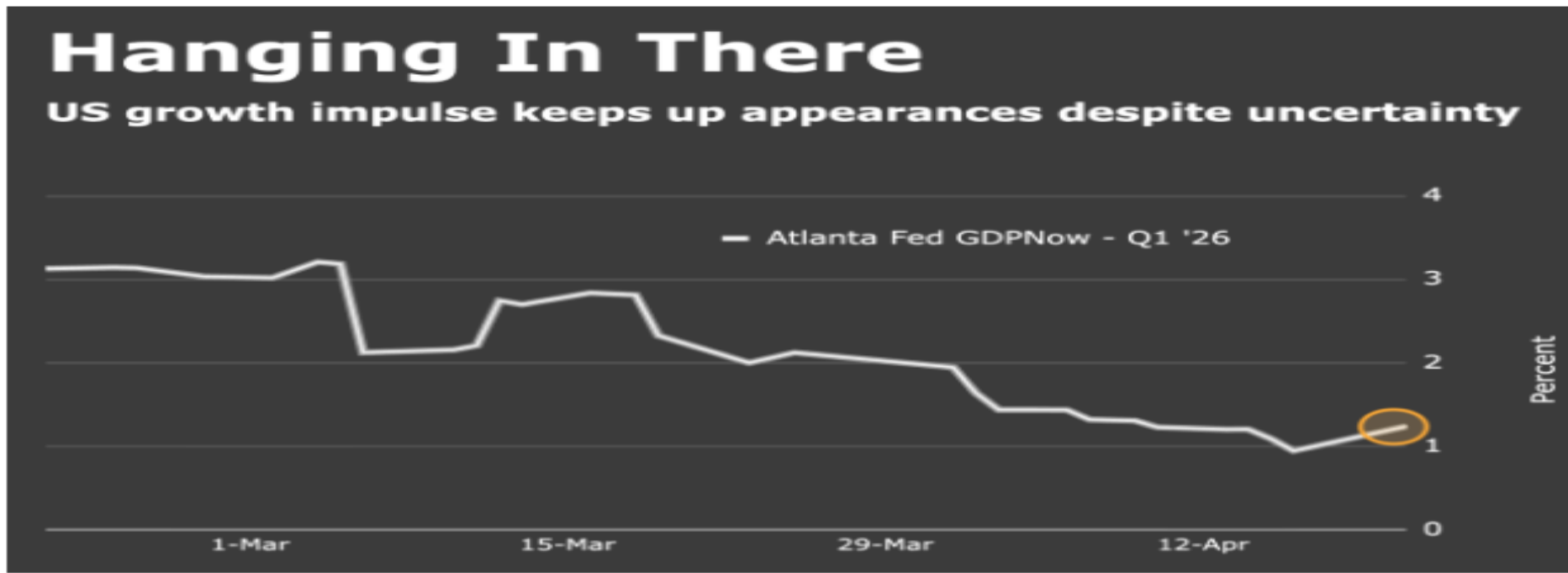
On The Up And Up Private sector hiring trend accelerates sharply

■ ADP private sector job creation - Four-week moving average



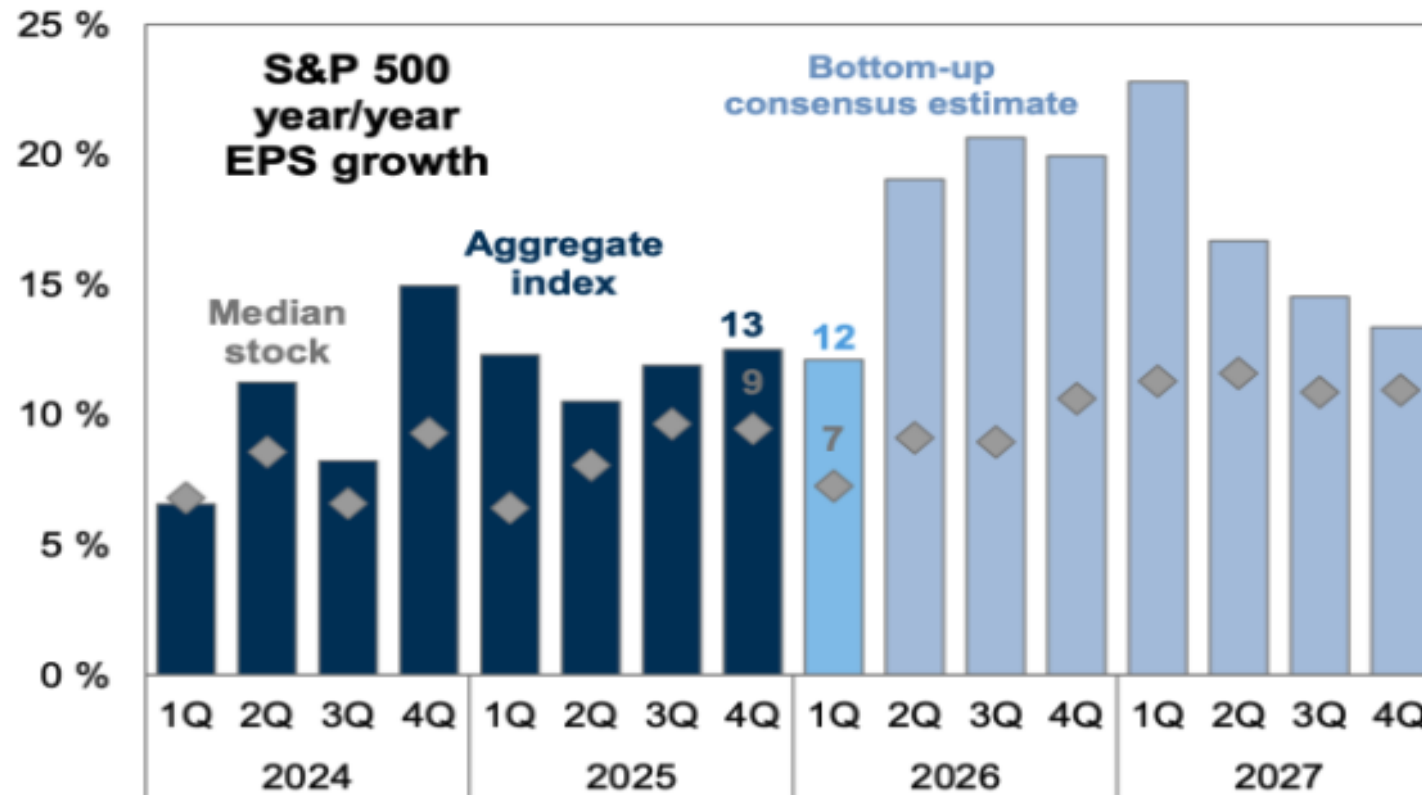
ECONOMIC NEWS – RETAIL SALES

This week's lonely top-tier data release — retail sales covering March — was surprisingly decent on the control group, suggesting a record surge in gas prices didn't derail discretionary spending. As the figure shows, the retail sales release was good for a three-tenths bump to GDP "Nowcasting," which is back above 1% for Q1. That's not gangbusters — indeed, it's barely above the low-end of blue-chip consensus — but it's by no means a disaster, particularly considering the circumstances both at home and abroad.



EARNINGS UPDATE

On Wall Street, the profit outlook for corporate America weathered the Mideast storm thanks almost entirely to the read-across from higher oil prices for energy-sector EPS and two outsized Tech upgrades.



EARNINGS UPDATE

The figure above's an up-to-date reminder of where we've been and where analysts think we're going in terms of index-level profit growth and EPS growth for the median S&P stock.

Although 12% YoY growth — i.e., consensus for Q1 — would count as a slight downshift from Q4, that forecast represents the highest bar headed into earnings season since 2021.

By Q4, company analysts collectively expect corporate America to be growing profits at a 20% clip.

The irony — and this brings us full circle — is that the bulk of the wealth effect from ever-higher stock prices is attributable in large part to a technology that promises to automate human jobs.

So, if you're not on the “right” side of the socioeconomic equation yet, you may want to get there in a hurry.

EARNINGS UPDATE: PROFIT = LAYOFFS?

[Meta Platforms Inc.](#) and [Microsoft Corp.](#) have both taken drastic actions to trim their workforces in an effort to streamline their operations and offset heavy spending on artificial intelligence.

[Meta told](#) personnel in an internal memo on Thursday that it planned to cut 10% of workers, or roughly 8,000 employees, starting on May 20. The social-media company also said it wouldn't fill 6,000 open roles.

Earlier in the day, [Microsoft issued](#) its own memo offering voluntary buyouts to thousands of its US employees. About 7% of the US workforce will be eligible for the buyouts, according to a person familiar with the planning. The company has never previously done buyouts of this scale, said the person, who requested anonymity to discuss an internal matter.

Microsoft had 125,000 employees in the US as of June 2025. That would make about 8,750 workers eligible for the program.

SOFTWARE SAAS AND CYBERSECURITY STOCKS STILL FACE RESISTANCE

Service (NOW), even with matching earnings, revenues and raised guidance crashed 15% after earnings because operating margins were down 1.5% percentage points because of its Armis acquisition and a few delayed deals because of the Iran war.

There were a lot of positives in the report:

\$0.97, Adjusted EPS, which matched consensus estimates.

\$3.77Bn in revenue, beat estimates of \$3.75Bn by \$20Mn, for a growth of 22%.

Its RPO (Remaining Performance Obligations) jumped 25% YoY to \$27.7B.

Looking ahead, ServiceNow increased its subscription revenue forecast for the second quarter to range from \$3.815B to \$3.82B, which clears the \$3.75B estimate. It projects full-year subscription revenue ranging from \$15.74B to \$15.78B, which also surpasses the \$15.54B estimate.

The stock is valued at a paltry 5.6x sales growing at 18% and I would be shocked that large fortune 500 companies could dispense with their services for AI solutions – the switching costs, compliance, domain expertise and sheer amount of proprietary data makes it impossible.

I will be buying at this price of \$85.

SOFTWARE SAAS AND CYBERSECURITY STOCKS STILL FACE RESISTANCE

These are the enterprise software stocks that I own and am planning to hold, or add to:

CrowdStrike (CRWD), Hold

Cadence, (CDNS), Buy on declines, a duopoly in chip design with Synopsis and a great partnership with Nvidia, it should be amazing for physical AI, and they are moving ahead in other verticals as well. I will be putting out a separate, detailed report on Cadence.

Synopsis (SNPS), Hold - Decide after earnings

Duolingo (DUOL), reports on 5/6 – will decide after earnings

DoorDash (DASH) - Hold

Figma (FIG) - \$8.7Bn in market cap with \$1.6Bn in cash, it sells for 5x sales growing over 20%, and 34x cash flow growing at 25-30%, it fended off Adobe, has a very strong R&D and great products with solid AI features, **this will be bought on declines.**

SOFTWARE SAAS AND CYBERSECURITY STOCKS STILL FACE RESISTANCE

These are the enterprise software stocks that I own and am planning to hold, and add to:

Reddit (RDDT) – Buy back on declines, sold the extra 20% I bought earlier but will buy back.

It has years of advertising growth ahead and building another community of its size is impossible. This is a solid long-term company with a strong moat of its sub reddit model. I will publish a more detailed report of it on the website.


Rubrik (RBRK), Hold, will decide after earnings

DATA CENTER INFRASTRUCTURE, SEMIS AND NEO-CLOUD STOCKS

For the past month datacenter infrastructure, semis, and neo-clouds have been huge outperformers and the only game in town.

I got good profits in the past month and sold some today but will buy back on declines.

These are volatile stocks and one should take advantage of overbought conditions and prices.

Stocks to buy back on de... 						
COMPANY	PURCHASE PRICE	SYMBOL	CURRENT PRICE	GAIN	Trade	Buy on Declines
Advantest	\$133.42	ATEYY	\$174.74	30.97%	Sold 20%	\$155.00
Credo Tech	\$127.00	CRDO	\$183.77	44.70%	Sold 20%	\$160.00
Micron Technology	\$325.00	MU	\$477.23	46.84%	Sold 20%	\$425.00
Bloom Energy	\$132.72	BE	\$235.87	77.72%	Sold 20%	\$195.00
Nebius	\$97.00	NBIS	\$156.54	61.38%	Sold 20%	\$140.00
Vertiv	\$237.00	VRT	\$318.21	34.27%	Sold 20%	\$245.00

HEALTHCARE BOUNCES BACK

United Health (UNH) led the way with better expense management, and investors rewarded the stock with an 8% jump.

Q1 Non-GAAP EPS of \$7.23 beats by \$0.63.

Revenue of \$111.72B (+2.0% Y/Y) beats by \$2.06B.

Full Year 2026 Earnings Outlook Raised: Adjusted Earnings of Greater Than \$18.25 Per Share vs \$17.87 consensus

Medical cost ratio was 83.9% for the first quarter 2026, down 90 basis points from the first quarter 2025. The operating cost ratio of 13.8% in the first quarter 2026 compared to 12.4% in the first quarter 2025, reflecting investments to drive greater operating efficiencies.

UnitedHealthcare served 49.1 million consumers and expanded operating margins by 40 basis points to 6.6% compared to 6.2% in the first quarter 2025.

UNH stock trades at 19x forward earnings, offers a 2.5% dividend yield, and continues buybacks, supporting a positive long-term outlook.

STOCKS HEALTHCARE

Molina Healthcare (MOH) had decent results, nothing special, but an improvement in their health expense ratio was enough for the stock to jump 15%

The company reported Q1 adjusted EPS of \$2.35; however, revenue came in at \$10.79B, missing consensus by \$100M. Premium revenue came in at \$10.2B, translating to a 4% year-over-year decrease.

It reported a consolidated MCR of 91.1% for the first quarter. The Medicaid MCR was 92.0%, the Medicare MCR was 89.8%, and the marketplace MCR was 84.0%.

Molina affirmed its full-year guidance of expected premium revenue of ~\$42B and adjusted earnings of at least \$5.00 per diluted share.

Several states have already provided off-cycle rate increases, and these would represent upside to MOH's guidance.

I'm holding on the shares, expecting a price target of \$210-\$220 in 2027.
