06/11/2026

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 – A PULLBACK IN PROGRESS

In Monday's (06/05/2026) newsletter, I had warned that the narrative had changed.

Signs of exhaustion and a market top: This is a time to be very cautious and hedge positions and take profits and only look for compelling bargains.

	06/05/2026	06/11/2026	Change	Iran War Low	Top - 006/02/2026	Bounceback at top	Pullback
S&P 500	7,383.68	7,279.43	**-1.41%**	6,316.91	7,609.90	**20.47%**	-4.34%
Nasdaq Comp	25,709.43	25,223.45	**-1.89%**	20,690.25	27,190.21	**31.42%**	-7.23%
S&P 500 - 50 Day Moving Average						**7,256.50**	

In the short term, markets fluctuate on narratives. I believe that narratives of high capex, higher interest rates, oversupply, and an overbought market will trend for a bit while taking center stage next week. Markets are always forward-looking. As soon as excitement from the GTC shout-out from Jensen Huang, Nvidia's CEO for Marvell and other AI stocks started fading the narrative shifted to the all-consuming AI Capex needs. Google's $85Bn raise indicates that other hyperscalers and AI players could also be coming for more funds. The humongous, spiraling and perhaps half-a-decade-long capital needs have shaken up an already wobbly debt market with high interest rates, with the 30-year at 5% and the 10-year at 4.52%. Friday's excellent payroll report of 172,000 net new jobs created, which is great for the economy, makes no case for reduced interest rates and adds fuel to the fire. The chances of a rate hike in 2026 have gone up to 38%, and a rate cut to just single digits.

THE S&P 500 – A PULLBACK IN PROGRESS

A double top leads to a pullback:

Looks like a double top		
	05/14/2026	06/02/2026
Nasdaq COMP	26,707.14	27,190.21
S&P 500	7,517.12	7,609.90

Regardless of where the feds end up, the demand for debt Capex will drive up rates and equity Capex will lead to dilution and oversupply—all of which are negative for the market.

On top of that you have more supply coming from the SpaceX, OpenAI and Anthropic IPOs. We are going to be in turbulent times for a bit, the 4% drop in the Nasdaq Composite could be a precursor of more trouble ahead. A few days ago, I put out a graph of BOFA's Bull and Bear indicator that indicated completely overbought conditions. I believe the markets will continue to shake out weak buyers until prices get more attractive. Don't forget that the S&P 500 and the Nasdaq Comp have appreciated 20.5% and 31.4% in a short span of just 9 weeks! I put out a chart in our webinar stating that this remarkable run has happened only 5 times in over 80 years.

THE S&P 500 – A PULLBACK IN PROGRESS

Savita's Seven Signals

Exhibit 11: 70% of signals are triggered today, in line with the average observed in prior market peaks

List of signals to watch for a market peak

		Prior market peaks							Last three months		
Signpost	**Category**	**Jul-90**	**Mar-00**	**Oct-07**	**Sep-18**	**Feb-20**	**Jan-22**	**Feb-25**	**Mar-26**	**Apr-26**	**May-26**
Conf. Board Consumer Confidence > 110 (prior 6m)	Sentiment	✔	✔	✔	✔	✔	✔	✔			
Conf Board: Net % Expecting Stocks Higher (prior 6m) > 20	Sentiment	✔	✔	✔	✔	✔		✔	✔	✔	✔
Sell Side Indicator: "Sell" signal triggered (prior 6m)	Sentiment	✔	✔	✔							
S&P 500 LT growth expectations (LTG): 5yr Z score > 1	Sentiment	✔	✔		✔		✔				✔
10yr Z score of # of M&A deals (3m sum) > 1 (prior 6m)	Sentiment	n/a	✔	✔			✔		✔	✔	✔
10yr Z score of (trailing S&P 500 PE + YoY CPI) > 1	Valuation	✔	✔		✔	✔	✔	✔		✔	✔
Low PE underperforms High PE by 2.5ppt over last 6m	Valuation		✔	✔	✔	✔		✔			✔
Inverted yield curve (prior 6m)	Macro	✔	✔	✔		✔		✔			
Credit Stress Indicator drops below 0.25 (prior 6m)	Macro	n/a		✔	✔		✔	✔	✔	✔	✔
Tightening credit conditions (SLOOS)	Macro	✔	✔	✔				✔	✔	✔	✔
% triggered		88%	90%	80%	60%	50%	50%	70%	40%	50%	70%
S&P 500		369	1527	1565	2931	3386	4797	6144	6529	7209	7580

Source: BofA US Equity & Quant Strategy. A "bear market" is typically defined as a 20% drop in the S&P 500. We also included 1990, 2018, and 2025 (19%+ drops) in this analysis to create a larger sample size. For more details on methodology of each signal, see Appendix.

THE S&P 500 – A PULLBACK IN PROGRESS

We are in good company. BOFA's Savita Subramanian also suggested taking profits. If you remember, last year, she was one of the first to flag strong earnings as a reason to keep buying and stay invested and increased her S&P 500, 2026 target to 7,100, which last year looked quite distant. She's sticking to that target, now given the red flags in the market.

Here are excerpts from an article in The Heisenberg Report.

Sometime during, or maybe just before, the escalatory de-leveraging which drove big-cap US tech shares to their worst single-session loss in a year, one of Wall Street's most recognizable names gently suggested investors take cover. " Too many red flags. Take profits," read the title of a short dispatch dated June 5. The author: Savita Subramanian, BofA's top name in equities research. Subramanian, hardly a perennial bear even as her year-end price target for the index suggests downside from current levels, warned clients that seven of 10 so-called "bear market signposts" are now triggered, up from five last month. That, she said, is "in line with the average ahead of prior market peaks."

THE S&P 500 – A PULLBACK IN PROGRESS

The table above lays out those signposts. It's worth mentioning that if the historical relationship between the US unemployment rate and headline CPI's any indication, the The market will check an eighth signpost in the months ahead (inverted yield curve). At the same time, the S&P's expensive on 17 of the 20 valuation metrics Subramanian tracks. More concerning still: The index trades rich compared to the dot-com bubble on eight of those metrics, even as Subramanian reminded investors that "comparing today's index valuation to that of the 80s, 90s, 2000s and 2010s is apples to oranges." (She's the recognized authority on that talking point.)

Although tech fundamentals are unequivocally healthier today, "many metrics have worsened" of late, she went on. "Cash flow conversion has flat-lined, IG and equity supply has increased, buybacks as a percent of market cap have slowed and capex as a percent of operating cash flow for hyper-scalers is forecast to reach nearly 100% by year- end, up from 40% in 2023." Subramanian's year-end target for the index remains 7,100.

PROFIT TAKING TRADES

06/10/2026

Trade Alert: Sold 20% of Credo (CRDO) $ 242.75 Profit Taking

06/08/2026

Trade Alert: Sold 10% of Credo (CRDO) $224.58 Profit Taking

Trade Alert: Sold 10% of Nebius (NBIS) $228.61 Profit Taking

Trade Alert: Sold 10% of Micron (MU) $938.69 Profit Taking

Trade Alert: Sold 10% of Bloom Energy (BE) $259.44 Profit Taking

EXCELLENT JOB GROWTH

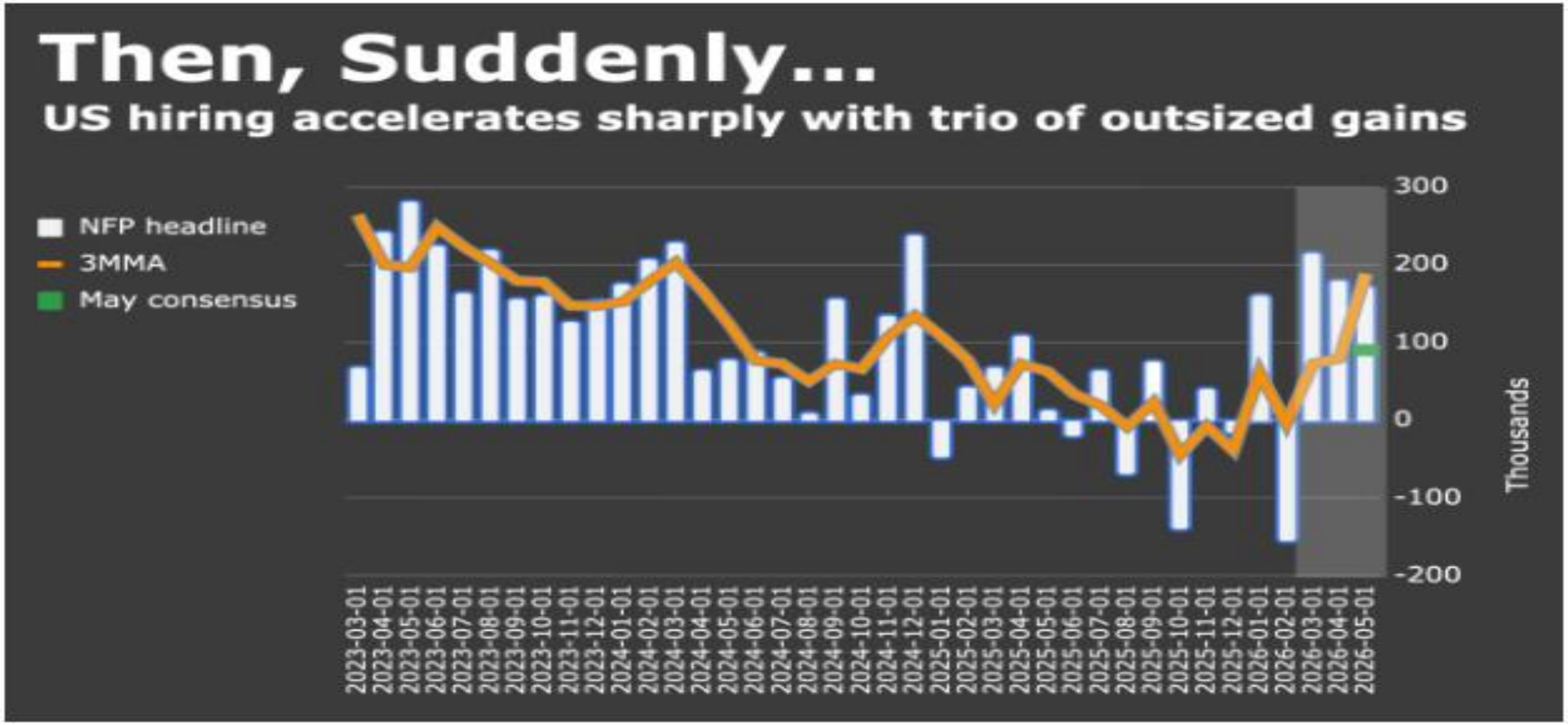
Non-Farm Payrolls - May 2026:

The US economy added 172,000 jobs on net last month, the BLS said Friday. That was nearly double the blue-chip consensus. Revisions added 93,000 jobs across March and April's headlines, which means May's big beat, impressive as it is given pervasive uncertainty around the war, actually counts as the lowest establishment survey tally of what's now the best three-month run of US job creation since early 2024.

As the figure shows, the three-month average is 188,000. That's a remarkable turnaround. That simple metric was negative as recently as February. The private hiring tally in Friday's report was 120,000, 30,000 better than expected and on target with the ADP headline for May. Hiring was broad-based last month, led by leisure and hospitality, which added 70,000 jobs in May, mostly in bars and restaurants. Local governments added 55,000 workers, while health care and social assistance added nearly 50,000 between them. Manufacturing payrolls tripled estimates with a 7,000 gain. **Average hourly earnings rose 0.3% MoM and 3.4% YoY. That latter figure is barely keeping up with core inflation, to say nothing of all-items CPI.**

EXCELLENT JOB GROWTH

Non-Farm Payrolls - May 2026:



EXCELLENT JOB GROWTH

Non-Farm Payrolls - May 2026:

Friday’s BLS release capped a run of uniformly strong jobs data, starting with the fourth- largest monthly increase in job vacancies in 25 years, and continuing through the ADP and Revelio hires on Wednesday and Thursday, respectively. With so much correlation there does not seem to be much scope for error, and this economy needs job growth continuously.

But that also means interest rates will not be cut. Coming quickly full circle, there’s no argument—none—for additional Fed rate cuts currently.

Consider:

The US labor market’s adding jobs at the fastest three-month clip in two years

Next week’s CPI release will show headline inflation’s running two full percentage points above the Fed’s target IG credit spreads are near all-time tights and the stock market’s set 20 new records in 36 sessions.

INFLATION – CONSUMER PRICE INFLATION REPORT

06/10/2026

The U.S. Consumer Price Index rose +4.2% Y/Y in May, in line with the consensus and accelerating from +3.8% in April, according to data released by the U.S. Bureau of Labor Statistics on Wednesday.

On a month-over-month basis, May CPI increases 0.5% M/M vs. +0.5% consensus and +0.6% prior.

During the month, the index for energy, accounting for more than 60% of the CPI's increase, climbed 3.9% after rising 3.8% in April and 10.9% in March.

The index for shelter rose 0.3% M/M, and the food index gained 0.2% during the month.

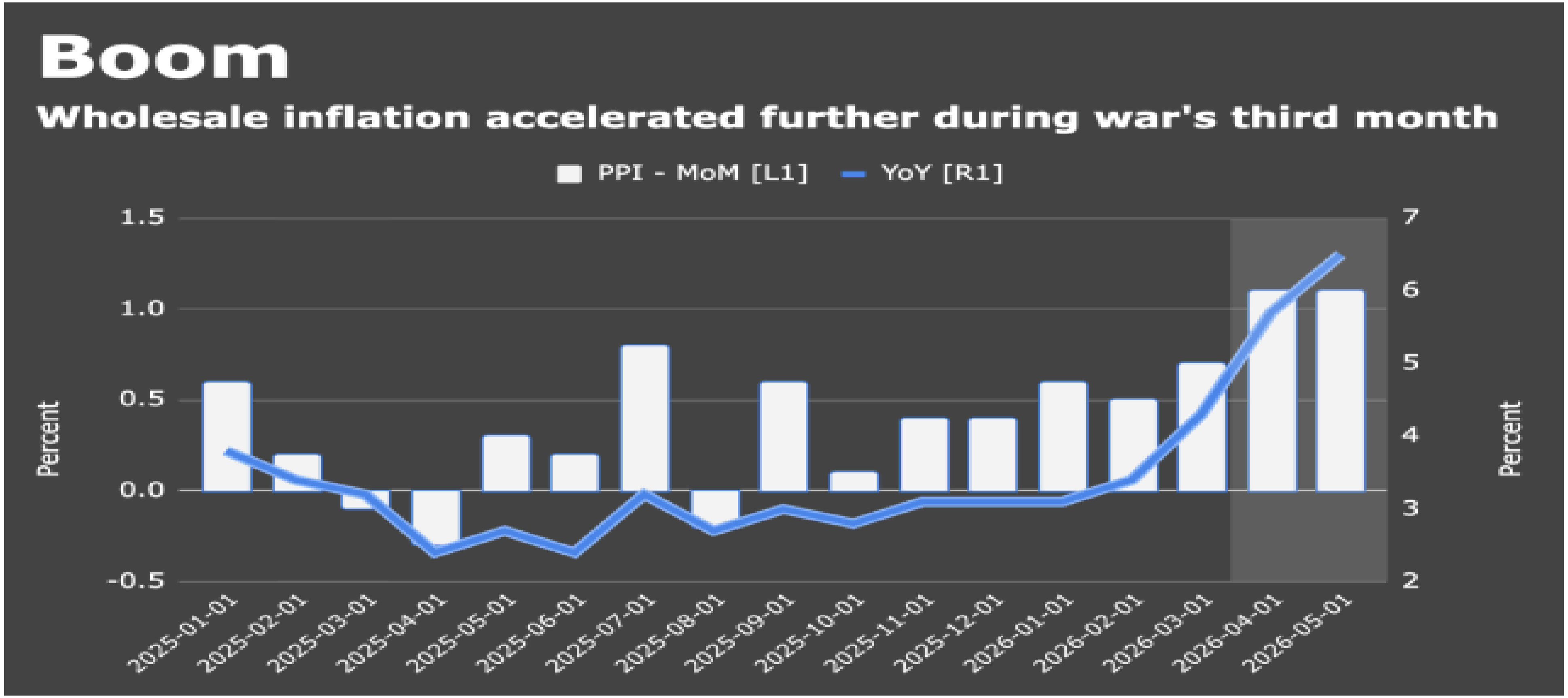
Core CPI, which excludes food and energy, rose +0.2%, just under the +0.3% consensus and eased from +0.4% in April. That translated to a year-over-year increase of +2.9%, matching the 2.9% consensus and ticking up from +2.8% in the previous month.

Whether looking at the headline CPI or the core CPI figures, the annual inflation rate is moving further away from the Federal Reserve's 2% goal.

In the core index, prices that increased during the month include communications, airline fares, medical care, personal care, and recreation. Those that declined include motor vehicle insurance, household furnishings and operations, and new vehicles, the BLS said.

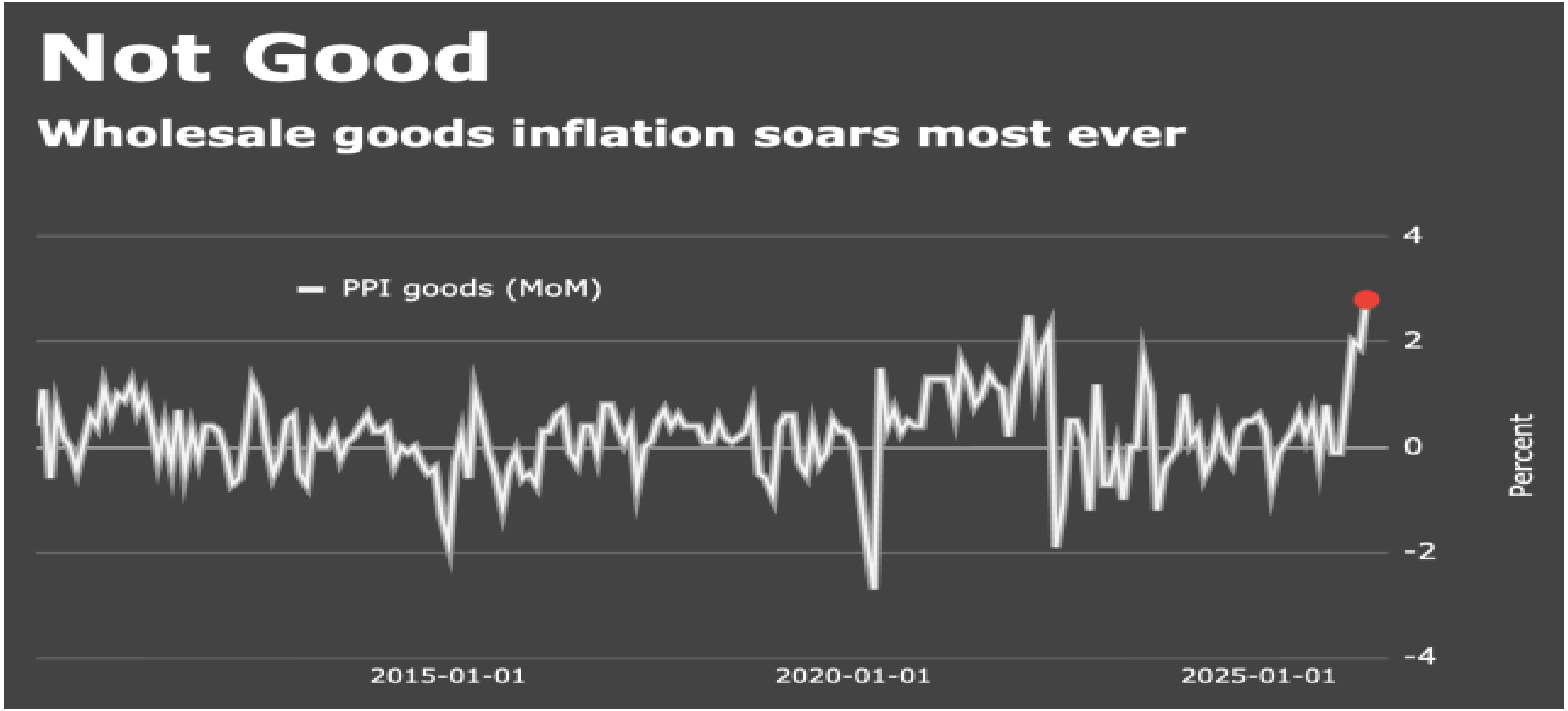
INFLATION – PPI PRODUCER PRICE INFLATION

06/11/2026



INFLATION – PRODUCER PRICES

06/11/2026



INFLATION – WHOLESALE

06/11/2026

Wholesale inflation was uncomfortably warm in May. The headline PPI gain was 1.1% far quicker than the 0.7% estimate. April’s MoM pace was revised to show a similar monthly advance down from an initially reported 1.4% sequential gain.

Back-to-back >1% monthly factory-gate inflation readouts are a bitter pill, but as ever, economists (and to a lesser extent, investors) will focus on the PPI components that feed into PCE prices, the Fed’s preferred inflation measure. As the figure above shows, the YoY pace for the headline final demand gauge is now 6.5%, the highest since November of 2022.

Notably, if not surprisingly, the energy gauge posted another enormous gain, rising 10.7% MoM. That was actually faster than March’s advance, and accounted for 80% of what looked

like the largest monthly gain for the goods gauge on record.

INFLATION – WHOLESALE

06/11/2026

Final demand goods prices rose 2.8% in May from April. The series goes back to December of 2009. The food gauge also posted a sharp monthly advance. The cost of transportation and warehousing, which has risen in connection with the war, jumped again, this time by 2.6%, slower than the 3.8% recorded in April, but faster than March's monthly pace.

The biggest conundrum about wholesale / producer prices is how much can you pass it on? And judging from the CPI – it does seem that producers have managed to pass it. If this continues an already reeling customer will weaken, and but less, forcing producers to eat higher input costs, the way it is happening in China and the rest of the world.

That in turn will hurt margins, the single most reason that has been keeping the S&P 500 up – fantastic earnings, which might not remain fantastic if this continues….

MACRO ECONOMIC DATA IS IMPORTANT

The entire focus on macro economic data is that even if some of these comprise soft data, surveys, polls, sentiment indicators – they eventually show up in corporate earnings and revenues.

From the difficult set of data, it does seem clear that inflation is not going to slow down and eventually that will put a brake on the market.

There is sufficient data also coming from earnings reports and calls about higher input prices, especially from data center components, and also from inflated land values, higher utility prices and of course higher interest rates for the biggest component – capital.

All of these suggest that we do need to be prepared for contingencies and resulting pullbacks. Two earnings Coreweave, and Oracle clearly highlight that everything is not magical in the data center kingdom.

Keep taking profits, every now and then. Cash always helps as a buffer.

THE S&P 500 – A PULLBACK IN PROGRESS

The changing narrative has already taken the more volatile names 20-30% lower.

Symbol	Company	52 Week High	Price	Drop %	20% Drop	33% Drop	200 SMA	50 SMA	Accumulate Range
ANET	Arista Networks	$179.80	$155.77	-13.36%	$143.84	$120.47	141	154	145-150
ATEYY	Advantest	$198.32	$160.26	-19.19%	$158.66	$132.87	139	170	145-150
BE	Bloom Energy	$322.83	$248.30	-23.09%	$258.26	$216.30	144	242	215-220
DELL	Dell	$469.47	$387.09	-17.55%	$375.58	$314.54	164	253	325-350
DUOL	Duolingo	$489.00	$121.70	-75.11%	$391.20	$327.63	182	105	110-115
FIG	Figma	$142.92	$19.22	-86.55%	$114.34	$95.76	37	21	16-17
HCA	HCA Healthcare	$556.52	$379.89	-31.74%	$445.22	$372.87	459	434	370-375
INOD	Innodata	$125.14	$102.22	-18.32%	$100.11	$83.84	60	68	80-82
MRVL	Marvell	$324.15	$270.76	-16.47%	$259.32	$217.18	105	174	225-230
MU	Micron	$1,089.29	$945.39	-13.21%	$871.43	$729.82	366	646	750-800

THE S&P 500 – A PULLBACK IN PROGRESS

The changing narrative has already taken the more volatile names 20-30% lower.

Symbol	Company	52 Week High	Price	Drop %	20% Drop	33% Drop	200 SMA	50 SMA	Accumulate Range
MXL	MaxLinear	$106.28	$77.22	-27.34%	$85.02	$71.21	28	63	67-70
NBIS	Nebius	$278.84	$219.63	-21.23%	$223.07	$186.82	118	178	200-205
NOK	Nokia	$17.45	$13.87	-20.52%	$13.96	$11.69	8	12	13-14
OSCR	Oscar	$29.30	$28.68	-2.12%	$23.44	$19.63	17	19	25-26
RBRK	Rubrik	$99.75	$71.52	-28.30%	$79.80	$66.83	68	60	65-67
SIMO	Silicon Motion	$314.34	$266.52	-15.21%	$251.47	$210.61	128	207	210-220
SITM	SiTime	$901.60	$704.34	-21.88%	$721.28	$604.07	391	598	640-650
VRT	Vertiv	$379.94	$294.52	-22.48%	$303.95	$254.56	216	314	260-270

INNODATA - INOD

Innodata (INOD) $103 is a possible investment at this price – high risk/high reward.

This is a data set refiner for AI – no physical infrastructure and is used by the likes of Palantir and has expanded to other LLM foundational players. The training of LLMs is a fairly large TAM.
INOD serves the AI innovation labs and frontier model builders—defined as roughly 20 organizations globally developing the most advanced foundation models, including the major U.S. labs and sovereign-backed efforts.
Sovereign and Federal data business could also be attractive catalysts
Valued addition with their own software layer to transition from purely labor-intensive data annotation to scalable, higher-margin tech products. This includes their **Agentic Evaluation & Observability Platform**, which focuses on LLM safety ecosystems, guardrails, and compliance tracking.

The valuation is surprisingly light for such a tiny company only $350Mn in sale – 9x sales for 41% grower and the company has GAAP operating margins of 18% and Cash Flow Margin of over 35%.

I will take a decision on this tomorrow but keeping it on my radar.

REVISITING RUBRIK

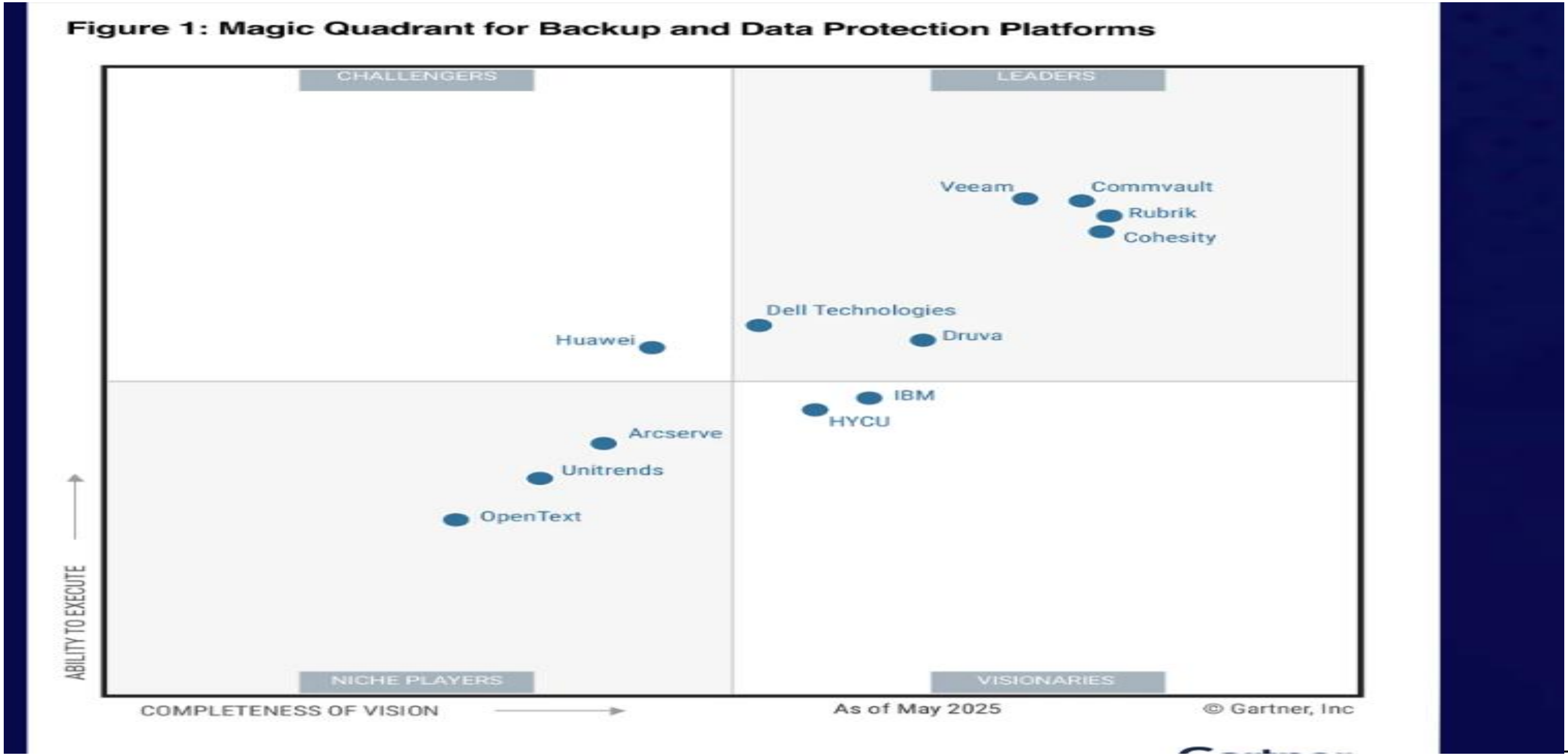
(RBRK) $70

The sell off in Rubrik post earnings is more because of a crash in overbought semi, AI and other tech stocks, instead of any intrinsic or fundamental weakness in its business.

Rubrik specializes in cyber resilience, data backup and recovery and is one of the strongest in this segment of the cybersecurity industry. This is a competitive field with several strong players and as you can see from Gartner’s magic quadrant Rubrik easily holds its own as a leader, outpacing heavyweights like Dell and IBM.

The growth in agentic AI will be a strong catalyst for increasing cybersecurity budgets for the next decade, and I expect Rubrik to be a huge beneficiary of this demand.

REVISITING RUBRIK



REVISITING RUBRIK

“RBRK raised its FY27 guidance across the board, reflecting elevated customer demand as cyber resilience remains top of mind for enterprises with more organizations forced to prepare for worst-case scenarios while keeping cost management top of mind with the company scaling across identity resilience and agent cloud," said Wedbush analysts, led by Dan Ives, in a note.

"We remain confident in the RBRK growth story heading into FY27 as the company continues to win larger deals and captures elevated demand for cyber resiliency through fast recovery solutions that remain a top priority for CIOs/CISOs," Ives added.

I attended and am researching their investor day conference in detail and I like what I see so far – they are in a very early stage of platformization and the fact they are at the right place going after agentic AI should be a huge deal in the future.

I will add more tomorrow.