06/25/2026

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 – S. KOREA, MICRON, THE MEMORY SHORTAGE AND BUBBLE

	06/18/2026	06/25/2026	Change	Iran War Low	Top - 006/02/2026	Bounceback at top	Pullback
S&P 500	7,500.68	7,432.19	**-0.91%**	6,316.91	7,609.90	**20.47%**	-2.34%
Nasdaq Comp	26,517.93	25,987.05	**-2.00%**	20,690.25	27,190.21	**31.42%**	-4.42%
S&P 500 - 50 Day Moving Average					**7,305.91**		

So far, the market has remained range – bound, weakened at the start with the S. Korean market blowing up 10% on Monday with some recovery on Micron's stellar results. To me, simply, the narrative is exhaustion – there are great stories in AI and data center infrastructure balanced by extreme valuations in some cases and stretched ones in many others. The easy money has been made and overpaying, and chasing momentum is not the right way to go, and especially now when the gains have been so spectacular.

The S. Korean market had tremendous leverage, which led to the 10% drop and analysts are looking for parallels in the U.S. markets, so I am advising caution till at least Q2, earnings, and waiting for better prices.

THE S&P 500 – S. KOREA, MICRON, THE MEMORY SHORTAGE AND BUBBLE

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In Monday's (06/22/2026) newsletter, I stated that Micron's blockbuster earnings on Wednesday, might be the biggest catalyst this week, and a good chance to exit.

Investors did focus on Micron's earnings and ignored news from the gulf. Micron's earnings should keep AI, data center and data center infrastructure higher this week, after all where will the huge haul of $120 of net funds coming into the market go?. Wall Street continues to wax eloquent over memory and believes that prices will continue to remain elevated.

Micron Technology (MU - Needham upped its price target on the memory giant ahead of its upcoming third-quarter results.

THE S&P 500 – S. KOREA, MICRON, THE MEMORY SHORTAGE AND BUBBLE

“We believe the memory market has continued to strengthen over the past 90 days and see market fundamentals remaining stronger for longer as a result of continued strong demand, a robust pricing environment, and limited capacity additions,” Needham analyst N. Quinn Bolton wrote in a note to clients. “Adding to these favorable conditions, we believe the long-term agreements being signed in the industry are providing suppliers, including Micron, with better demand visibility that extends over multiple years. Reflecting this multi-year visibility, together with the strategic importance of memory in AI, we believe investors should be comfortable paying a higher valuation multiple for memory stocks.”

Bolton raised his price target on Micron to $1,550 from $500 and reiterated his Buy rating.

And Tim Cook, Apple’s CEO **had this to say to the Wall Street Journal:** *“Unfortunately, price increases are unavoidable,” he said. “We’re doing our best to mitigate the huge increases that are being passed to us, and we’ve been trying to shield our customers from the increases, but the situation has become unsustainable.”*

THE S. KOREAN MEMORY BUBBLE

A day late! On 06/22, I had posted that I was likely to take some profits the day of Micron's results, (Sell the news). The South Koreans beat us to it! The KOSPI fell 10% in S. Korea yesterday, in a market over weighed by memory and chip makers. Futures are down around 2% and 3%, and individual AI names between 5-10%. By all accounts, standards, benchmarks and historical rallies, we've had an extraordinary run in the past few years and especially in the past few months!!! And at these levels, pure luck is overriding skill, research and analysis, and common sense and I'm not going to abuse it. The neo-clouds are vulnerable and selling 10-20% on rips is a good strategy

From Bloomberg:

US technology stocks are set to slump on Tuesday after a selloff in Korean chipmakers stoked concerns about the sustainability of the artificial intelligence-related rally. Contracts on the Nasdaq 100 fell 2.7% as of 7.09 a.m. in New York, while S&P 500 futures dropped 1.4%. In Europe, the technology sub-index of the Stoxx 600 fell 3%.

South Korea's Kospi Index fell 10%, triggering a circuit breaker, with SK Hynix and Samsung Electronics Co. each plunging more than 10%. A local media report said SK Hynix Inc. is slowing expansion of AI memory chip production and shifting emphasis to the cheaper commodity DRAM, sparking worries among traders over demand for AI datacenters. The sharp drop in Korean chip bellwethers suggests investors are moving quickly to lock in recent gains, **a warning sign for US tech stocks.**

INTEREST RATE HIKES OR CUTS?

The FOMC meeting - concise statements and task forces: The Fed kept rates neutral as expected, leaving the benchmark rate at 3.5% to 3.75%,

The statement was concise, bordering on curt.

“The Committee reaffirmed its policy of maintaining ample reserves in the banking system. Economic activity is expanding at a solid pace despite elevated uncertainty that owes, in part, to the conflict in the Middle East. Productivity growth and capital investment are strong. Job gains have kept pace with the workforce, and the unemployment rate has changed little. Inflation remains elevated relative to the Committee’s 2% goal, in part reflecting supply shocks that have driven price increases in certain sectors, including energy. The Committee will deliver price stability.”

What is the key takeaway from the meeting? To restate the obvious: There’s no defensible case for cutting rates in the near-term, although The White House will surely claim that “peace” in the Mideast, and the accompanying oil price relief, removes an obstacle to additional easing. But given the strength of the labor market, the huge gains in the stock markets, and high inflation, cutting rates would be a mistake. Headline inflation’s running two full percentage points above target and we’re one CPI uptick (or UNR downtick) away from YoY growth on the all-items gauge exceeding the jobless rate.

INTEREST RATE HIKES OR CUTS?

Cutting rates would be a mistake: The economy's adding nearly 200,000 jobs per month on average, consumer spending's holding up (see Wednesday's retail sales report) and with the S&P loitering at or near records, the wealth effect is in full swing.

Real Fed funds, you're gently reminded, is now negative and as such, it's more than a full percentage point below SEP-implied r-star. Speaking of the SEP, the dot plot refresh shows half of policymakers now expect to hike rates at least once this year. Warsh, it appears, didn't submit a rate forecast. He's not a fan of the dots, nor of forward guidance more generally.

As expected, the new inflation projections reflected sharp upward revisions to the headline and core PCE outlook. Overall and underlying price growth on the Fed's preferred measure (which Warsh doesn't like either) will average 3.6% and 3.3% this year, respectively, according to the June SEP.

STUBBORN INFLATION

Personal Consumption Expenditures: PCE Report:

Headline YoY: +4.1%, higher than April's rate of +3.8%
Headline MoM: +0.4%, same as April's rate
Core YoY: +3.4%, higher than April's rate of +3.3%
Core MoM: +0.3%, higher than April's rate of +0.2%

US consumer spending accelerated in May even as prices rose at the fastest pace in more than three years, suggesting Americans are powering through the fallout from the Iran war.
The personal consumption expenditures price index rose 4.1% last month from a year earlier, the most since April 2023, Bureau of Economic Analysis data out Thursday showed.
Excluding food and energy, prices were up 3.4% from a year earlier.
Inflation-adjusted consumer spending rose 0.3% from a month earlier after stalling in April.

GDP REMAINS GOOD

A separate report showed the US economy grew at an annualized 2.1% pace in the first quarter, faster than previously estimated.

MAY 2026

Indicator	Actual	Estimate
Real personal consumption (MoM)	+0.3%	+0.2%
PCE price index (YoY)	+4.1%	+4.1%
PCE price index, excl. food, energy YoY)	+3.4%	+3.4%
GDP (1Q, third estimate)	+2.1%	+1.6%

It does seem that economy is humming well, at least from these reports, so I would not expect any interest rate cuts this year.

The 2.1% growth is adjusted for inflation.

CAN INFLATION DERAIL THE AI SURGE?

Apple raising prices by 15% because of expensive memory is indicative of a bigger trend: If you ask me, the big story here isn't the cost of any individual gadget, nor even that the world's most important consumer products company is raising prices due to an unprecedented surge in component costs**. Rather, the story is the ironic juxtaposition between AI as a disinflation savior (through the longer run productivity growth channel) and the AI buildout as a new, inflationary supply shock.**

"With the backdrop of easing inflationary pressures from the energy sector, the reflationary angst has rotated toward the AI buildout," BMO's Ian Lyngen "High technology prices throughout the US market would undoubtedly contribute to goods inflation, even if it is unclear whether the latest inflationary impetus would be sufficient to prevent falling energy costs from containing aggregate consumer prices during the next few months," BMO's US rates team went on, in the same note.

This comes at a time when the rebuilding of trade barriers already threatens to reverse decades of goods deflation. Cheap "stuff," particularly falling prices for consumer electronics, was the door prize given to displaced manufacturing workers in Western economies during the hyper-globalization era. A lot of those workers came to see that as a raw deal, and disaffection among that demographic goes a long way towards explaining the rise of populism in the West.

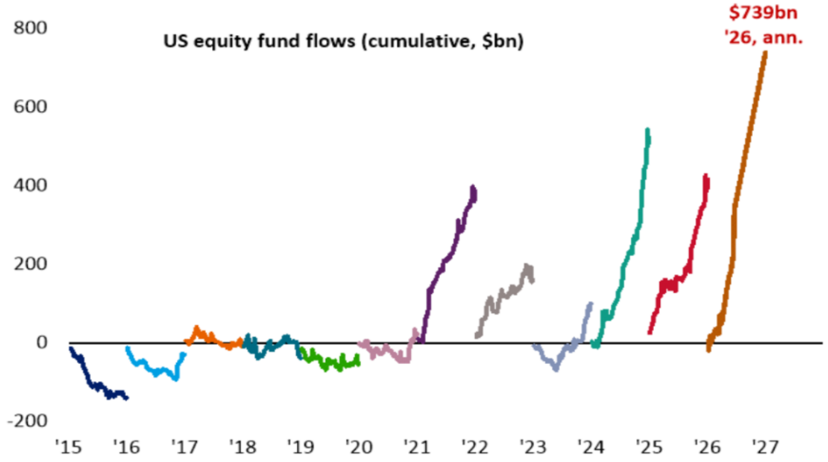
SHOW ME THE MONEY

Funds continue to flow into the market:

With the above in mind, it's worth noting that US-focused equity funds took in nearly $120 billion on net over the latest weekly reporting period, according to EPFR. That's (obviously) a record, and it pushed the YTD inflow to US stocks beyond $341 billion. The figure on the left, below, from BofA's Michael Hartnett, gives you some context for 2026's pace. We're annualizing nearly $750 billion!!!

Chart 10: Inflows to US stocks annualizing record $739bn in '26

Cumulative US equity fund flows, by year ($bn)

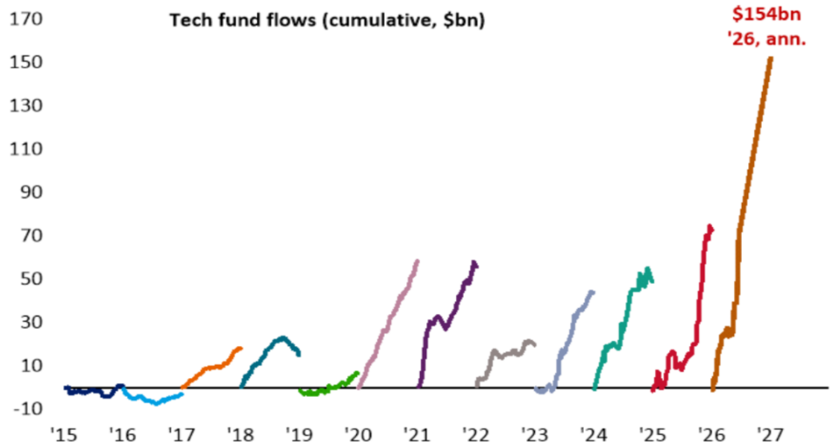


Source: BofA Global Investment Strategy, EPFR. *2026 is YTD annualized.

BofA GLOBAL RESEARCH

Chart 11: Inflows to tech stocks annualizing record $154bn in '26

Cumulative US tech fund flows, by year ($bn)



Source: BofA Global Investment Strategy, EPFR. *2026 is YTD annualized.

BofA GLOBAL RESEARCH

MICRON'S RESULTS ARE TERRIFIC, BUT INDEX CONCENTRATION IS A RED FLAG

Between them, Micron and Nvidia are expected to account for nearly a third of this year's S&P 500 EPS growth by themselves, and more than a quarter of next year's growth. The index's YTD gains are in no small part a function of Micron's 230% surge.

Micron is, of course, one of the big three HBM players alongside Samsung and SK Hynix, both of which are in the news virtually every day. Wednesday was no exception. Just hours before Micron's report, SK Hynix announced plans for a blockbuster, $29.4 billion US listing.

Suffice to say any evidence that HBM demand's waning would be viewed as a crack in the load-bearing pillar upon which the AI bull case now rests.

MICRON'S RESULTS ARE TERRIFIC

So, it was with a heavy sigh of relief that markets embraced a big beat to consensus from Micron on the all-important current-quarter revenue guide. Sales in the period ending August 31 will be around $50 billion, the company said. That was easily ahead of the $43 billion the Street expected, as was Micron's profit guide.

EPS should be $31/share this quarter, more than $5 ahead of consensus. It's hard to know what to say about this other than, you know, "huge numbers." Micron's growing the top line by damn near 350%.

We all know the caveat(s): This is a boom-bust, feast-or-famine industry. Right now, it's booming, and the HBM oligopoly's feasting. Demand's absolutely insatiable and outstrips supply by a historic margin.

Speaking of margins, Micron's was — checks notes — nearly 85% last quarter. That's pretty good, where "pretty good" means 300bps ahead of consensus and double the figure for the same period a year ago.

MICRON'S RESULTS ARE TERRIFIC – LONG-TERM CONTRACTS NOW

Sanjay Mehrotra said the results speak for themselves and alluded to the possibility that AI's changed the nature of the business such that financial results will be more "predictable" going forward.

As for the bonanza to which we're all witness in 2026, Mehrotra said it reflects "the strategic value of memory in the AI era." Apparently so. The agreements were with customers across the data center, consumer, and auto market segments. Typically, these agreements have a 5-year term from calendar 2026 through the end of calendar 2030. Automotive agreements generally have a 3-year term. The 16 signed agreements represent roughly 20% of our DRAM volume and 1/3 of our NAND volume over this period. These SCAs include four very large customers and three medium-sized customers," said Mehrotra.

"Even more impressive are the terms, with committed volumes but also a favorable pricing structure designed to keep ASP/bit (and GMs) within prescribed, historically high ranges," said Chin and his team. "Micron expects 50%+ of revenue to be covered under SCAs, in our view a best-of-both-worlds blend of fixed and floating ASP [average selling price] exposure."

SIEMENS ENERGY

Siemens Energy still looks quite interesting even after it has gone up 80% since it got revalued because of data center demand for its turbines, and grid infrastructure business, following close competitor GEV. Here are the metrics - **Siemens beat GEV on a lot of metrics, especially operating margins, and operating cash flow, and is cheaper by a fair bit on earnings and revenue growth ratios.**

	SMERY	GEV
3 Year EPS Forecast	35.00%	43.00%
PE	37.30	68.80
PEG	1.07	1.58
3 year Rev Forecast	12.6%	13.62%
P/S	3.05	5.90
P/S G	0.24	0.43
Past decade revenue growth	4.60%	5.40%
OPM	11.77%	6.20%
OCFM	20.19%	9.30%

SIEMENS ENERGY

Some color on Siemen's business:

Back log: Order book has climbed over $150Bn for a $51Bn revenue company, with extended visibility for gas turbines and grid infrastructure through 2030. Siemens Energy booked 179 gas turbine orders in just the first half of fiscal year 2026 (nearly matching the 194 total orders they took in all of fiscal 2025).

The two growth engines, gas turbines and grid infrastructure have climbed to over 64% of total revenue and are growing in the mid-teens.

The transformation business, mostly decarbonizing, electrifying, and optimizing heavy industrial processes, is the steady segment, but has consistently high margins.

Siemens is also guiding to better margins in 2026-2027, about 2-3% points higher than the current 12%, which indicates better pricing.

I would buy Siemens over GEV, and did on 6/15 at a pre-split price of $194.23

QUALCOMM

Qualcomm (QCOM) presented a comprehensive strategy behind its new data center business segment during its Investor Day, which prompted an upgrade and positive reactions from financial analysts.

EXECUTION OF SEVERAL STRATEGIES ARE STILL 18 MONTHS TO 2 YEARS FROM NOW, SO KEEPING A LOOKOUT – THIS COULD BE VERY INTERESTING.

Wall Street seems to like it.

Morgan Stanley upgraded the stock to Equal-weight from Underweight and boosted its price target to $231 from $146. "Overall, the broader takeaway is that Qualcomm's diversification appears to be happening faster than we had expected, driven by the larger than anticipated data center opportunity," said Morgan Stanley analysts, led by Joseph Moore, in a Thursday investor note. "The company has made a number of targeted acquisitions over the past several years to support this transition, with the recently announced Modular acquisition intended to strengthen its AI software platform alongside its silicon roadmap."

QUALCOMM – KEEPING ON THE RADAR

Meanwhile, Citi retained its Neutral rating and increased its price target to $198 from $160.

"QCOM raised its F29E non-handset revenue target from $22B to $40B, largely driven by its $15B+ data center revenue target," said Citi analysts in a note. "The company also targets >$18 in non-GAAP EPS by F29. We raise our price target from $160 to $198, based on 20x F28 EPS (rolled forward from C27), above its three-year historical average to reflect a premium for improving data center traction and visibility. That said, we maintain a Neutral rating on expectations of softening handset demand driven by higher memory costs in 2026." J.P. Morgan retained its Neutral rating and a hefty $265 price target, as it noted Qualcomm's data center, auto and IoT businesses are all tracking ahead of schedule.

"This medium- to long-term bullish case, or at least its linearity, was partially tempered by a candid acknowledgment of near-term hurdles, including a soft, memory-impacted handset market as well as the step-up in investment required to capture the Data Center growth," said J.P. Morgan analysts, led by Joseph Cardoso, in an investor report. "Nonetheless, with a roughly doubled $40 bn non-handset revenue target by FY29 underpinning an earnings outlook of more than $18, we expect investors to leave the meeting positive, digesting the targets as evidence not only of diversification but of a genuine acceleration in the underlying financials, including revenue growth of +15% and earnings growth of +20% through FY29, vs. +6% and +8% from FY23 through FY26, respectively."

QUALCOMM

J.P. Morgan added “We expect investors to leave the meeting positive, digesting the targets as evidence not only of diversification but of a genuine acceleration in the underlying financials, including revenue growth of +15% and earnings growth of +20% through FY29, vs. +6% and +8% from FY23 through FY26, respectively."

The revenue diversification for Qualcomm was critical as its handset segment stalls.

"In the near term, Android Handset revenue is expected to track flat to down in FY27, with Apple Handset revenue tracking to $2 bn in FY27 and rolling off completely by FY29," Cardoso added. "Together, these dynamics drive a $5 bn to $6 bn reduction in Handset revenue heading into FY27."05/06/2026

I am keeping an eye on the stock.
Commercialization, and implementation are slated for 2028 and after so execution will be extremely important.

TRACKING NON AI STOCKS

June 25th

Symbol	Company	52 Week High	Price	Drop %	20% Drop	33% Drop	200 SMA	50 SMA	Accumulate Range
MOH	Molina Healthcare	$311.52	$215.64	-30.78%	$249.22	$208.72	169	183	200-210
OSCR	Oscar	$30.38	$28.54	-6.06%	$24.30	$20.35	18	22	25-27
NFLX	Netflix	$134.12	$72.15	-46.20%	$107.30	$89.86	98	88	$70.00
AXP	American Express	$387.49	$342.23	-11.68%	$309.99	$259.62	337	320	325-350
HCA	HCA Healthcare	$556.52	$389.27	-30.05%	$445.22	$372.87	459	416	350-375
RDDT	Reddit	$282.95	$157.07	-44.49%	$226.36	$189.58	188	162	145-150

STOCKS

06/25/2026

Trade Alerts:

Sold 20% of Micron (MU) 1,169 Profit taking.

Sold 20% of Advantest (ATEYY) $216.12 Profit taking.

06/18/2026

Trade Alert: Bought Siemens Energy (SMERY)$194.23

06/15/2026

Trade Alert: Bought Amphenol (APH) $156.82

Trade Alert: Bought Eaton (ETN) $409.62

Trade Alert: Bought Nokia (NOK) $14.78

Planning to buy Macom and Applied Electronics