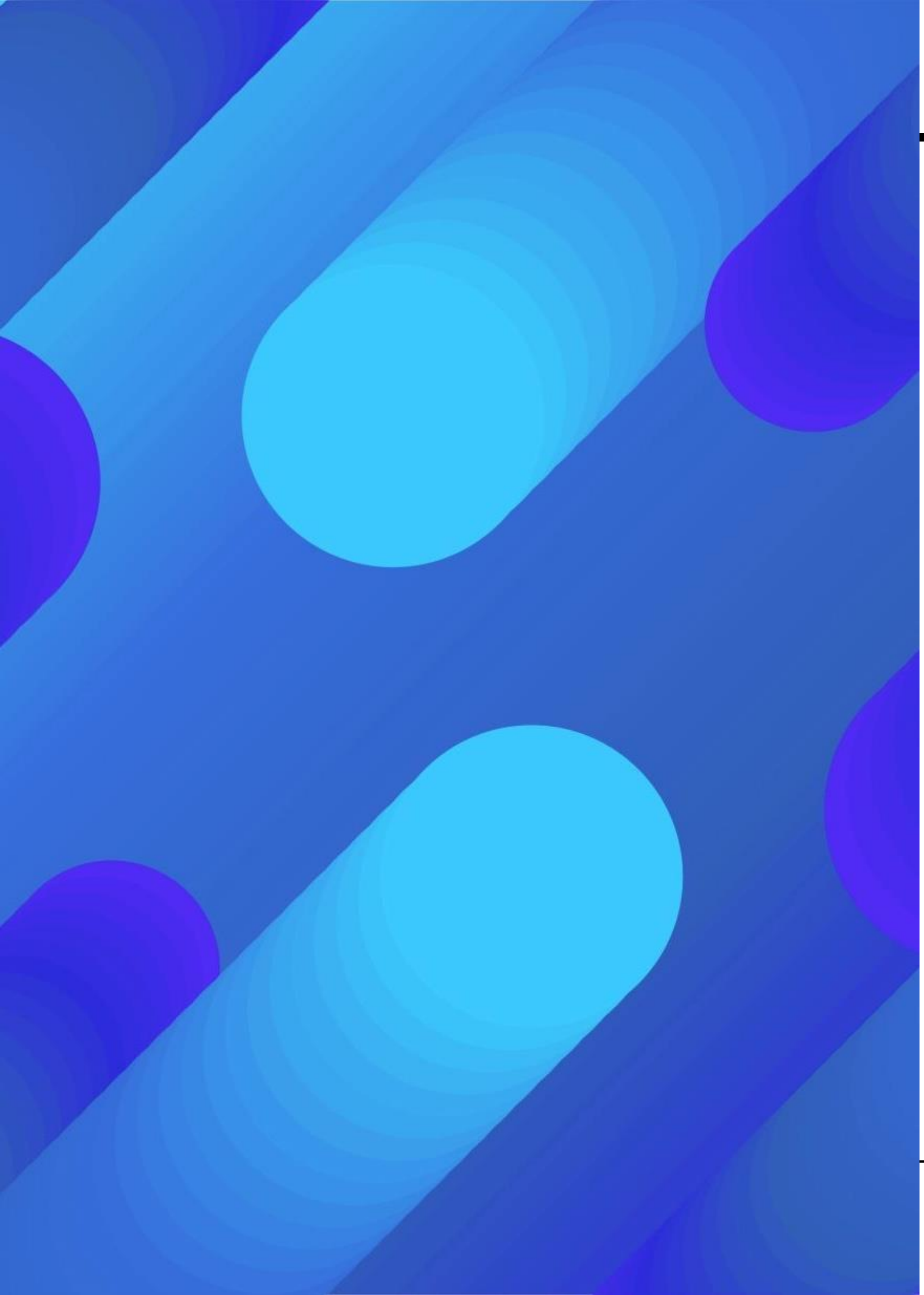


08/13/2026

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.

SIGNS OF TOPPING OUT?

	08/21/2026	08/27/2026	Change	Iran War Low	52 Week High 08/13	Bounceback at top	Change from top	Note
S&P 500	7,674.31	7,717.33	0.56%	6,316.91	7,816.70	23.74%	-1.27%	Looks like it has topped out
Nasdaq Comp	26,180.45	26,424.10	0.93%	20,690.25	27,190.21	31.42%	-2.82%	No Breakout - Triple Top
S&P 500 - 50 Day Moving Average					7,551.43	Support level 1		
S&P 500 - 89 Day Moving Average					7,424.14	Support level 2		
S&P 500 - 200 Day Moving Average					7,113.35			

Too much debt is not good for the stock market, growth stocks and bond markets: Rising bond yields caused by the need for $2 to $3Tr of more debt for data center buildouts over the next two years and a profligate US government could derail the market over the course of the next few months. **I have far too many growth stocks that lose value fast with rising interest rates, and I took some profits and raised cash to 16%**

Don't get complacent: Even though the weekly drop didn't reflect panic, it wasn't reassuring in any way. Investors' insouciance towards rising bond yields, perhaps due to a lack of volatility could be the proverbial calm before the storm, and I do hope to get ahead of it. **Stocks don't typically freak out until bond moves get more violent, but is that a good thing?** Plus, there's no getting around the fact that the 30-year yield has climbed from 4.7% in March to over 5.2% today. Should that not create some fierce competition for investor assets? Why take on all the risk of holding equities when you can get 5.2% "risk-free"? For starters, it is not entirely risk-free and maybe it depends how you define risk-free. When people assume bonds are low-risk or risk free they're not factoring in several negatives. The U.S. national debt crossed above $40 trillion this week and given the lack of political will to raise taxes or bring down spending, the path forward is clear. **The only way we've ever paid off this kind of debt is to inflate our way out.** I think it's going to be a long time until we see low-single-digit inflation numbers again.

SIGNS OF TOPPING OUT

Inflation isn't great for equity investors, either, but at least companies can charge more for their products. **Investors who hold a 30-year bond to maturity are all but assured of being repaid, but the question is how much the dollars they get in the 2050s will be worth.** (One doesn't need to hold a bond to maturity to be punished by inflation, of course; when investors fear inflation will rise, they demand more yield for locking up their money, pushing down prices.) **If you have a couple years of double-digit inflation, no different from what we've experienced in this country in the past, it decimates a bond portfolio.** So, reflect a little before defining long-dated government bonds as totally risk-free.

For the most part of 2026, we ignored macro economic factors and focused on the AI boom, and rightly, I may add. But this is getting contagious, and the fear is spreading beyond the bond market. The U.S. Dollar Index DXY -0.06%, which measures the value of the dollar against a basket of other currencies, fell to a three-month low. Gold just notched its fifth straight weekly gain. And for investors like me which have a large exposure to growth stocks, some AI infrastructure stocks have already dropped 15% from their recent highs. The yield rise is starting to bite in several other sectors, such as the rate-sensitive utilities sector, which dropped 2.8%. Banks, whose businesses benefit from loan demand and high long-term yields, gave up recent gains, with the State Street SPDR S&P Bank exchange-traded fund falling 4.3% on the week.

TREASURY BUYBACKS SPOOK THE MARKET

Treasury buybacks a sign of panic?:

Treasury secretary Scott Bessant's gamble to shore up long dated treasury bonds could be a sign of panic: On 08/19 The US treasury went on a bond buying spree, to shore up the long-ended 10 year and 30-year treasury bond market. Initially that did bring down yields from 5.32% to 5.17% on the 30-year. But by Friday, it gave up most of its gains, closing at 5.28%.

Bessant's move was derided by plenty of professional money managers as a sign of panic and a band-aid at best.

Expensive debt and spending are far more serious issues and buying bonds is no way to stop yields from rising.

TREASURY BUYBACKS SPOOK THE MARKET

One common refrain says markets stop panicking when policymakers start, but as we've seen time and again with — ironically in the context of Bessent the interventionist Treasury chief — the Japanese yen, markets have a nose for fear. Like sharks smelling blood, they'll push the envelope if they doubt the credibility and/or the commitment of this or that official backstop. Bessent should know: He made his fortune being just such a shark.

I worry Bessent's opened a Pandora's box. Unlike the Fed, he can't conjure reserves tobuy bonds. **He has to sell Bills to fund the buybacks, and if this turns into a grudge match between Bessent and markets, one risk is a flood of short-term paper.** Someone has to absorb that, and depending on the size, it could cause distortions in funding markets.“ On the surface, the [buyback] operations are designed to increase liquidity at a point in the calendar when summer trading conditions and significant corporate issuance could strain the Treasury market [but] it is difficult for investors to fully embrace this rationale considering the outright level of 30-year yields and the recent spike in 30-year real rates, ”BMO's Ian Lyngen remarked, adding that it won't be surprising “to see any initial drop in long bond yields largely eroded.”

TREASURY BUYBACKS SPOOK THE MARKET

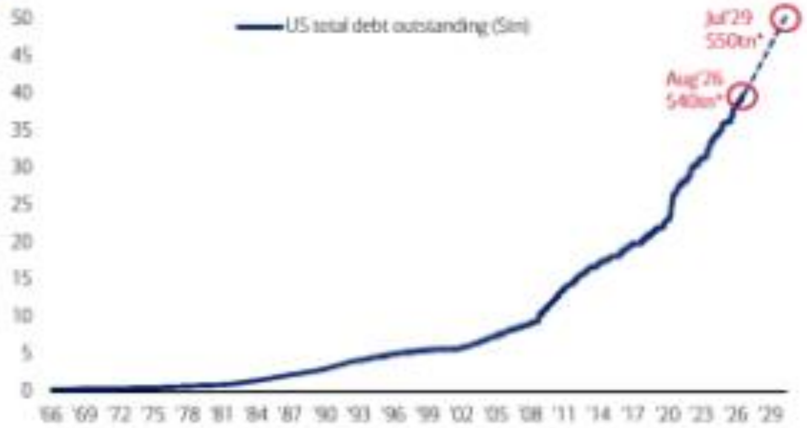
So far, he's absolutely right. For now, though, and assuming the Trump administration's concept of a plan for placating markets with empty promises of fiscal retrenchment doesn't amount to much, the dollar and Treasurys are "in a precarious position," as BMO's Ian Lyngen put it Friday afternoon. "Despite Bessent's interventionist tactics to drive bond yields lower and efforts to downplay budget deficit concerns, a constructive tone shift has failed to materialize in the long-end of the curve," Lyngen said. "Instead, the Treasury's actions have triggered fresh concerns about the agency's debt-management credibility in addition to renewed concerns about de-dollarization."

I can see bond and equity shorts smelling blood. In my opinion the dollar debasement trade will continue for a bit, I think we passed an inflection point, which was masked by great earnings from semiconductor stocks and massive revenue growth from frontier AI companies like Anthropic and Open AI. "As America's publicly-held debt level reaches 100% of GDP and budget deficits remain high, this will be a growing issue, which will either force the US to tighten fiscal policy, accept higher borrowing costs or let the dollar weaken," Juckes from BNP Paribas added. "No prizes for guessing which solution the market now sees as most likely."

TREASURY BUYBACKS SPOOK THE MARKET

Chart 2: US national debt to surpass $40tn in coming days

US total debt outstanding ($tn)



Source: BofA Global Investment Strategy, Bloomberg

*Projections based on the recent 100-day trend

BofA GLOBAL RESEARCH

Chart 3: Cost of debt to keep rising until 5Y UST yields drop <3¼%

US Treasury interest payment projections

Source: BofA Global Investment Strategy, Bloomberg

BofA GLOBAL RESEARCH

INFLATION PCE – NO IMPACT ON THE MARKET

The Core PCE Price Index (excludes food and energy) increased 0.2% M/M in July, matching the +0.2% consensus and ticking up from +0.1% in June, according to data released by the Bureau of Economic Analysis on Wednesday.

On a year-over-year basis, core PCE climbed 3.3% Y/Y, in line with the consensus estimate and maintaining the same pace as in June.

Even though it appears core inflation hasn't subsided from June, consumers seem to be making some headway in earning power. Personal income rose at a faster pace than spending, according to the report. Both were stronger than the consensus estimates.

Including food and energy, the PCE price index rose 0.2% M/M, exceeding the +0.1% consensus and reversing the 0.1% dip in June. Y/Y, that came to +3.7%, higher than the 3.3% consensus and even with the 3.7% increase in the prior month.

Personal income: +0.4% M/M vs. +0.2% consensus and +0.2% prior.

Personal consumption expenditures: +0.2% M/M vs. +0.1% consensus and +0.3% prior.

EARNINGS UPDATE – NVIDIA BLOCKBUSTER EARNINGS

"There is sovereign AI, there are regional AIs, there are neoclouds, there are AI startups at enterprises […] which represents about half of our business, and that is growing 100% a year."

This growing customer list helped lead to an even bigger surprise than the current quarter's beat, which is that Nvidia broke their typical guidance cadence by providing a guide for FY28, **stating they will report 70% growth, or about $691 billion, compared to analyst estimates for $570 billion. These are staggering numbers showing a company firing on all cylinders.**

This quarter, hyperscalers represented revenue of $48.7 billion compared to ACIE revenue of $40.3 billion, yet ACIE had a stronger growth rate of 138.5% compared to the hyperscaler segment at 101.2%. After reclassifying one company, the QoQ growth for ACIE was 25% compared to hyperscalers at 13%. Within this, sovereign AI revenue and regional neoclouds reported growth of 35% QoQ and tripled YoY.

Depending on how you model the two-quarter lumpiness, ACIE can conservatively overtake hyperscalers in 5-6 quarters at a 14% QoQ growth rate versus 10% QoQ growth rate for hyperscalers, or as soon as 2 quarters if the Q2 pace continues.

I continue to hold.

EARNINGS UPDATE - NVIDIA

Nvidia – growing beyond hyperscalers – The ACIE business has surpassed and is growing faster than the hyperscaler business, which reduced customer concentration a lot.

Quarter	Hyperscale	ACIE
Q2 FY27	$48.7B	$40.3B
Q3 FY27	$53.6B	$47.6B
Q4 FY27	$58.9B	$56.1B
Q1 FY28	**$64.8B**	**$66.2B**

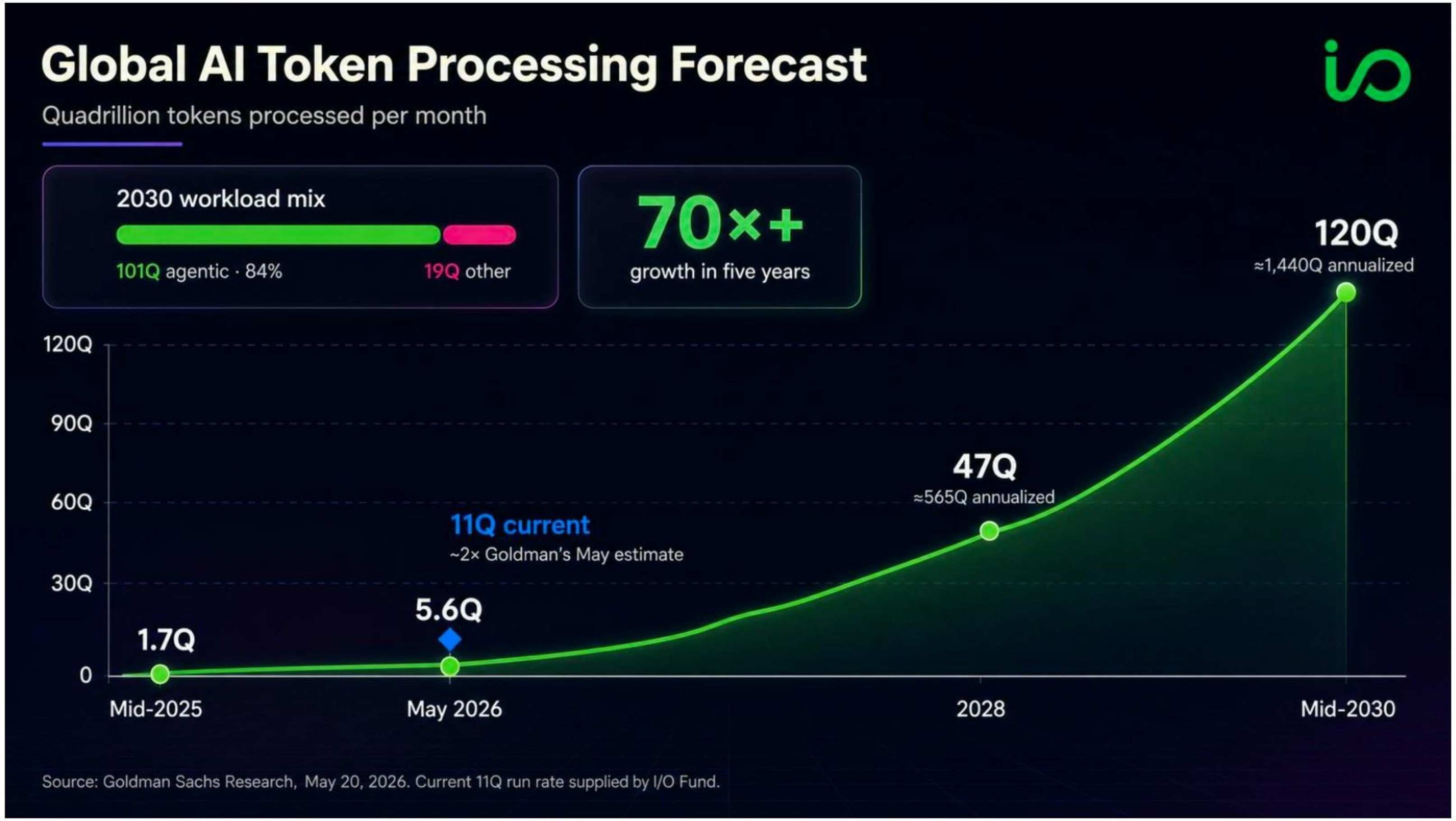
EARNINGS UPDATE - NVIDIA

Currently, consensus estimates are pointing to combined capex approaching as much as $1.1 trillion, a more than 4X increase in just three years. Yet, Nvidia offered a welcome surprise on the capex front this quarter, with CFO Collette Kress stating: "With cloud industry backlog now greater than $2 trillion, CapEx by the top five hyperscalers is expected to reach nearly $800 billion in 2026 and $1.3 trillion in 2027."

At the heart of every Nvidia's earnings report is the question – how will the world's most valuable company continue to grow? The economics around lifetime token output increasingly matters for inference as it brings to the forefront that it's less about what the systems cost, and it's more about how many tokens a rack can generate.

We covered this topic in our previous free newsletter "AI Token Demand is Shattering Forecasts" when we pointed out that: "Goldman Sachs' forecasts from May 2026 estimate that token processing will hit 47 quadrillion per month in 2028. That is approximately 565Q tokens per year, or about 10X Dell's forecast. The firm sees monthly token processing rising from 1.7Q in mid-2025 to nearly 120Q in mid-2030 (1,440 quadrillion annually) a more than 70X increase in five years. Of this, Goldman estimates that around 101Q tokens will come from agentic workloads, or over 80% of the total."

EARNINGS UPDATE - NVIDIA



EARNINGS UPDATE - NVIDIA

As token forecasts explode higher, it provides an opportunity for Nvidia to drive down costs while simultaneously raising prices. To illustrate, one reason token usage is surging is that users are asking models to complete more complex tasks, which increases the input and output for each request. On the Q2 earnings call, Kress stated: “Meanwhile, because NVIDIA's compute is so productive, the tokens they are generating, the GPU hours they are renting out is insanely profitable as you know. Their margins are fantastic.” This helps justify Nvidia’s price increases – even as more competition enters the market. Ahead of the earnings call this week, Reuters reported that Nvidia planned to raise server prices by 15%, however, this does not necessarily lead to 15% in the cost if Rubin can generate substantially more tokens. Nvidia has stated the upcoming generation Vera Rubin can deliver 50X more throughput per megawatt and 35X lower token cost relative to Blackwell Ultra. In the event that higher throughput can rise faster than total cost of ownership, then hyperscalers and ACIE customers will be more willing to pay higher prices if the systems lower the cost of every token produced.

From Hopper to Rubin, Revenue per Gigawatt Keeps Climbing In the case of Hopper, we were at about $18 billion per gigawatt. For Grace Blackwell, we are about $25 billion per gigawatt. For Vera Rubin, it is about $40 billion per gigawatt.” Moving from $18 billion per GW with Hopper to $40 billion with Rubin represents more than a 2.2X increase in revenue density from essentially the same amount of infrastructure.

EARNINGS UPDATE – EVERPURE (P)

Everpure press release (P): Q2 Non-GAAP EPS of $0.70 beats by $0.12.

Revenue of $1.2B (+39.4% Y/Y) beats by $100M.
Product revenue $687 million, up 54% year-over-year
Subscription services revenue $499 million, up 20% year-over-year
Subscription annual recurring revenue (ARR) $2.1 billion, up 20% year-over-year
Remaining performance obligations (RPO) $4.1 billion, up 44% year-over-year
GAAP gross margin 68.4%; non-GAAP gross margin 69.9%
GAAP operating income $63 million; non-GAAP operating income $230 million
GAAP operating margin 5.3%; non-GAAP operating margin 19.4%
Operating cash flow $(136) million; free cash flow $(238) million

Total cash, cash equivalents, and marketable securities $1.0 billion

Returned approximately $69 million to stockholders through share repurchases of 0.9 million shares.

EARNINGS UPDATE – EVERPURE (P)

Oppenheimer reiterated its Outperform rating and $140 price target. "As the only notable negative, management expects to operate at the lower-end of its product gross margin range (65–70%), absorbing costs to preserve customer relationships and capture market share. Overall, we see growing enterprise traction and opportunity with hyperscalers driving significant growth," said analysts led by Param Singh.

BofA upgraded Everpure's rating to Buy from Neutral and increased the price objective to $150 from $90, noting that the company's competitive moat is widening versus peers. "We upgrade Everpure Inc. to a Buy (from Neutral) given the following: 1) we expect estimate revisions to continue to be positive, 2) as the business becomes more meaningful for internal hyperscaler use, revenues and TAM for the company will continue to grow, 3) as NAND prices stabilize, Everpure will likely see some displacement of capacity based storage tiers (vs. performance based today), 4) despite an inflationary environment Everpure could take share given better total cost of ownership and better density provided by their Direct Flash modules (DFM), 5) revenue acceleration will likely drive incremental operating leverage," said analysts led by Wamsi Mohan.

Needham raised the price target on the stock to $140 from $100 while keeping its Buy rating. "Everpure delivered a sizable beat and raise as 2QFY27 Revenue accelerated for the fourth consecutive quarter to $1.186 Billion (+38% yr-yr), and FY27 Revenue guidance was raised ~$580 Million at the midpoint" said analyst Mike Cikos and his team.

Wedbush raised the price target to $130 from $127 while keeping an Outperform rating.

EARNINGS UPDATE CROWDSTRIKE

CrowdStrike (CRWD) catapulted 15% during early market action on Thursday following its second-quarter fiscal 2027 earnings, which demonstrated AI-related demand and growing market share, according to analysts.

"CrowdStrike delivered a solid quarter, outperforming every guided metric and raising guidance for the remainder of the year, as the company continues to benefit from broad-based demand following the Mythos moment," said Needham analysts Mike Cikos and Matthew Calitri in a Thursday investor note. "We note FY27 Net-New ARR growth was raised an incremental 630 basis points to 34% yr-yr (where expectations have climbed by more than 10 percentage points since CrowdStrike offered initial FY27 guidance 6 months ago). CrowdStrike continues to consolidate market share, and the core Endpoint offering is experiencing a renaissance as organizations modernize security to keep up with Agentic AI."

I continue to hold.

EARNINGS UPDATE CROWDSTRIKE

Needham retained its Buy rating and increased its price target to $250 from $235.
Meanwhile, Morgan Stanley reiterated its Overweight rating and increased its price target to $238 from $227.
"CRWD's FQ2 results extinguished concerns around how long it would take for the increased threat environment to turn to customer traction," said Morgan Stanley analyst Meta Marshall in a note. "This continues to keep us positive CRWD, as the Q highlighted the degree to which customers are increasingly relying on the company for solutions to address an increased threat environment."
"There are a litany of impressive stats from the quarter: AIDR nearly tripling Q/Q, EDR accelerating for the 4th consecutive quarter, cloud / SIEM / identity growing ARR in totality 39% Y/Y, exposure management accelerating, re-Flex's growing and ARR uplift on re-Flex being ~25%," she added. "The AIDR and re-Flex commentary is most encouraging to us, as they speak to the increased reliance customers are having on CRWD and how that is leading to traction with new product categories that are emerging as needs with AI."

EARNINGS UPDATE

CrowdStrike is the market leader and one of the best managed companies in cybersecurity, justifying a premium valuation. It generates outstanding growth befitting a smaller company.

Similarly, Goldman Sachs increased its price target to $230 from $208 and retained its Buy rating on the stock.

"CrowdStrike noted that AI projects are catalyzing a broader push to security modernization that benefits several parts of the CrowdStrike platform," said Goldman Sachs analyst Gabriela Borges in a note. "There are early proof points that AI could drive structurally higher growth rates for the next several years. For example, AIDR usage is scaling with frontier model usage at up nearly 3x qoq and then becomes an entry point to cross-sell the broader CrowdStrike platform. At the same time, CrowdStrike's more sophisticated EDR technology for session management and agentic context is gaining traction, as is the Identity portfolio broadly."

EARNINGS UPDATE SYNOPSIS

Synopsys (SNPS) shares are up 12% to $459 as the electronic design automation firm reported fiscal third-quarter results and guidance that topped Wall Street's estimates.

For the period ending July 31, Synopsys said it earned an adjusted $3.91 per share as revenue jumped 42% year-over-year to come in at $2.48B. Design automation revenue accounted for $2B during the period, while Design IP revenue was $473.8M.

Analysts had expected the company to earn an adjusted $3.77 per share on $2.44B in revenue.

“AI is driving unprecedented complexity and increasing demand for the silicon IP and engineering solutions necessary to deliver next-generation AI compute, infrastructure and physical AI systems," Sassine Ghazi, Synopsys president and CEO, said in a statement. "One year after the transformational acquisition of Ansys, we are executing with focus, extending our leadership and gaining momentum.”

Looking ahead to the fourth-quarter, Synopsys said it expects revenue to be between $2.53B and $2.58B, with the midpoint in-line with the $2.55B estimate. Adjusted earnings are forecast to be between $4.10 and $4.16 per share, above the $4 per share estimate.

The company raised its outlook for the full-year, as it now expects to earn between $15.04 and $15.10 per share on an adjusted basis, up from a prior range of $14.72 to $14.80. Sales are now forecast to be between $9.69B and $9.74B, above the prior range of $9.63B to $9.71B.

Analysts had expected earnings of $14.77 per share on an adjusted basis and $9.69B in revenue.

EARNINGS UPDATE SYNOPSIS

Morgan Stanley kept its Equal-weight rating and $500 price target on the shares of Synopsys — which provides electronic design automation, or EDA, software and services.

"Modest beat and raise. Q3 sales and EPS came in ahead of guidance and consensus, and management lifted every line of the FY26 guide – sales, margin, EPS and free cash flow. Herein, core EDA is said to be accelerating into Q4, Design IP has returned to y/y growth against an easy comparison, and the Ansys integration is running ahead of plan on cost synergies," said analysts led by Lee Simpson.

The analysts noted that the medium-term story is shifting towards two newer drivers — the Multiphysics Fusion platform and the 'Factory 2' custom IP model — although neither contributes materially before 2027. The analyst day on Sept. 30 is the next catalyst for detail on both, the analysts added.

Goldman Sachs maintained its Buy rating and $600 price target on the stock.

"We expect the stock to be range bound following a solid quarter with an uptick to FY26 revenue guidance. We believe investors remain relatively bearish on the stock given persistent concerns on AI's potentially negative impact on software," said analysts led by James Schneider.

EARNINGS UPDATE SYNOPSIS

Needham maintained its Buy rating and $580 price target on the stock.

"Synopsys reported results largely above guidance/our estimates and raised its FY26 (Oct'26) outlook slightly, signaling sequential growth across all key segments. A key overhang on software (and EDA) names has been the threat of AI, and we have continued to believe that AI cannot replace EDA or related products and fully automate chip design. Taxing requirements of HPC chips have created new requirements and opportunities, such as high-end thermal analysis, which SNPS now provides," said analysts led by Charles Shi.
The analysts noted that Synopsys will provide its fiscal year 2027 (October 2027) guidance during its investor day on Sept. 30, which is two months earlier than usual — an important potential catalyst for the stock.

Meanwhile, Baird upgraded Synopsys' rating to Outperform from Neutral and raised its price target to $560 from $558.

TRADES MADE

08/24/2026

Profit taking/de-risking/raising cash anticipating high interest rates to correct growth stocks. We could be in for a correction for a few months. Long term strategy focus on AI and growth stock remains one of cautious optimism, with some rebalancing and raising cash levels to buy at cheaper prices.

Trade Alert: Sold 20% Nebius (NBIS) $206.75

Trade Alert: Sold 20% Bloom Energy (BE) $192

Trade Alert: Sold 20% Micron (MU) $915

Trade Alert: Sold 20% Meta (META) $549.71

Trade Alert: Sold 20% of Everpure (P) $106.31 – Will buy back

Trade Alert: Sold 20% of Lumentum (LITE) $813.92

RUBRIK

Rubrik (RBRK): Q2 Non-GAAP EPS of $0.20 beats by $0.16.

Revenue of $427.6M (+38.0% Y/Y) beats by $31.3M.

Third Quarter Fiscal 2027 Outlook:

Revenue of $429 million to $431 million vs consensus of $418.41M.
Non-GAAP subscription ARR contribution margin of approximately 14%.
Non-GAAP net income per share of $0.07 to $0.09 vs consensus of $0.06.
Weighted-average shares outstanding of approximately 230 million

Full Fiscal Year 2027 Outlook:
Subscription ARR between $1,880 million and $1,885 million.
Revenue of $1,685 million to $1,693 million vs consensus of $1.64B.
Non-GAAP subscription ARR contribution margin of approximately ~15.5%.
Non-GAAP net income per share of $0.47 to $0.53 vs consensus of $0.31.Weighted-average shares outstanding of approximately 228 million.
Free cash flow of $323 million to $333 million.

The stock is down 8%,