09/24/2026

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.

BOND VIGILANTES CRASH THE PARTY

	09/18/2026	09/24/2026	Change	09/22/26 High	52 Week High 08/13	Double Top?	Change from top	Note
S&P 500	7,650.22	7,697.63	0.62%	7,782.19	7,816.70	0.44%	-1.52%	50 Day was breached for two days but has rebounded
Nasdaq Comp	26,522.25	26,861.91	1.28%	27,288.79	27,190.21	-0.36%	-1.21%	

S&P 500 - 50 Day Moving Average	7,604.88	Support level 1
S&P 500 - 89 Day Moving Average	7,504.22	Support level 2
S&P 500 - 200 Day Moving Average	7,218.21	

The markets look like they have topped out – the distance between the 09/22 high and the all time high from October is less than 0.5%, indicating a possible double top. After 5 strong days of steady gains the indices went for a tailspin after bond markets seized up in a frenzy of selling, with the 10-year treasury's yield rising 15 basis points to cross 5.13%.

Yields rise when bond prices fall and the disorderly and frenetic drop caused a fair amount of alarm. The big surprise is the small drop of 0.8% yesterday and this mornings follow up drop of just 0.5%. This could get uglier if interest rates continue to rise. Remain cautious till then.

BOND VIGILANTES CRASH THE PARTY

U.S. Treasury yields surged, with the 10-year hitting 5.13%, the 5-year passing 5% and the 30-year 5.41%, triggering broad equity declines.

Equity markets, especially semiconductors and data centers, face heightened risk;

Key drivers include a blowout PMI report, weak Treasury auction, hawkish Fed commentary, and surging oil prices.

The magnitude and disorderliness of the bond selloff signal deeper market stress.
Of course, with such an unexpected, disorderly and huge jump, the equity markets too lost - the S&P 500 (SP500) dropped 0.75% and the Nasdaq Composite (COMP) 1.13%, which in retrospect looks like a minor miracle. A blowout like this could have been a lot worse. The Invesco QQQ ETF (QQQ), which mirrors the Nasdaq -100 lost 0.84%. The QQQ had just made a recent 52 week high of 748.85, after rising 5 days in a row.

The semiconductor indices reflected the skittishness as well, with the SOXX iShares Semiconductor ETF (SOXX) dropping 1.23%. As of writing, the SOXX is down a full 2% premarket, and the QQQ has dropped another 1.1%

I believe that this could a lot uglier and lead to a bigger drop in the equity markets, especially in the red-hot semis and data center sectors. I will also buy QQQ puts today; a hedge would help in these uncertain times.

BOND VIGILANTES CRASH THE PARTY

The four reasons for this massive drop in treasuries and equities

A strong PMI report

The S&P Global's PMI (Purchasing Manager's Index) September 2026 release for the US was enormous and showed that the world's largest economy was firing on all cylinders and creating inflationary pressures.

The manufacturing index recorded a high 57, overpowering consensus estimates of 55 - the highest since early 2022.

The services and composite headlines also shot up to 58.7 and 58.4, respectively - 59-month and 62-month highs!

The employment index too did its bit, rising to 55.4, a big thumbs up for payrolls, which was the highest since the summer of 2022.

New orders jumped from 55 to 58.2, the highest since March 2022.

BOND VIGILANTES CRASH THE PARTY

“Chris Williamson, Chief Business Economist at S&P Global Market Intelligence had this to say: US business continues to boom, with output growing at the fastest rate for over five years in September. Historical comparisons suggest that the latest survey data point to annualized growth of around 5% with a 4% gain now signaled for the third quarter as a whole. “To put the growth surge in context, barring the spike in demand following the opening up of the economy after the COVID-19 lockdowns, the latest improvement in business activity is the greatest recorded since early 2015. Business is clearly booming now in both manufacturing and services.”

He also went on to add that this was creating enormous inflationary pressures on the economy, especially with demand outstripping supply. Sounds familiar? Micron (MU) investors love that feeling.

BOND VIGILANTES CRASH THE PARTY

A weak U.S. Treasury auction

The treasury auction **for $70Bn 5-year notes was quite weak** with dealers holding 16% of the bag, even with higher rates of 5.033% - 3 basis points higher than expectations, clearly a sign of weakness and victory for the bond vigilantes.

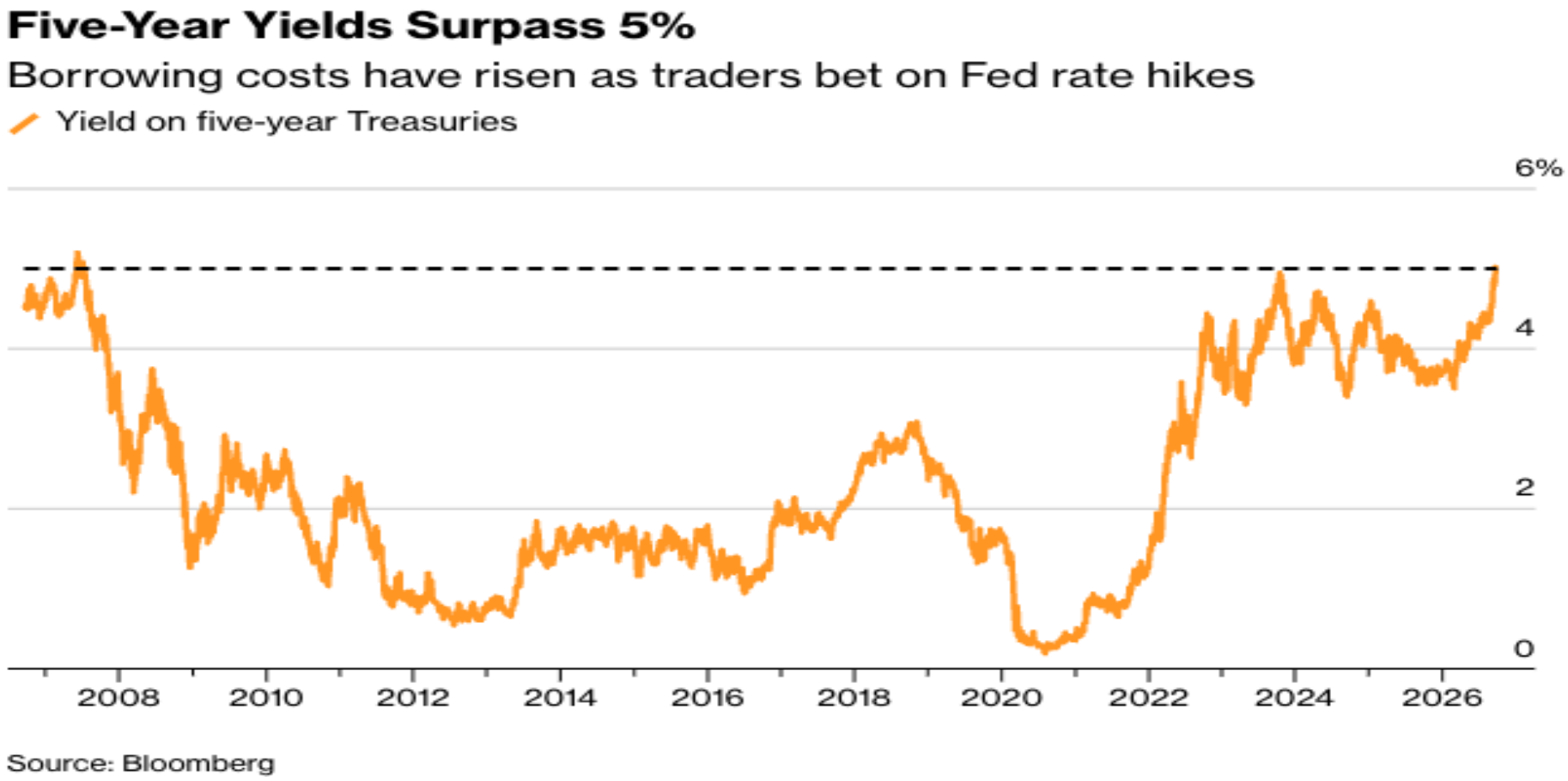
This is a telling chart, showing levels going back to the high inflation days of 2022-2023, when the Feds had to hike rates 11 times!

The treasury secretary's valiant efforts to shore up the bond market with buybacks doesn't seem to be working.

This is the big nail in the coffin - a bond auction of $70 billion for the five-year treasuries, not getting filled. It looks like Uncle Sam is willing to pay you more money, but you're still not willing to lend to it. That is a very, very bad sign and I suspect that Bond vigilantes are not going to let go of this easily - I fear that this is going to get worse before it gets better.

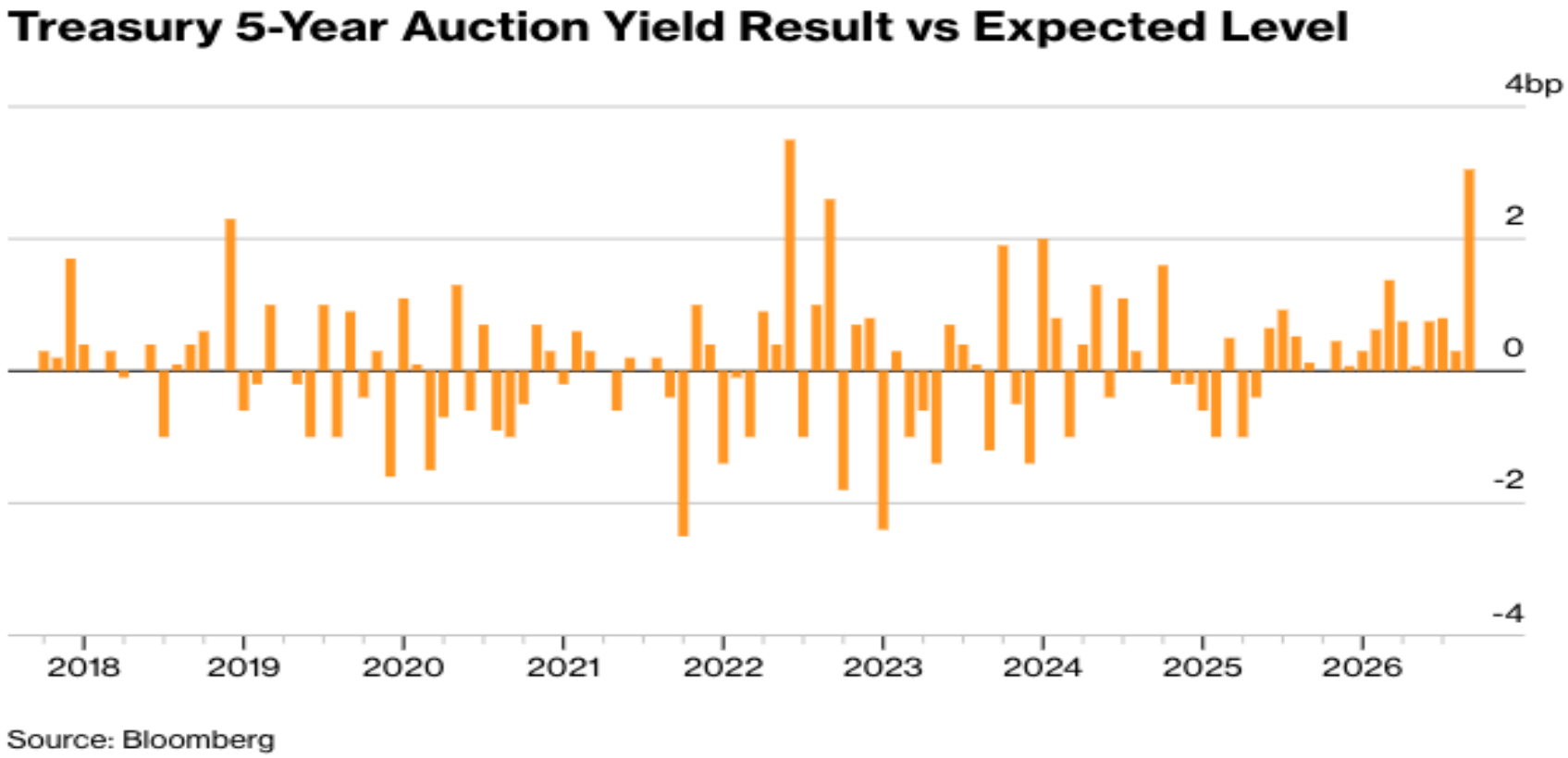
BOND VIGILANTES CRASH THE PARTY

A weak U.S. Treasury auction



BOND VIGILANTES CRASH THE PARTY

A weak U.S. Treasury auction



BOND VIGILANTES CRASH THE PARTY

This has caught me by surprise, and I don't believe that this will end well. My initial thoughts this week were that in the absence of economic factors Micron's results would dominate the markets, and since the FOMC rate hike last week, it has been a 5-day streak of gains. But this huge jump should not be ignored; the magnitude of the jump worries me. I believe a lot of it could have been mechanical triggers to stop losses, or from higher volatility.

The bottom line - protect the portfolio, the last five days have been very profitable, and it would be great to keep it that way.

From Bloomberg:

"You don't want to step in front of the freight train today," said Sean Simko, head of fixed-income investment management at SEI Investments. "You're seeing the trifecta — stronger economic data, supply pushing the five-year to levels we haven't seen in years and the view that inflation is sticky globally."

Federal Reserve governor Michael Barr's hawkish comments

This added fuel to the fire. In a speech in Chicago, yesterday, Federal Reserve governor Michael Barre emphasized that inflation was stubborn, and the Federal Reserve would need to keep hiking interest rates to get it under control. The odds of a **Fed rate hike at the October 2026 meeting have increased to over 70%.** I think the timing couldn't have been worse - just a week before the mid-terms, and should the Fed not hike because of political pressure it would lose credibility, something the markets gave it in spades after the September hike. A rock and hard place? Both are bearish for the market.

BOND VIGILANTES CRASH THE PARTY

Oil prices rebounded

Brent prices have jumped back to over $104 per barrel with rhetoric from Irani officials fanning the flames. At this juncture I don't believe that there is much of a chance for reconciliation between the US and Iran.

The strategy ahead

In the latest Bank of America Fund Manager's survey, two key findings were a) no impact from UST buybacks and b) A disorderly risk in bond yields was the biggest tail risk.

The BOFA Fund Manager Survey (BOFA (Bank of America))

As we see from the chart above 46% of fund managers believed that buybacks had no impact on treasury yields - after the huge drop yesterday, they couldn't have been more prescient! Ironically, treasury secretary Bessent was one of them (and a Soros alumni!) and probably should have realized that they would have called his bluff.

The Bank of America Fund Manager's Survey (BOFA)

33% felt that that the biggest tail risk to the markets was a disorderly rise in bond yields. As for the second finding - it does look like it is manifesting.

BOND VIGILANTES CRASH THE PARTY

This is a call to act, and I was lulled into complacency, but a 15-basis point rise in the 10-year treasury yield in a single day is a hugely worrisome sign for the world's most liquid, deepest and organized market - the drops are usually controlled and not disorderly. This should not happen to the market regarded as the world's safe haven.
The last drop of this magnitude was in 2007, and for those of us of a certain age, we do remember the Housing Bubble and the Great Financial Crisis very vividly - it was the stuff of nightmares.

I suspect the indices have topped out with the tech heavy QQQ, the Nasdaq Composite and the broader S&P 500 at its previous 52-week highs and struggling to get past them. I don't think it is worth waiting for to make sure.

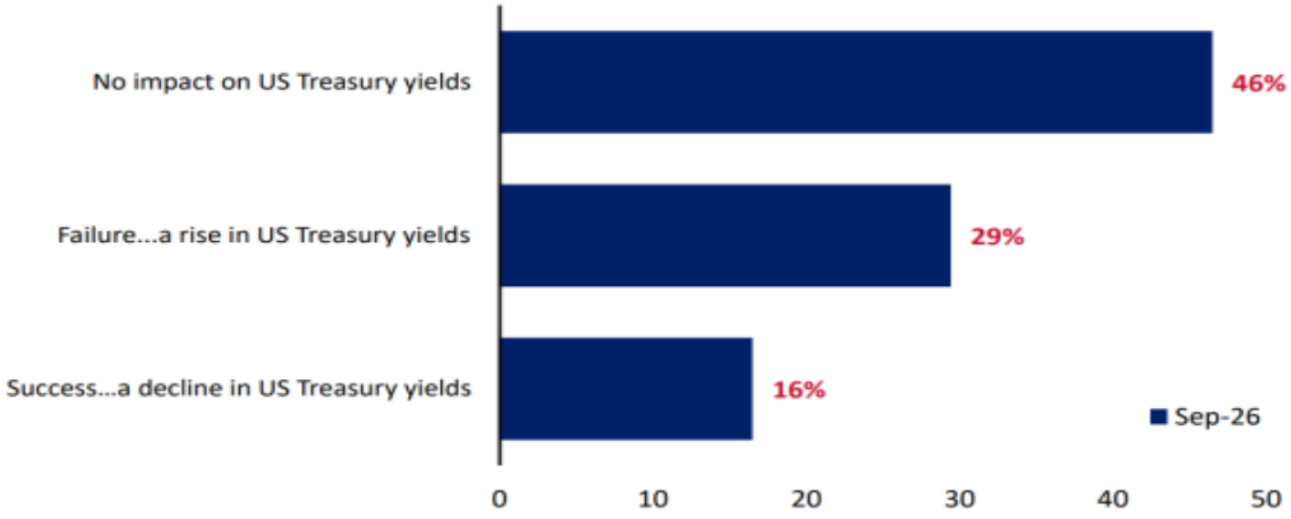
I am buying puts on the QQQ for the October and November expiries as a hedge.

THE BANK OF AMERICA MONTHLY SURVEY

The second key finding: 46% of fund managers see no help from Treasury's bond buyback program. 29% feel that it would make it worse - a rise in yields!

Chart 8: 46% of FMS investors see no impact to yields from UST buyback program

Most probable outcome of US Treasury bond buyback program (Sep 9th to Nov 4th)?



Source: BofA Global Fund Manager Survey

THE BANK OF AMERICA MONTHLY SURVEY

The third key finding: 33% of respondents felt that a "disorderly" rise in bond yields was the biggest tail risk. This is higher than the 28% citing AI! The third highest tail risk at 24% was a second bout of inflation. Clearly the treasury and the Fed have their work cut out for them. No surprise that few people are buying bonds even with the 10 year above 5% and the 30-year above 5.38%.

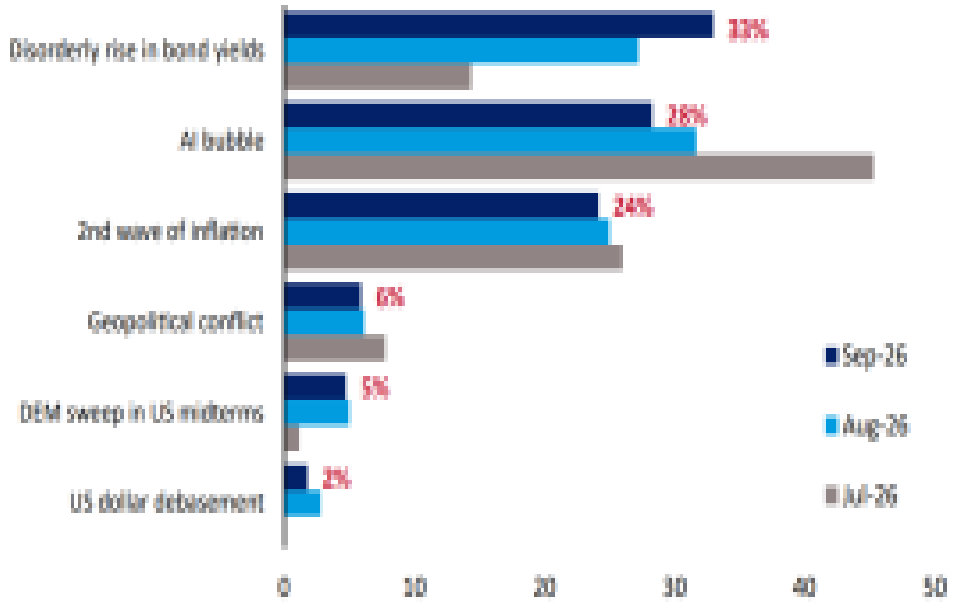
Fund managers don't want to lose faith in the government's capacity to keep the economy humming with sound interest rate policies and cutting interest rates with stubborn inflation and high-budget deficits would have created a bubble.

Funding buybacks would have led to such a disorderly rise and with the Feds stepping in with a 25- basis point hike, we seem to have brought some stability to the bond market, treasury yields have reduced today.

THE BANK OF AMERICA MONTHLY SURVEY

Chart 9: Disorderly rise in bond yields viewed as the biggest 'tail risk'

What do you consider the biggest 'tail risk'?

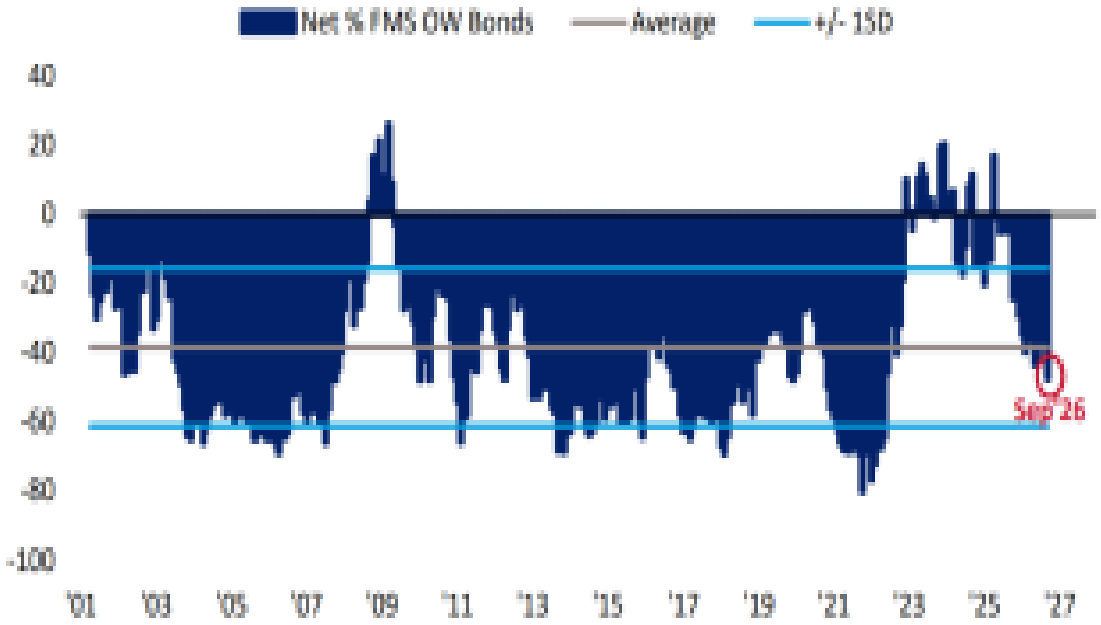


Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

Chart 17: FMS bond allocation at lowest since May'22

Net % FMS Overweight Bonds



Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

GRAB

Grab Holdings (GRAB) $3.16 - A Small Investment Can Be Made For This Low Multiple Play
Industry/Sector/Type - Ride-hailing and food-delivery company in Southeast Asia. Secular growth, but a very low margin business. It is a high risk/high reward play on its low multiple and worth a small investment. **The stock sells for only 20x earnings growing over 30%, and 2.2x sales growing at over 20% - 50% of the company's $12Bn market cap is in CASH**
Biggest catalyst for the stock - Valuation is low for a market leader in an under penetrated growing Southeast Asian market.
Positives

- Grab Holdings is the market leader and the dominant ride-hailing and food-delivery company in Southeast Asia, with a Uber and DoorDash like customer presence and reach .
- Grab is the market leader in the densely populated 705.8Mn strong Thailand, Malaysia, Singapore, and Indonesia - a large under penetrated TAM, with Grab still just scratching the surface with 54 million users.
- The business continues to grow with Gross Merchandise Volume increasing 21% in the last quarter indicating after the previous decade of over 35-40% growth.
- Grab dominates closest competitors Bolt and LINE MAN who compete mainly on price.

GRAB

- **The stock sells for only 20x earnings growing over 30%, and 2.2x sales growing at over 20% - 50% of the company's $12Bn market cap is in CASH**
- Grab finances customers, driver-partners, and merchant-partners across Southeast Asia through **Grab Finance** (the lending arm of Grab Financial Group) and its digital banking operations - this could be the one big competitive advantage and higher margin business lifting overall margins.

Negatives

- **This is a high-risk/high-reward play, and GRAB has been a basket case for investors dropping 69% in the last 5 years and 51% in the past year**
- **This is a very low margin environment with cutthroat competition and small invoice sizes - operating margins are around 2-3% compared to 13-14% for US companies like UBER.**
- Higher oil prices hurt the Southeast and these companies disproportionately.
- Regulation - Public outcry similar to the US that they need to pay their drivers more
- AVs are a threat but it's still in its infancy.

GRAB

1 Year -51% 5 Year -69% 10 Year

Valuation

Three years forward.

P/S 2.8 Sales Growth 20% P/S Growth 0.14 - Low but because of margins

P/E 21 Earnings Growth 30% PEG 0.7

Cash Flow Margin 2-4%

Operating Margin 2-3%

I'm going to invest a small amount, because in spite of the market leadership, clearly this industry has a lot of challenges in Southeast Asia with such small margins, and perhaps even with consolidation and growth this will remain a tough environment.

META'S MUSE

Why Muse Is "Succeeding" Where Others Supposedly Didn't

Three weeks into Muse, it is certainly seeing early success, outpacing ChatGPT in popularity. There's one thing that's clearly working for Muse—it seems to be actually working, unlike other personal agent demos that really land.

But the most important question here is, why is it succeeding where others didn't, and does Muse have a long-lasting moat? My answer is mixed.

Technologically, to the best of my knowledge, Muse is not a breakthrough. It's using Meta's Muse Spark models, which are close to the frontier but not state-of-the-art. Above the model sits a so-called harness that can do stuff on the user's behalf. While it's a very good one at that, this is also not ingenuity.

What Muse does have is a whole lot of compute. Over the past few years, Meta has spent on compute almost like a hyperscaler, without actually being one.

META'S MUSE

All of these competitors, as Zuckerberg correctly said on the last earnings call, are not focused on personal AI. In fact, personal AI is currently far lower on their lists of priorities, considering the returns on enterprise AI are extreme and far exceed those of the consumer segment (OpenAI actually pivoted away from consumer for this reason).
So, Meta is very smartly stepping in. In my mind, the real moats Meta has here come down to a) first-mover advantage and b) Distribution.
However, neither of those are that big of moats all things considered. Gemini and ChatGPT are already very popular; they have very strong distribution, and they are very likely to launch competing products very soon after seeing the excitement over Muse.

The primary reason for Muse's success, in my view, is simply the fact that Meta had a lot of compute to spare for it, unlike competitors, which are completely short on compute and are monetizing it at extreme levels. Meanwhile, with Muse, Meta is essentially giving tens of billions of compute away for free, with the goal of building a loyal user base that will be monetized well in the future. Sure, that's possibly the correct strategic decision, but that's not going to look good at all in financials.
I don't expect the excitement to be strong enough and last long enough to offset the financial implications.

META'S MUSE

Barron's article:

I Put Meta's Muse AI Agent to Work. It Saved Me $25 a Month—and Found Me a Doctor.

Meta Platforms dubbed its new Muse the "world's first personal AI agent built for everyone." So, I just had to give it a shot—for me *and for you.*

But before I take you on my test drive, a little background. I'm not an AI power user. Google's Gemini has replaced my usual search engine for both personal and professional research, and that's about it.

While I've spent pretty much my entire life with a computer screen available, many of the offerings from prior AI agents didn't appeal to me. I love the vibe-coded sports trivia apps I play every morning with my friends, but I've never felt the need to try to use Anthropic's Claude Code to create one myself.

This one felt different.

META'S MUSE

The value proposition of Meta's

Muse isn't that it's going to add a new skill or hobby to daily life; it's simply going to improve and optimize things you're already doing every day or don't do because they feel too cumbersome. So, I started Musing. The Muse app instantly asked me to name it and suggested connecting my Gmail account and Google Calendar. I declined. I'm not comfortable giving the app access to my accounts that might have sensitive information, and I don't think I'll be alone in that friction point—at least at first.

I let Muse, though, analyze a pdf of my latest credit card statement. Ironically, one of the first things this AI helped me cancel was a subscription from a company that many investors have claimed will eventually be wiped out by AI. It instantly saved me nearly $25 a month by helping me cancel an Adobe account I didn't realize I still paid for. Since Muse doesn't have access to any of my actual accounts, it walked me through how to cancel on the website myself in a few easy steps.

META'S MUSE

Muse is believed to be a disrupter for companies that have long preyed on consumers forgetting about their subscription or not realizing how high prices have risen. I asked Muse which companies it believes it will most commonly catch. It listed Sirius XM Holdings, dating apps like the ones offered by Match Group, and gym membership-driven businesses like Planet Fitness and Peloton Interactive.

The market believes the AI agent. Shares of Planet Fitness fell nearly 10% on Tuesday as Muse hysteria spread on Wall Street.

"They bill just rarely and quietly enough that you never feel the pinch, and the cancellation flow is deliberately annoying," my Muse agent, which I named Josh Jr., told me.

Josh Jr. also identified two more areas at risk: "the slow price-creepers" and the "death by a thousand cuts" expenses. For my purposes, the streaming services fall under the first category, and my frequent 7-Eleven stops on the way home from work fit into the latter.

META'S MUSE

This presents a key takeaway from the rise of Meta Muse. In less than two minutes, you can figure out where you're spending too much money and see the math of how much cutting back those expenses could save you. Services like Rocket Money have already offered this kind of product, but Meta is now putting the concept in front of its more than 3.6 billion daily active users.

Since the main utility of Muse appears to be accomplishing nagging tasks faster, I put Josh Jr. to work on a variety of things I've kept putting off.

First we went shopping. I told Josh Jr. about the worn-out Lululemon ABC pants I wear to the office. I provided my size and said I'd prefer to pay closer to $50. (Retail price: $128!) He found some Lululemon pants on sale and then offered me several options that reviews said are very similar to Lululemon's pants, but at half the price. He created his own web browser within the chat experience where I could watch him scan through a variety of websites and reviews.

Since I didn't give Josh Jr. my credit card, he sent me a link that I could open in a new tab to actually purchase the pants. He helped me find the best flight options for a wedding I'm attending in January within minutes, and handed me a link where I could enter my traveler information and book it.

Josh Jr.'s search capabilities were very impressive and felt like a serious threat to Google's advertising business on its search engine. I've needed to see a foot doctor in Manhattan for months now. I'd convinced myself I don't have the time to find a doctor that takes my insurance in a convenient location for me. In a few minutes, Josh Jr. provided three different options with direct numbers to call and links to schedule an appointment. I'm now finally going to get that toenail looked at. My mom can thank Josh Jr.

To be clear, the technology still has its quirks and drawbacks. A *Barron's* editor provided full access to his credit card account. Muse initially flagged a suspicious four-figure expense from August that the editor didn't remember. After going back and forth with Muse, the AI agent eventually admitted it had accidentally identified a mortgage payment from August 2025 as an expense from August of this year. It's a little mistake that will probably happen less as the technology improves. But still, it's another sign that most things coming from AI right still require human verification.