10/01/2026

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 STAY VIGILANT

	09/25/2026	10/01/2026	Change	09/22/26 High	52 Week High 08/13	9/22 and 8/13 Double Top?	Weekly close - Change from top	Note
S&P 500	7,743.51	7,640.39	-1.33%	7,782.19	7,816.70	0.44%	-2.26%	TOPPY - COULD REVERSE
Nasdaq Comp	27,068.72	26,804.91	-0.97%	27,288.79	27,190.21	-0.36%	-1.42%	FROM THESE LEVELS

S&P 500 - 50 Day Moving Average	7,628.61	Support level 1
S&P 500 - 89 Day Moving Average	7,528.87	Support level 2
S&P 500 - 200 Day Moving Average	7,243.47	Support level 3

Continuing from last week, the key question on most analysts' and investors' minds are "Where is the 10-year at?" Not in a good place I'm afraid. At 5.27%, after retreating from a high of 5.34, it is at the highest since 2002. The markets are down 1% from the beginning of the week. A slow drift with terrible breadth. Advances barely beating declines even on up days.

As a result, I will stick with my hypothesis that the markets do 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 double top. The worst part we have no clue how high interest rates will go. Neither does Fed Governor Neil Kashkari.

Remain cautious till then – there are several non data center stocks that can be bought, which depend less on low interest rates – we'll focus on those.

PAYROLL BETTER THAN EXPECTED

There were several economic reports keeping interest rates elevated: ADP Payrolls was one:

"It's a strong report. After a three-month slowdown, job creation rebounded and pay growth remained solid."

Dr. Nela Richardson, **Chief Economist, ADP**

ADP reported private sector payrolls this morning and the results were quite impressive, 90,000 net new jobs, beating estimates of 70,000.

Wages rose around inflation rates: Base pay rose 3.2% and gross pay was up 4.7% year over year, according to ADP.

Base pay for job-stayers rose 3.0% year-over-year; base pay for job-changers increased 4.8%.

Job gains were highest in health and education - 55,000, leisure - 22,000 with help from construction and manufacturing contributing 17,000 and 15,000, respectively. Job losses were highest in professional and business services - 11,000. I would assume some impact of AI towards this.

Nonetheless the report is fairly positive with more jobs created than expected, without too much of an inflationary push.

PCE

Core PCE inflation rises less than expected in September - Bureau of Economic Analysis

This should help Federal Reserve doves with inflation coming in a little more benign than expectations.

Core PCE Price Index:

Monthly:+0.2% M/M vs. +0.3% consensus and +0.1% prior (revised from +0.2%).

Annual: +3.0% Y/Y vs. +3.3% consensus and +3.0% prior (revised from +3.3%).

PCE Price Index:

Monthly: **+0.3%** M/M vs. +0.4% consensus and +0.1% prior (revised from +0.2%).

Annual: +3.4% Y/Y vs. +3.7% consensus and +3.4% prior (revised from +3.7%).

PCE

Core PCE inflation rises less than expected in September - Bureau of Economic Analysis

Personal Income and Expenses:

Personal income numbers were not as positive as income came in lower than consensus, but expenses beat estimates.

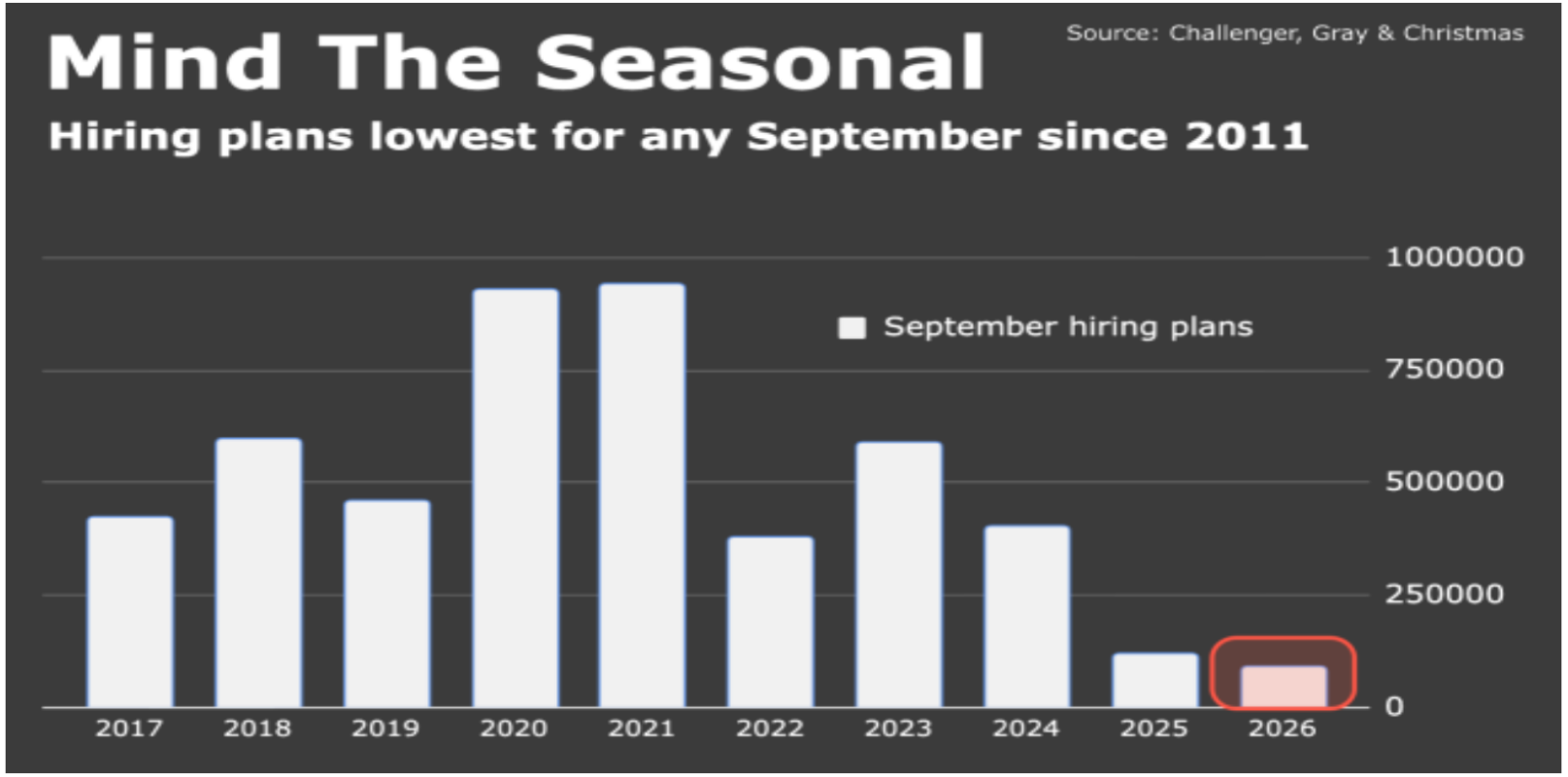
Personal Income: **+0.2%** vs. +0.5% consensus and +0.3% prior (revised from +0.4%).

Personal Consumption Expenditures: **+0.9%** vs. +0.8% consensus and +0.1% prior (revised from 0.2%).

The 0.9% increase is fairly high and not a great sign.

JOBS REPORT

Challenger Jobs Report: Seasonal hiring was off to a very, very slow start in September, according to Thursday's update from Challenger, Gray & Christmas.



JOBS REPORT

Challenger Jobs Report:
As the figure shows, the 90,787 hires employers announced last month were the fewest for any September going back 15 years.
Hiring was down 38% versus last year at Spirit Halloween and Michaels.
It's worth noting that the slow start to holiday hiring compared to last year narrowed the January-September gap between cumulative YTD hiring plans in 2026 versus 2025.

Announced hiring plans are now running more or less even with last year (210,612 versus 204,939).

The comments ahead gives you some historical context. Some of the tallies are obviously distorted by pandemic dynamics, but the read-across seems clear enough to this observer:
The uncertainty associated with this administration is having an impact on employer psychology.

JOBS REPORT

Challenger Jobs Report:

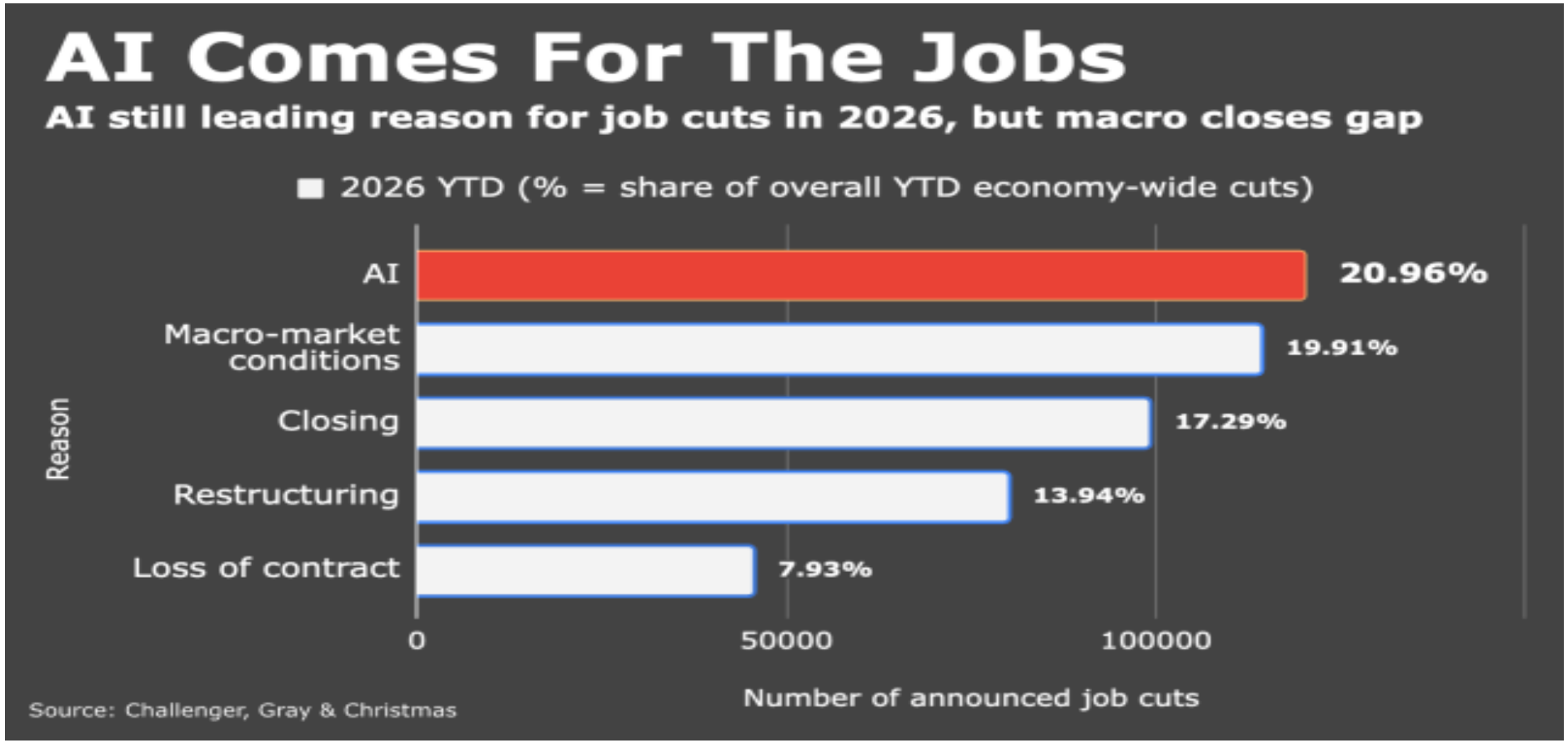
“Companies are in a wait-and-see period,” Andy Challenger said Thursday. “Employers are facing high energy costs, an uncertain war in Iran, a rate hike that could make hiring more expensive, plus the likelihood of surging healthcare costs.”

So that’s the bad news. The good news is, job cut announcements fell sharply in September both relative to the prior month and versus the same month a year ago. Indeed, 43,281 job cuts counted as the fewest for any September since 2022.

For the year, employers have announced 573,195 job cuts. That’s down almost 40% from the same stretch in 2025 and 15% fewer once you control for Elon Musk’s DOGE purge. Tellingly, macro conditions (not AI) was the leading cause for job cuts in September, accounting for one in every four layoff announcements. Suffice to say “the macro backdrop” remains vexing.

JOBS REPORT

Challenger Jobs Report:



JOBS REPORT

Challenger Jobs Report:

The updated figure above shows you the top reasons for job cuts in 2026. Market and Economic Conditions ranks second, behind AI.

By sector, Tech continues to lead all industries, accounting for nearly one in every three layoffs announced this year.

Bottom line: Thursday's release underscored the "no hiring, no firing" characterization of the US labor market. I realize that's clichéd, but it's apt and thereby unavoidable.

"We've seen layoff activity subside over [the] year, but we're not seeing the surge of hiring plans that come with the holiday season, which suggests a very cautious approach," Challenger said.

OUTLOOK ON INTEREST RATES – MIXED OPINIONS

Investors tempered their expectations for a rate increase at the Fed's October policy meeting after New York Fed President John Williams said Tuesday there was "no need for urgency" on additional rate increases after last month's hike. However, The Minneapolis Fed chief, Neil Kashkari said last month that he thought price pressures had spread beyond the energy shock from the war in Iran. US inflation has remained above the Fed's 2% target for more than five years, with price pressures building as a result of the post-pandemic boom and more recently tariffs and a war in the Middle East.

Asked Thursday about the Fed's ability to influence rising fuel costs, Kashkari said his thinking of how the central bank should respond to supply shocks has evolved.

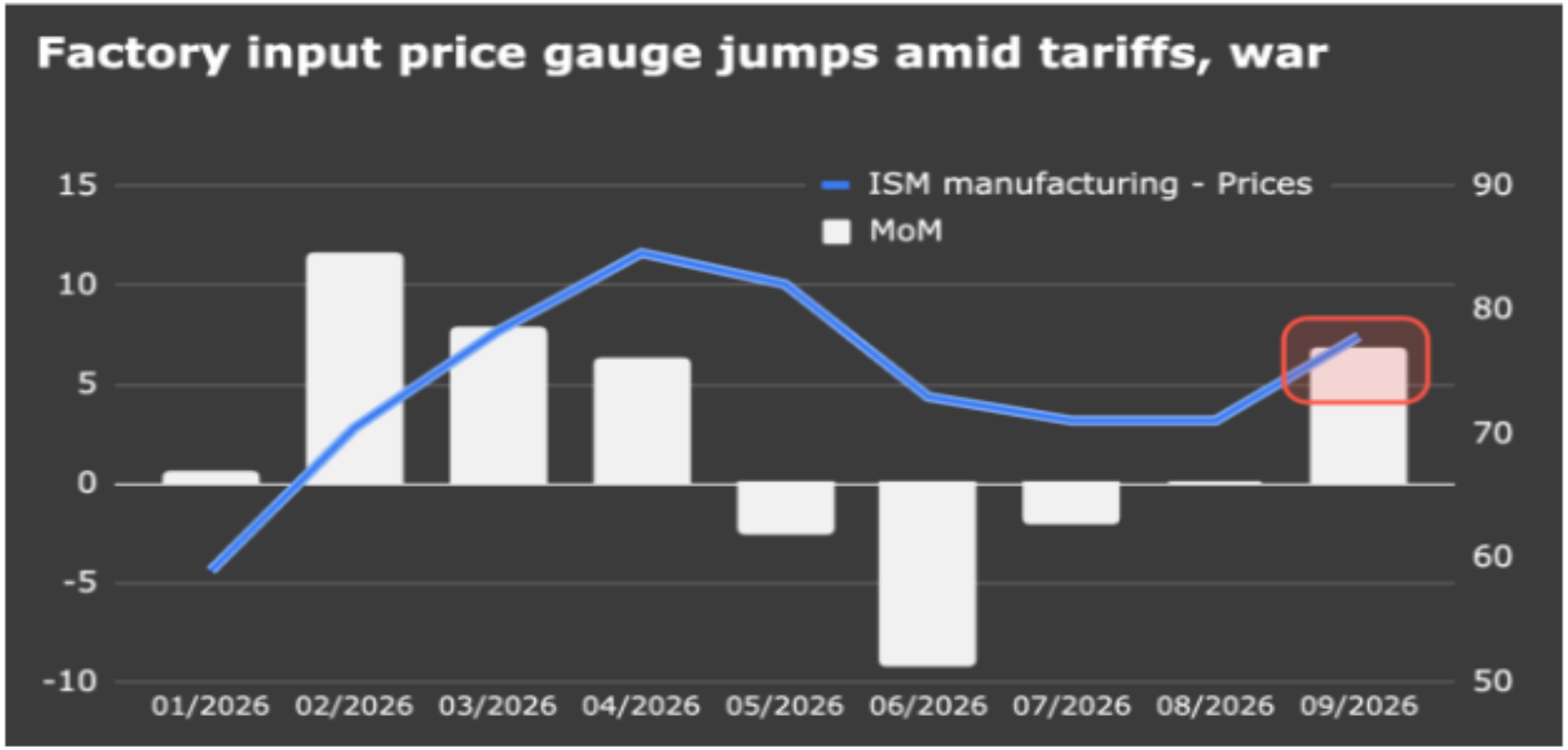
"If it's truly a one-time supply shock, fine," said Kashkari. "If it's five years of this sequence of one-time supply shocks, at the end of the day, it's the Fed's job to get inflation back down."

He reiterated his view that the US economy has been surprisingly strong, with broad-based growth that is not just concentrated in sectors related to artificial intelligence.

"Overall, it is a robust economy that's proven to be quite resilient, and I think monetary policy can have an imprint on that," he said.

ISM PRICE GAUGE REMAINS HIGH

BUT — the prices gauge soared nearly 7ppt to 77.9. Economists expected 73.



ISM SHOWS UNCERTAINTY

That's not what you want, and it speaks (loudly and obviously) to the deleterious impact of sundry wars, both the trade kind and the shooting sort.

Most ISM comments were negative for September. As survey director Susan Spence noted, "pricing volatility was mentioned in 46% [of negative comments], tariffs 34% [and] the Iran war 30%."

The panelist anecdotes suggested the tariffs are causing more consternation than the war. Someone in Transportation Equipment was especially direct. "Every month, we are faced with new headwinds created by this administration," the respondent said. "The only thing that is predictable is the chaos that is created by these trade policies."

TRADE ALERTS

09/28/2026

Small caps stocks are more vulnerable to higher interest rates and treasury sell offs.

Sold all MaxLinear - Stop Loss Triggered $90

Sold the Credo at $204 this was the 20% bought on 09/04 for $166 - Core holding remains. Squared up Credo put - I had a hedge for Credo's price falling.

Sold 10% of Rubrik $111 - profit taking. This had crept up to 3.5% of the portfolio.

STOCKS - SYNOPSIS

SNPS - Synopsys is getting some love from analysts, finally! Now positioned as a stable AI-enabler with resilient software-driven growth.

SNPS's acquisition of Ansys secures an end-to-end chip design lifecycle, supporting predictable revenues and accelerating growth.

Management projects mid-teen revenue and mid-20s non-GAAP EPS growth, with FY27 revenue targeted at up to $11.2 billion.

SNPS trades at 28x earnings, with potential for re-rating as management resumes $1 billion in buybacks and sustains deleveraging.

It looks like an AI winner, even if it is technically a software stock. While it might not offer the hyperbolic growth seen at its silicon customers, it instead offers the software consistency that may insulate it from any implosion of an AI bubble. I expect the balance sheet to improve itself rapidly over the coming quarters from an already reasonable base.

The company might not generate the incredible growth rates typically seen at the more richly valued AI winners in the software sector, but I can still see a future re-rating as investors value the company's integral part of the chip development lifecycle. The company's recent investor day appears to offer reason to believe in a sustained growth story.

STOCKS - SNPS

Following its acquisition of Ansys, the company owns a full end-to-end lifecycle from design and testing of the kind of chips used for the AI buildout.

That makes SNPS a de-facto software enabler of the AI revolution. That role in the ecosystem means steady and predictable revenues. In the most recent quarter, SNPS generated $2.48 billion in revenue, exceeding guidance of between $2.41 billion and $2.46 billion and representing 43% YoY growth. Starting with the next quarter, YoY growth rates would be more representative of organic growth.

On the conference call, management highlighted the agentic AI opportunity, noting that “as these agents take on more engineering work, they orchestrate our underlying EDA tools at a significantly higher rate." Management noted that they are “ahead of the schedule on the cost synergy commitments” with regard to their Ansys acquisition, a testament to their execution. Management attributed the implied acceleration in their EDA business to “the complexity of chip design” as well as the fact that they had a tough comp in the third quarter. Management dispelled any notion that the use of AI models would be a threat to their business, noting that customers “still need the ground truth physics” from their products, meaning that it will inevitably lead to using “more and more and more of our software.” They went as far as saying that they are “not worried at all” about disruption fears, calling it an opportunity and “not a threat.”

STOCKS - SNPS

With essentially the next 4 years' worth of consensus estimates for top-line growth looking far too conservative relative to management's guidance, I am of the view that the stock has much more room to run from a momentum perspective. Yes, the stock commands a clear premium relative to software peers like Salesforce (CRM) and others, which fetch price-to-sales multiples at greater than a 50% discount. That said, SNPS offers both the visibility in the forward growth rates and more importantly, a believable story to back confidence in those targets given the company's close relationships with its AI chip customers. Assuming the company gets to around 30% net margins over the long term (lower than the 50% non-GAAP operating margin target for FY30), the stock is trading at around 24x next year's long-term earnings estimates.

That looks like a reasonable valuation given management's targets for 15% top-line growth over the coming years. I could see the stock earning a solid re-rating in the near term. Perhaps the stock might not trade up to the 40x sales multiple seen at Cloudflare (NET) but even a 20% potential upside to a 29x long term earnings multiple does not look to be out of the question.

STOCKS ZETA GLOBAL

Zeta Global stands out in the Martech space with a 50% YTD share appreciation, robust organic growth, and a differentiated AI-driven data cloud platform.

ZETA's Athena AI layer and deep data assets have been driving market share gains, enabling real-time, autonomous campaign optimization and attracting high-profile partnerships with Palantir and OpenAI.

Despite sector headwinds, ZETA trades at a modest EV/S of 3.85x with a 25% organic CAGR and expanding free cash flow margins, supporting a bullish outlook.

Risks include execution, sector rotation, and competitive threats, but ZETA's founder-led team and 20 consecutive beat-and-raise quarters reinforce confidence in continued outperformance.

Zeta is a lesser-known company in what is known these days as the Martech space. The company's core technology is its Customer Data Platform, which is built on 245 million+ verified identities and loads of behavioral signals. It consolidates this data and integrates it with an omni-channel capability to launch optimized campaigns for brands and marketing agencies. Its offering has been recently enhanced by an AI layer called Athena by Zeta, which can create ad content and build workflows based on natural language prompts. It offers omnichannel capabilities, including email campaigns, as well as SMS, connected TV, paid media, and different social channels. Campaigns created by Zeta can be highly personalized.

Prominent customers include United Airlines (UAL), Apple (AAPL), T-Mobile, Disney (DIS), and the TKO Group (parent of UFC and WWE). Recent prominent customer acquisitions include Aetna/CVS, Jiffy Lube, and Vistra (VST), a very large utility user.

Athena, as it is envisioned, can go one step beyond other marketing AI capabilities and can autonomously launch optimized campaigns as well as recommend what should be done by marketers to enhance brand awareness and capitalize on buying intentions of the customers within its database.

The company has reported 20 consecutive beat and raise quarters, and its last quarterly report was a substantial upside. It has recently become GAAP profitable. The company is less well known than many other enterprise software companies; as it scales, I expect this will change.

While the company's share price has seen significant recent appreciation, its valuation metrics are still modest, and its overall valuation is well below average for its growth cohort.

What I think is underappreciated is how and why the company is gaining market share vis-à-vis legacy competitors. Simply put, it enables its customers to achieve superior ROAS (Return on advertising spend), and that has been the playbook that other highly successful adtech vendors such as AppLovin have used to achieve exceptional growth and, until recently, shareholder returns.

STOCKS ZETA GLOBAL

Just about every article written about tech is focused on AI these days for self-evident reasons. And these articles are all tendentious-infusing AI into an application stack is lots more complicated than infusing tea leaves when brewing some exotic tea.

Given the nascent state of Zeta's AI capability, it would be more than a bit presumptuous to guarantee readers that this company is the one among so many alternatives that will achieve AI success. The reality is that, in my opinion, more than a few software vendors infusing AI into their stacks will achieve success.

But the analyst believes the preponderance of the evidence that is available suggests that the chances favor Zeta's success, and imagines that is why OpenAI, Snowflake, and Palantir have gambled on partnerships with Zeta. And that is why the analyst has been building a position over the past several weeks and expect to continue to do so.

This should be worth investing in:

STOCKS MICRON (MU)

Micron Non-GAAP EPS of $33.42 beats by $1.60, revenue of $54.23B beats by $2.76B
Q4 Non-GAAP EPS of $33.42 beats by $1.60.
Revenue of $54.23B (+379.1% Y/Y) beats by $2.76B.

Fiscal 2026 Highlights
Revenue of $133.19 billion versus $37.38 billion for the prior year
GAAP net income of $84.97 billion, or $74.33 per diluted share
Non-GAAP net income of $86.76 billion, or $75.52 per diluted share
Operating cash flow of $89.68 billion versus $17.53 billion for the prior year

These were very impressive results.

STOCKS MICRON (MU)

Micron Technology (MU) demonstrated durability in its fourth-quarter earnings results and outlook as its strategic customer agreements, or SCAs, continued to increase.

As a result, analysts continue to see upside for the stock, which has already more than sextupled over the past year.

"Over the last 3 quarters, Micron had beat and guided ahead of consensus on EPS by 20-40%; today it beat by 5% and guided 6% above consensus," said Morgan Stanley analyst Joseph Moore in a Thursday investor report. "That may be the new normal as Micron's visibility improves and more bits move under LTAs. But the smaller magnitude of revisions to near-term numbers should be priced in, and there are still clear signs that the duration is extending. Micron signed 10 new SCA customers and is adding duration beyond 2030 in some cases—a testament to the customer anxieties about securing DRAM even 5 years from now."

Morgan Stanley retained its Overweight rating and $1,200 price target.

"MU delivered a decisive beat-and-raise alongside a material step-up in SCA coverage, an upgraded view on supply-demand tightness, and confirmation of a near-certain capital return pivot—all drivers that we think ultimately dictate the strong multi-year earnings power narrative from here," said J.P. Morgan analyst Harlan Sur in a note.

STOCKS MICRON (MU)

J.P. Morgan reiterated its Overweight rating and $1,540 price target.
"SCAs increased to 26 (vs. 16 last Q) w/ RPO reaching ~$150B, which management estimates represents >35% of revenue through CY30," said RBC analyst Srini Pajjuri in a note. "Customer cash deposits grew to $32B (vs. $22B q/q), and 3/4 of SCAs have defined pricing frameworks (floor/ceiling pricing bands). Management noted that at floor prices, GM would be meaningfully above prior cycle peaks and highlighted multiple SCAs extending into CY31. While the enforceability of SCAs during a cyclical downturn has yet to be tested, we believe the structure provides meaningful downside protection, even if some customers fail to honor their commitments."

RBC reiterated its Outperform rating and $1,500 target.
Similarly, Bank of America reiterated its Buy rating and $1,550 target, as it expects memory prices to remain high.

"The 'memory tax' also continues to rise (up to 50%+ of DC Systems TAM or ~35% of AI capex), and we expect memory to increasingly capture more value in 2027 and beyond," said BofA analyst Vivek Arya. "Meanwhile, MU is ahead of significant potential share repurchase at its Dec-9 CHIPS Act 2-year anniversary, where we see upside to Street's ~$30-35bn buyback for FY27E and see 2x-3x expansion toward $60-100bn by FY28-29E."

Finally, Citi maintained its Buy rating and $1,300 target price.
"Fundamentally, Micron expects the DRAM supply/demand ratio to tighten through FY28 (ends Aug 2028) due to decelerating DRAM bit supply growth or low 20s next year from mid-20s this year on higher HBM sales mix and trade ratio," Citi analysts noted. "On NAND, Micron expects NAND bits to grow mid-20s from low 20s this year. Gross margins come down in the Nov-Q on higher cost inventory, incentive comp, and start-up costs but recover in FQ2 as higher HBM pricing kicks in January."