10/22/2026

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.

EARNINGS CAN'T LIFT THE GLOOM

	10/16/2026	10/22/2026	Change	10/06/2026 High	52 Week High 08/13	Increase over Previous high	Weekly close - Change from top	Note
S&P 500	7,659.42	7,650.10	-0.12%	7,844.52	7,816.70	0.36%	-2.13%	
Nasdaq Comp	26,140.00	26,108.40	-0.12%	27,722.75	27,190.21	1.96%	-3.98%	Weakness abounds

S&P 500 - 50 Day Moving Average	7,666.25	Broken
S&P 500 - 89 Day Moving Average	7,571.39	In danger
S&P 500 - 200 Day Moving Average	7,290.34	

The small changes in the index for the week of 0.12% don't reflect the post META, Tesla, and SpaceX earnings dip in the Nasdaq Comp of 2.6% today after tensions flared up again in the Gulf.

These are after great earnings and guidance from SpaceX and Meta…so its like the old saying from Joe Louis "You can run, but you cannot hide"

It would make sense to add some high quality non tech stocks and diversify, this weakness is not going to get over fast, at the earliest it will last during earnings season through mid-term elections. There are some bargains in AI stocks as well with over 40% drops, but it will be a bumpy ride.

THE GULF CRISIS

The gulf crisis continues with Brent crossing $112 per barrel

Reports indicate that follow up action post elections is likely to happen on a large scale according to the NYTimes and the Wall Street Journal

The Pentagon's "assembling a massive arsenal" in the Gulf, where American forces will be "fully in place" and ready to join the IDF in a new round of strikes against Iran by early next month, targeting energy infrastructure, nuclear sites and the IRGC's missile and drone production network, which is at least partially intact despite repeated US claims to the contrary.

The other side is not sitting idle. On Thursday, the Guard's navy said they struck four vessels in the Gulf for conducting "illegal transfers of oil." Another three ships ran across mines near the Strait of Hormuz.

In the event of additional US "provocations," American bases in the region will be targeted anew, a statement warned. Meanwhile, the Basij are taking steps to prepare Iran for the worst. As the Journal article linked above noted, the government's "sending paramilitary forces to read war stories to kindergartners [and] advertising training [courses] in firing shoulder-mounted antiaircraft missiles."

THE SEMI ETFS MUST HOLD THEIR 200 DAY MOVING AVERAGES

	10/22/2026	52 Week High 10/06	Change from top	Distance From 200 Day Moving Average	Note	50 DMA	89 DMA	200DMA
S&P 500	7,649.0	7,816.7	-2.1%	4.61%	Below 50DMA	7,680.0	7,590.0	7,312.0
Nasdaq Comp	25,994.0	27,722.8	-6.2%	3.43%	Below 50DMA and 89DMA	26,624.0	26,248.0	25,131.0
QQQ	704.5	762.9	-7.6%	3.30%	Below 50DMA and 89DMA	728.0	716.5	682.0
SMH	526.2	671.8	-21.7%	1.98%	Below 50DMA and 89DMA	583.0	570.4	516.0
SOXX	477.9	656.0	-27.1%	0.61%	Below 50DMA and 89DMA	542.0	530.0	475.0

THE SEMI ETFS MUST HOLD THEIR 200 DAY MOVING AVERAGES

The two biggest ETFs that reflect the ongoing weakness in semiconductors, AI, data centers and neoclouds are the SMH and the SOXX, and they are in terrible shape

SMH and SOXX have dropped 22% and 27% from their 52-week highs and are just 2% and 1% higher than their 200 Day Moving Averages, where they must find support.

I will re-enter semiconductors once I see these support levels holding, and have started placing lower limits, but will keep my limits flexible – there is no glory in trying to catch a falling knife.

Even the QQQ and the Nasdaq Composite have broken their 50-Day and 89-Day moving averages and are about 4% from their 200 Day Moving Averages, so possibly the stress will continue.

The focus is on healthcare, SaaS and cybersecurity and then to return to semiconductors.

BUY NON AI/DATACENTER/NEOCLOUDS

Consumer Discretionary

Safer, less volatile and of course solid fundamentals at a reasonable price.

Shark Ninja (SN) $195 Buy around $180-$185

On Holdings (ONON) $34

Cybersecurity

Falling with the rest of the market, but this is a strong sector, and buying quality stocks for long-term is a good idea.

Palo Alto Networks (PANW) – Buy on Declines - The stock is around $356, expensive but a quality name, one can accumulate slowly on declines

Rubrik - (RBRK) Buy on Declines - Same strategy as PANW, one can accumulate slowly around $110 to $120

BUY THE DIP IN INDUSTRIALS, SAAS AND HEALTHCARE

Industrials

Amphenol $70-72 (APH) - 6 other segments besides datacenters this is less volatile. This company has returned 20% in the past 21 years.

Eaton (ETN) $360-370 – It has a similar profile to Amphenol

SaaS (Software As A Service)

Reddit (RDDT) 151 – Social Media but dipped because of supposed AI searches bypassing their website.

Zeta Global (ZETA) 33 – Partnered with Palantir and OpenAI, strong growth ahead.

Healthcare

Molina (MOH) $215-220 – Results were OK and show improvement

Oscar (OSCR) $33-34 – a lot of growth in the ACA and the trend towards health care reimbursements.

BUYING THE DIP IN DATA CENTER INFRASTRUCTURE

AI/Data Center Infrastructure Stocks – These are high quality, less volatile companies that have become very cheap and can be bought and held for a 5–10-year period.

Arista Networks (ANET) - $170-$172

Advantest (ATEYY) $204-$210

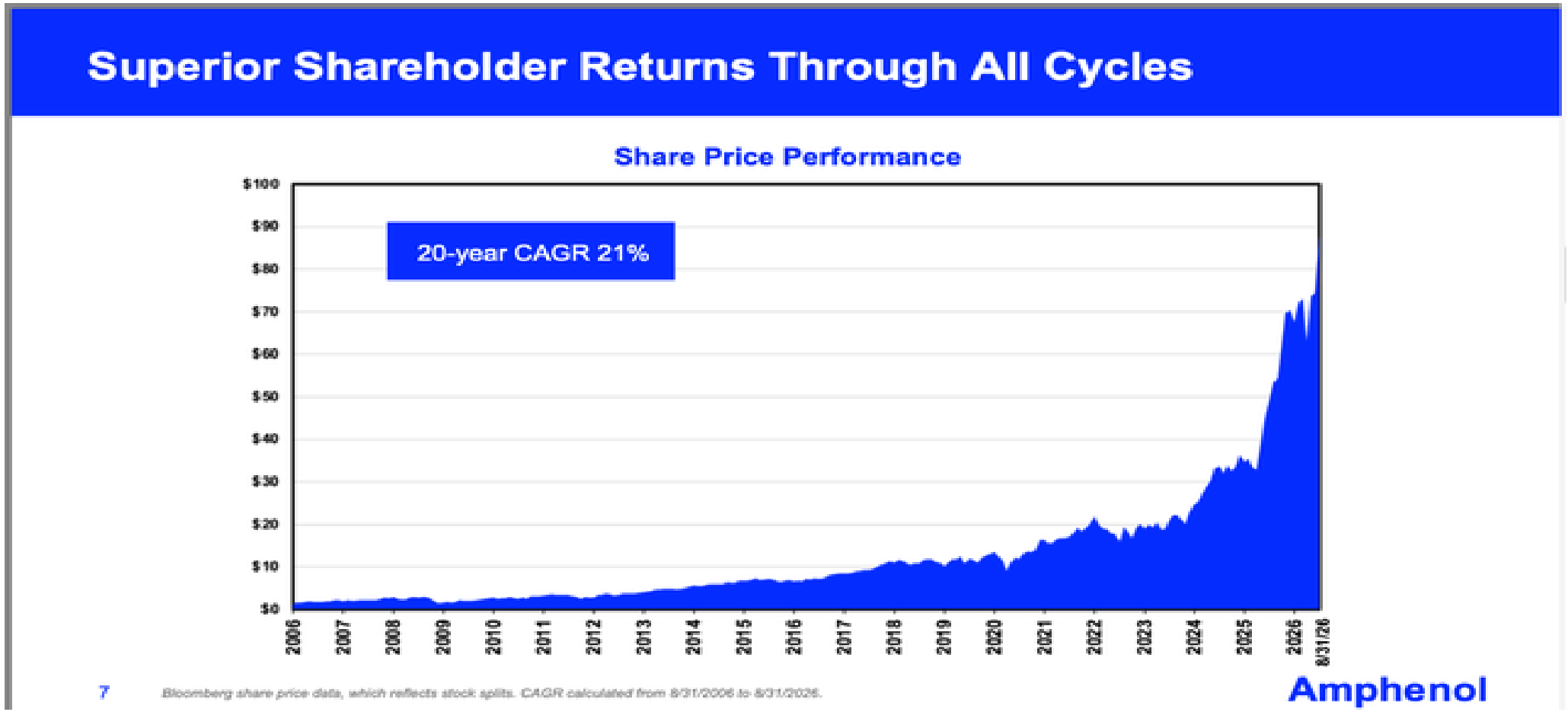
Vertiv (VRT) $195-$200

Nebius (NBIS) $150-$155

Lumentum (LITE) $725-$750

AMPHENOL (APH)

Great industrial company to Buy and Hold



META PLATFORMS (META) $647

Meta Stock Falls. Earnings Show Just How Much Future Growth Will Cost. A Lot!

Social-media giant Meta Platforms reported solid third-quarter earnings results on Wednesday afternoon. Shares were 7% to $647 in Thursday trading.

Third-quarter earnings came at what may be a turning point for Meta and its artificial-intelligence strategy. But in the process of getting there, the company's mounting expenses are weighing heavily on its profitability.

Earnings per share were $3.83, up from $1.05 last year, and below Wall Street projections of $6.54. **But the third quarter of 2025 saw a large noncash tax charge, and EPS would have been $7.25 if it was excluded, according to Meta.** This quarter, Meta booked a $9.9 billion charge related to its August multistate legal settlement over child-safety issues on its social-media platforms. Without the charge, EPS would have been $7.40 – higher than estimates.

This comes after $2.4 billion in legal costs and another $1.2 billion in severance expenses last quarter. Headcount was down 15% from last year.

META PLATFORMS (META) $647

Revenue for the quarter reached $64.6 billion, ahead of expectations of $63.3 billion, and up 26% on the year. That represents Meta's 17th straight quarter of beating sales expectations. **Despite the ad business' maturity, internal deployment of AI for better platform engagement and ad targeting has accelerated the company's revenue growth in the past year.**

Third-quarter Capex came in below expectations, but that still wasn't enough to stop free cash flow from going negative. Analysts do not expect free cash flow to return until 2029.

Expense growth outpaced sales growth, and even after excluding the legal charge, operating margin fell from 40% last year to 35%. Of particular note are depreciation costs from the company's capital expenditures—which may stretch up to $145 billion this year—and research and development spending.

The company also had nearly $700 billion in long-term supply and lease commitments at last count.

But all the Capex and research expenses are beginning to pay off by vaulting Meta into one of the leading positions in AI technology. In the second week of September, Meta released what may become the first successful personal AI agent, Muse, and last week it announced new Wonder AI models that rival the best from industry leaders OpenAI and Anthropic.

META PLATFORMS (META) $647

The Muse agent has over 3 million daily users, according to market research firm Similarweb. This is still less than 0.1% of Meta's overall user base, but growth has been fast. The company has a long way to go to make Muse agent a mass-market product, but that also underscores the scale of the opportunity. Meta makes almost all its revenue from ads but, at least at first, it is trying to offset the increased Muse expenses with e-commerce revenue. Personal agents can take a conversational command and execute an entire retail transaction, from which Meta takes a small fee. But some sites, like Amazon.com, are blocking Muse.

We can see the costs now, but the payoff won't be immediate. "Scaled behavior change takes time (and a strong product with a consistent, high utility experience)," wrote Brian Nowak of Morgan Stanley in a Sunday note. "So, while we are bullish Muse (and agentic), we encourage investors to keep reasonable adoption rates in perspective." Nowak raised his price target from $775 to $820 and maintained his Overweight rating.

CEO Mark Zuckerberg on Muse. "Now that Muse has clear product-market fit, we are entering a new phase and a more operational phase that is focused on scaling it," he said. "We need to do three things: scale the product, grow revenue, and optimize compute costs. We expect to grow Muse to serve billions of people. This is both our mission and our strategy."

MOLINA HEALTHCARE (MOH) - $210

BUY ON DECLINES THIS IS A GREAT DEFENSIVE TO HAVE IN THE PORTFOLIO

Revenue: $11.08 billion (down 3.4% year-over-year from $11.48 billion, beating analyst estimates of $10.86 billion–$10.87 billion)

Adjusted EPS: $0.89 per share (down from $1.84 a year earlier, beating estimates of $0.79)

GAAP Net Income: $38 million, or $0.73 per diluted share (down from $79 million, or $1.51 per diluted share, in Q3 2025)

Medical Care Ratio (MCR): 92.9% consolidated

Membership: Total customers decreased to 4.86 million, down from 4.93 million in the previous quarter, driven by lower Medicaid and ACA Marketplace membership.

Guidance: Management reaffirmed its full-year 2026 adjusted EPS guidance of at least $5.25 and premium revenue of roughly $42 billion, while lowering its preliminary 2027 premium revenue outlook to at least $45 billion.

SPACEX $145 HIGH RISK/HIGH REWARD

Shares of Elon Musk's rocket and AI company have dropped to $145 after trading as high as $166.18. The move came after SpaceX reported better-than-expected third-quarter numbers on Tuesday evening. Sales of $14.6 billion easily topped Wall Street estimates of $12.9 billion. SpaceX even reported its first quarterly profit as a publicly traded company. It earned net income of $4.4 billion, about $3 billion more than Wall Street expected.

There was also financial guidance. SpaceX sees first-quarter 2027 revenue between $33 billion and $37 billion. Wall Street was looking for $22 billion. AI pricing and demand are simply stronger than expected, and SpaceX seems to be able to build AI data center capacity faster than others.

"I think we're going to face a shortage of Super Intelligence compute. And that shortage is going to remain for a long time," said Musk. "We could rent out our compute several times over if we said yes to everyone…I don't think we're going to have a demand issue here."

SpaceX ended the third quarter with 1.7 gigawatts of AI compute. It could reach 3 gigawatts by year-end and plans to bring another 10 gigawatts online in 2027.

SPACEX $145 HIGH RISK/HIGH REWARD

Cantor Fitzgerald: Analyst Colin Canfield reiterated a **Buy** rating and raised his price target from $246 to **$345**, pointing to upbeat free cash flow and management commentary suggesting up to $1 trillion in annual recurring revenue (ARR) by the end of 2027 from compute capacity,

Steven Fiorillo: Raised his rating and positive outlook, centering the thesis on operating leverage, AI expansion, Starlink, and upcoming Starship contributions.

Goldman Sachs: Analyst Eric Sheridan recently reiterated a **Buy** rating with a **$220** price target, highlighting SpaceX's scale in space launch, broadband, and space-based AI compute platforms.

Morgan Stanley: Analyst Adam Jonas maintains a **$300** price target, heavily weighting the valuation toward Starlink connectivity and enterprise AI rather than external rocket launches.

Consensus Overview: The broader Wall Street consensus sits at a **Moderate Buy**, with a median 12-month price target around $225 to $243 and high-end targets stretching up to $800

It can be bought as a high risk/high reward stock – the growth can be very high.

SPACEX $145 HIGH RISK/HIGH REWARD

"The AI feeding frenzy is right in SpaceX's wheelhouse," wrote William Blair analyst Louie DiPalma. He rates shares Buy and doesn't have a price target for the stock. Everyone seemed happy with SpaceX's quarter.

"Moving SpaceX to top coverage pick on intelligence upside," wrote Cantor Fitzgerald analyst Colin Canfield. He raised his price target to $345 from $246. Citi analyst John Godyn raised his target price to $240 from $200. J.P. Morgan analysts Doug Anmuth, Sebastiano Pett, Seth Seifman, and Richard Choe raised their target by 108% to $500 from $240.

KeyBanc analyst Michael Leshock sounded a note of caution. SpaceX is spending a lot of money on AI and needs external financing in the coming years.

Funding markets are a watch item for investors. There just wasn't much else to worry about.

Overall, the average analyst price target for SpaceX stock is $246, according to FactSet, up about $17 since the quarterly report.

SPACEX $145 HIGH RISK/HIGH REWARD

The Risks For SpaceX

The rate at which the company increases its AI business is not only dictating the cash outflow for expansion but also the annualized recurring revenue. Delays in the ramp-up could slow down cash inflows but can also limit cash outflows. Furthermore, we note that Elon Musk is SpaceX's strongest asset as well as its biggest liability. His vision where one part of the business supports the other seems to be working, but his approach to governments and foreign governments also increases the risk of losing market access.

I believe that eventually, Musk will attempt to merge with Tesla, bringing a neural backbone that should ultimately bring autonomous capabilities, connectivity, and robotics under one roof. It is something that I do like, but I do believe that the company first needs to mature its business, or else it is at risk of overpromising and underdelivering. Combining businesses also makes it harder to assess the true business performance. The way SpaceX operates now, most of the business is already AI. Space & connectivity are likely going to be smaller parts of the business. That means that AI demand has to continue developing as expected, and SpaceX is not a stock you should be wanting to own for the Space capabilities. SpaceX is simply becoming an AI and connectivity company that sells excess capacity to parties requiring launch capacity. The internal and external use of the launchers is a good value proposition, but it is not expected to be the major contributor to the financials.

BLOOM ENERGY $203

Bloom Energy (BE) Q3 Non-GAAP EPS of $0.94 beats by $0.27.

Revenue of $1.24B (+138.9% Y/Y) beats by $170M.

Guidance

Bloom Energy is increasing its financial guidance for full-year 2026 122% YoY as follows

Revenue $4.4Bn to $4.6Bn V Est $4.12Bn

Non-GAAP EPS $3.25 V Consensus of $2.71

Added to the S&P 500, marking an important milestone for Bloom Energy (BE) as a public company

BLOOM ENERGY

Third Quarter 2026 Highlights

All comparisons are to the third quarter of 2025.

Revenue of $1,235.8 million increased 138.1%. Product revenue of $1,073.6 million increased 179.4%.

Gross margin of 33.8% increased 453 basis points. Non-GAAP gross margin of 34.5% increased 412 basis points.

Operating income of $225.4 million increased $217.6 million. Non-GAAP operating income of $285.7 million increased $239.4 million.

EPS of $0.78 increased $0.88. Non-GAAP EPS of $0.94 increased $0.79.

The stock has fallen to $203, I could see myself buying it around $180-190

EVERPURE (P)

Western Digital's (WDC) $356 earnings suggest a strong outlook for storage demand, which bodes well for an excellent company that I own and recommend Everpure (P) $121.

Western Digital said it earned an adjusted $4.64 per share as revenue soared 55% year-over-year to come in at $4.38B. Analysts had expected the company to earn an adjusted $4.11 per share on $4.14BB in revenue. In our fiscal first quarter, revenue grew 55% year over year, non-GAAP gross and operating margins expanded to 58.1% and 49.1%, respectively, resulting in a 161% year-over-year increase in non-GAAP EPS.

Looking ahead to the fiscal second quarter, Western Digital expects adjusted earnings to be between $5.60 and $6 per share, well above the $4.84 analysts expected. Sales are forecast to be between $5B and $5.2B, much higher than the $4.57B analysts anticipated.

Everpure delivered 38% revenue and 77% adjusted operating profit growth in Q2 FY2027, driven by enterprise demand and hyperscaler contracts.

EVERPURE (P)

Everpure delivered 38% revenue and 77% adjusted operating profit growth in Q2 FY2027, driven by enterprise demand and hyperscaler contracts.

The expansion into hyperscalers and growth of the Evergreen//One subscription model enhance recurring revenue and margin potential, supporting a robust FY2028–29 outlook.

Its innovative cloud storage product lineup differentiates Everpure from competitors.

The company says the AI era forces a shift to a data-centric model, where data becomes the governed, shared system of record.

It’s strong growth, and reasonable valuation at 31x FY2028 earnings with a growth of 50% suggests there is still upside left in the stock, especially since it has dropped to an attractive lower entry point of $121 from a high of $158.

I would enter on declines.