INTC 27.57 ▲ | ADPT 8.15 ▲ | NRG 40.64 ▼ | SBUX 88.47 ▲ | JPM 112.40 ▼ | WMT 133.92 ▲ | MCD 237.57 ▲ | AAPL 145.16 ▲

OCTOBER 2022

One Bar Ahead®

BY KEITH FITZ-GERALD

I've been itching to recommend this stock all year!

(The timing is FINALLY right)

5 higher income, lower risk investment choices to fight rising rates

Consider buying #1 now!

Plus, an in-depth portfolio review, the latest MMI® charts and critical updates

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Keith Fitz-Gerald's ONE BAR AHEAD™

Letter from Keith

Dear Reader,

American author and humourist Mark Twain once said that “history never repeats itself, but it does often rhyme.”

I agree.

That’s why I study history carefully as part of my ongoing market research. In some cases, the parallels are direct. In others, they’re downright unexpected.

Take the Battle of Loudin Hill on May 10, 1307, for example.

You’re not alone if you’ve never heard of it. Very few people on this side of the Atlantic have. There is no doubt in my mind that every English and Scottish member of the One Bar Ahead® Family has, though, with good reason.

Loudin Hill set the stage for Scottish independence while also cementing the tactical genius of Robert the Bruce, King of Scots. It is every bit as pivotal as Gettysburg which irrevocably turned the tide of the Civil War in favour of the Union here in the United States.

According to historians, the situation was as dire as you might imagine. King Robert managed to muster just 600 men against 3,000+ heavily armed, well-trained, mostly mounted, and battle-hardened English troops.

As if that weren’t bad enough, every one of the Scots standing in formation that day had to have known that the English commander they were up against, Sir Aymer de Valence, had mercilessly wiped out more than 4,000 of their countrymen a year earlier in another battle.

King Robert and his army should have been annihilated.

Instead, he *won*!

Which is where WE come in.

King Robert, you see, chose Loudin Hill very deliberately as the place to engage the vastly superior English army. He knew he could use the rugged Scottish terrain to his advantage much the same way we know that we can use the market's natural ebb and flow to ours.

The King also understood his opponents in great detail. Like us, he had a keen grasp of the tactics needed to win as learned from prior engagements like Battle of Glen Trool where he charged downhill to overwhelming victory by splitting Valence's forces while they were trapped along a loch.

And finally, King Robert deliberately controlled the engagement from start to finish by digging a series of ditches to channel the unsuspecting, overconfident English army onto a narrow patch of solid ground surrounded by impassible bog. Then, he counter-attacked at the precise moment when the odds of success were greatest. We rely on the MMI® using the same logic.

The parallels to today's markets are striking.

The situation seems undeniably bleak. Many investors have become so despondent that they've all but given up. I can totally understand why selling everything and making a run for it is appealing.

For one thing, the Fed remains on a path to financial hell as we go to press. Inflation rages and an estimated $61 trillion in market cap has been vaporized since Team Powell began raising rates. For another, geopolitics are as complicated as they've ever been in a generation. OPEC+ is reportedly cutting production by 2 million barrels a day despite President Biden's appeals not to. And, topping it all off, US midterm elections may be the most contested, acerbic ever.

Companies like Apple, Microsoft, Pfizer, and others we talk about frequently continue to put up great numbers anyway.

That's key for two reasons.

First, history shows undeniably that the best time to buy great stocks with huge profit potential is when nobody else wants 'em. Especially if the business case for owning them is getting stronger!

And second, pessimism seems to be peaking … that's almost always the sign of a bottom. Remember - the consensus of a crowd often works against those who mistakenly believe in the security it provides.

Whether that happens tomorrow or a few months from now isn't important. My point is that conditions may be right for an overwhelming move to the upside that could begin at any time. The concept of Fed pivot, while flawed, is very real.

I know, I know … there could be more selling ahead if earnings slow down or the Fed doesn't change course. But that's EXACTLY why we want to talk about *opportunity* when almost nobody else can see it.

It does not matter why we are here or how we define the term. What matters is that we *seize* the moment just as King Robert did seven-hundred fifteen years ago.

Speaking of which, we're going to start our time together this month with a company that I've been itching to recommend since the beginning of the year but haven't because the timing wasn't right until recently.

Customers, especially smaller businesses that want to compete with Amazon and Walmart, can't get enough of what they offer. Business is expanding at a rate that's faster than the rate of e-commerce itself. I can't help but think the fact that shares have been pummelled is an opening under the circumstances.

I've also got a look at 5 higher income, lower risk investing ideas that may be just the ticket for anybody in search of stability, certainty and peace of mind. Number 1 may really surprise you which is, not coincidentally, why I am also recommending you consider buying it this month.

There's also the portfolio review, this month's OBA 50, my take on recent headlines and, of course, the most recent Master Market Indicator® charts. As usual, nibble into stocks with the lowest MMI® readings or use the re-entry points for specific stocks as previously outlined if that's more your style.

While I don't like current market conditions any more than you do, I am also keenly aware that we have an edge just the way King Robert did at Loudin Hill.

We've worked hard for months now to assemble the right combination of long-term growth and short-term defense as we head into 2023.

Bottom line?

We are right where we want to be!

Thanks for being part of the One Bar Ahead® Family!

Best regards for health and wealth,

Keith

KF

PS: Please note that I will be speaking at the virtual MoneyShow as part of a special Post-Election Briefing. Details will follow but meanwhile, please sign up by visiting this link: https://online.moneyshow.com/2022/november/virtual-expo/?scode=035323

There's a lot at stake, which is why I hope to see you there!

Other ways to keep in touch

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You’re invited!

MoneyShow Virtual

November 10-11, 2022

Online

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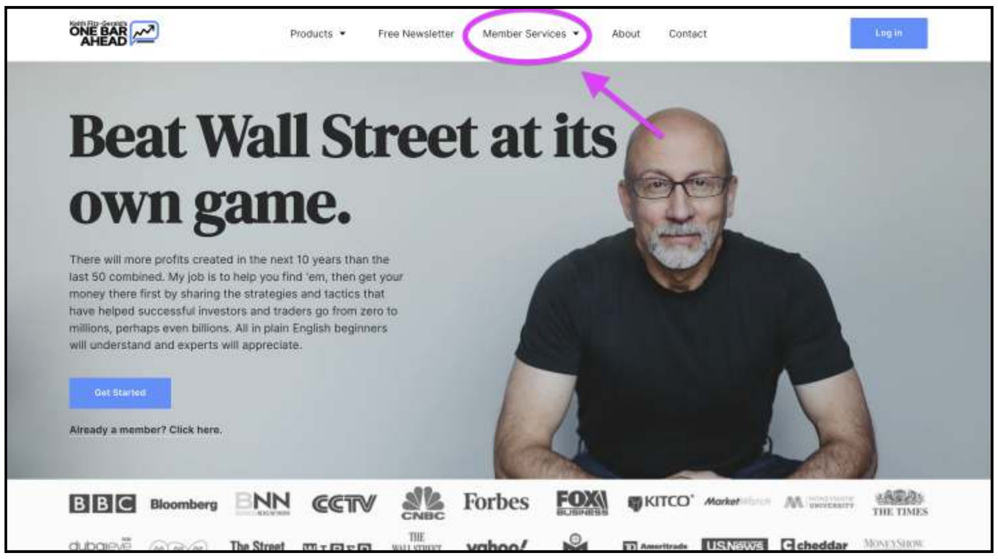

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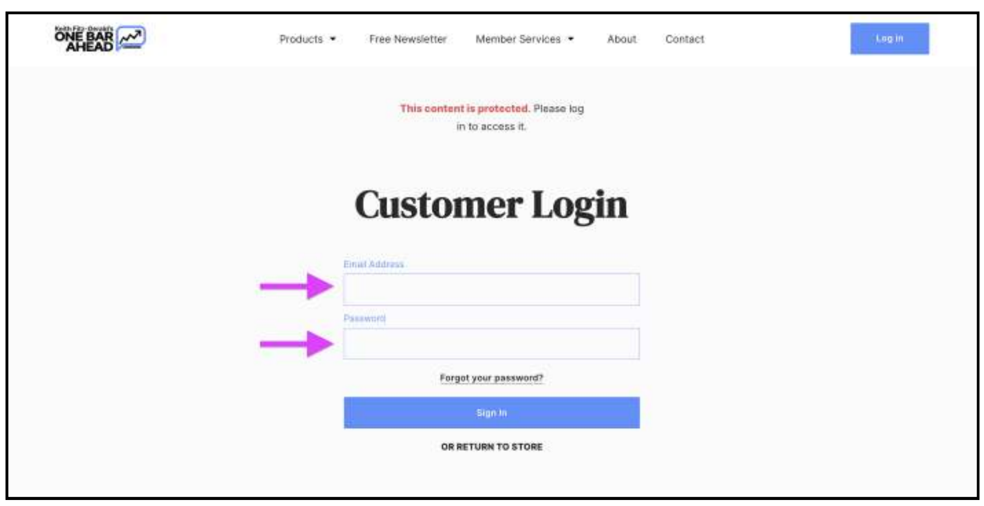
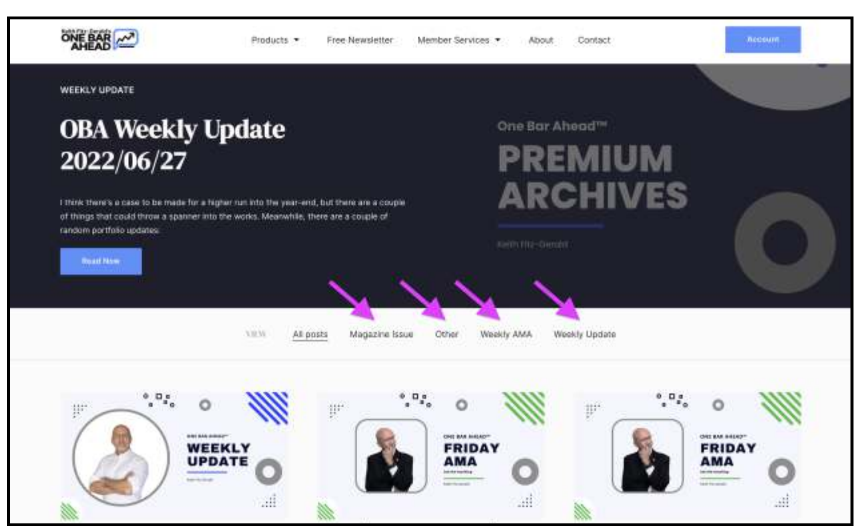


3. Filter by what you’re looking for, and voila!



If you try the above steps and it doesn’t work, please contact us at **info@onebarahead.com**

Chapter 1

I'VE BEEN ITCHING TO RECOMMEND THIS COMPANY FOR A WHILE NOW

Digital commerce will increase by 316.41% to $17.52 trillion by 2030 (but that may be too conservative!)

GROWING FASTER THAN E-COMMERCE ITSELF

I hear it frequently.

People who think it's "stupid" to invest in a declining market suddenly change their hearts when the wealth rolls in. Then everybody who did is just "lucky."

Sign me up!

The fact that most people simply cannot grasp the speed at which our world is changing is a king-sized opportunity, especially when it comes to digital commerce.

People fret about a recession and the fact that the markets are in a foul mood.

They're missing the point.

Slowdown or not, inflation or not, digital commerce will increase 316.4% from $4.21T to $17.52T by 2030, just eight short years from now according to Allied Market Research.

That may be too conservative; I think the figure may top $20+ trillion!

Let me explain.

COVID-19 sped up innovation 10X.

Not surprisingly, digital shopping took on new importance worldwide as consumers were forced to alter how they purchased things.

Now, there's no going back.

"10 years of digital growth was compressed into 3 months in 2020"

McKinsey Report

Digital commerce continues to accelerate.

- McKinsey reports that US E-commerce penetration experienced 10 years' growth in 3 months in 2020.
- 60% of US consumers expect to integrate digital habits and brands discovered during the pandemic into their post-COVID lives, also according to McKinsey.
- During a recent earnings call, Microsoft CEO Satya Nadella said that "[Microsoft] has seen two years' worth of digital transformation in two months."
- Data from Insider Intelligence, Gartner and others suggest that the digital commerce market has now exceeded pre-COVID-19 growth estimates and that YoY growth is already 25%-35% and accelerating.

Every industry will adapt... or die.

E-commerce represented just 7.4% of total retail sales as recently as 2015 according to Statista. But – get this – will account for 24% of total retail sales worldwide by 2026. Again, I think that's an order of magnitude low.

The biggest race to market ever

Here's the interesting part.

This goes way beyond simple shopping which is how most people think about e-commerce.

What I am talking about is a hybrid consumption model that blends online and in-store shopping.

My colleague and friend Michael Zakkour, Founder and CEO of 5 New Digital, a global consulting firm, calls this "unified commerce"- a term he coined to reflect the complete integration of a unified online/offline approach needed to blend retail, consumption, technology, supply chain management and finance.

According to Michael, "companies that make the jump will grow faster and more consistently than those that do not."

I agree.

GROWING FASTER THAN E-COMMERCE ITSELF

Digital commerce used to be a 2-dimensional undertaking similar to shopping from a catalogue. You'd visit a website and be presented with a slew of products depending on which "pages" you turn.

The digital commerce of the future will be an enterprise-wide operating principle connecting everything a company does and every customer it engages on every platform.

Retail, to a point Michael makes very aptly, "will be everywhere."

Which brings me to Shopify (NYSE: SHOP)

I've been itching to recommend the company for a while now but have held off because it simply represented better integration of the existing 2-D shopping experience. It was "n+1" to paraphrase billionaire Peter Thiel.

Now it's going "zero to 1" which is why we want to be on board.

Shares are down 83.8% to $28.55 from 52-week highs of $176.29 set last November.

Makes sense. Most people think about SHOP as being all about "shopping." And admittedly that doesn't make a whole lotta sense as recession fears mount.

The jump that I've just described is what everybody's missing.

SHOP is poised to capitalize on digital commerce yet the stock has been beaten to smithereens YTD

Shopify has all the elements needed to make the transition from digital habitat to an immersive ecosphere-driven shopping experience.

Consider:

- Shopify powers everything from tiny businesses like ours to $100 million DTC brands including Kylie Cosmetics and The Economist Diaries to $100+ Billion players like Red Bull, Heinz, Staples (Canada) and more
- Gross merchandising volume has jumped an average of 55% a year since before the pandemic and is still growing faster than both online and retail sales in the US – which tells me businesses are flocking TO the company
- Shopify Capital, which is Shopify's lending arm, grew 56% over the same time frame
- Shopify Payments is growing at an annualized rate of 67% a year
- The company has recently implemented major cost cutting programs intended to lower headcount, trim unneeded expenses and refocus
- And finally, Shopify recently acquired Deliverr, a logistics startup, for $2.1 billion which means it can finally offer customers an end to end, one stop shop that takes 'em all the way from inventory to distribution, delivery and even returns.

This last point is really key.

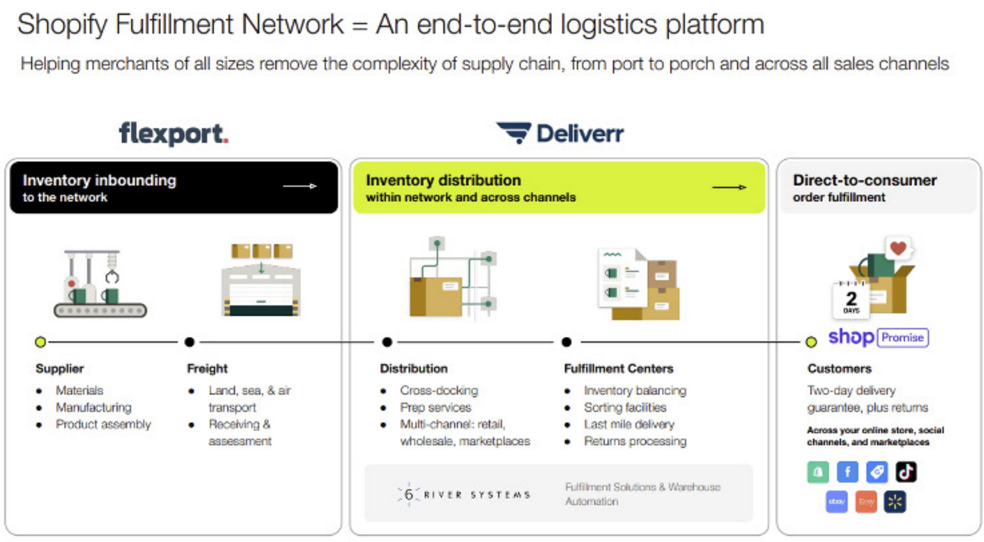
It's also why I have waited to recommend buying shares for so long.

> *Shopify now has the ability to offer small businesses the tools needed to compete end to end with the likes of Amazon and Walmart.*

The fact that the markets have sold off so hard and SHOP has fallen so far is gravy IMHO!

Let's take a look at what One Bar Ahead®, our proprietary predictive analytics suite says about Shopify.

GROWING FASTER THAN E-COMMERCE ITSELF



SHOP's ability to create end-to-end solutions for any business is why we're buying

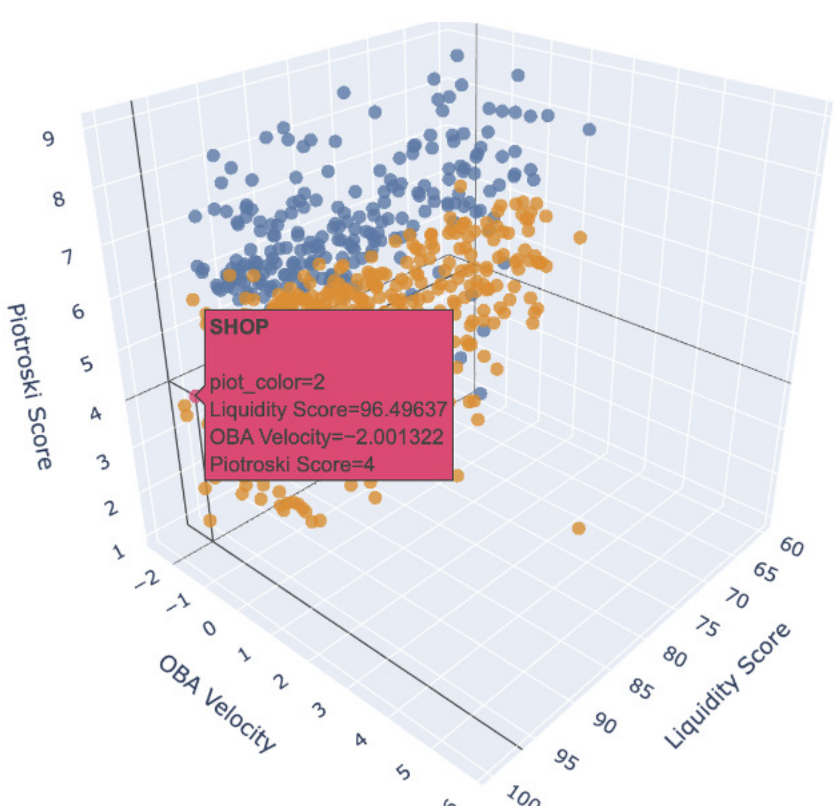
The Universe

Shopify is more speculative play at the moment than a core recommendation. As a result, the OBA metrics are not as heavily weighted as they would be under more normal market conditions.

SHOP has a Piotroski score of 4, which puts it in the very lower left of the OBA Universe. However, SHOP also has an OBA Liquidity Score of 96.4, which puts it in the same league as AAPL, JPM and other stocks in terms of institutional interest.

Remember – our research shows very clearly that money, like water, flows to where it will be treated best.

The first hint of a Fed pivot or "pause" will bring money roaring in (again).

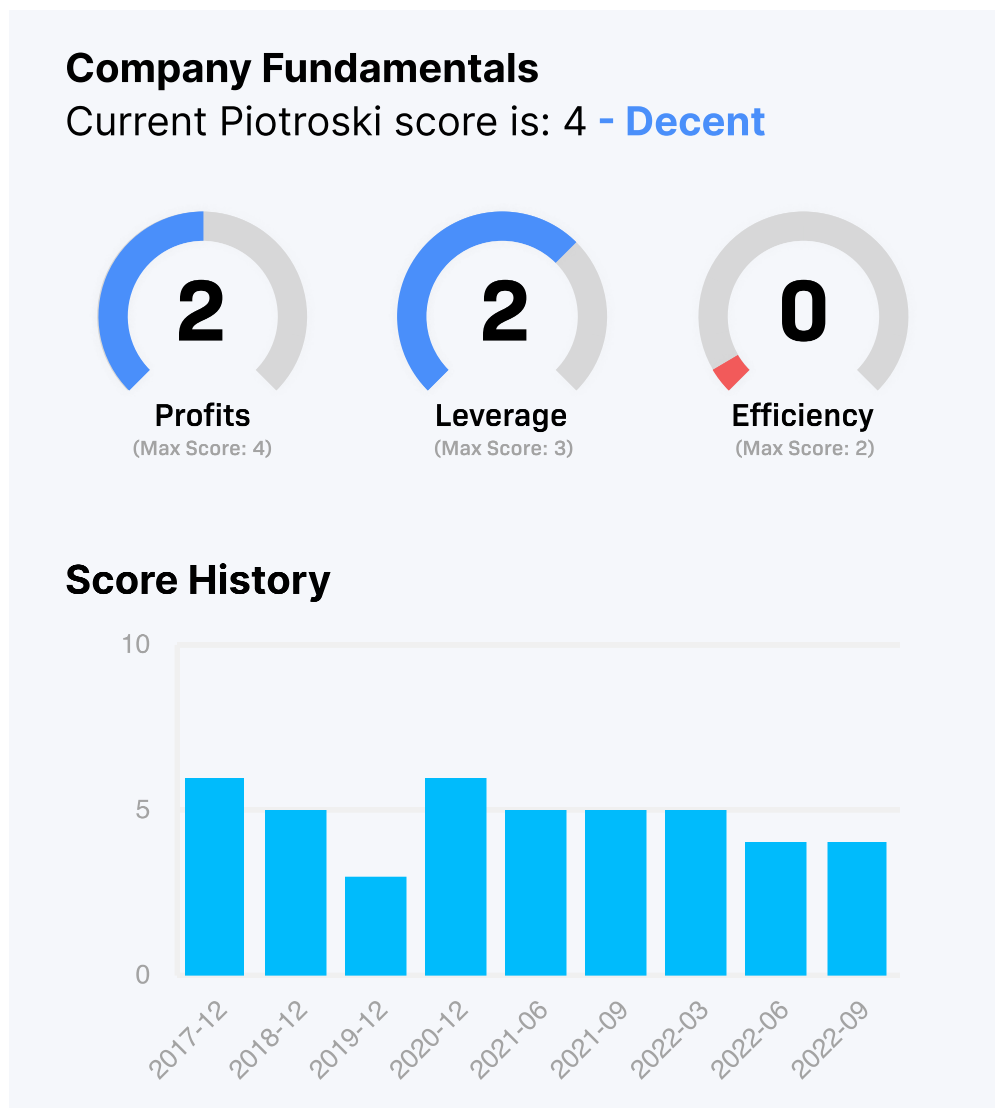


The Fundamentals

The Piotroski Score plays a super important role in my research and has for years because it's an easy to understand, well-researched means of assessing value against price using underlying fundamentals.

Shopify has a score of 4 of 9 possible points. Ordinarily, that's something I'd avoid like the plague in a downside market but in this case our research suggests otherwise.

Remember, the reason I am suggesting buying shares now is to get our money there first before everybody else outside the OBA Family understands the shifting nature of digital commerce I've described.



The Master Market Indicator®

The MMI® is at the lower end of the range and has begun to track higher.

In case you're wondering why I didn't recommend Shopify last December when the MMI triggered a "Go Long", it's because the rest of the analysis – the Universe, the Fundamentals and critically, the story – didn't make sense.

GROWING FASTER THAN E-COMMERCE ITSELF

Now, those things do!

Action to take

Buy SHOP shares for <$28, and plan on averaging in because the OBA Capture Ratio - a metric I introduced recently - is still slightly negative at 0.96 to 1.

There is NO rush to buy everything all at once!

The Fed still has plenty of shenanigans ahead and this is a speculative choice suitable for a Zinger (the 10% in our proprietary One Bar Ahead® Model Portfolio).

That implies a total allocation/position size of 1%-2% of investable capital when fully assembled if you're following along as directed.

Or, buy a little now regardless of price and plan on averaging in over time. My choice, BTW.

If you'd like a more speculative bet and have the chops, consider the 17Jan25 $22.5 calls which are trading for $14.95 as I type.

You may also want to consider Selling Cash Secured Puts in the $20 - $25 range. I suggest the 18Nov22 $25 puts as a starting point. That's slightly below recent lows and in line with current volatility. Assuming you fill at $2 or more which is where those options last traded as I type, your basis would be $23.00, perhaps lower.

As always, though, sell cash secured puts ONLY if you have the cash needed to buy a corresponding number of shares for each put option you sell at that price. 1 put option = 100 shares. If you're not sure, please review the February 2021 issue for a strategy breakdown. Or, consult with your favourite financial professional to determine if this is a suitable move for you based on your personal risk tolerance, situation and circumstances (which I don't know).

5 HIGHER RETURN, LOWER RISK INVESTMENT IDEAS

Worth your immediate attention!

5 HIGH-RETURN, LOW-RISK INVESTMENTS

Many members of the One Bar Ahead® Family are dependent on income and (rightfully so) crave stability.

With good reason.

Sorting out what's what in that department has never been more important given what's at stake.

Let's begin with a simple premise.

We're all living longer than previously expected which, in turn, means that many of the financial assumptions used for years in the investment world are terribly flawed.

For instance, people investing in the 1970s blithely assumed that they could invest in corporate and municipal bonds, CDs and even annuities. Then fade off into their Golden Years on a beach or in the mountains somewhere.

They were right - interest rates were double digits back then.

Now, though, the world is a different place.

Those same investments are not keeping up with inflation let alone rising rates and constantly increasing taxes that are robbing all of us blind.

Many of the planning assumptions that once led to their widespread adoption no longer work because, odds are, every single one of us will need to stay in the game longer than originally planned.

If you're in your ...

- 20's today, you have a 50% probability of living to 100
- 40's today, you have a 50% chance of hitting 95
- 60's today, you have a 50% chance of topping 90+

Longevity expert Aubrey de Grey believes that the first person who will live to be 1,000 years old is already alive today. 1,000!

We will likely end up living far longer than anticipated (and invest accordingly)

I don't know that I'll go that far but I think de Grey is on the right track.

Life expectancy in the US was just 40 in 1850.

Since then, it's increased by more than 2 years a decade thanks to the advent of modern medicine, technology, higher standards of living and once fatal diseases now being survivable.

The implications are undeniably profound.

Living to be 100 used to be the stuff of science fiction. Now it's a regular occurrence. Kids born today may never hear the expression "nursing home."

We need to invest accordingly.

Don't get me wrong, I am NOT suggesting that we do something crazy like going "all in" on the latest growth stock fad or something equally outlandish. We'll leave that to the so-called "hot money" which is often anything but.

I am simply suggesting that it would be *prudent* to consider the future that is rushing towards us with a slightly different mindset.

I've been doing a lot of thinking about this behind the scenes and, as is often the case around here, we're One Bar Ahead®.

5 HIGH-RETURN, LOW-RISK INVESTMENTS

#1: Bond Laddering

Rising interest rates have cratered bonds, particularly those with longer dated maturities. That's because bond prices move inversely to interest rates.

The way around this is something called "bond laddering" which is a $5 way of saying you'll buy various bonds of different maturities as rates rise. Having a short duration helps.

OBA Action: I've recommended RCS, a closed end bond fund offering a healthy 12.99% yield as I type. The principal value has come down in concert with rising rates but fixed income managers are going to begin "laddering" shortly as rates rise. The yield on cost is an impressive 5.50% dating all the way back to 3/23/94! The leveraged duration is under 2 years according to PIMCO.

Rates are now approaching levels where I anticipate adding to other fixed income choices in the months ahead as the Fed's shenanigans continue.

In fact, let's take the first step right now.

Action to Take: Buy to open the VanEck CLO ETF (CLOI) and consider it in the same class as the PIMCO Strategic Income Fund, INC (RCS). I suggest investing a little at a time rather than all at once because the Fed's still very much a wildcard.

CLOI is a collateralized loan obligation fund which means it's a single security backed by pooled debt. Normally this has been something available exclusively to institutional buyers and, by implication, beyond the reach of most individual investors.

There are two reasons I think CLOI is worthy of your attention at the moment.

First, the fund's manager, PineBridge Investments, handles $60B and specializes in CLOs which means they know what they're doing.

This is important because CLOs are structured to mitigate risk which has historically helped them experience lower levels of principal losses when compared to conventional corporate debt and other securitized products as rates jump.

Second, CLOs are prioritized, often by private equity firms that can use them for leveraged buyouts or other acquisitions. That means the default risk is lower than it would otherwise be at a time when picking up yield makes sense.

In plain English and put another way, CLOI could be a great choice if you're willing to step a little farther out on the risk spectrum but still crave the comparative safety of an actively managed income stream.

#2 Low Beta, High Div. Stocks

The single most fundamental rule of money is that the future value of any stock is a function of predicted cash flow and market risk.

Stocks with lower beta (meaning lower sensitivity to market volatility) tend to fall less, stabilize first, and recover fastest. This gives the investors who own them a far smoother ride over time but especially during periods of market angst like the present.

Factor in high dividends and the impact becomes even more marked. That's because companies paying higher dividends tend to be at higher quality and household names.

OBA Action: I began recommending stocks like COST, CVX, PFE, GIS, LMT and others last year because I wanted to get ahead of the nonsense roiling markets this year. That's paid off in spades with every one of the names I've just mentioned having held up better than broader markets as expected.

Investors who are just joining us may want to rethink the nature of their stock exposure with an emphasis on these kinds of stocks. If you've already got 'em, I'd strongly encourage you to reinvest if you can; lower prices enhance discipline, lower risk, and boost profit potential over time.

#3 Must-Have versus Nice-to-Have Stocks

This is very straightforward.

Market turmoil comes and goes which is why the financial graveyard is littered with the bones of companies that didn't understand the difference between making stuff that people "must have" and stuff that people simply find "nice to have."

You get the idea.

OBA Action: The OBA portfolio stock selection process is rigorous for a reason. We are concerned with companies that will survive and prosper, practically no matter what the market throws at 'em, who is in the White House, or what the Fed does next.

You've heard me talk about this many, many times on TV and in presentations around the world.

History shows very clearly that the "nice to haves" are a risk we don't want right now.

The 5Ds are key to sorting this out.

If you're just joining us, please watch OBA Master Class Session #1 to learn why this is so critical!

#4 REITs

Real Estate Investment trusts (REITs) can be wonderful inflation fighters and income producers. But not all real estate is equal, especially now with rates on the rise and the economy under pressure.

My research suggests that medically related real estate is the way to go because it offers the best possible combination of offensively defensive income and appreciation potential.

The number of Americans 62 and older will jump 41.4% from 56 million in 2020 to 79.2 million in 2035. Factor in medically related needs and the number jumps higher, farther, and faster.

OBA Action: I recommended CareTrust for two reasons: a) we are all getting older and that means b) increasing demand for medically related housing, services and more. The company serves as leaseholder for a well-constructed portfolio of 226 assisted living and nursing facilities in 28 states. Nearly 90% of the leases run through 2031 which means the anticipated cashflow/yield is among the most stable available.

#5 Series I Savings Bonds

So called "I Bonds" are Series I Savings Bonds issued by the United States government. According to Suze Orman, they're one of the best inflation-resistant investments out there at the moment.

I agree.

I Bonds are indexed to inflation and pay based on two components, a fixed interest rate until maturity and a variable inflation-adjusted rate based on the CPI that's recalculated every May and November. As I type, that's 9.62%!

OBA Action: I brought I Bonds to your attention in the July issue as the market selling intensified and the Fed's follies accelerated. There isn't a fund or an ETF available unfortunately because you must buy I Bonds directly from Uncle Sam. Naturally, there are a few unique wrinkles so be sure to ask your favourite financial professional about 'em if you're interested (and I hope you are).

> Thought Bubble: While researching this month's issue, I learned that concept of a nuclear family (meaning just parents and kids living together) gained prominence in the 14th century after the Black Death because older folks were considered a drain on collective family resources. It's also apparently when witch hunting became a thing as senile seniors were exiled to forests. 🤦🏽‍♂️

Chapter 3

PORTFOLIO REVIEW

Buy the best, ignore the rest!

Foundation Stones (50%)

This category contains companies intended to be the base around which all other choices are built and will account for roughly 50% of overall investable capital. The intent is to create stability that gives you the freedom to pursue more aggressive choices in the other two tiers over time.

There will be some turnover here but, odds are, not much over time because the emphasis is on fundamental underpinnings.

Global Growth & Income (40%)

This category houses companies offering a unique twist on one or more of the “5 Ds” or which are technically of interest and will represent roughly 40% of overall investable capital. The goal with this segment is appreciation potential AND an income boost so expect to see dividend payers and players here.

Turnover here may be based on a combination of technical and fundamental data and may be slightly higher. Market action could also trigger entries and exits.

Zingers (10%)

This category is home to the most speculative choices and will account for roughly 10% of overall investable capital.

Zingers are fundamentally compelling but are going to be selected based on a higher relative technical analysis weighting using the OBA engine and the MMI specifically.

Expect turnover to be highest in this tier based on technical market action. The probability of losses is highest in this segment.

“Vegas Money”

Vegas Money is exactly like it sounds - it’s where we put the stocks that can be heroes or zeros.

Not every stock will be a winner; in fact, quite a few probably won’t to be blunt. We’ll control risk by position sizing before we buy once we’ve identified an opportunity that interests us.

This means keeping positions small enough that you don’t care if they flame out completely but big enough that you’ll feel good if and when they do take off.

0.5% - 1.0% each or less at your discretion. Skip entirely if this much risk makes you uneasy.

Hedges

Studies show having between 1-3% in non-correlated investments can help take the sting out of otherwise painful down days by dampening overall portfolio volatility. The tradeoff, of course, is that you give up some upside but that’s acceptable to me given current market conditions.

SH, PSQ and **RYURX** are 1:1 inverse funds which make them perfect for the task. **UVXY**, though, is a 1.5X hedge designed only for short-term holds at best which is why I advocate using it very opportunistically when the risks of a downdraft are highest.

Position Sizing Guidelines	
Foundation Stones	50%
Global Growth and Income	40%
Zingers	10%
Hedges/Inverse	1-3%
Vegas Money	Investor's discretion

**Every OBA reader is encouraged to work with a financial advisor to adjust the suggested percentages as needed to reflect your specific financial situation, risk tolerance and circumstances.*

PORTFOLIO REVIEW (OCTOBER 2022)

Foundation Stones (50%)

AAPL

APPLE, INC

Beta
1.06

Yield
0.67%

30d
Δ vs SPX
-3.19%

Total
α vs SPX
11.51%

Notes

Apple may be the single most important stock available today. Jim Cramer took it a step further, calling Apple the single greatest stock of all time. Indeed! The company's products and services are growing hand over fist. Margins remain high in every segment. Management continues to track towards $1 trillion in revenue and, IMHO, will hit that sooner than many people think. Apple may have as much as $50-$60B in cash on hand which means it can afford to continue to invest through any conceivable downturn ahead.

JPM

JPMORGAN CHASE & CO.

Beta
1.17

Yield
3.83%

30d
Δ vs SPX
2.91%

Total
α vs SPX
-7.13%

Notes

The big news as we go to press is that JPM has agreed to purchase Renovite Technologies, a leading cloud-native payments tech provider. This is significant because it builds upon earlier moves that will allow JPM to compete against the likes of Block and Stripe. The key with the Renovite transaction is that it will allow Team Dimon to expand more rapidly in global markets because it does not require as much coding according to Mike Blandina, JPMorgan's global head of payments technology. Don't overlook the fact that JPM is at the lower end of its 52-week range.

All data as of October 4th, 2022

MSFT

Microsoft Corporation

Beta
0.94

Yield
1.17%

30d
Δ vs SPX
0.06%

Total
α vs SPX
-2.38%

Notes

People have no idea what they're missing with Microsoft, a leading GARP (Growth At Reasonable Price) stock. Dividend payouts have grown by 259% over the last 10 years which is no surprise considering the company's fortress-like balance sheet. As inflation expectations decline, I believe it'll do even better because of the company's huge enterprise customer base.

RCS

Pimco Strategic Income Fund

Beta
0.81

Yield
12.91%

30d
Δ vs SPX
-0.50%

α vs SPX
N/A

Notes

RCS fell a little bit relative to the rest of the market as shorter-term rates shot higher. That's normal which is why I'm not too worried about it. The fund has a daily NAV distribution rate of 13.85% as I type. I think it's noteworthy that the fund also trades at a 10.86% premium to NAV which means there are plenty of people who see the consistency and quality too. The effective maturity is a low 5.65 years while the total leveraged adjusted effective duration is just 2.54 years. Even the slightest hint of a Fed pivot or pause could send it sharply higher.

Global Growth & Income (40%)

AMD

Advanced Micro Devices Inc

Beta
1.43

Yield
0.00%

30d
Δ vs SPX
-12.62%

Total
α vs SPX
-21.26%

Notes

AMD has had a rough go of it but that's not an isolated instance. The entire chip industry has gotten hammered lately. I recommended shares as a compliment to Intel because it's a logical beneficiary of a renewed emphasis on home-grown chip production.

PORTFOLIO REVIEW (OCTOBER 2022)

COST

Costco Wholesale Corporation

Beta
0.68

Yield
0.75%

30d vs SPX
-3.86%

α vs SPX
24.89%

Notes

COST is THE best retail stock you can own right now, hands down. The company just beat both EPS and revenue hand over fist, reported growing sales, and e-commerce is booming. I also think the company will raise membership fees early in 2023 which would be a windfall for current shareholders. I suggest accumulating shares as long as inflation rages. And probably beyond for that matter.

CTRE

Caretrust REIT Inc

Beta
1.40

Yield
6.05%

30d
Δ vs SPX
-7.55%

Total
α vs SPX
10.44%

Notes

Nothing new to report here. The company continues to do a great job managing its portfolio of nearly 230 nursing and medical care facilities. Just 13% of the company's leases expire prior to 2031 so there's a very appealing element of stability on offer at a time when that makes sense.

CVX

Chevron Corporation

Beta
1.06

Yield
3.95%

30d
Δ vs SPX
6.06%

Total
α vs SPX
79.25%

Notes

News broke as we went to press that OPEC+ may cut production by 2+ million barrels a day while Russia continues to weaponize energy. I expect oil prices to be $105-$110 by Q1; that would be great for CVX for obvious reasons.

Meanwhile CVX's alternative energy investments continue to play out behind the scenes while countries scramble to achieve energy independence and price protection.

GILD

Gilead Sciences, Inc

Beta
0.26

Yield
4.69%

30d
Δ vs SPX
6.06%

Total
α vs SPX
19.73%

Notes

Gilead continues to be one of the best low-beta, high-dividend stocks you can buy, period. Case in point, the company has outperformed the S&P by almost 11% over the past month by not going, well, anywhere.

Institutions own 81% of the shares which is great because they crave the same sort of stability we do.

Gilead still has a robust pipeline, product sales are growing and the company's oncology revenues are on track to exceed $500 million for the 2nd time.

Reinvest, accumulate, whatever you need to do.

GIS

General Mills Inc

Beta
0.21

Yield
2.75%

30d vs SPX
5.86%

α vs SPX
5.30%

Notes

GIS is our other "steady eddy"; the company positively smashed earnings and hit all-time highs this past month even as the S&P 500 plumbed new lows. All while also offering an attractive yield and low beta. This stock is boring in the best way possible.

GOOG

Alphabet Inc

Beta
0.97

Yield
0.00%

30d vs SPX
-2.66%

α vs SPX
-8.95%

Notes

It seems like most of the pain has already passed for GOOG. Revenue growth has slowed down to the teens, but I'm happy to nibble in at these prices and valuations. Google is one of those stocks that will feel the effects of a rising tide, so it makes sense to get in before the economy recovers (and it will!)

PORTFOLIO REVIEW (OCTOBER 2022)

INTC

Intel Corp

Beta	Yield	30d Δ vs SPX	Total α vs SPX
0.92	5.67%	-8.28%	-24.26%

Notes

Intel has been absolutely clobbered over the past month, but I think the original investment premise still stands. As Taiwan becomes more hotly contested, so will chip production capabilities. Intel is tied up much less than competitors and on their way to fabbing more chips domestically which is the path forward. I wonder about the yield but not enough to suggest an exit for the time being.

LMT

Lockheed Martin Corporation

Beta	Yield	30d Δ vs SPX	Total α vs SPX
0.80	3.00%	0.03%	37.58%

Notes

The ongoing ugliness in Europe could turn out to be great for LMT as Russia grows increasingly desperate.

Elsewhere, F-35 sales and maintenance contracts are being extended at a time when the entire world seems to be looking for deterrence and increasing military budgets.

PFE

Pfizer Inc

Beta	Yield	30d Δ vs SPX	Total α vs SPX
0.59	3.66%	-0.13%	5.29%

Notes

Pfizer continues to blaze the path for highly personalized, customized healthcare with their acquisition of ResApp Health, an app developed to diagnose COVID and other pulmonary diseases using just your smartphone.

Combined with their mRNA applications, I think this could turn out to be a very prudent acquisition.

Continue to build positions if you've got a hankering for great dividends AND growth.

PLTR

Palantir Technologies Inc

Beta	Yield	30d Δ vs SPX	Total α vs SPX
1.72	0.00%	18.23%	-64.84%

Notes

Palantir had a pretty quiet month other than CEO Alex Karp warning that "dark times are ahead". Fortunately, Palantir is a company that can flourish under such conditions. I don't know if you caught it, but Stanley Druckenmiller hosted a webinar with Karp and it was eye-opening to say the least. I encourage you to watch if you haven't already!

RTX

Raytheon Technologies Corp

Beta	Yield	30d Δ vs SPX	Total α vs SPX
1.33	2.69%	1.71%	-7.77%

Notes

Raytheon is the last of the "defense trifecta" along with LMT and PLTR. As the world boosts their deterrent stockpiles, RTX and its various systems will be in high demand. The company recently won a $985m Air Force contract to develop and manufacture hypersonic cruise missiles to be delivered in 2027. Emphasis on hypersonic.

TSLA

Tesla Inc

Beta	Yield	30d Δ vs SPX	Total α vs SPX
1.97	0.00%	-5.94%	3.61%

Notes

Tesla held its much-anticipated AI day recently. Critics, of course, poo-hoo'd it along with the company's deliveries. As usual, they're missing the point. Tesla also announced their own supercomputer chips, a humanoid robot prototype, significant improvements to computer vision, and *this is the big one* opening up Dojo (its AI training supercomputer) to other carmakers and applications sometime next year. I've long said that Tesla is much more than just a carmaker, and I'm very happy to see the way both hardware and software development is unfolding as expected. More to come on TWTR ...

PORTFOLIO REVIEW (OCTOBER 2022)

TSN

Tyson Foods Inc

Beta
0.69

Yield
2.76%

30d
Δ vs SPX
-5.18%

Total
α vs SPX
-19.95%

Notes

Tyson has moved roughly in line with the markets over the past month. The company continues to be an excellent choice for investors seeking a high-yield, inflation-resistant choice with ties to alternative food in the future. The PE ratio is now a super low 6.2 which makes the stock very cheap compared to its peers.

Zingers (10%)

CRDO

Credo Technology Group Holding Ltd

Beta
1.02

Yield
0.00%

30d
Δ vs SPX
-5.43%

Total
α vs SPX
-0.98%

Notes

I recommended CRDO last month as a speculative play on fabless semiconductor production and as a complement to AMD and INTC. I think there's a great play here because the company may provide an alternative to conventional supply chain bottlenecks that would otherwise give investors pause.

CRWD

Crowdstrike Holdings Inc

Beta
0.82

Yield
0.00%

30d
Δ vs SPX
6.16%

Total
α vs SPX
13.12%

Notes

CRWD has been dragged down by broader market de-leveraging but remains the best growth stock tapped into global cybersecurity.

Revenues are growing at 60% YoY, and I'm bullish for the simple fact that they're already locked in contracts with many of the world's biggest companies. Executives using its services know they have no choice but to pay up because all that data must be protected at all costs to ensure that nefarious actors don't gain the upper hand.

ETN

Eaton Corporation PLC

Beta
1.19

Yield
2.43%

30d
Δ vs SPX
7.83%

Total
α vs SPX
6.88%

Notes

The Biden Administration has made no bones about rolling out an EV charging network. ETN is a logical beneficiary. It's been performing nicely as expected by adding much needed overall stability to the OBA Model Portfolio.

NVDA

Nvidia Corp

Beta
1.47

Yield
0.13%

30d
Δ vs SPX
-1.35%

Total
α vs SPX
-28.61%

Notes

NVDA has traded in line with the broader markets and is THE key player in processing data en masse.

Gaming is almost an afterthought to me, with their AI processing and Omniverse initiatives taking hold in major enterprises.

RKLB

Rocket Lab USA, Inc

Beta
1.46

Yield
0.09%

30d
Δ vs SPX
-8.18%

Total
α vs SPX
-46.54%

Notes

Rocket Lab just had an Investor Day and boy, am I excited. Without getting too far into the weeds, the biggies are Neutron's progress, Electron launch bookings are excellent, and the company continues to rapidly build out an end-to-end space systems service.

This will enable the company to diversify away from pure launch revenue while also allowing the company to tap into the growing $320B TAM of low earth satellite infrastructure.

PORTFOLIO REVIEW (OCTOBER 2022)

Cash Alternatives (0.5%)

BTC/ETH

Bitcoin/Ethereum

Beta
N/A

Yield
N/A

Notes

The Bitcoin hashrate - the rate at which people hash bitcoin to prove it - has jumped. Historically speaking this suggests improving mining conditions while also preceding an uptick in prices. The benefits of having at least a small allocation of both BTC and ETH outweigh the risks. I also noted just prior to press time that 6 month and older bitcoins now make up roughly 74% of the realized market cap. During prior bottoms, that figure stood at 70% and 77% respectively in 2019 and 2015 according to CryptoQuant and Glassnote. If you're putting new money to work, I encourage you to dollar cost average your way into both with an emphasis on ETH.

Vegas Money (0.5-1%)

XPEV/NIO

XPENG Inc/NIO Inc

Beta
N/A

Yield
N/A

Notes

NIO and XPEV have both come under pressure as a function of global market conditions topped with a healthy dose of distrust for all things Chinese. Buying or adding to shares of both companies could be just the ticket on a speculative basis. These two companies have global aspirations and they're operating to Toyota's playbook from the early 1970s. That makes 'em very, very different from conventional Chinese stocks. Continue to keep the money you invest in each to razor thin, "Vegas - I don't care if I lose it all" levels. I expect both to graduate to Zinger status if there's any kind of stability in the months ahead. Possibly by 2024 at the latest.

Hedges (as needed)

	YTD performance
SH ProShares Short S&P500 ETF	24.81%
RYURX Rydex Inverse S&P 500® Strategy Fund	27.10%
PSQ ProShares Short QQQ ETF	36.47%
DOG ProShares Short Dow30	19.90%

Notes

The Fed remains as committed and misguided as ever which means a continued emphasis on hedges. See the June '22 issue for a more complete guide and as a general knowledge base if you're just joining us.

OBA Fund Folio™

No changes to the Fund Folio this month

Foundation Stones	PORTFOLIO WEIGHT
Vanguard U.S. Quality Factor ETF (VFQY)	32%
Pimco Strategic Income Fund (RCS)	18%

Global Growth and Income	
BlackRock Science and Technology Fund (BST)	32%
Pfizer Inc. (PFE)	4%
Altria Group Inc. (MO)	4%

Zingers	
BlackRock Science and Technology Fund (BSTZ)	10%

PORTFOLIO REVIEW (OCTOBER 2022)

One Bar Ahead® Model Portfolio

PORTFOLIO DETAILS										
As of 10/04/2022	STOCK	REC DATE	ENTRY $	CURRENT	BETA	YIELD	Profit/Loss	STOP	12-24mo Target	Last Instruction
FOUNDATION Stones	AAPL	1/8/21	$ 132.05	$ 145.10	1.07	0.57%	9.9%	$ 136.51	$ 200.00	Buy/Accumulate
	JPM	3/7/22	$ 135.98	$ 112.32	1.18	3.50%	-17.4%	$ 106.97	$ 200.00	Buy/Accumulate
	MSFT	3/7/22	$ 284.20	$ 247.80	0.93	0.94%	-12.8%	$ 236.56	$ 400.00	Buy/Accumulate
	RCS	10/1/21	$ 6.99	$ 5.02	0.81	11.13%	-28.2%	None	$ 8.25	Hold
Global Growth	AMD	8/4/22	$ 97.53	$ 67.78	1.38	0.00%	-30.5%	As Desired	$ 132.65	Buy/Accumulate
	COST	8/6/21	$ 439.63	$ 483.94	0.66	0.66%	10.1%	As Desired	$ 634.38	Buy/Accumulate
	CTRE	6/6/22	$ 18.01	$ 18.34	1.43	5.01%	1.8%	$ 16.56	$ 25.00	Buy/Accumulate
	CVX	9/3/21	$ 97.06	$ 157.34	1.07	3.48%	62.1%	$ 135.85	$ 219.00	Buy/Accumulate
	GILD	3/7/22	$ 59.45	$ 64.98	0.26	4.68%	9.3%	$ 51.01	$ 70.00	Buy/Accumulate
	GIS	7/5/22	$ 75.15	$ 78.03	0.23	2.77%	3.8%	$ 62.68	$ 74.00	Re-Enter/Accumulate
	GOOG	7/8/22	$ 116.52	$ 102.21	0.96	0.00%	-12.3%	$ 92.16	$ 125.45	Buy/Accumulate
	INTC	4/4/22	$ 47.54	$ 27.56	0.90	4.43%	-42.0%	$ 36.90	$ 75.00	Buy/Accumulate
	LMT	11/5/21	$ 341.78	$ 402.97	0.81	2.59%	17.9%	$ 351.89	$ 502.02	Buy/Accumulate
	PFE	3/4/22	$ 47.98	$ 44.31	0.59	3.46%	-7.6%	$ 41.38	$ 70.00	Buy/Accumulate
	PLTR	1/8/21	$ 25.20	$ 8.45	1.91	0%	-66.5%	None	$ 50.00	Buy/Accumulate
	RTX	6/13/22	$ 91.95	$ 85.34	1.36	2%	-7.2%	$ 82.80	$ 110.00	Buy/Accumulate
	TSLA	7/25/22	$ 268.33	$ 275.06	2.02	0%	2.5%	As Desired	$ 336.86	Buy/Accumulate
	TSN	5/2/22	$ 95.00	$ 67.31	0.67	2.30%	-29.1%	$ 69.68	$ 109.81	Buy/Accumulate
Zingers	CRDO	9/12/22	$ 12.87	$ 11.68	NA	0%	-9.3%	As Desired	$ 15.00	Buy/Accumulate
	CRWD	1/6/22	$ 187.49	$ 174.97	0.75	0%	-6.7%	As Desired	$ 295.00	Buy/Accumulate
	ETN	9/6/22	$ 138.46	$ 142.97	1.04	2.37%	3.3%	As Desired	TBD	Buy/Accumulate
	NVDA	3/7/22	$ 214.27	$ 130.59	1.45	0%	-39.1%	As Desired	$ 300.00	Buy/Accumulate
	RKLB	12/3/21	$ 12.61	$ 4.56	1.37	0%	-63.9%	none	$ 18.00	Buy/Accumulate

	TICKER	NAME	YIELD	YTD Return	Last Instruction
Hedges	SH	ProShares Short S&P500 ETF	0%	24.81%	Add as needed
	RYURX	Rydex Inverse S&P 500® Strategy Fund	0.00%	27.10%	Add as needed
	PSQ	ProShares Short QQQ ETF	0%	36.47%	Add as needed
	DOG	ProShares Short Dow30	0%	19.90%	Add as needed

OBA 50

As of September 30th, 2022

Ticker	Name	Ticker	Name	Ticker	Name
AAPL	Apple Inc	GD	General Dynamics Co	NVDA	Nvidia Corp
ABT	Abbott Laboratories	GILD	Gilead Sciences Inc	PFE	Pfizer Inc
ADBE	Adobe Inc	GIS	General Mills Inc	PLTR	Palantir Technologies Inc
AMAT	Applied Materials Inc	GOOGL	Alphabet Inc	PYPL	PayPal Holdings Inc
AMD	Advanced Micro Devices In	HCA	HCA Healthcare Inc	QCOM	Qualcomm Inc
AMZN	Amazon Com Inc	INTC	Intel Corp	REGN	Regeneron Pharma Inc
CAT	Caterpillar Inc	JNJ	Johnson & Johnson	RTX	Raytheon Technologies Inc
COST	Costco Wholesale Corp	JPM	JPMorgan Chase & Co	TGT	Target Corp
CRWD	CrowdStrike Holdings Inc	LMT	Lockheed Martin Corp	TMUS	T-Mobile US Inc
CTRE	Caretrust REIT	LNG	Cheniere Energy Inc	TSN	Tyson Foods Inc
CVS	CVS Health Corp	LOW	Lowes Companies Inc	TSLA	Tesla Inc
CVX	Chevron Corporation	LRCX	Lam Research Corp	TWLO	Twilio Inc
DE	Deere & Co	MCD	McDonald's Corp	V	Visa Inc
DVN	Devon Energy Corp	MRNA	Moderna Inc	WM	Waste Management Inc
F	Ford Motor Company	MSFT	Microsoft Corp	WMT	Walmart Inc
FANG	Diamondback Energy Inc	NET	Cloudflare Inc	ZTS	Zoetis Inc
FTNT	Fortinet Inc	NOW	ServiceNow Inc		

Chapter 4

MASTER MARKET INDICATOR®

Improve results, reduce risk, gain confidence

SIMPLE, UNDERSTANDABLE, ACTIONABLE

I've spent 40 years in global markets and if there's one thing I've learned in all that time it's that simplicity counts when it comes to making money. Knowing how to find great stocks, manage risk and which strategies matter is important but knowing *when* conditions favour buying or selling is critical if you want to be in the winner's circle more often.

I created the Master Market Indicator® (MMI®) to help savvy investors and traders do just that. I include it in each issue so that you can have a visual reference for each recommendation in the One Bar Ahead® Model Portfolio. I've also included SPX and QQQ so you can better gauge broader market activity as part of the investment process.

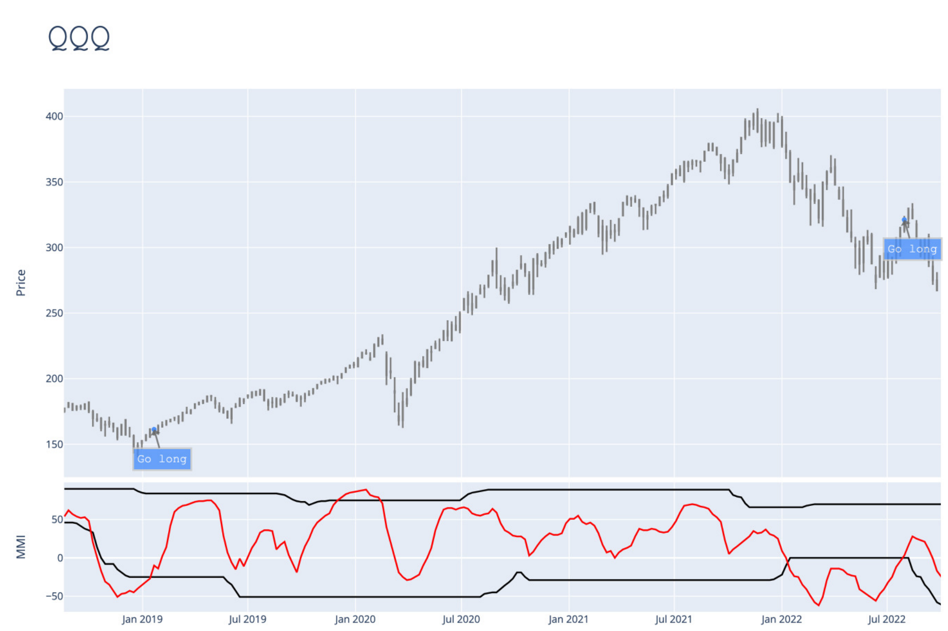
Reading the MMI® is easy and straight forward.

Lower readings suggest stocks that are positioned for maximum upside when the risk/reward ratio is highest. This is the time to add to positions, sell cash-secured puts or even rebalance into core positions you don't yet own. If you're a new subscriber, it helps answer the question of which stocks to buy first. If you're adding new money, the MMI® can help you make that choice too.

Higher readings are typically associated with stocks that are at risk of flattening out, slowing or otherwise breaking down. This is the time to consider taking profits, raising trailing stops, selling covered calls to lock in an exit or even rebalancing into positions with lower MMI® readings.

Directional input is either up or down based on which way the MMI® is trending.

KF



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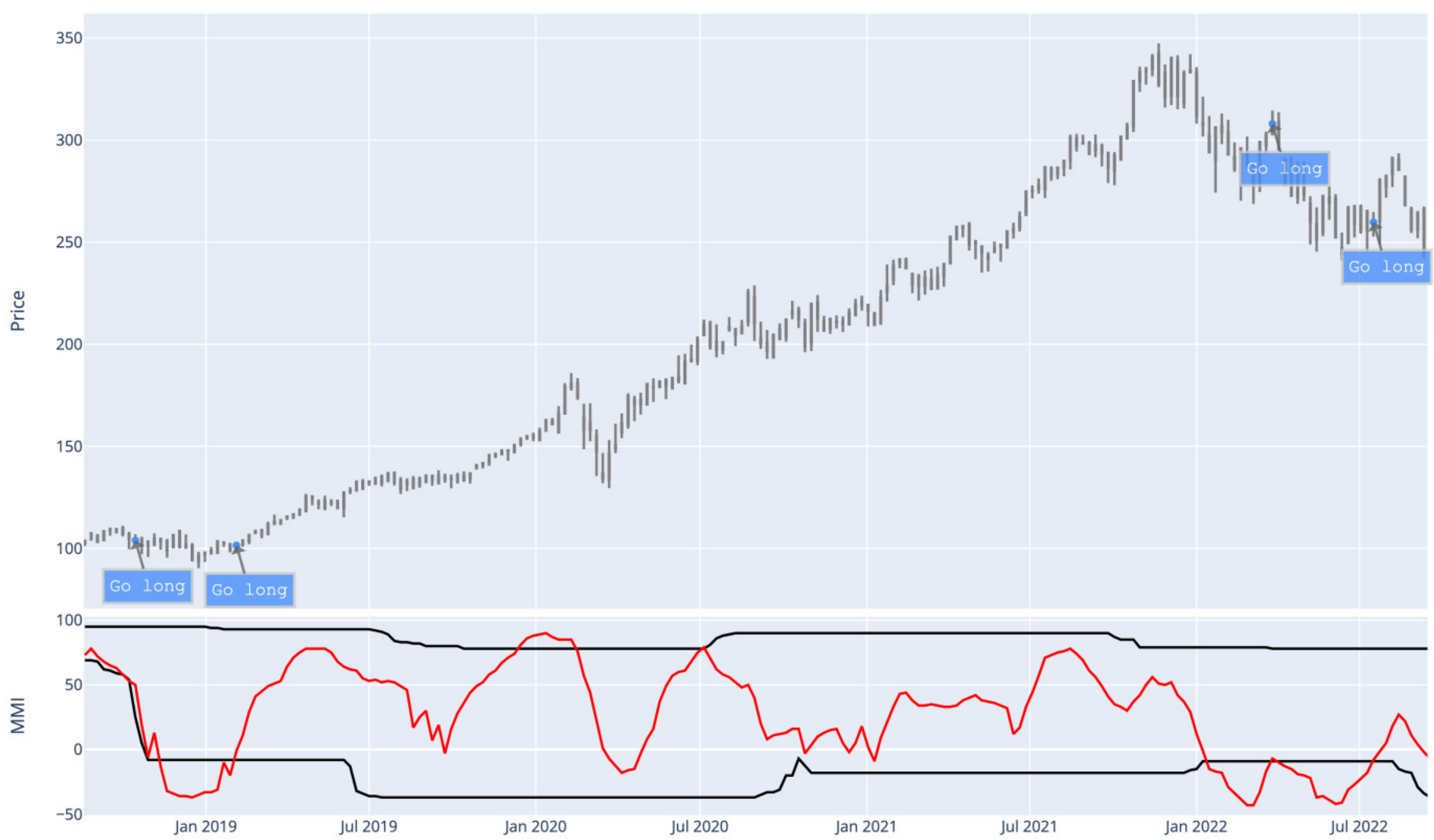
MSFT



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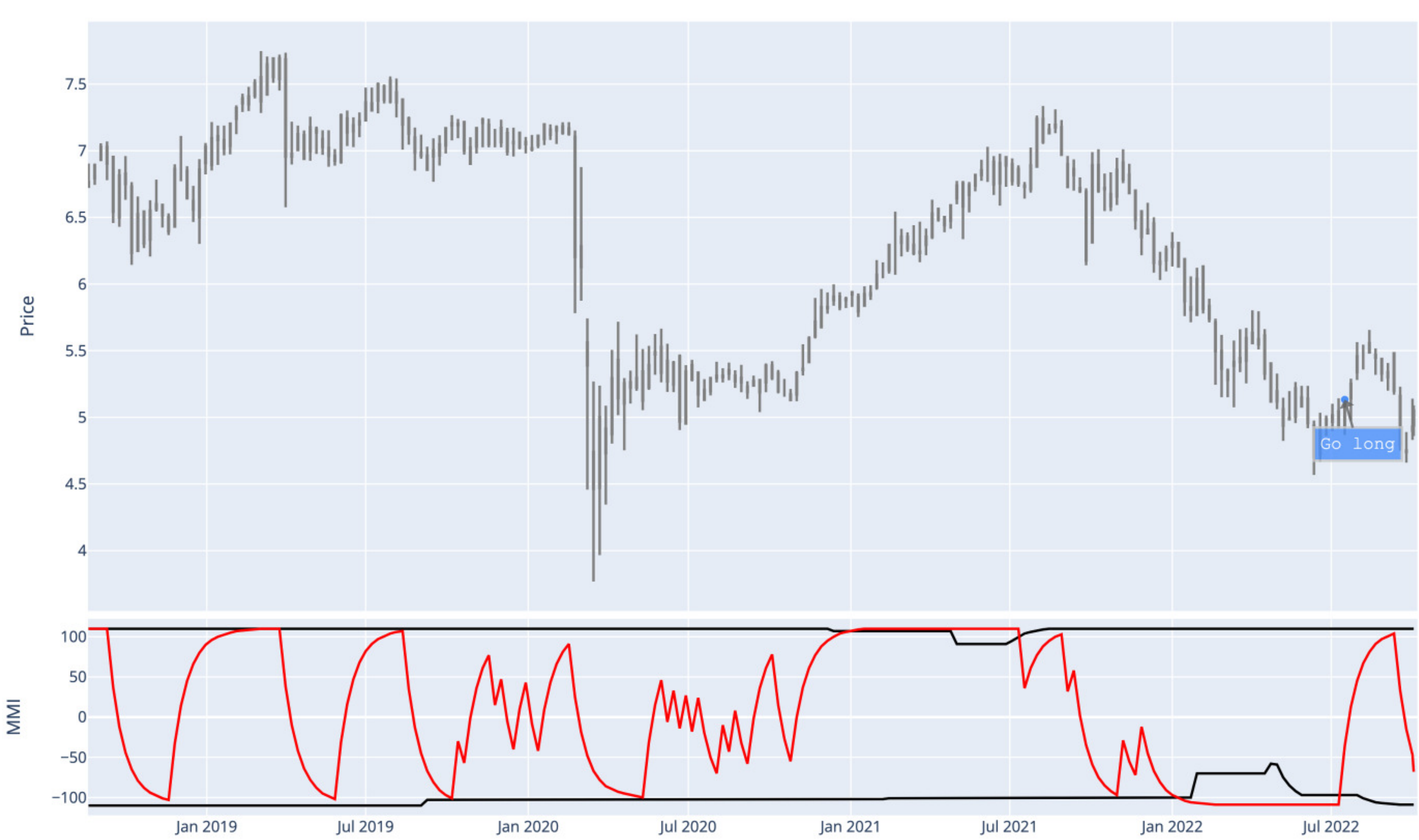

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CTRE

CVX

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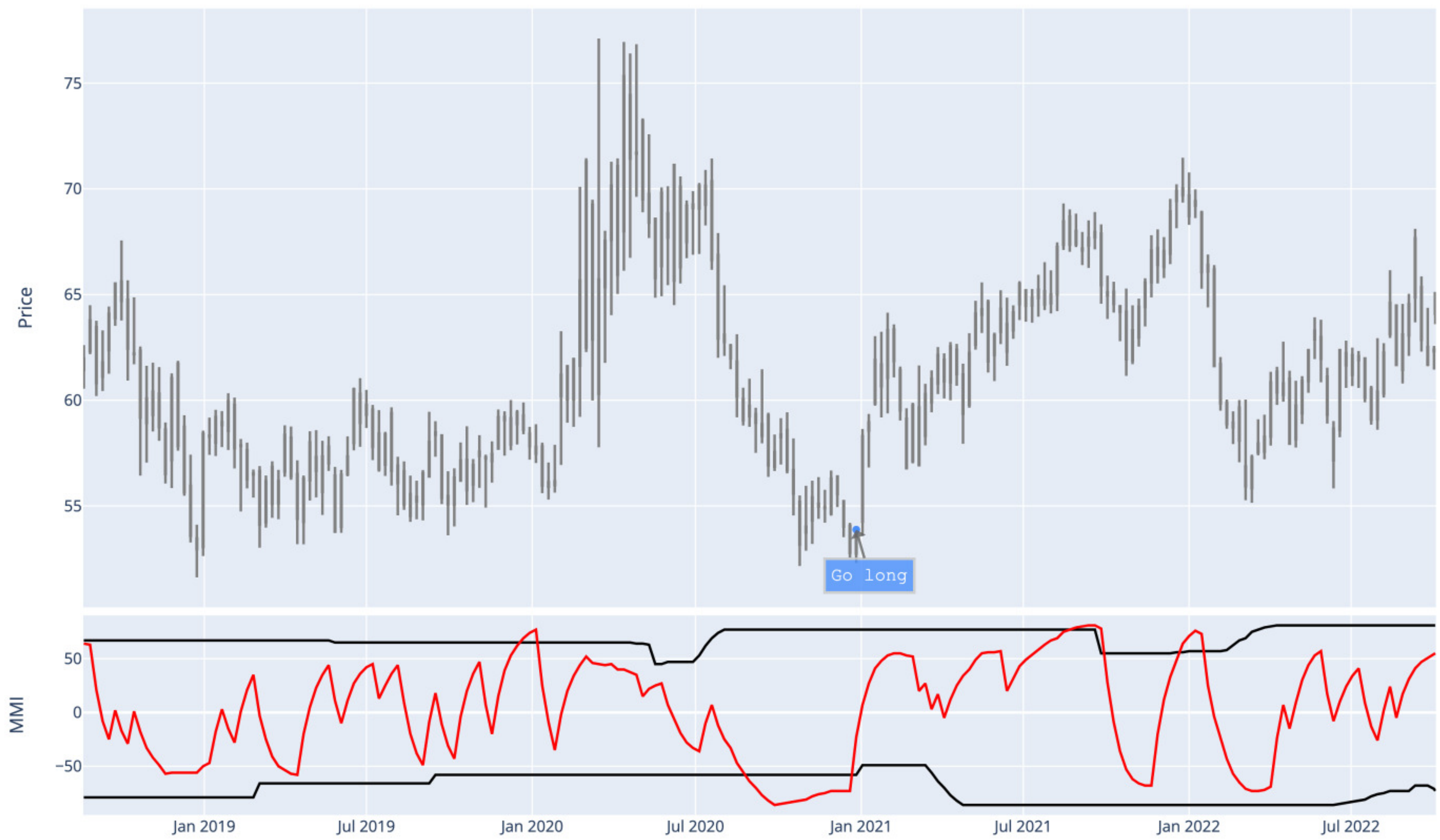
GILD



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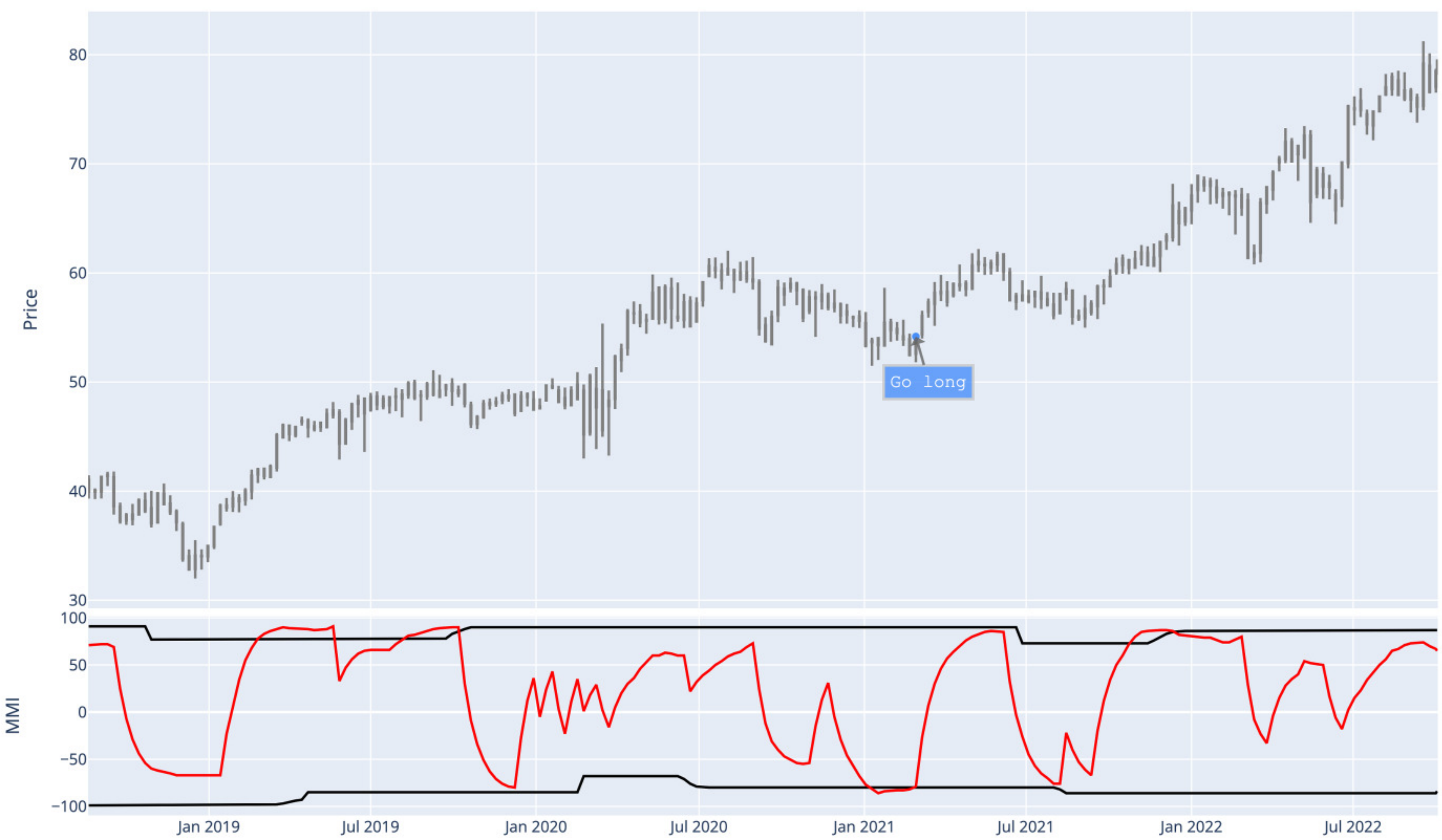

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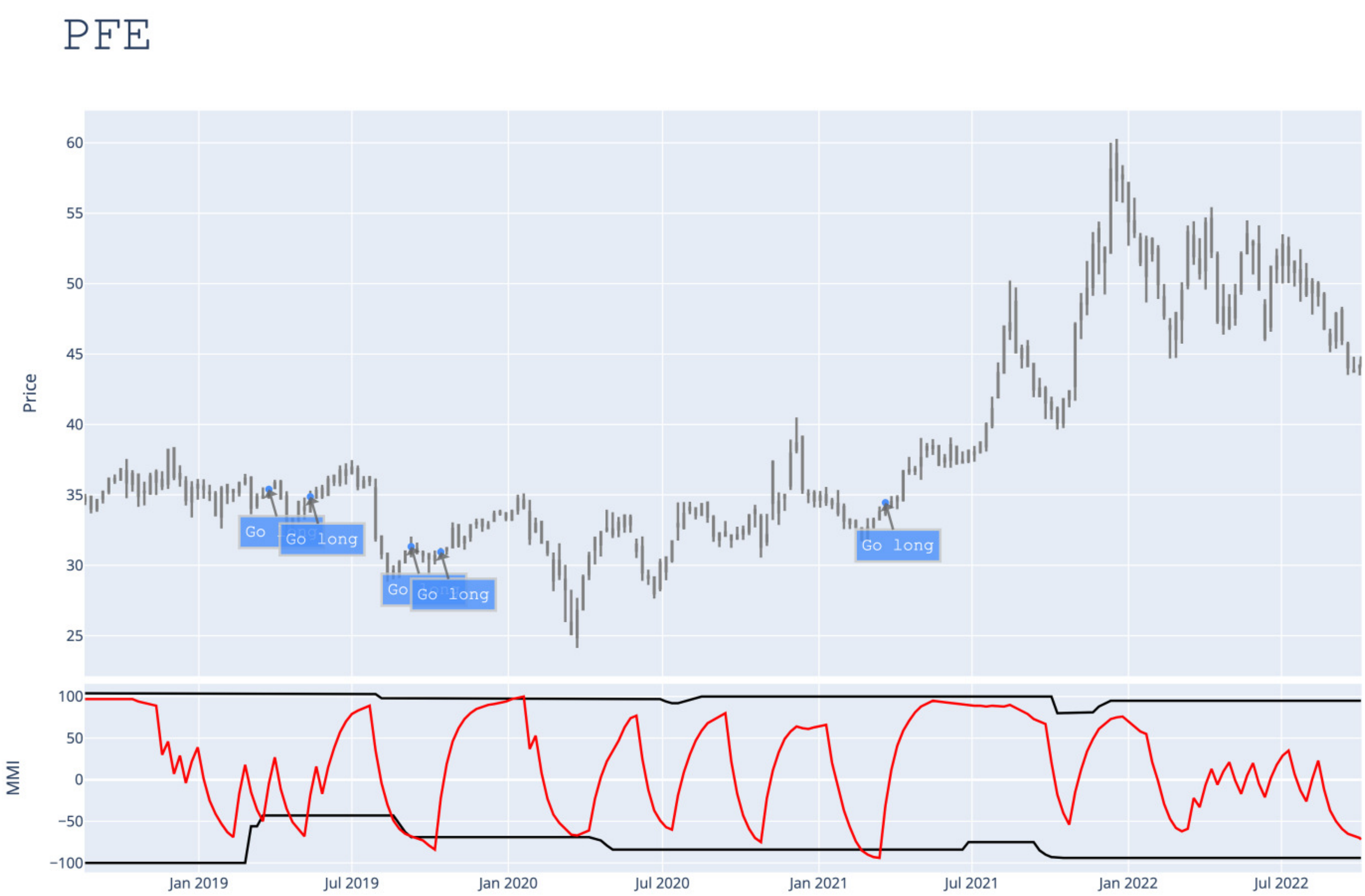

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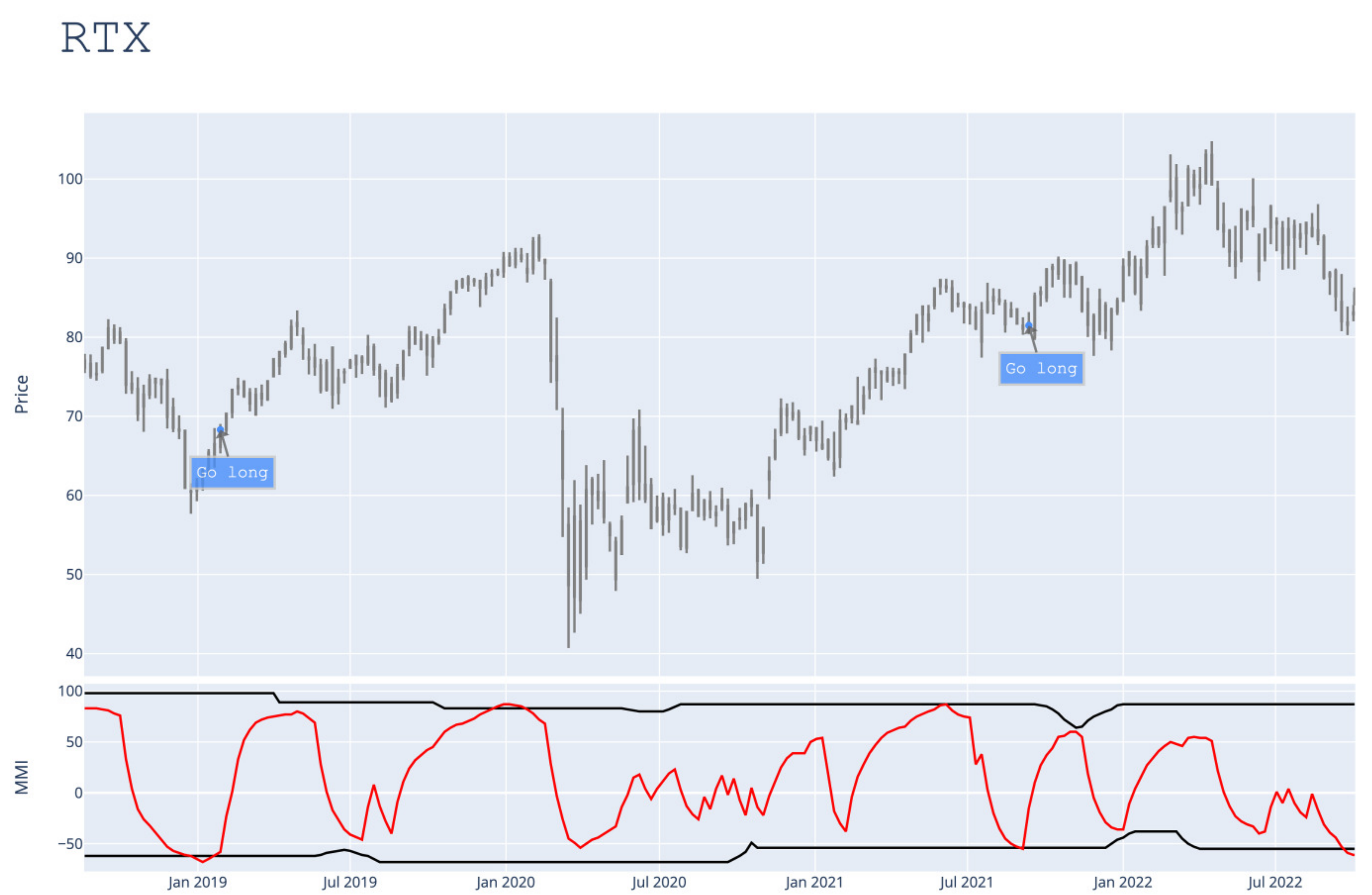

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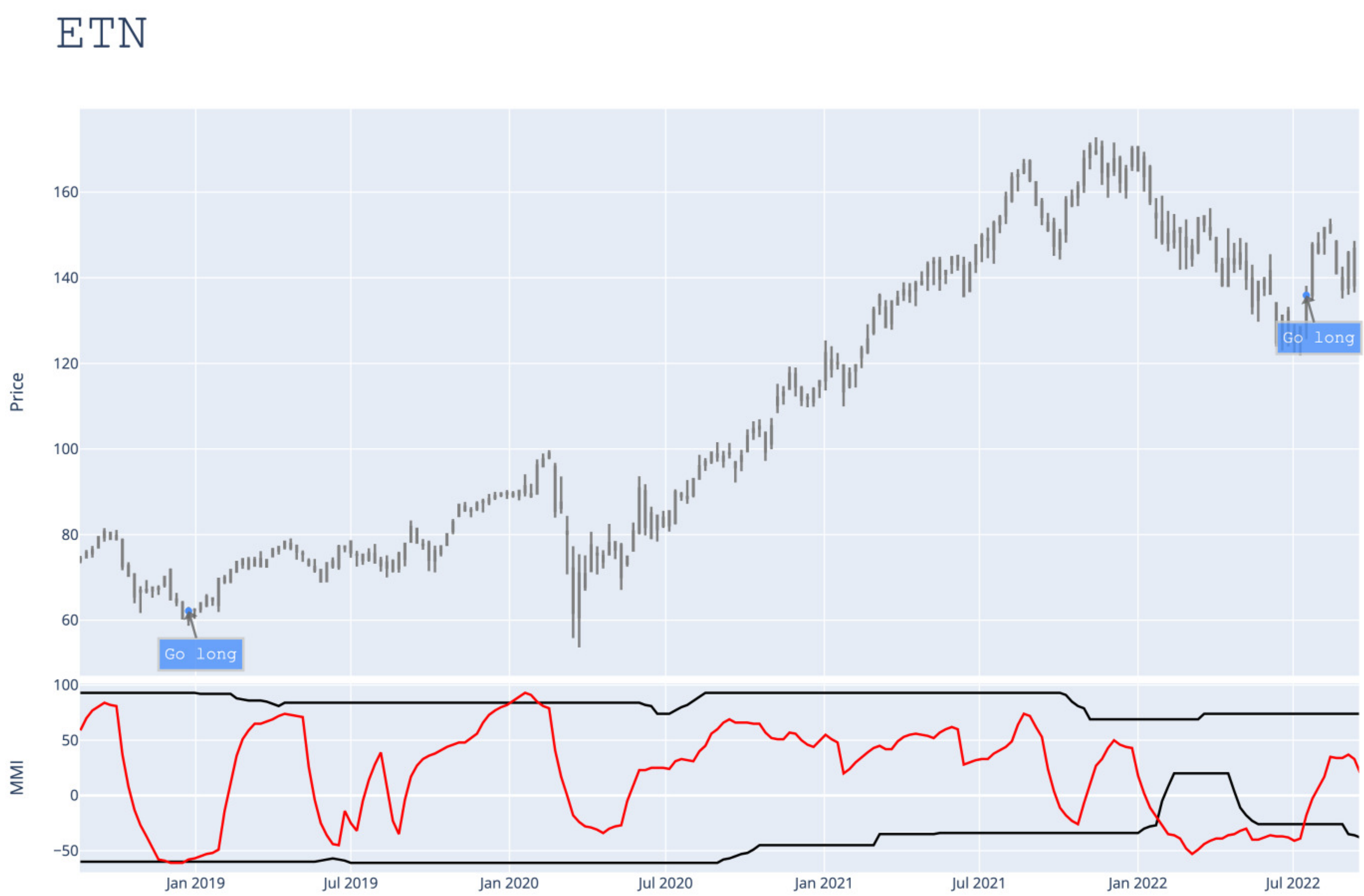

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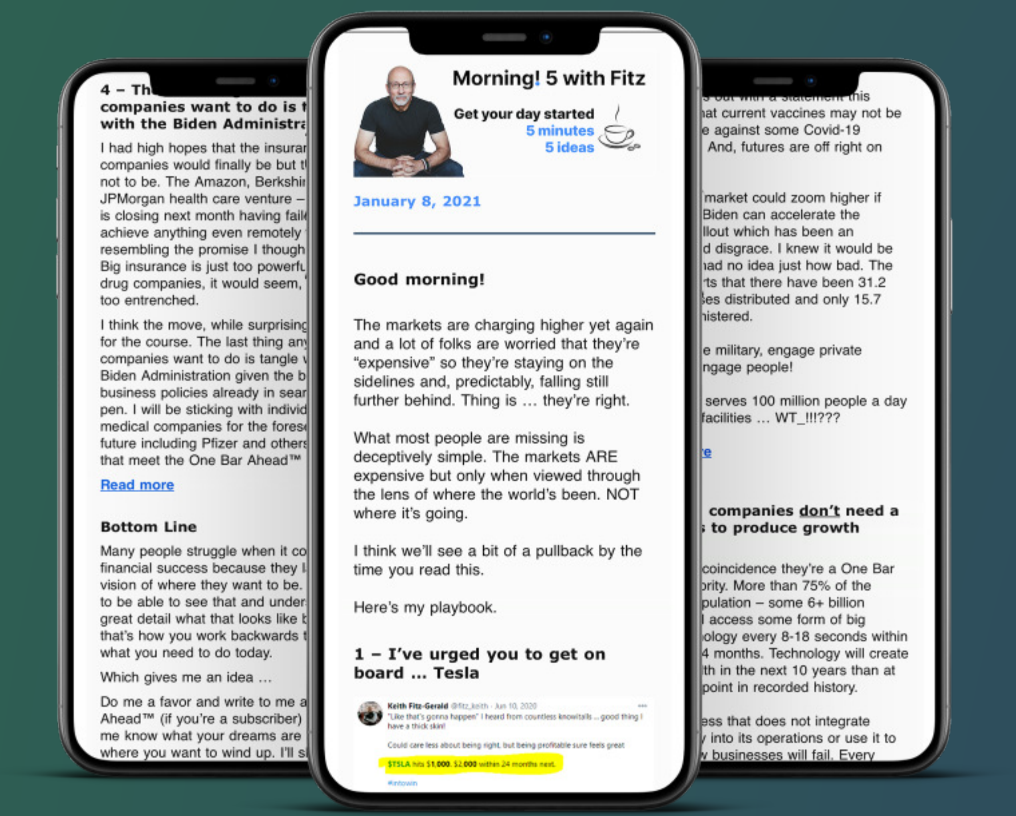

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