ROKU 77.23 ▼ | ADT 6.47 ▲ | AI 26.51 ▲ | SCI 59.97 ▲ | DASH 88.44 ▼ | CAR 189.31 ▲ | PLTR 17.45 ▲ | GRFS 8.97 ▲

NOVEMBER 2023

One Bar Ahead®

BY KEITH FITZ-GERALD

BEAT THE REAL THING!

Higher performance with lower volatility, less risk, and more profitability over time

Dividend Fortune Builders
A Doozy of a Dividend

PORTFOLIO REVIEW, LATEST MMI® CHARTS AND CRITICAL UPDATES

“BUY THE BEST, IGNORE THE REST” NEVER LOOKED SO GOOD!

ARISTOTLE SOLVED THIS PROBLEM 2,345 YEARS AGO

Disclaimers

Important Information You Need to Know

Publisher's Statement

One Bar Ahead®, a digital magazine (ISSN 2766-7863) is published 12 times per year electronically by Keith Fitz-Gerald Research.

Known office of publication is 1417 Sadler Blvd, PMB 415, Fernandina Beach, FL 32034, USA. Customer Service: subscribers@keithfitz-gerald.com. Telephone: +1 623-777-6737

Keith Fitz-Gerald's ONE BAR AHEAD™

Chapter 0

Letter from Keith

Chapter 1

Beat the Real Thing!

Chapter 2

Dividend Fortune Builder—a doozy of a dividend

Chapter 3

Portfolio Review / OBA 50 / Fund Folio

Chapter 4

The latest Master Market Indicator® charts

Chapter 5

"Buy the Best, Ignore the Rest" never looked so good!

Chapter 6

HP50+: Aristotle solved this problem 2,345 years ago
3 easy ways you can solve it today

Dear Reader,

I’ve been closely involved with the world’s financial markets for 43+ years now—and if there’s one thing that I have learned during all that time, it’s that *investors worry about too much*.

The surest path to profits and the one you need to take if you want to achieve lasting financial success and to build real, sustainable wealth over time is to *keep things stupid simple*.

The key is learning to recognize consistently obvious patterns, then using ‘em to guide your decisions based on where the world is going rather than where it’s been.

The temptation is to try to keep up with all that’s happening—Gaza, the Fed, Russia, China, politics, and more—but that’s actually the last thing you want to do.

You see, keeping up forces you to “live with the results of other people’s thinking,” a cautionary observation the late Steve Jobs offered during a graduation speech at Stanford University in 2005.

What you really want to do is get ahead… as in One Bar Ahead® (pun absolutely intended) of the herd. That way, we can live with *our* thinking and invest in ways that meet *our* goals.

We’re in good company, by the way.

Billionaire investors like Warren Buffett, Ray Dalio, and Ron Baron are not interested in elaborate arguments any more than we are. They take in huge amounts of information but then break it down into digestible, understandable, and—perhaps most importantly—simple actionable ideas.

Focus sets ‘em apart.

Buffett, Dalio, Baron, and other mega-successful money mavericks invest in ways that help ‘em avoid nasty surprises by going out of their way to expect the unexpected. That sounds counterintuitive, but hang with me for a moment longer.

What they're really doing is *setting themselves up to win, even if the markets have other ideas about what happens next*. Sometimes, that means going for broke while at others like the present, it means taking a more cautious route.

Like us, they don't ever lose sight of the odds.

Think back to the depths of the Global Financial Crisis in 2008–2009 or the bottom of COVID-19 when the S&P 500 had tanked. You wouldn't have been alone if you thought the end of the financial universe was upon us. Many people did.

Yet in the same breath, if you knew what to look for, you couldn't help but trip over all the great companies that were put on sale and created another generation of millionaires as they roared back to life.

Citigroup, one of the world's great financial institutions, sank to just $0.97 a share when it had been trading at $57 a short time earlier. Anybody who purchased shares made 415.5% on their money when it returned to $5 just months later. Today, it's trading at $39.49 a share as I type, another 687.8% increase.

The point I want to make is that people get so caught up in what *might* happen, that they forget about what's probably *going* to happen.

The situation reminds me of a pivotal scene in one of my favourite movies, *The Last Samurai*, a 2003 historical action film starring Tom Cruise.

Many people are surprised to learn that The Last Samurai is based on actual events. What's more, they're also inordinately curious when they learn that my wife's family played a key role in supporting the rebellion that's central to the movie's plot… a story we'll save for another time.

Cruise's character, Captain Nathan Algren, is hired by the Japanese emperor to help subdue rebellious samurai who are holding Japan "back" from that country's rapid drive to modernity during the chaotic late 19th century. However, when he's taken hostage early in the film, he learns very quickly—along with the audience—that things are not what they seem.

While living amongst the samurai who hold him prisoner in a remote village, Algren decides to make the best of his captivity and begins to learn the way of the Japanese sword.

One sunny afternoon, he finds himself sitting dejectedly on the ground after a particularly challenging match. A village samurai, Nobutada, runs to him and offers this advice…

> … *Too many minds.*

Captain Algren initially has the same reaction you may be having as you read along: "What on earth is he talking about?!" Then, the lesson sinks in.

Nobutada continues, "Too many minds… mind the sword… mind the people watch[ing], mind the enemy. Too many minds."

"No minds," he says before withdrawing to watch Algren succeed in his next match moments later.

That's the real lesson.

Many investors get caught up in sensationalist rabble that *could* derail the markets at any moment. They "mind" too many things that could knock them off course and prevent them from achieving their goals.

What they should be doing is focusing on what they can control... like finding the best companies with the highest probability of profits. Then doing whatever it takes to remain on target, on track, and on pace.

That's why I constantly hammer on buying the best but ignoring the rest.

Martial arts practitioners refer to this as *mushin no shin* (無心). Other terms you may recognize include "flow" or being "in the groove."

Once you get there—to a state of "no minds"—there's very little that can prevent you from achieving the results you want because your mind is completely devoid of anything that can throw you off course.

To be clear, I am not talking about not thinking or having a blank mind. That's different.

No, what I am talking about is being able to pursue profits by keeping your mind free of otherwise negative influences that hold the vast majority of other investors back. Or worse.

My research shows very clearly that the best way to do this is to own 20–25 great companies that are then counterbalanced by a smattering of risk-reducing factors like low-beta, income, and liquidity because it can help boost your return-to-risk ratio materially, in some cases by 3–5X. Tactics like DCA and VCA can make that an even more pronounced advantage over time.

It's an important part of being "in to win" and, like many things in One Bar Ahead™, something I've lived. You see, I practiced kendo—the Japanese art of the sword—for more than 15 years and trained exactly the way Cruise's character does in the film. And let me tell you something, those wooden swords—called *bokken*—hurt when you're not paying attention, which is why you have every incentive *to* pay attention!

Speaking of which, we're going to start our time together this month with a great choice that many investors have kicked to the curb recently. The company has outperformed its arch-rival over 10, 20, and 30-year periods with greater profitability, less risk, and more stability—all of which are key right as we head into 2024.

Then, we'll move on to a Dividend Fortune Builder with one doozy of a future. Physicians and other healthcare professionals treat an estimated 62 million patients a year with the stuff it makes. Management expects significant growth to resume in 2024, and I'm on board with that premise.

Of course, we've also got a look at the latest portfolio review, commentary on which stocks are making news, and why that's great for our money, as well as the latest MMI charts and more.

I've also got a Fascinator for you that will really catch your attention the way it caught mine when I did the research. We talk a lot about the need to "buy the best, ignore the rest"—and the graphic I've got to share with you makes it abundantly clear why that's important, especially as we head into the end of the year and the prospect of increasing market uncertainty.

And finally, research shows that 92% of people never achieve their goals, a problem that Aristotle actually fixed 2,345 years ago with three principles that are just as powerful today as they were back then. Perhaps more so!

As always, thanks for being part of the One Bar Ahead™ Family.

Best regards for health and wealth,

KF

PS: My team and I love hearing from you. Please drop us an email and share what you're up to this fall, which companies you fancy, what tactics you'd like to learn, and, of course, anything else on your mind. magazine@onebarahead.com 😊

Other ways to keep in touch

keithfitz-gerald.com/youtube

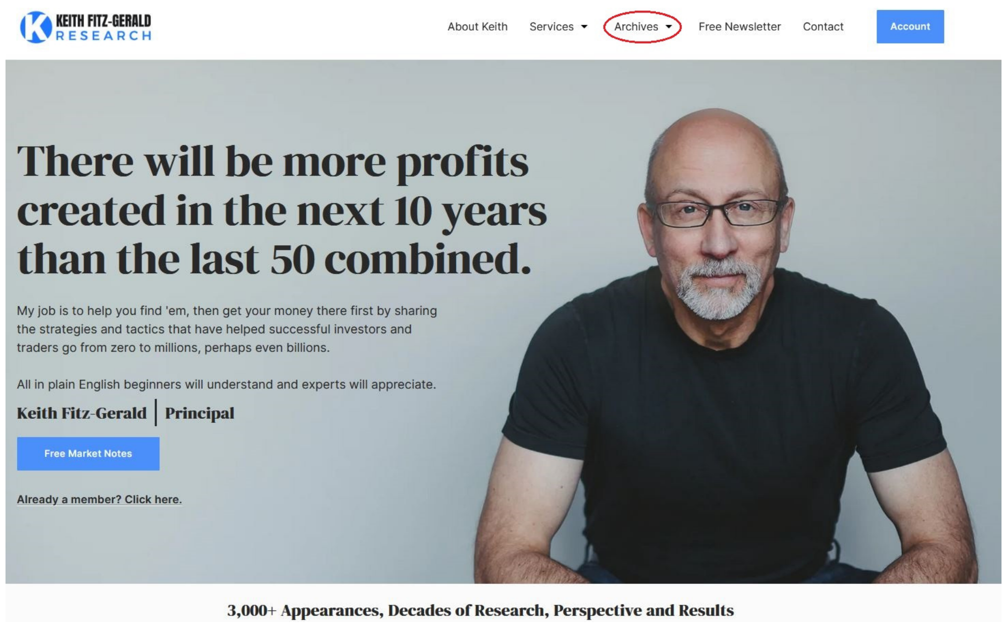
@keith.fitz.gerald

@fitz_keith

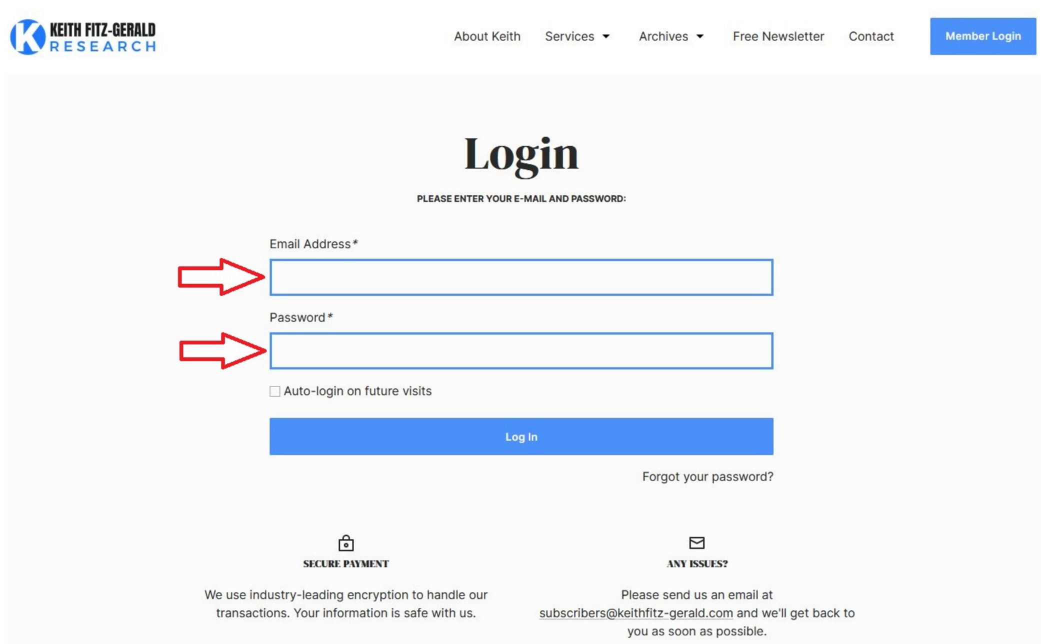
www.onebarahead.com

How to access the OBA archives

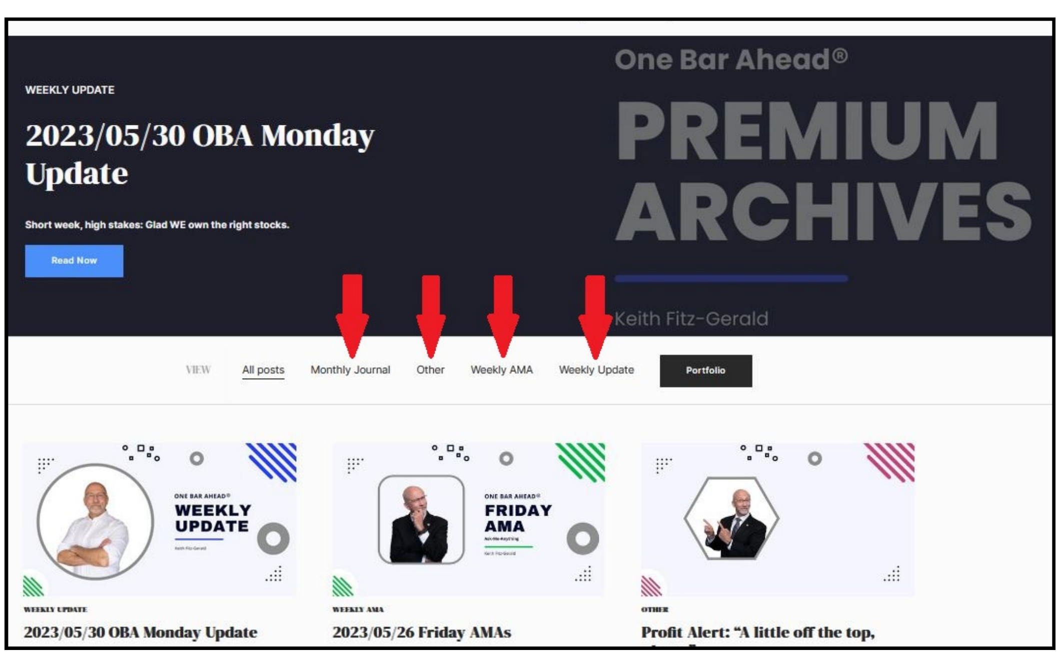
1. Go to https://www.keithfitz-gerald.com/ and click “Archives”



2. You will be asked to log in.
(If your password doesn’t work, try resetting it.)



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



If you try the above steps and that doesn’t work, please contact us at **subscribers@keithfitz-gerald.com**

Chapter 1

BEAT THE REAL THING!

Higher performance with lower volatility, less risk, and more profitability over time

BEAT THE REAL THING!

There comes a time in everyone's life when they realize that they're not going to be an NFL legend or a top designer, that your parents didn't have a clue about half the stuff you asked 'em, and that John Travolta's hair wasn't his own… for years.

Here's another eye opener.

At firm risk of stating the obvious, it's too late to escape inflation, and the war in Gaza isn't your garden-variety conflict. What's more, our incredibly myopic government is filled with economically illiterate dolts on both sides of the aisle. And there's not a darn thing the Fed can do about it.

Inflation will gobble up everything in the end, so finding investments that help defend against it is key. Especially if the war widens and the Fed's follies continue.

Historically, that meant buying commodities, consumer staples, or utilities. The thinking was that these products are necessities and enjoy relatively stable demand when prices are rising.

These days, buying stocks with fortress-like balance sheets, strong consumer demand, and defensible margins is the way to go. That's because changing technological realities have rendered traditional thinking on the subject profoundly inaccurate.

Take the Fed's 2% target, for example.

Most investors are simply stunned to learn that it's a made-up number dating back to comments made by NZ's then-finance minister, Roger Douglas, who made a completely off-the-cuff remarks during a 1988 TV interview that he'd ideally want an inflation rate between 0% and 1%. The 2% we hear so much about today was an extreme upper boundary, not a target.

But that's beside the point.

Economists widely believe that low inflation results in higher economic growth while simultaneously theorising that excessive inflation can stop it.

Fat chance.

Today's world has so much liquidity sloshing around in the system that the Fed and other central bankers cannot possibly get a handle on it by raising rates as long as government officials continue to spend. In fact, Powell and his cronies can raise rates until the cows come home and still not put a dent in it, a comment you've heard me make on TV many times.

Finding solutions as an investor means new thinking and, specifically, a focus on a special group of stocks offering a greater comparative degree of safety than traditional dividend payers.

We've already got a number of 'em in the OBA portfolio. For the most part, they've done their job perfectly by exhibiting a great counterbalance to otherwise tumultuous times.

We don't just want to buy any ol' dividend-paying stock because it's got a great yield, though. We need to understand and prioritize those with strong cash flow, relentless consumer demand, and excellent management.

At the same time, we want to be super selective when it comes to what's called the "payout ratio"—which is usually expressed as a percentage of a company's earnings paid as dividends.

And finally, we want to choose stocks from companies on the cusp of meaningful changes that are trading at a deep discount because the markets have kicked 'em to the curb.

Let's Talk Pepsi (PEP)

The stock has dropped precipitously in recent weeks on fears that new weight loss management drugs like Wegovy may cause legions of folks to consume fewer calories. Higher interest rates and cost-conscious consumers are fear factors as well.

Shares are down 17% from 52-week highs and just 4.14% above 52-week lows as we go to press.

Sounds terrible, right?

Not to me.

There are very few companies so embedded in people's lives as is the case with Pepsi.

Estimates vary, but the company's got several billion-dollar brands, the sum total of which are consumed over a billion times a day in 200+ countries around the world. Some of the better-known include Pepsi itself, Gatorade, Tropicana, Cheetos, and Ruffles, among others.

No surprise perhaps, but management just blew the doors off earnings with a double beat, meaning that the company beat expectations on both the top and bottom lines.

- Earnings per share: $2.25 adjusted vs. $2.15 expected
- Revenue: $23.45 billion vs. $23.39 billion expected

Then, as if that weren't enough, management raised full-year guidance for the 3rd quarter in a row. Plus, it's the 10th consecutive quarter of high-single-digit growth, according to management.

Analysts got hung up on a 6% decline in beverage unit sales but, perhaps not surprisingly, completely missed the point. Pepsi's been making smaller value packs while shrinking portions as a way to drive additional transaction volume.

At the same time, management has very successfully implemented cost-cutting plans that, as of the most recent earnings report, helped increase core operating profitability by 12%.

Looking ahead, the company plans to return roughly $7.7B to shareholders—$6.7B in dividends and another $1B in share repurchases.

The true shareholder yield is just 0.50% at the moment. That's a lot lower than I'd like to see, but I'm willing to overlook it, given that prices are so low and expected growth is so high.

What's more, we're talking about 51 consecutive years of dividend increases growing at 8.13% annualized over the past decade. Yet the stock has a super-low beta of just 0.33, or roughly 68% lower than the S&P 500.

It's the right call.

Now, knowing the OBA Family like I do, I can practically hear your brains clicking… why not Coca-Cola, which Unka Warren prefers?

There are several reasons, actually.

Pepsi has turned in higher performance with lower volatility, less risk, and more profitability over 10, 20, and 30-year time frames. What's more, Pepsi's maximum drawdown has been just -35% versus a -50% drop for KO over nearly 40 years.

Given that a huge part of why I'm recommending Pepsi this go-round is stability, both of those things are important.

Looking Ahead: Super-Promising Stability & Growth

I believe Pepsi could be perfectly positioned for a combination of sustainable growth, stability, and unprecedented levels of profitability, despite what the mainstream press would have you think about the potential for reduced calorie consumption and the lot.

I'm particularly drawn to the fact that Pepsi has a long, successful track record of weathering economic storms, which makes it a compelling, resilient, and reliable investment option at present.

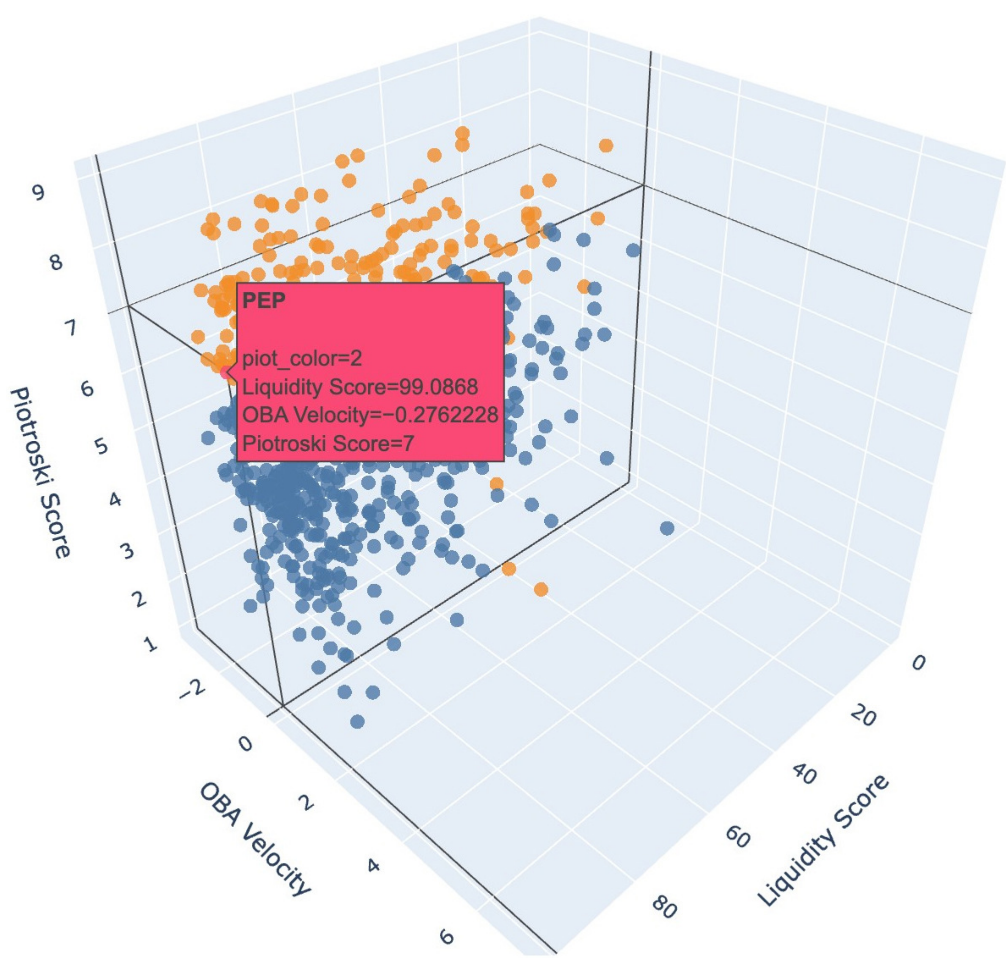
Here's what the proprietary One Bar Ahead® analytics suite has to say about Pepsi.

BEAT THE REAL THING!

The Universe

Pepsi is roughly in the upper-left front quadrant, which makes sense given it's extraordinary financial strength and its low OBA beta. Over time, I expect it to track "to the right" as a function of both price and quality.

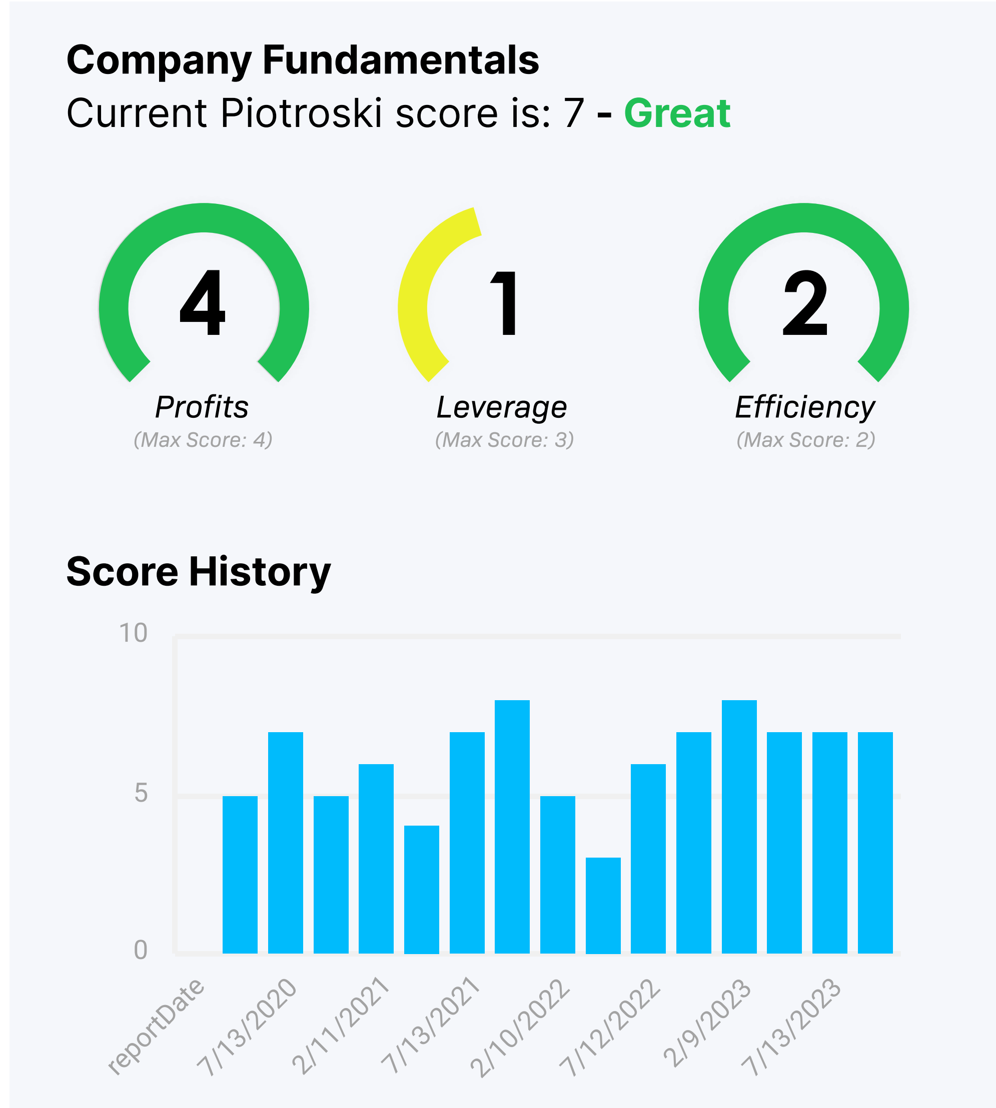
Interestingly, Pepsi has a very high liquidity score within the OBA universe. We know from our research that means there's plenty of money on the move and the stock may prove appealing to anyone seeking a combination of growth, safety, and income in today's complicated geopolitical environment.



The Fundamentals

Pepsi sports a Piotroski Score that's 7 of 9 possible points, which means the stock is just about as good as it gets in the scheme of things.

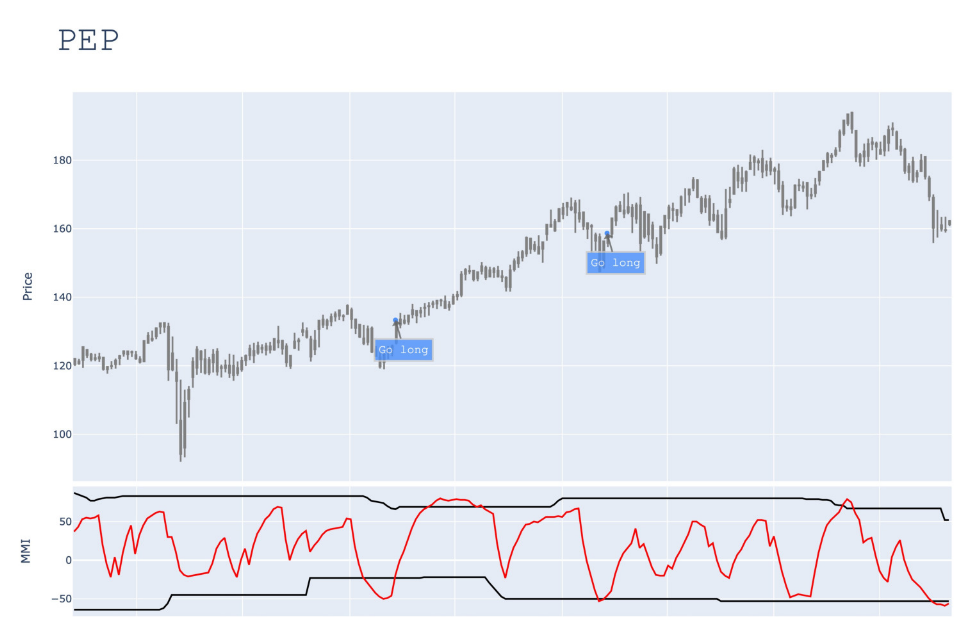
I think it's very interesting that sell-side analysts are all beginning to latch on to the story because it seems to suggest there could be a rash of improving ratings ahead. That, of course, would bring investors running while also putting some wind in our sails if we get there first.



The Master Market Indicator® (MMI®)

I am hard pressed to remember seeing an MMI chart that looks better than this one does as we go to press. The MMI has dropped underneath the lower threshold and has already begun to hook higher. I think that could accelerate dramatically if the market gains any kind of footing whatsoever.

My first target is $170 per share or so, then a push into the $180+ range.



Action to Take

As always when it comes to a choice like Pepsi, there are several ways to follow along.

The prospect of geopolitical risk is still high, as is the risk of more Fed follies. So, slowing down purchases makes all the sense in the world, as a way to control risk before you buy while simultaneously harnessing the volatility that everybody else fears.

Buy your initial stake in Pepsi under $168 a share, then continue to add and accumulate shares using DCA/VCA. Plan on adding shares aggressively under $150 if the markets give you that opportunity and backing up the truck with an extra allocation if it gets into the sub-$140 range.

I recommend that you tuck away shares in the Global Growth & Income segment of your portfolio—that's the "40" in the proprietary One Bar Ahead® Model Portfolio.

Ordinarily, I would suggest Selling Cash-Secured Puts as well, but there really isn't an awful lot of volatility or premium as we go to press, so the risk-to-reward ratio doesn't seem especially appealing.

And finally, **if you'd like to buy LEAPS (and a lot of people do), I suggest you take a hard look at the 17JAN25 $125 Calls**. The Delta is 0.84, and the IV is 26.31% as I type. The last trade was $41 per contract.

As is the case with this or any other recommendation, please check with your financial advisor to be certain the course of action you take is appropriate for your risk tolerance, objectives, and circumstances (none of which I know).

Note to New Subscribers: I typically present several alternatives for each recommendation to ensure that everyone has a range of tactics to choose from.

Mixing and matching is encouraged but entirely dependent on your personal situation, risk tolerance, and circumstances (which I don't know). It's your money and your responsibility.

If you're interested in learning to use options (and I hope you are), I've finally got the Options with Keith courses underway now that markets have calmed down a bit. Thank you for your patience!

Got questions about the tactics mentioned in this issue?

That's what the Friday AMA's are for.

Make sure you send your questions to **subscribers@keithfitz-gerald.com.**

My team and I read every email I get and try our best to answer every question, so I'd love to hear from you.

DIVIDEND FORTUNE BUILDERS

AbbVie: A Doozy of a Dividend

DIVIDEND FORTUNE BUILDERS

Mention dividends and people inevitably have one of two reactions.

"That's like watching paint dry."

Or...

"Yee-haw... sign me up!"

I'm in the latter camp, for one simple reason.

Income investing is one of the most important components when it comes to achieving long-term market success and building fabulous wealth.

The more of it you have, the better!

Dividends reduce overall portfolio risk, boost profits, and magnify compounding. All of which can help you achieve significantly higher returns over time.

The other thing to think about, especially lately, is that dividend-payers tend to increase their payments over time, which means it's entirely possible that you could receive more in dividends than you paid for your initial investment if you're in the game long enough.

This month, I want to talk about AbbVie (ABBV).

The indicated yield—meaning what most people see on their favourite financial website—is 4.08% as I type.

We know better.

The true shareholder yield is 9.36% or 129.4% higher. (4.08% Dividend Yield + Buyback Yield 0.70% + Debt Paydown Yield 4.64%)**

What's more, the company has logged 9 consecutive annual dividend increases and reflects an annual dividend growth rate of 22.01% over the past decade. But, if you include the time it spent as a part of Abbott Laboratories, the number is 51 consecutive years.

That's hard to put in context, so let's confine our thinking to the last 10 years. The dividend paid on November 13, 2013 was just $0.40. As of November 15, 2023, it'll be $1.48, a 270% increase over the past decade.

AbbVie presently has a $241.12B market cap, and physicians and other healthcare professionals treat an estimated 62 million patients a year with its products. Management expects growth to resume in 2024, and I'm on board with that premise, for the simple reason that it's got more than 50 promising drugs in the mid to late stages of development.

More immediately, Skyrizi and Rinvoq are already tracking; the former climbed 52.1% while the latter tacked on 59.8%, as reported in the company's most recent results. The tally is impressive—with Skyrizi generating $2.13 billion in sales and Rinvoq bringing in $1.11 billion. Even cancer drugs that are supposedly under pressure generated $1.51 billion.

Contrary to what the public seems to think and what price action seems to suggest, this is not a company on its last legs.

Continue to accumulate and reinvest.

** As of October 27, 2023.

KF

PORTFOLIO REVIEW

Plus the Fund Folio™ and the November OBA 50™

PORTFOLIO REVIEW

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 in line with the 5Ds.

Global Growth & Income (40%)

This category houses companies offering a unique twist on one or more of the “5Ds” 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. 3-5% may be prudent if conditions continue to deteriorate.

SH, PSQ, DOG 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.*

A special note for new subscribers

The One Bar Ahead® Model Portfolio remains in **Accumulate Mode.**

Missing opportunity is the more expensive proposition than trying to avoid risks you cannot control.

If you've just joined us and that statement doesn't make sense, please see Master Class #1. It will, particularly when you understand that the markets have a very pronounced upside bias over time.

Profit targets and trailing stops are published as a convenience for those who need the money or who simply prefer to use 'em.

The portfolio will return to **Trending Mode** if and when there is an identifiable, sustainable push higher. You'll know because the Bull/Bear State Indicator will reflect that. And, of course, I'll remind you. 😊

New OBAers: I suggest establishing positions using Dollar Cost Averaging or its lesser-known cousin, Value Cost Averaging. This lowers risk "on the way" into stocks while boosting returns over time and keeping otherwise frayed emotions out of the equation. Reinvest as your share count increases to magnify compounding and profit potential.

Existing OBAers: I suggest "tinkering" with core holdings to rebalance risk and harvest profits. Reinvest dividends to boost income and magnify compounding. Doing so helps lower your tax basis while also boosting profit potential over time. It also keeps emotions at bay.

All data as of October 27, 2023

A quick note from Keith: We're going to try something new this month, and I hope you like it. We're going to review recommendations alphabetically while also introducing a new "What to Watch" section that should help you cut to the chase faster and more efficiently than ever before. 😊

AbbVie Inc. (ABBV)

Beta
0.55

Yield
4.28%

30d
Δ vs SPX
2.00%

Total
α vs SPX
2.23%

Notes

AbbVie posted a double beat, meaning that they beat estimates top and bottom line. Wall Street expected $13.71 billion top line and EPS of $2.87 per share but got $13.93 billion and $2.95 per share. What catches my attention, though, is that the company raised guidance for the rest of 2023 and into 2024.

What to Watch: Investors continue to punish ABBV because sales of its mega-blockbuster drug Humira have gone into the toilet as biosimilar competition (aka generics) surfaces. However, the narrative is beginning to change, and as we have long suspected, immunology follow-ons like Skyrizi and Rinvoq, which have combined sales of $8.1+ billion in the first three quarters of this year, are catching up. Management is looking ahead to 2024 for resumption of growth, and I'm on board with that programme.

Instructions: Continue to accumulate/reinvest.

Advanced Micro Devices, Inc. (AMD)

Beta
1.70

Yield
0.00%

Notes

AMD reported third-quarter earnings earlier this week that beat expectations, but a weaker-than-expected forecast caught the Street's attention.

30d
Δ vs SPX
-3.00%

Total
α vs SPX
-13.63%

Notes (contd)

What to watch: Sell-side analysts are falling all over themselves because the company said it expects only $6.1 billion in sales at a time when said analysts are looking for $6.37 billion. I wouldn't pay much attention to that, for one simple reason… AMD is one of very few chipmakers capable of making the high-end graphics processing units—GPUs, for short—needed to deploy artificial-intelligence models made by, well, dang near everybody. That market is presently dominated by NVIDIA, but AMD is charging hard and fast. Keep in mind that the company expects chip sales to ramp up to $2 billion, hardly something to worry about.

Instructions: Continue to accumulate/reinvest.

Ammo, Inc. (POWW)

Beta
1.56

Yield
0.00%

30d
Δ vs SPX
34.00%

Total
α vs SPX
-28.03%

Notes

The company expects to report on November 9, and I have honestly no idea what to expect. There's a new CEO in place who seems to have a plan and a focus on improving margins and brand strength for the ammo division.

What to watch: I originally recommended this stock as a potential run up into elections, but now I think the prospect of domestic terrorism is considerably higher as a result of the widening war in Gaza. People may rush out to buy ammo on a previously unimaginable level if something happens.

Instructions: Continue to accumulate/reinvest.

Apple Inc. (AAPL)

Beta
1.23

Yield
0.57%

30d
Δ vs SPX
1.00%

Total
α vs SPX
22.24%

Notes

Apple is set to report earnings as we go to press, which means, unfortunately, I can't put the results in this month's issue. But, have no fear, we will talk about 'em in upcoming weekly reports!

What to watch: As I noted recently on appearances with both Stuart Varney and Maria Bartiromo, I expect 5–7% growth. The Street is very likely going to focus on iPhone sales, but that really hasn't been the story at Apple for a long time. The stuff that matters most is going to be services, ongoing financial developments related to the Apple Card, Vision Pro, and gaming. Then, of course, there's AI and latest news on Apple's custom-built chips, which are widely expected to have dramatically more processing power and performance.

Instructions: Continue to accumulate/reinvest.

CareTrust REIT, Inc. (CTRE)

Beta
0.80

Yield
5.31%

30d
Δ vs SPX
8.00%

Total
α vs SPX
27.44%

Notes

CareTrust's next anticipated earnings date is November 14, 2023, which means it's too late to include in this month's issue, doggonit.

What to watch: CareTrust is a super-specialised real estate investment trust (REIT). The company is effectively a landlord for third-party-operated assisted living facilities, senior housing campuses, and nursing homes. Statistics suggest that 70% or more of people who are 65 years or older will need some form of long-term care. CareTrust has 200+ properties in 25 states and continues to grow.

Notes (contd)

The company has reported 9 years of dividend increases and boasts a FFO payout ratio of 80%, which means most of what they're making is getting returned directly to us, the shareholders.

Instructions: Continue to accumulate/reinvest.

Chevron Corporation (CVX)

Beta
0.65

Yield
4.17%

30d
Δ vs SPX
-10.00%

Total
α vs SPX
68.83%

Notes

Chevron recently reported a revenue beat of 2.03% but an EPS miss of -17.16%. I'm not particularly concerned because this makes a whole lot of sense when you think about the macro story.

What to watch: Net oil-equivalent production was down 112,000 barrels per day from a year earlier. With war breaking out, it's logical that production will ramp up. Oil production in the United States increased during the Vietnam War era, rising from around 6 million barrels per day in the early 1960s to over 9 million barrels per day in the early 1970s, driven by growing demand, technological advancements, and, of course, the need to support the war effort.

The other thing to consider is that Chevron earned less money in the third quarter of 2023 compared to the same period in 2022 because oil and gas prices have dropped 27% from the record high in June 2022. Think about it, though, prices have risen 35% since 2012… with inflation and everything else going on, do you really think the price of gas will be this low 10 years from now? I don't.

And finally, forget the short-term lottery mentality that seems to have taken over lately.

Notes (contd)

Chevron is not thinking quarter to quarter, and neither are we. The Hess acquisition could very likely propel profits for decades. Chevron may be one of the strongest buys in the entire OBA Model Portfolio at the moment.

Instructions: Continue to accumulate/reinvest.

Costco Wholesale Corporation (COST)

Beta
0.95

Yield
0.74%

30d
Δ vs SPX
-1.00%

Total
α vs SPX
30.61%

Notes

Costco is presently scheduled to report earnings on December 14, 2023. Recent media suggests that the company is expecting softer sales, but I think EPS (earnings per share) will come in strong and reflect 8–10% growth YoY.

What to watch: Costco reported recently that Ron Vachris who presently serves as the company's chief operating officer and president, will be its next CEO. Vachris will succeed Craig Jelinek, who is retiring as the company's current chief executive on January 1. I think it's a smart move at the right time, especially since Jelinek has been working hand in hand with Vachris for many, many years, and the move is made in conjunction with what is being described as a "long-standing succession plan." Believe it or not, Vachris began his career as a forklift driver; talk about learning from the bottom up!

Every number I have at my disposal suggests that Costco's sales may be softening up, but there's no doubt membership remains strong as inflation rages. Renewals are high and growing. Plus, the company has sidestepped many of the supply chain challenges that are tripping up competitors.

Notes (contd)

Instructions: Continue to accumulate/ reinvest.

CrowdStrike Holdings, Inc. (CRWD)

Beta
1.49

Yield
0.00%

30d
Δ vs SPX
6.00%

Total
α vs SPX
4.71%

Notes

CrowdStrike is expected to report on the 29th after market close. Wall Street analysts are looking for revenues of $777 million and growth of roughly 6.24%. They're also looking for earnings of $0.74 per share, which, if that happens, will be about flat. I'm thinking that could be a bit overly optimistic, but it doesn't dampen my faith in the stock one iota.

What to watch: CrowdStrike is a top-tier player in what's called *endpoint protection*. If you're just joining us, endpoints are anything that connects to a network. Examples include your laptop, your cell phone, and all sorts of other devices. What makes this super important is that the number of endpoints multiplies exponentially as more and more people embrace hybrid work, remote work, and devices attach themselves all on their own. Endpoints, BTW, account for 90+% of all cyberattack origination.

There are two numbers to watch here. The first is called ARR (account recurring revenue) and DBNR (dollar-based net retention rates). The company has regularly doubled the former over the past few years, and I expect that trend to continue. Anything over 100% for the latter means customer spend is increasing. I see that accelerating as well.

Instructions: Continue to accumulate/ reinvest

General Mills, Inc. (GIS)

Beta
0.13

Yield
3.67%

30d
Δ vs SPX
7.00%

Total
α vs SPX
-18.98%

Notes

General Mills is set to report earnings on December 19, 2023.

What to watch: General Mills doesn't have to do much but continue to put up good numbers. It's a super low-beta, high-income stock with a rabid consumer following and a portfolio of billion-dollar brands including Cheerios, Yoplait, and Old El Paso, just to name a few.

According to Koyfin, General Mills' payout ratio is 53.58%, which means 53.58% of the company's earnings are paid out as dividends. The dividend yield is 3.61%, but the true shareholder yield is 5.37%. The company and its predecessor firm have paid dividends without interruption for 124 years.

Instructions: Continue to accumulate/ reinvest.

Gilead Sciences, Inc. (GILD)

Beta
0.52

Yield
3.86%

30d
Δ vs SPX
8.00%

Total
α vs SPX
39.86%

Notes

Gilead expects to report on November 7, 2023.

What to watch: I think the company is a "free call option" because investors do not recognize the existing value of organic growth—including, specifically, the fact that the company has no major patent expirations until the early 2030s. Gilead continues to maintain a strong HIV treatment position as well as significant intellectual property leadership.

Instructions: Continue to accumulate/ reinvest.

JPMorgan Chase & Co. (JPM)

Beta
1.00

Yield
3.07%

30d
Δ vs SPX
0.00%

Total
α vs SPX
13.07%

Notes

Analysts expected sales of $39.4 billion in EPS of $3.97, but what they got was a double beat of $39.87 billion and $4.33 dollars per share, respectively. As expected by yours truly.

What to watch: We talk a lot about size, scope, and scale in today's markets, for very specific reasons... because lesser choices run by less-seasoned executives simply will not survive. I expect JPMorgan to continue to benefit, even as regional and local banks continue to struggle. CEO Jamie Dimon may paint a grim picture for the economy, but there is no doubt in my mind that he's going to manage whatever lies ahead effectively and profitably.

Lockheed Martin Corporation (LMT)

Beta
0.49

Yield
2.83%

30d
Δ vs SPX
12.00%

Total
α vs SPX
50.10%

Notes

Lockheed Martin reported topline revenues of $16.8 billion in EPS or $6.70 a share versus expectations for $16.72 billion and $6.64 dollars per share. Effectively, another double. Management maintained guidance through Q4 as well as held the full-year outlook, all while increasing share repurchases.

What to watch: Defence stocks are as close to a no-brainer as you can get at the moment. Lockheed Martin makes many of the critical weapons systems our war fighters and our allies need. The company has a huge backlog and is accelerating return on invested capital into operations. It won't be long before profits follow.

Instructions: Continue to accumulate/ reinvest.

McDonald's Corporation (MCD)

Beta
0.59

Yield
2.56%

30d
Δ vs SPX
4.00%

Total
α vs SPX
-2.58%

Notes

McDonald's third-quarter earnings came in strong, handily beating Wall Street's revenue and earnings estimates. What catches my attention is that global same-store sales jumped 8.8% in the most recent quarter, which easily beat analyst estimates of 7.8%.

What to watch: Higher-income-bracket consumers continue to flock to the restaurant as they downshift from more expensive restaurants. The latest figures suggest that the McDonald's loyalty app may have 52+ million users and, in conjunction with the free-fries promotion that I recently wrote you about, I think that number could grow substantially in the months ahead. As has been the case for a long time, the play here is technology, not hamburgers.

Instructions: Continue to accumulate/ reinvest.

Microsoft Corporation (MSFT)

Beta
1.13

Yield
0.89%

30d
Δ vs SPX
7.00%

Total
α vs SPX
283.42%

Notes

Microsoft turned in incredible numbers, with revenue that actually beat top line by 13% over the previous quarter. That, of course, didn't dawn on sell-side analysts, but no matter. The company's results were impressive by all counts, with $56.52 billion on the top line and $2.99 per share on the bottom versus expectations of $54.50 billion on the top line and expectations of $2.65 per share on the bottom.

What to watch: This is a super-simple story and, of all the stocks in the OBA Model Portfolio, maybe one of the most compelling. Microsoft is creating several multibillion-dollar businesses that the markets don't yet recognise.

Notes (contd)
The headlines are focused, of course, on ChatGPT and the integration of that product suite in all of its offerings, but they haven't yet recognised just what an impact those things are going to make. I'm very excited by Microsoft's new Copilot, which I think could put an additional $9–$12 billion on the top line by fiscal 2025.

Instructions: Continue to accumulate/reinvest.

NIO Inc. (NIO)

Beta
1.74

Yield
0.00%

30d
Δ vs SPX
-11.00%

Total
α vs SPX
-60.72%

Notes
The company expects to report earnings on November 9, 2023.

What to watch: Management continues to hint that the company can ramp up production without additional supply disruptions, and if earnings suggest that's happening, the stock could finally begin to move. I'm watching NIO's new NT 2.0 platform, which comes with advanced driver assistance systems that account for a growing proportion of orders. At the same time, NIO offers batteries as a subscription service, which strikes me as a source of high-margin recurring revenue and a potential loyalty inducer when it comes to global sales. It could be serious competition to Tesla's charging network if it catches on. We'll see.

Instructions: Hold.

NVIDIA Corporation (NVDA)

Beta
1.94

Yield
0.04%

30d
Δ vs SPX
-6.00%

Total
α vs SPX
93.41%

Notes
NVIDIA will report on November 8, which means, unfortunately, we won't have any visibility into earnings until after this issue is published. However, you can bet we'll be talking about it in great detail in the weeks ahead!

Notes (contd)
What to watch: NVIDIA has announced that new US export curbs on the sale of high-end AI chips to China have been accelerated. The headlines, of course, are raging that this places $5 billion worth of Chinese orders at risk.

Hardly.

The global AI market is expected to grow at 38% every year between now and 2030, at which point it will be a nearly $400B market. AI is expected to create 130+ million new jobs within the next seven years. AI will contribute more than $15 trillion to the global economy over the same time frame. 50%+ of large enterprise companies will use AI by next year in one way or another. 25% of companies are already adopting AI, or plan to, as a way to address labour shortages and wage increases. Global AI funding is now over $45 billion and growing rapidly.

If anything, this is an amazing buying opportunity, even at $400 a share.

Instructions: Continue to accumulate/reinvest.

Pfizer Inc. (PFE)

Beta
0.55

Yield
5.42%

30d
Δ vs SPX
-7.00%

Total
α vs SPX
-29.95%

Notes
Pfizer reported earnings that were terrible if you listen to the Street. But we know better.

What to watch: Sales fell 41% during the quarter, but due almost exclusively to decreasing demand for COVID-19 products. I think those sales are, in fact, going to rebound, as inventories clear into 2023 and pricing more than doubles as the drug goes from government subsidy to commercially available. I expect COVID vaccine sales to normalise in the $15–$17 billion range annually.

Notes (contd.)

The balance of the company's business is up 10% operationally. CEO Bourla noted recent milestones, including the approval and launch of the company's RSV vaccine Abrysvo in the EU as well as the US approval and launch of Elrexfio, a medication used to treat adults with multiple myeloma.

What excites me most, though, is the pipeline with dozens of drugs, any one of which could be a blockbuster. Don't forget that we stand on the verge of customizable medicine and that AI will dramatically enhance Pfizer's ability to synthesise products and distribute new treatments that are presently totally unrecognised by most investors.

Instructions: Continue to accumulate/reinvest.

Palantir Technologies Inc. (PLTR)

Beta
2.01

Yield
0.00%

30d
Δ vs SPX
-3.00%

Total
α vs SPX
-18.80%

Notes

The company will report today, quite probably even as you are reading along.

What to watch: Wall Street continues to hate on the stock—yet, exactly as I said would be the case, CEO Alex Karp continues to put up numbers so good that PLTR is getting harder and harder for the big boys to ignore. The company serves every branch of our military, the civilian product suite is growing hand over fist, and it's heavily involved in keeping the world a safer place. I view any drop in price as the next best thing to an engraved invitation!

Instructions: Continue to accumulate/reinvest.

PIMCO Strategic Income Fund, Inc. (RCS)

Beta
0.61

Yield
15.30%

30d
Δ vs SPX
-5.00%

Total
α vs SPX
12.29%

Notes

RCS trades at 19.40% premium to NAV (net asset value) as I type, which suggests that plenty of investors view it the way we do—as an attractive blend of income and stability. I'm not crazy about the drop in prices as rates have risen, but then again, I am not worried either. This fund will stabilize and track higher when the Fed finally pauses. A drop in rates would likely boost prices as well.

The daily NAV distribution rate is 15.22% while the daily market price distribution rate is 12.75% as of 10/31/23, according to Pimco.

Instructions: Continue to accumulate/reinvest.

Rocket Lab USA, Inc. (RKLB)

Beta
2.11

Yield
0.00%

30d
Δ vs SPX
-2.00%

Total
α vs SPX
-62.38%

Notes

Rocket Lab will report on November 8, 2023.

What to watch: I'm particularly excited to see that the FAA has granted authorization to resume launch activity. The company continues to position itself as a leader when it comes to propulsion technology, a move that I think will ultimately pay off. Meanwhile, we just gotta be patient.

Instructions: Continue to accumulate/reinvest.

RTX Corporation (RTX)

Beta
0.70

Yield
3.01%

Notes

Raytheon recently missed on the top line but beat on the bottom line. Analysts expected $18.20 billion top line and $1.22 per share on the bottom line, but what they got was $13.46 billion on the top line and $1.25 per share on the bottom line.

30d
Δ vs SPX
14.00%

Total
α vs SPX
3-22.35%

Notes (contd.)

What to watch: The disjointed earnings report is entirely understandable. The company missed top line because of sticky supply chain issues and the bottom line because critical engine repairs are taking more time and money to fix than expected. Going forward, Raytheon, like Lockheed Martin, makes many of the critical warfighting systems that the United States and our allies need—particularly now that the war in the Middle East seems to be broadening. The backlog continues to grow as orders continue to build. I don't think the markets recognise what's happening, but that's only a matter of time, IMHO.

Instructions: Continue to accumulate/reinvest.

iShares 1–3 Year Treasury Bond ETF (SGOV)

Beta
0.00

Yield
4.38%

30d
Δ vs SPX
4.00%

Total
α vs SPX
4.01%

Notes

I recommended SGOV recently as a way to invest in US Treasury Bonds with remaining maturities of 0–3 months. It allows very targeted access to US Treasury markets while also allowing you to customise your exposure to Treasuries, introduce stability, and—best of all—put your cash to work.

The 30-day SEC yield is 5.14% as of October 30, 2023.

Tesla, Inc. (TSLA)

Beta
2.04

Yield
0.00%

30d
Δ vs SPX
-17.00%

Total
α vs SPX
-30.64%

Notes

Tesla recently reported a rare miss on the top and bottom lines. Predictably, the Street is up in arms, saying Musk has a problem and more. No, he doesn't.

Notes (contd.)

What to watch: What's happening now is Tesla's Apple moment, commentary I shared with you on October 31 in a special 5 with Fitz. The upshot is very simple... the sum of Tesla's parts isn't even remotely being recognised at the moment by the broader markets. There is no doubt in my mind that will be the case. I believe Tesla will be 4–6 times larger in a few years than it is today, and what's more, that data, energy, and AI components will more than triple. The situation reminds me very much of Apple, which was able to monetize a similar service set, at which point the company's valuation soared from billions of dollars to trillions of dollars.

Instructions: Continue to accumulate/reinvest.

VanEck CLO ETF (CLOI)

Beta
0.04

Yield
5.40%

30d
Δ vs SPX
4.00%

Total
α vs SPX
-5.84%

Notes

The VanEck CLO ETF (CLOI) is a collateralized loan obligation fund, which means it's a single security backed by pooled debt. The fund is a great choice for investors willing to step out a little further on the risk spectrum but who still crave the comparative safety of an actively managed income stream at a time when rates look to rise just a bit further.

What to watch: CLOs traditionally have low sensitivity to interest rate changes due to their floating-rate coupons—a characteristic that, according to VanEck, makes 'em similar to leveraged loans, but with the additional risk protection resulting from the CLO structure. CLOs typically trade like bonds, which means they introduce a much-welcomed element of stability to the portfolio.

The 30-day SEC yield is 6.48%, according to VanEck.

Notes (contd.)

Instructions: Continue to accumulate/reinvest.

Waste Management, Inc. (WM)

Beta
0.60

Yield
1.72%

30d
Δ vs SPX
12.00%

Total
α vs SPX
3.61%

Notes

Waste Management reported mixed results recently. Analysts expected $5.27 billion in revenue and $1.61 in earnings per share but got $5.20 billion in revenue and $1.63 in earnings per share.

What to watch: Trash is cash—there are just no two ways about it. Waste Management continues to expand routes, bring on new operators, and more. I am particularly focused on efficiency gains and cost cutting, both of which will increase profitability, boost dividends, and increase returns over time.

Instructions: Continue to accumulate/reinvest.

XPeng Inc. (XPEV)

Beta
2.35

Yield
0.00%

30d
Δ vs SPX
-14.00%

Total
α vs SPX
-52.25%

Notes

XPEV is set to report earnings on November 15, 2023.

What to watch: The company continues to show impressive gains in year-over-year deliveries while remaining focused on growth that takes it beyond the Chinese markets. The new partnership with Volkswagen remains particularly promising.

There is one fly in the proverbial ointment, however. Vice president Lee Feng has been suspended pending an investigation related to corruption. Company representatives say this has a limited effect on business and production, but knowing China like I do, there's probably more than meets the eye here.

Notes (contd.)

My guess, if I had to make one, is that Feng may have decided not to play ball with Beijing regarding information, preferred buyers, or something else in the production process. Being investigated is their way of bringing him in line á la Jack Ma.

Instructions: Continue to accumulate/reinvest.

YieldMax TSLA Option Income Strategy ETF (TSLY)

Beta
2.62

Yield
72.40%

30d
Δ vs SPX
-14.00%

Total
α vs SPX
-9.00%

Notes

TSLY has returned 27.08% YTD but has gone into freefall lately while Tesla's shares have tracked lower. Considering the yield is now a staggering 71.22%, I'm more than willing to put up with that while the stock regains its footing.

Continue to accumulate/reinvest, but *only* if you are comfortable with the speculative risk based on your personal risk tolerance, objectives, and circumstances (none of which I know).

Hedges (as needed/desired)

Notes

I believe that we are closer to the end of rate hikes than the beginning of a new cycle higher. Even so, I think it's prudent to keep our hedges in place for at least a little while longer. Doing so helps dampen overall portfolio volatility, enhances yield, and most importantly, allows us the stability needed to stay "in to win" in pursuit of profits.

Studies suggest that 3–5% of overall investment assets may be a good starting point for most investors. To be sure and as always, check with a financial advisor who is familiar with your personal risk tolerance, objectives, and circumstances.

I suggest you accumulate your hedges as needed or desired using the same discipline we do for other OBA recommendations.

Notes (contd.)

SH

ProShares Short S&P500 (SH)

RYURX

Rydex Inverse S&P 500 Strategy Inv (RYURX)

PSQ

ProShares Short QQQ (PSQ)

DOG

ProShares Short Dow30 (DOG)

SPKX

ConvexityShares 1x SPIKES Futures ETF (SPKX)

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)	31%
Pfizer Inc. (PFE)	4%
Altria Group Inc. (MO)	2%
AbbVie, Inc. (ABBV)	2%
iShares MSCI Japan ETF (EWJ)	2%

Zingers

BlackRock Science and Technology Fund (BSTZ)	9%

OBA Fund Folio™

My research suggests that Big Tech may have another 10-15% run ahead if earnings develop the way I expect them too.

This should translate into some healthy gains for the entire Fund Folio.

While that's great, it may also mean another mid-year adjustment to pare down risk while increasing upside capture.

Stay tuned!

KF

One Bar Ahead® Model Portfolio

PORTFOLIO DETAILS										
10/30/2023	STOCK	REC DATE	ENTRY $	CURRENT	BETA	YIELD	Profit/Loss	STOP	12-24mo Target	Last Instruction
FOUNDATION STONES	AAPL	1/8/2021	$ 129.93	$ 169.87	1.23	0.57%	30.7%	See October '23 Issue	$ 300.00	Buy/Accumulate
	CLOI	10/7/2022	$ 48.18	$ 52.12	0.04	5.40%	8.2%	See October '23 Issue	$ 52.00	Buy/Accumulate
	JPM	3/7/2022	$ 122.36	$ 136.67	1.00	3.07%	11.7%	See October '23 Issue	$ 175.00	Buy/Accumulate
	MSFT	3/7/2022	$ 275.02	$ 335.64	1.13	0.89%	22.0%	See October '23 Issue	$ 380.00	Buy/Accumulate
	RCS	10/1/2021	$ 4.37	$ 4.70	0.61	15.30%	7.6%	See October '23 Issue	$ 8.25	Buy/Accumulate
	SGOV	10/6/2023	$ 100.37	$ 100.68	0.00	4.38%	0.3%	See October '23 Issue		Buy/Accumulate
Global Growth	ABBV	2/3/2023	$ 140.89	$ 144.48	0.55	4.28%	2.5%	See October '23 Issue	$ 180.00	Buy/Accumulate
	AMD	8/4/2022	$ 103.91	$ 89.62	1.70	0.00%	-13.8%	See October '23 Issue	$ 132.65	Buy/Accumulate
	COST	8/6/2021	$ 443.07	$ 549.81	0.95	0.74%	24.1%	See October '23 Issue	$ 634.34	Buy/Accumulate
	CTRE	6/6/2022	$ 16.49	$ 21.09	0.80	5.31%	27.9%	See October '23 Issue	$ 25.00	Buy/Accumulate
	CVX	9/3/2021	$ 90.45	$ 144.84	0.65	4.17%	60.1%	See October '23 Issue	$ 219.00	Buy/Accumulate
	GILD	3/7/2022	$ 55.99	$ 77.54	0.52	3.86%	38.5%	See October '23 Issue	$ 107.90	Buy/Accumulate
	GIS	7/5/2022	$ 71.92	$ 64.24	0.13	3.67%	-10.7%	See October '23 Issue	$ 93.46	Buy/Accumulate
	LMT	11/5/2021	$ 322.08	$ 445.74	0.49	2.83%	38.4%	See October '23 Issue	$ 502.02	Buy/Accumulate
	MCD	7/17/2023	$ 293.10	$ 261.37	0.59	2.56%	-10.8%	See October '23 Issue	$ 364.44	Buy/Accumulate
	PFE	3/4/2022	$ 46.03	$ 30.28	0.55	5.42%	-34.2%	See October '23 Issue	$ 70.00	Buy/Accumulate
	PLTR	1/8/2021	$ 16.50	$ 14.80	2.01	0.00%	-10.3%	See October '23 Issue	$ 50.00	Buy/Accumulate
	RTX	6/13/2022	$ 89.21	$ 78.47	0.70	3.01%	-12.0%	See October '23 Issue	$ 110.00	Buy/Accumulate
	TSLA	7/25/2022	$ 268.43	$ 198.46	2.04	0.00%	-26.1%	See October '23 Issue	$ 300.00	Buy/Accumulate
	WM	10/31/2022	$ 155.64	$ 162.99	0.60	1.72%	4.7%	See October '23 Issue	$ 180.38	Buy/Accumulate
Zingers	CRWD	1/6/2022	$ 187.49	$ 174.58	1.49	0.00%	-6.9%	See October '23 Issue	$ 247.69	Buy/Accumulate
	NVDA	3/7/2022	$ 213.28	$ 409.57	1.94	0.04%	92.0%	See October '23 Issue	$ 500.00	Buy/Accumulate
	RKLB	12/2/2021	$ 14.81	$ 4.16	2.11	0.00%	-71.9%	See October '23 Issue	$ 17.00	Buy/Accumulate
	TSLY	9/1/2023	$13.28	$ 10.98	2.62	72.40%	-17.3%	See October '23 Issue		Buy/Accumulate
Vegas Money	NIO	2/4/2022	$ 23.96	$ 7.54	1.74	0.00%	-68.5%	See October '23 Issue		Hold
	POWW	10/10/2022	$ 2.98	$ 2.59	1.56	0.00%	-13.1%	See October '23 Issue		Buy/Accumulate
	XPEV	2/4/2022	$ 37.25	$ 14.88	2.35	0.00%	-60.1%	See October '23 Issue		Buy/Accumulate

	TICKER	NAME	YIELD	Trailing 12 Months	Last Instruction
Hedges	SH	ProShares:Short S&P500	4%	-3.10%	Add as needed
	RYURX	Rydex Inverse S&P 500 Strategy Fund;Investor	0%	-2.34%	Add as needed
	PSQ	ProShares:Sht QQQ	4%	-21.36%	Add as needed
	SPKX	Convxty 1x SPIKES Ftr	0%	-54.14%	Add as needed
	DOG	ProShares:Short Dow30	3%	-1.81%	Add as needed

OBA 50

Ticker	Name	Ticker	Name	Ticker	Name
AAPL	Apple Inc	GD	General Dynamics Co	PEP	PepsiCo, Inc
ABBV	AbbVie Inc.	GILD	Gilead Sciences Inc	PFE	Pfizer Inc
ABT	Abbott Laboratories	GIS	General Mills Inc	PG	Procter & Gamble Co.
ADBE	Adobe Inc	GOOGL	Alphabet Inc	PLTR	Palantir Technologies Inc
AMAT	Applied Materials Inc	HCA	HCA Healthcare Inc	QCOM	Qualcomm Inc
AMD	Advanced Micro Devices Inc	INTC	Intel Corp	REGN	Regeneron Pharma Inc
AMZN	Amazon Com Inc	JNJ	Johnson & Johnson	RTX	Raytheon Technologies Inc
CAT	Caterpillar Inc	JPM	JPMorgan Chase & Co	SBUX	Starbucks Corporation
CME	CME Group	LMT	Lockheed Martin Corp	TMUS	T-Mobile US Inc
COST	Costco Wholesale Corp	LNG	Cheniere Energy Inc	TSLA	Tesla Inc
CRWD	CrowdStrike Holdings Inc	LOW	Lowes Companies Inc	UNH	United Healthgroup Inc
CTRE	Caretrust REIT	LRCX	Lam Research Corp	UNP	Union Pacific
CVS	CVS Health Corp	MCD	McDonald's Corp	V	Visa Inc
CVX	Chevron Corporation	MRNA	Moderna Inc	WM	Waste Management Inc
DE	Deere & Co	MSFT	Microsoft Corp	WMT	Walmart Inc
F	Ford Motor Company	NET	Cloudflare Inc	ZTS	Zoetis Inc
FTNT	Fortinet Inc	NVDA	Nvidia Corp		

All data as of October 27, 2023

Chapter 4

MASTER MARKET INDICATOR®

Improve results, reduce risk, gain confidence!

Bull/Bear State Indicator

Understanding the “state” of the markets is key when it comes to investing.

Traditionally, investors have used the 200-day simple moving average (SMA) to gauge bullish or bearish conditions. But because today’s markets move so quickly, the 200-day SMA has become too unwieldy and sluggish.

That’s why I created the **Bull/Bear State Indicator®** (BBSI).

Reading the BBSI is very simple:

- The markets are **bullish** when the red line is above the blue line.
- The markets are **bearish** when the red line is below the blue line.

You’ll notice that the BBSI tends to spike higher and lower very quickly, and that’s by design. Institutional interest, liquidity, and volatility tend to cluster at or near key market turning points.

You cannot see those things using the 200-day SMA, but you can very clearly see ‘em using the Bull/Bear State Indicator. And in doing so, invest accordingly.

When conditions shift, you will see that the red line crosses above the blue ushering in the promise of more sustainable momentum and a normal statistical range.

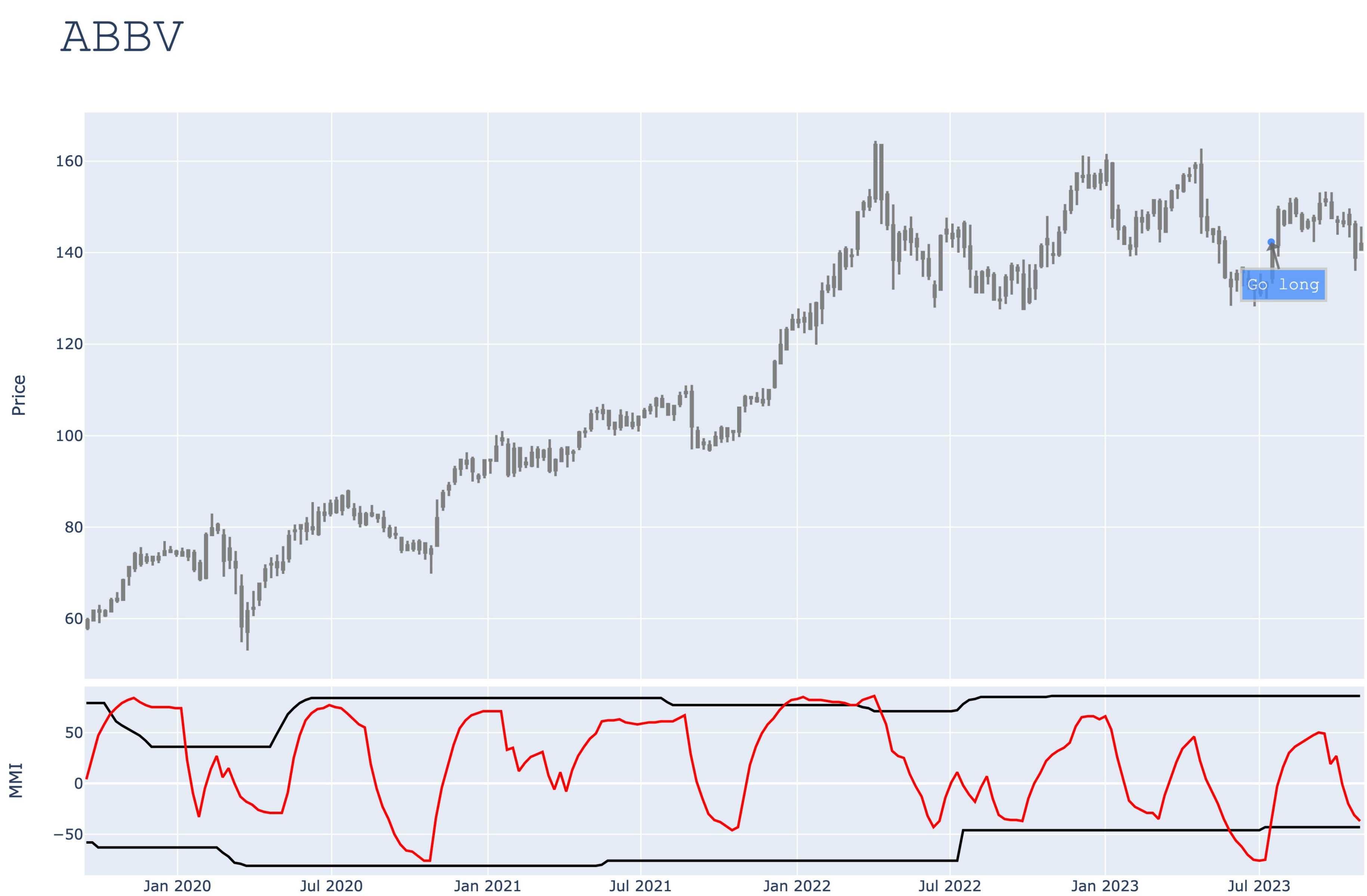
Current Reading = Bullish (as of 4/28/23)

KF

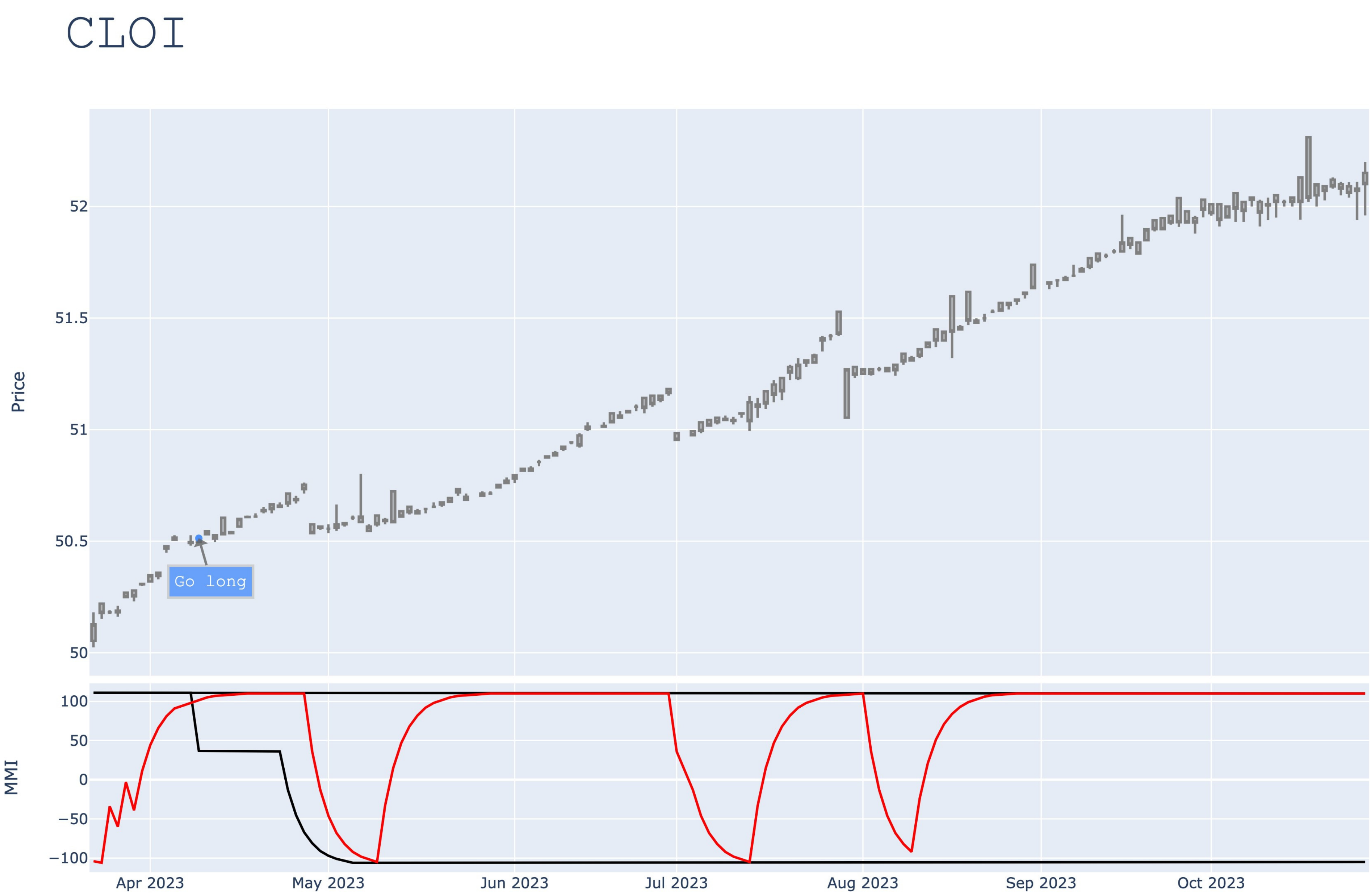
All other chart data as of October 27, 2023

SIMPLE, UNDERSTANDABLE, ACTIONABLE

SIMPLE, UNDERSTANDABLE, ACTIONABLE



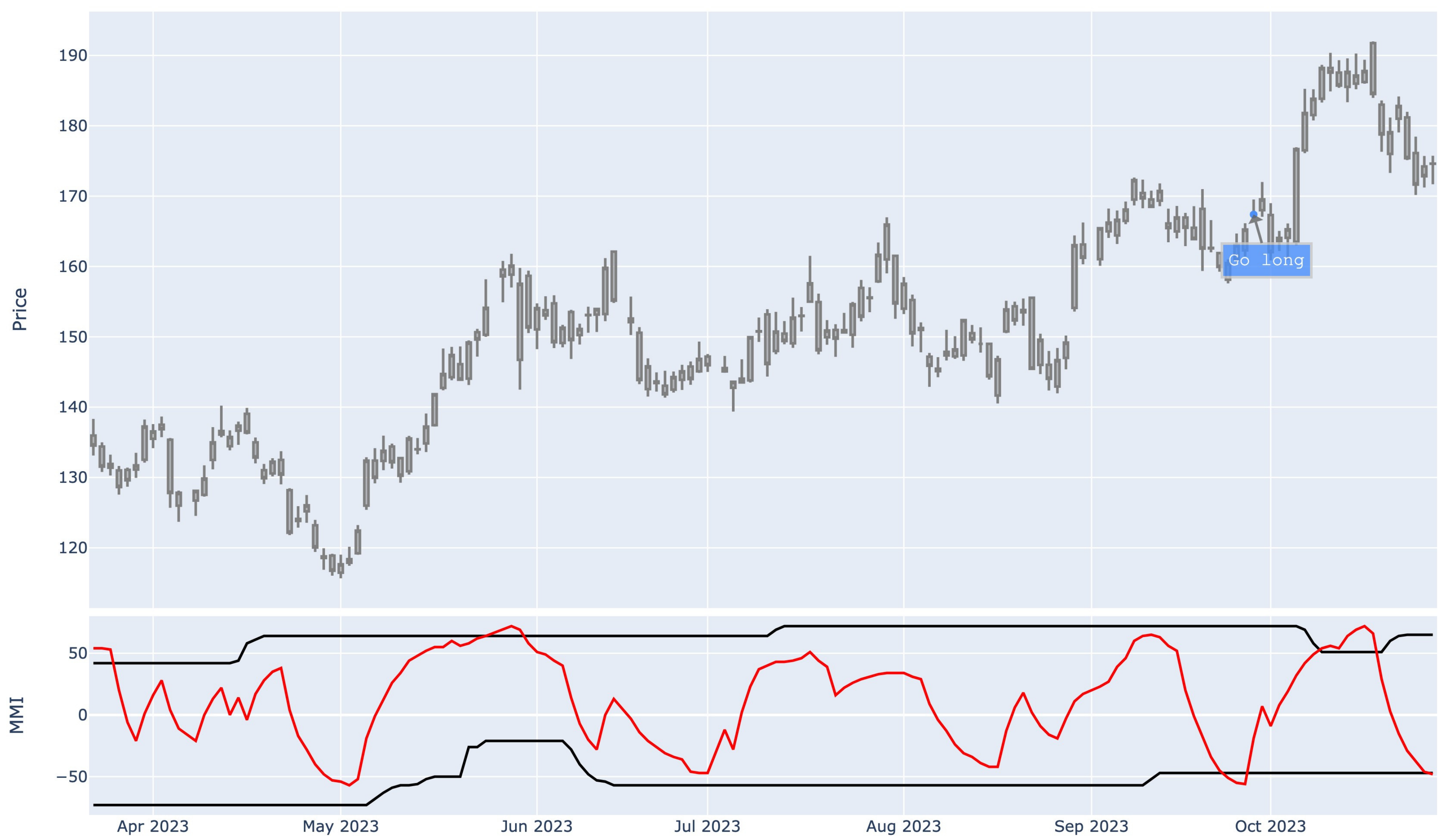
SIMPLE, UNDERSTANDABLE, ACTIONABLE



SIMPLE, UNDERSTANDABLE, ACTIONABLE

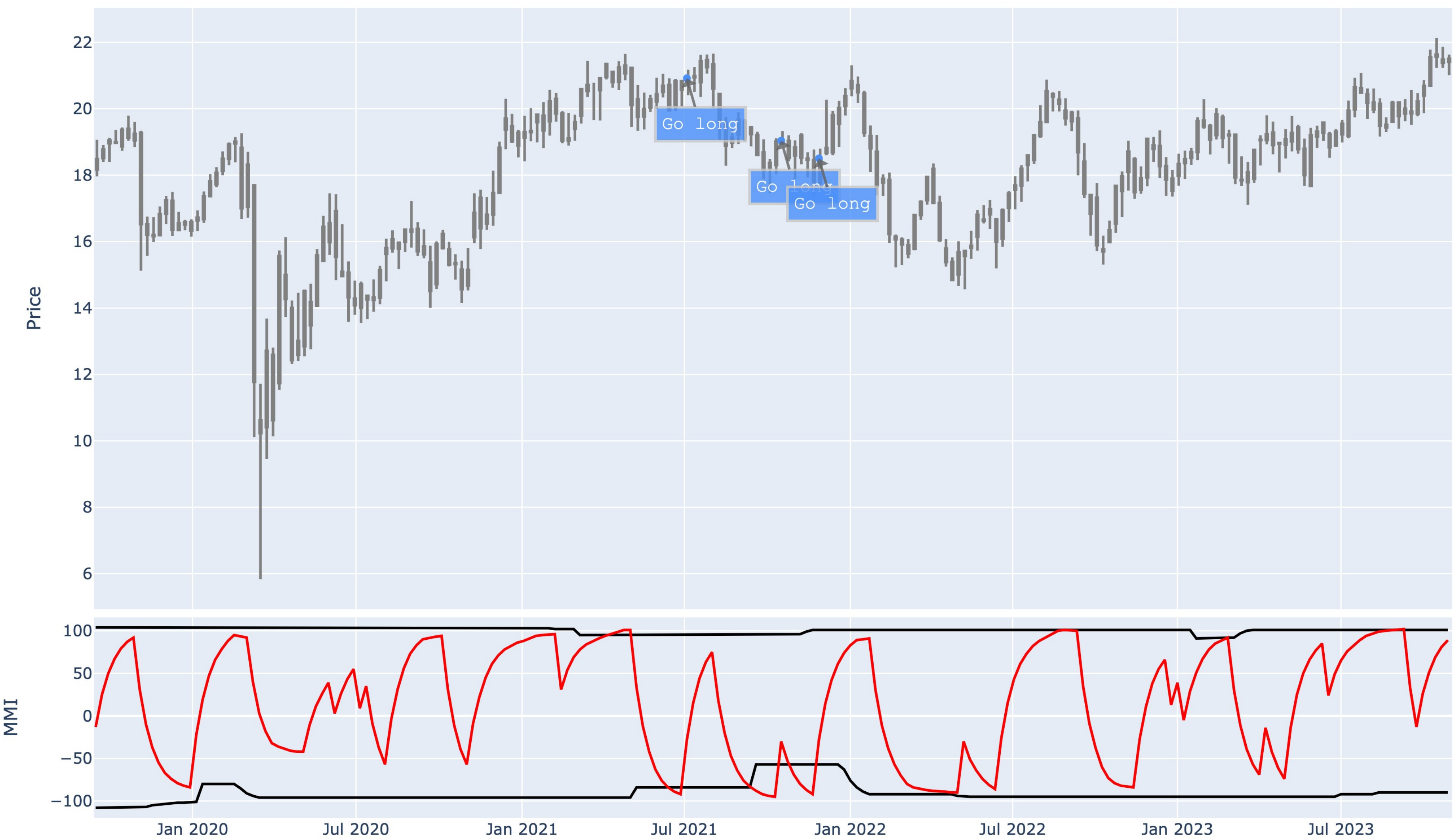
COST

CRWD

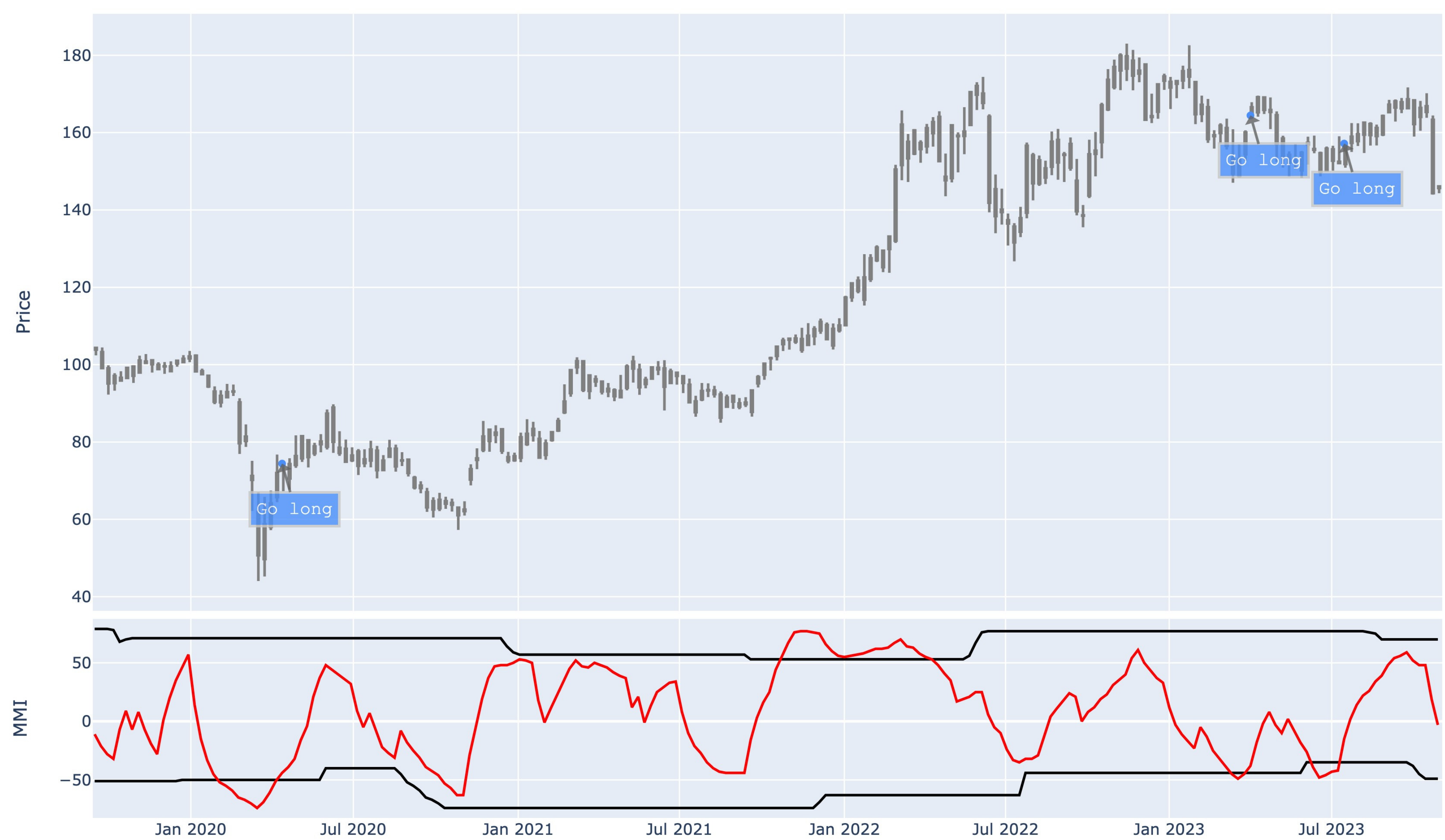


SIMPLE, UNDERSTANDABLE, ACTIONABLE

CTRE



CVX



SIMPLE, UNDERSTANDABLE, ACTIONABLE

SIMPLE, UNDERSTANDABLE, ACTIONABLE

SIMPLE, UNDERSTANDABLE, ACTIONABLE

SIMPLE, UNDERSTANDABLE, ACTIONABLE

SIMPLE, UNDERSTANDABLE, ACTIONABLE

SIMPLE, UNDERSTANDABLE, ACTIONABLE

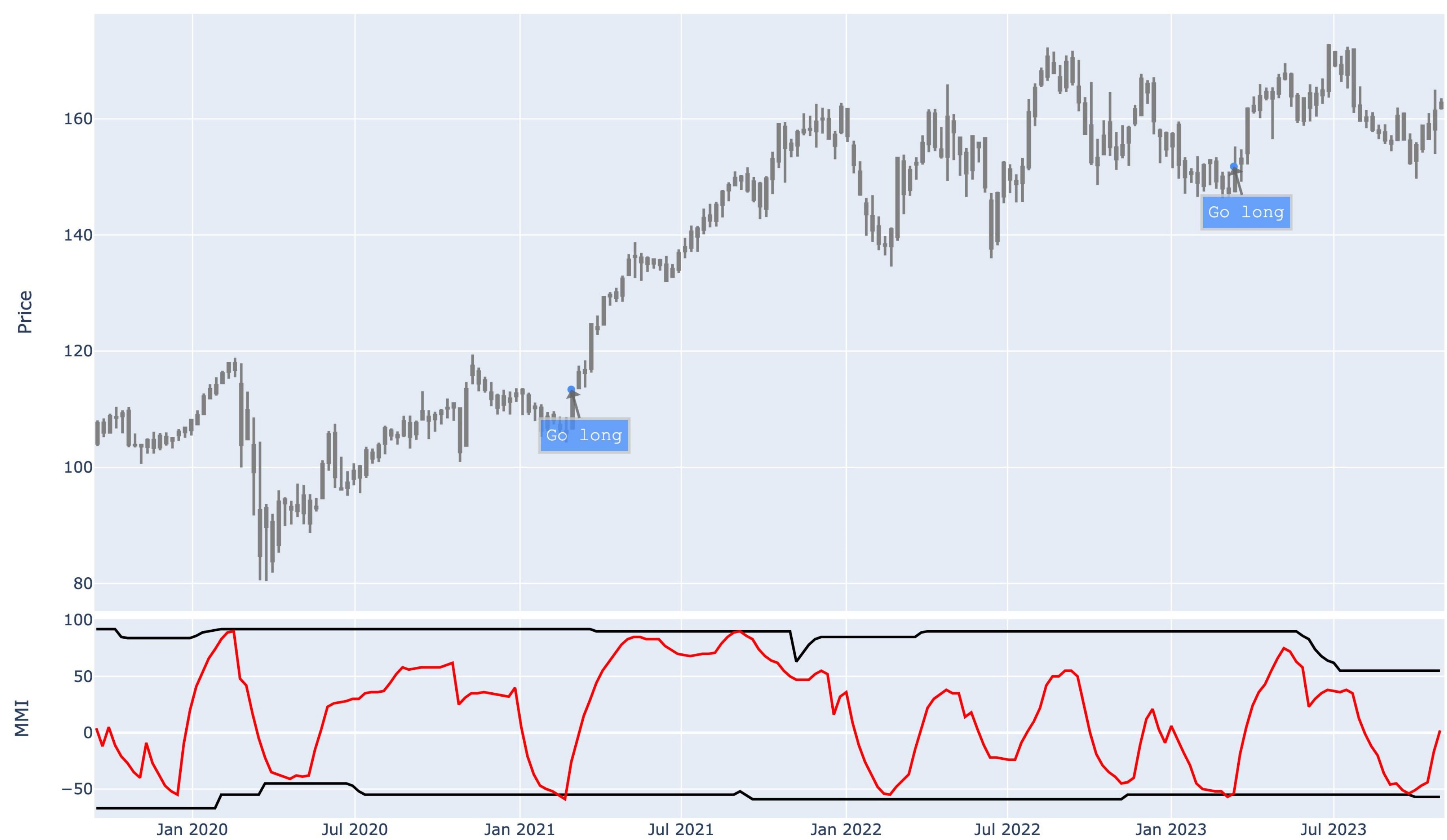
SIMPLE, UNDERSTANDABLE, ACTIONABLE

SIMPLE, UNDERSTANDABLE, ACTIONABLE

SIMPLE, UNDERSTANDABLE, ACTIONABLE

TSLY

WM




XPEV
Price
24
22
20
18
16
14
12
10
8
MMI
100
50
0
−50
−100
Apr 2023
May 2023
Jun 2023
Jul 2023
Aug 2023
Sep 2023
Oct 2023

FASCINATOR:
“BUY THE BEST, IGNORE THE REST” NEVER LOOKED SO GOOD!

It's a tough lesson, especially for investors who have dutifully diversified their portfolios the way they've been taught.

Companies making "must have" products and services will rise to the top because they have a higher upside capture ratio while those making "nice to haves" will be lucky to match up, if they hang on at all.

Take Microsoft and Google, for example.

The mainstream media lumps 'em together, but in fact, the two companies couldn't be more different.

Microsoft is a "must have" tech choice that just oozes innovation and brings people together. It's set the bar for generative AI and will very likely do so for decades to come because it's weaving that technology through its entire product portfolio. Consumers can't get enough of what the company makes, and the contracts are sticky.

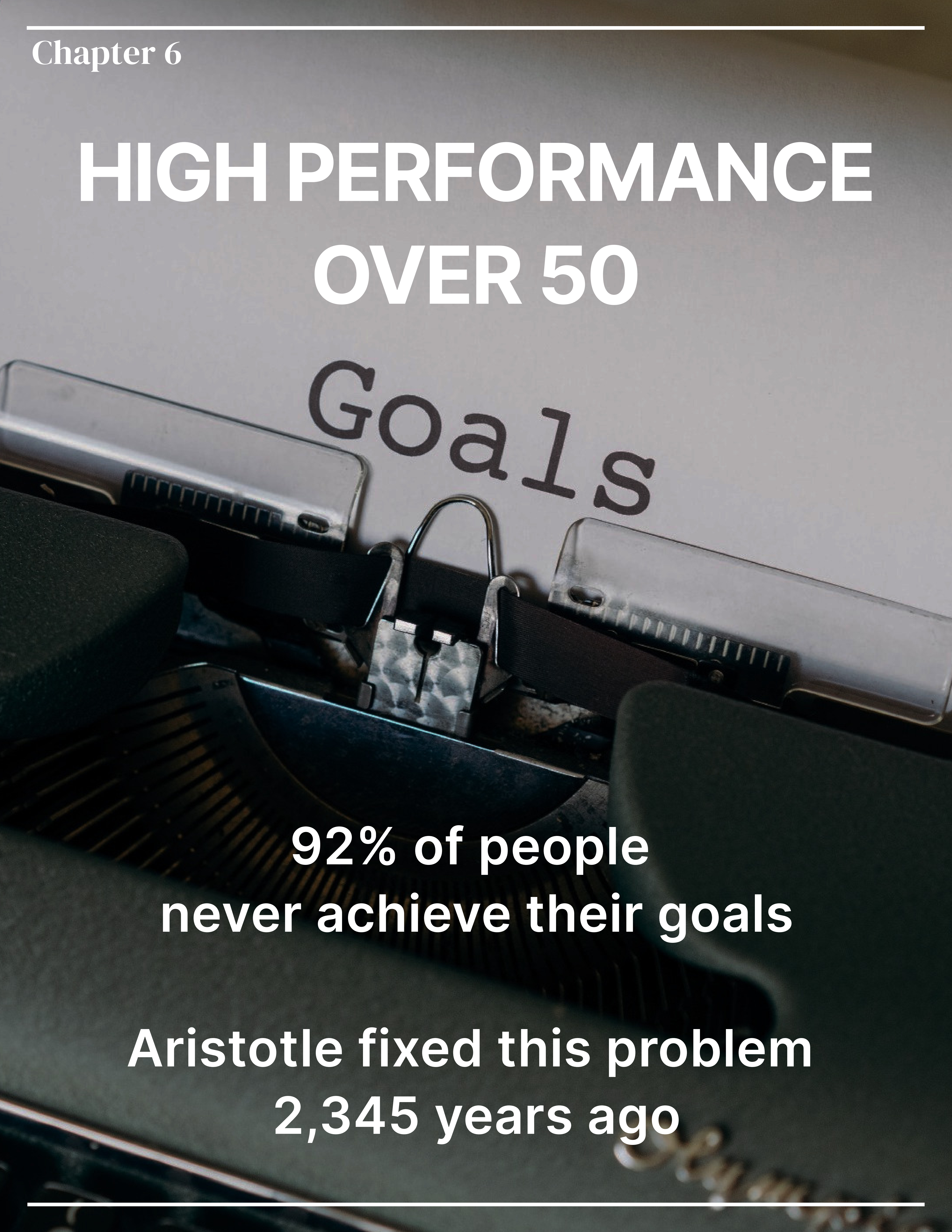
Google (aka Alphabet) is a "nice to have" known primarily for its search dominance but relies heavily on advertising, so retaining market share is vital. Anything it does will have to capture market share, which is a very different proposition even with AI. Consumers have no incentive to stay and every incentive to switch away when there's a better alternative.

"Buy the best, ignore the rest" never looked so good!

KF

Chapter 6

HIGH PERFORMANCE OVER 50



92% of people
never achieve their goals

Aristotle fixed this problem
2,345 years ago

People think great results happen all at once, but I don't think that's true.

Life is a process.

Everything starts with a simple decision.

...either you "want it" or you don't.

The rest is up to you.

"Doing your best"—a common refrain these days—doesn't cut it. Participation medals send a dangerous message.

You need goals and then you need action.

The more specific, the better.

For example, I am planning to ride the TransAmerica Trail on my 60th birthday, which is at this point far closer than I'd care to admit. I've got to learn how to offroad, overland, and more, which is why I began planning and preparing for my adventure *5 years ago*.

Knowing *what* I plan to do helps me understand *how* to make it happen. And that, in turn, means I am more likely to make it happen.

Investing is the same way.

Having a specific goal allows you to understand the situation, clarify your thinking, and identify opportunities that will ensure you succeed.

This isn't something to take lightly.

Social scientists Drs. Gary Latham and Edwin Locke have studied the link between goal setting and results for decades. They've found repeatedly that setting specific, challenging goals consistently leads to higher performance.

In fact, Locke and Latham found that more than 1,000 studies showed similar results. Setting high goals results in better motivation, performance, and persistence than vague goals or nebulous "I wanna's."

Forbes found that people who describe their goals vividly are 1.2–1.4x more likely to achieve 'em than people who don't.

A study in the *Journal of Applied Psychology* found that presenting weekly progress reports tied to specific goals increases success rates by 40%.

You get my drift.

It doesn't matter whether we're talking about life, money, or anything else... *setting specific goals makes sure the life you want and the results you achieve match up.*

Now for the really interesting part.

As much as we like to think this is new research or somehow a modern problem with equally modern solutions, it isn't.

Aristotle found the solution 2,345 years ago.

A student of Plato, Aristotle outlined an approach to life he called *Nicomachean Ethics*, which emphasizes eudaimonia, which is most often translated as “well-being” or “flourishing.”

Three principles (of many) stand out for purposes of today’s discussion.

Principle #1: Clarity of purpose.

Aristotle believed that having a clear, well-defined purpose in life and an ultimate end in mind would help people create the virtue needed to live a successful life.

Principle #2: Prioritization.

Aristotle never specifically considered prioritization as we use the term today, but his writings suggest that he believed eudaimonia required recognition that not all goals are of equal importance.

Principle #3: The “Golden Mean.”

Aristotle believed that finding goals was meaningless without context, which is why he sought to specifically understand how they fit in all aspects of life, a mix he referred to as the “Golden Mean.” And as part of that, he encouraged regular self-examination and reflection.

Unleashing Your Inner Aristotle Is Easy

First, begin with the end in mind.

What I mean by that is visualize where you want to wind up and what that looks like in as much detail as possible. Where will you live, with whom, doing what? What will you eat, do for pleasure or work? How will you consider what’s important and what’s not?

I call this a vision statement, and I keep one in front of me at all times because doing so allows me to work backward and create a plan that’ll get me where I want to go.

Second, reorient your environment.

If you want to read more, create an area that’s just for reading. If you want to be in better shape, buy some inexpensive gym equipment and use it.

If you want more income, buy income-oriented stocks or, as is the case lately, SGOV or T-bills. If you fancy creating real wealth and understand that there will be ups and downs along the way, buy the world’s best companies as they align with the 5Ds. Even a share at a time will do it!

And third, adjust all your means to that end.

Millions of people want to be rich, but Aristotle knew back then that it’s all bull-feathers unless you are willing to put in the effort.

To me, this is as much about habits as it is about consistency.

Some people push back saying change is good, but they’re missing the point. The real problem is that they fear the accountability that comes with consistency, so they constantly seek change.

I get up and charge into the office at 0430 daily and work out hard as a way of priming my mind and body because I know it helps me think clearly. And it doesn’t matter where I am in the world nor what time zone I’m in, BTW; I get up and get after it!

I make time, and I set aside the time for specific tasks. That helps me discern the stuff I've absolutely got to get done, "or else," from the stuff that doesn't matter.

And as a part of that, I set minimum standards… i.e., I will buy one share of a low-beta, high-dividend stock each day, every day the stock market falls more than 200 points. Or tell my bride I love her every time I see her as we cross paths in the office. I won't back down until I've met my minimums.

I think in terms of yes, not no. This ensures that I am constantly focused on the positive because I am more interested in figuring out ways to make things happen rather than worrying like most people about what might not happen or all the reasons something shouldn't.

And finally, I visualize myself standing in the winner's circle, metaphorically speaking. I will never hesitate to restart if I get derailed or sidetracked.

It's not a perfect approach, but it's one that works for me and—I hope—that you'll find helpful.

To paraphrase the great philosopher himself, we are what we repeatedly do, which is why *excellence is not an act, but a habit*.

😊

References/Resources

Becker, L. J. (1978). Joint effect of feedback and goal setting on performance: A field study of residential energy conservation. Journal of Applied Psychology, 63(4), 428–433. https://doi.org/10.1037/0021-9010.63.4.428

Locke, E. A., and Latham, G. P. (2002). Building a practically useful theory of goal setting and task motivation: a 35-year odyssey. Am. Psychol. 57, 705–717. doi: 10.1037/0003-066X.57.9.705

Mood, C. (2010). Logistic regression: why we cannot do what we think we can do, and what we can do about it. Eur. Sociol. Rev. 26, 67–82. doi: 10.1093/esr/jcp006

Yeo, G., and Neal, A. (2004). A multilevel analysis of the relationship between effort and performance: effects of ability, conscientiousness and goal orientation. J. Appl. Psychol. 89, 231–247. doi: 10.1037/0021-9010.89.2.231

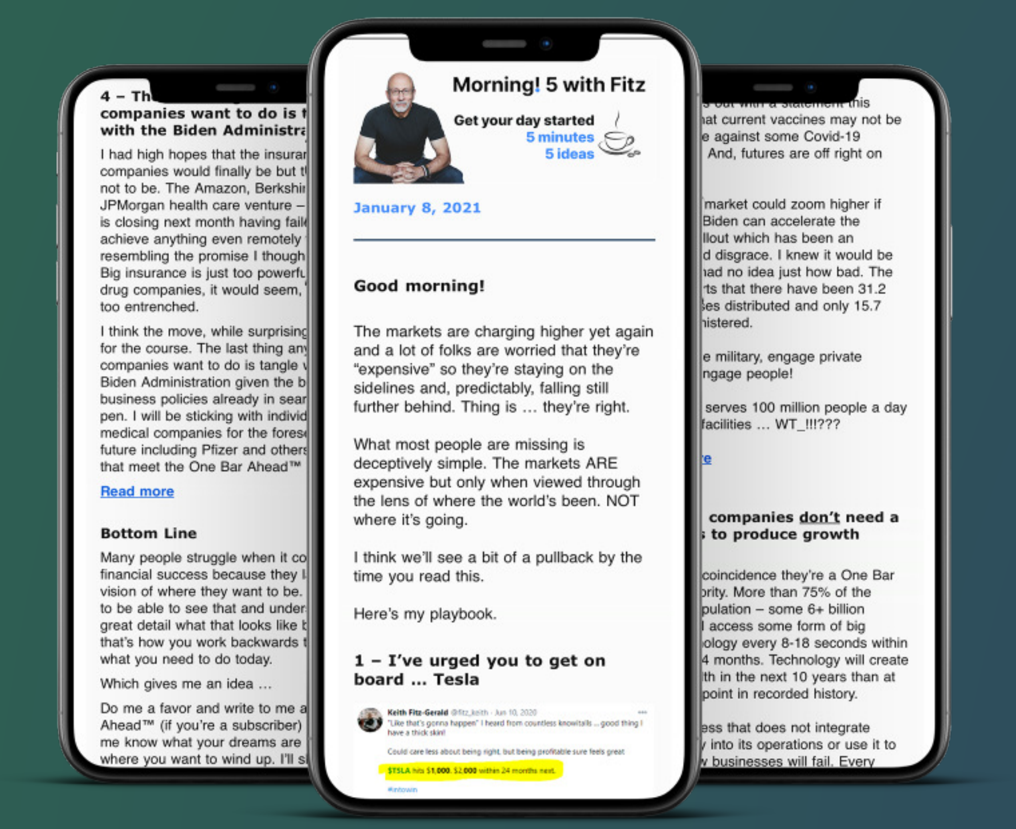
https://www.thecollector.com/aristotle-most-important-works/

https://www.forbes.com/sites/carolinecastrillon/2020/03/15/this-is-how-highly-successful-people-achieve-career-goals/

KF

Thank You for Reading One Bar Ahead®

The quest for consistent safety-first, big-picture profits never stops. You simply need access to the right stocks, the right strategies, and the right education. No gotchas, no gimmicks. In plain English.



So good, pros read it too!

For more of Keith's analysis and research, make sure you're signed up to get his daily trading notes for FREE!

Often described as the next best thing to sitting next to him when the opening bell rings, some readers even go as far as saying it's the best part of their morning!

SIGN UP NOW

↓

www.FiveWithFitz.com

Keith Fitz-Gerald's ONE BAR AHEAD™

@fitz_keith

www.keithfitz-gerald.com