NKLA 3.08 ▼ | TUP 3.17 ▲ | NIO 15.36 ▲ | PYPL 65.48 ▲ | EGVO 5.25 ▼ | WBD 12.39 ▲ | PLTR 19.03 ▲ | QS 9.39 ▲

AUGUST 2023

One Bar Ahead®

BY KEITH FITZ-GERALD

REDEFINING FAST FOOD AS TECHNOLOGY

PUT A FEW SHARES ON THE MENU...

Do what Wall Street does, not what it says

Is this the hottest retailer going?

PORTFOLIO REVIEW, LATEST MMI® CHARTS AND CRITICAL UPDATES

Ranking the world's top economies through time

STOP procrastination in its tracks!

Disclaimers

Important Information You Need to Know

Publisher’s Statement

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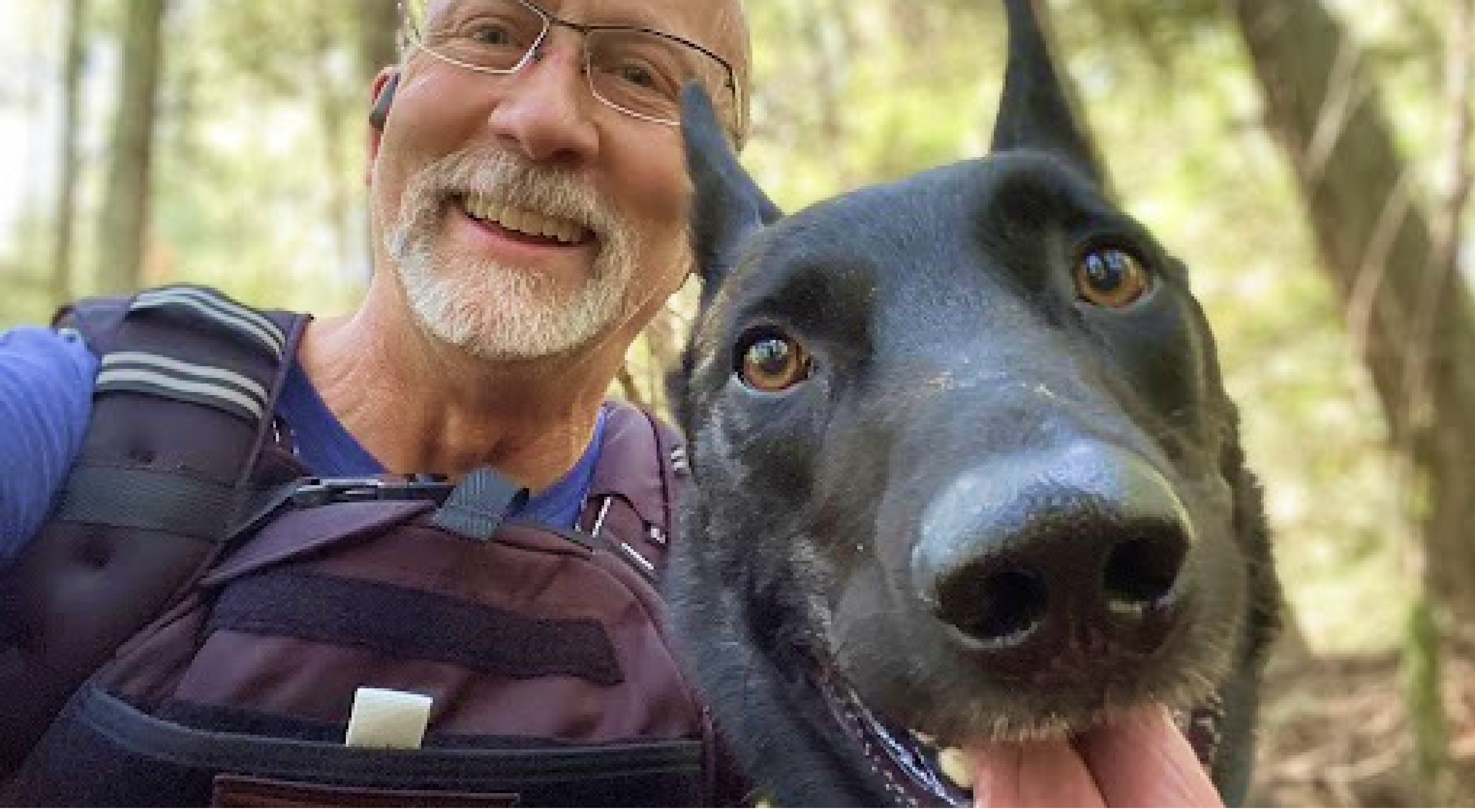
Keith Fitz-Gerald’s ONE BAR AHEAD™



Dear Reader,

Many people think you've got to be a genius or some kind of financial savant to be a successful investor, but that's not true.

There's only *one* thing you've got to do to build the kind of financial freedom and sustainable wealth you deserve.

Focus on what you can control, rather than what you can't.

I'm not kidding.

It doesn't matter whether you're a young Millennial or older Zoomer just starting out with a little money to your name, or even a card-carrying member of the grey-beard club with a fortune.

The principles are the same.

Perhaps you're starting late but hoping to finish early, even though you're struggling with a mountain of debt. Maybe you're a single mom who wants to make lemonade from lemons after a nasty divorce. Or even a sophisticated investor looking to leave a legacy.

There IS always a path to profits.

How can I be so sure?

Simple.

The world's most successful investors play to win by anticipating what's next rather than living in fear of what might hit the headlines tomorrow.

Creating wealth is the logical outcome.

That's why WE do the very same thing and why we rely on the 5Ds—Digitalisation, Diffusion, Defense, Distribution, and Dislocation—as our roadmap. They're *all* backed by trillions of dollars that will get spent practically no matter what the Fed does next, no matter who's in the White House, or how Wall Street's merry marauders try to rig the system.

The future is rushing towards us at breakneck speed.

Our job as investors is to find companies that are singularly focused on rewriting the world, not just making slight improvements in whatever goods and services they offer.

Billionaire Peter Thiel calls this going from "zero to one," a move he says happens once a company creates products and services that develop fundamentally new technologies, business models, and services capable of controlling their own destiny. Most investors are playing "n+1," which means they're limited to incremental changes within existing markets.

Companies like Apple, Microsoft, Tesla, and other core OBA recommendations create, define, and dominate the markets they enter—which is why I recommend 'em. They're "must have" choices the world cannot live without.

Contrast that with popular names like FedEx, Uber, and Disney that are merely improving competition in existing markets—which is why I don't recommend 'em. They're "nice to have" stocks that were great once upon a time but have very little to offer that's new these days.

Investing for the future is about opening new doors and chucking much of what we thought we knew about how the world works into the intellectual dumpster. Anybody, for example, who is still thinking about Apple as a smartphone maker has already missed the boat. But those who understand what we do—that iPhones are a gigantic sensor platform and a gateway to a digital ecosphere worth trillions—get it.

Digitalisation is the largest of the 5Ds for a reason.

I think it represents the single-biggest investing theme in recorded human history, and the numbers back me up.

- 6+ billion people—roughly 75% of the world's population—will interact with some form of smart data every 18 seconds within the next few years. Perhaps more!
- The average person creates nearly 2MB of data a second.
- 90% of all the data that has ever been created in recorded human history has been created within the past 24 months (and no, that's NOT a typo!).
- 60–70% of corporate data is already stored in the cloud.
- Companies that use Big Data solutions increase profits by an average of 8% (and climbing) and an average 10% reduction in cost.

We're going to start our time this month with a choice that builds nicely upon this foundation. In fact, it may be the perfect choice at the perfect time because it's using technology to redefine the business model it has used very successfully for decades.

Shares are trending sideways lately, ahead of what I think could be a major move at a time when consumer strength continues to build and technological improvements continue to expand margins.

Then we're going to spend a few minutes on a topic that's near and dear to my heart… the importance of doing what Wall Street does, not what it says.

Today's markets are very different from those of the past, and learning how to read between the (head)lines is a critically important skill most investors overlook!

Then we're going to move to a Dividend Fortune Builder that just could be the hottest retailer going. Inflation may be calming down, but hundreds of millions of consumers aren't ready to give up *that* ghost anytime soon!

Of course, there's the latest portfolio review, which, as busy as this earnings season has been, is chock full of interesting information. Along with the latest MMI charts and more.

I've also included a Fascinator that I think you'll want to see because it helps build the case that where the world is going is far more important than where it's been. The message is so powerful and the implications so significant that it stopped me cold for a full 10 minutes when I found it as part of the research for this month's issue!

And finally, we'll take a hard look at how you stop procrastination in its tracks (and why you'll want to as an investor).

Thank you, as always, for being part of the One Bar Ahead® Family.

I am thrilled you are here!

Best regards for health and wealth,

KF

PS: As always, please be sure to email me with ideas, suggestions, comments and more about what you'd like to see in upcoming issues. I love getting feedback, which is why the team and I read every email, message, and note we receive.

The address is magazine@onebarahead.com

Other ways to keep in touch

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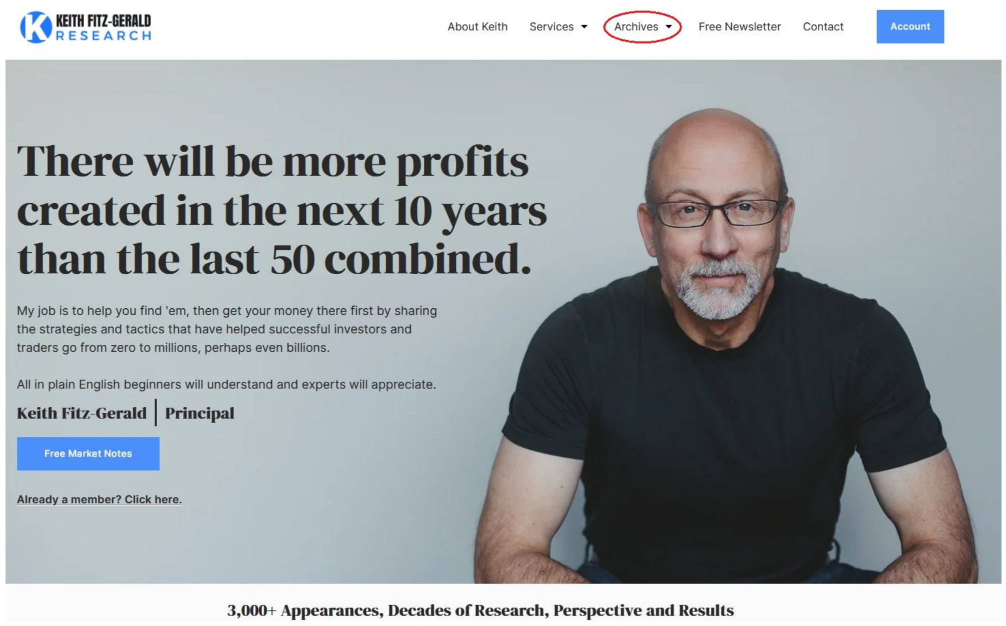
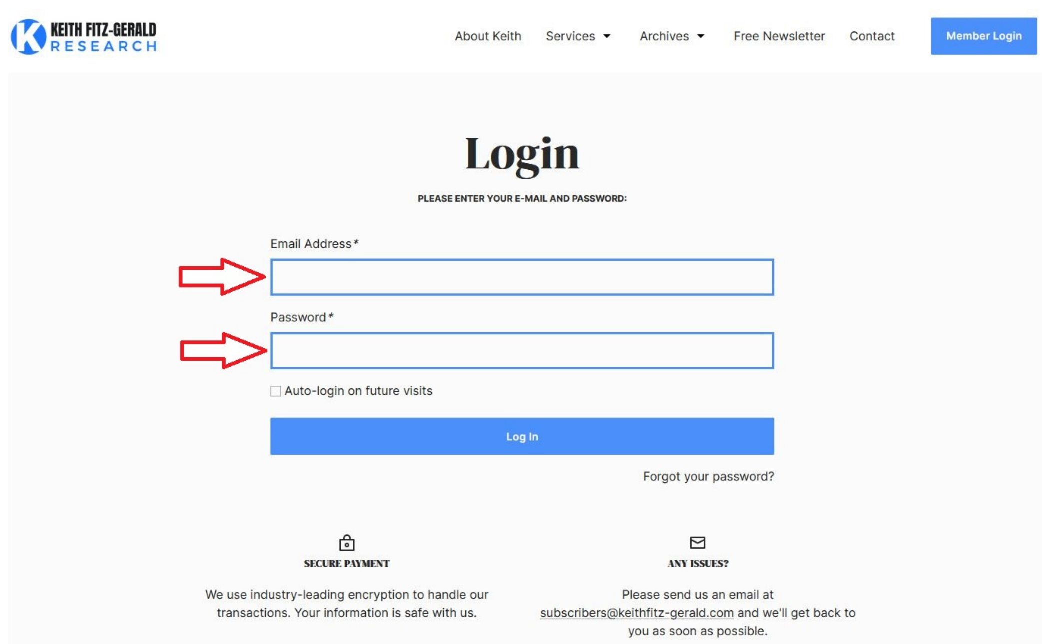
How to access the OBA archives

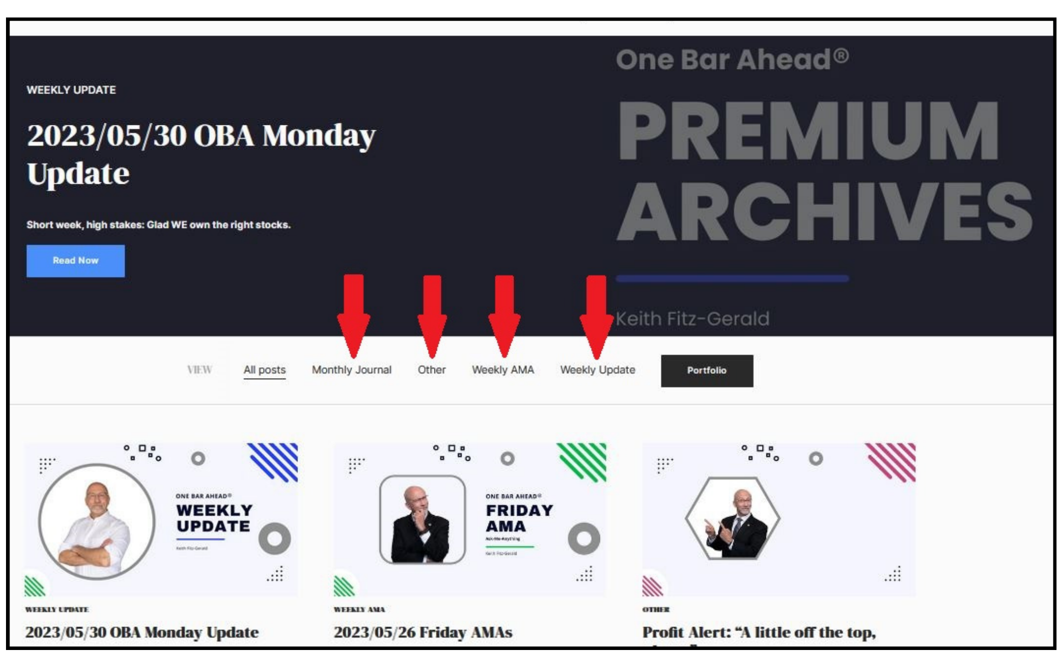
1. Go to https://www.keithfitz-gerald.com/ and click “Archives”



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

MCDONALD'S: REDEFINING FAST FOOD AS TECHNOLOGY

Let's put a few shares on the menu!

REDEFINING FAST FOOD AS TECHNOLOGY

Very few companies are capable of withstanding the passage of time.

McDonald's (MCD) is one of 'em.

Let's put a few shares on the menu!

McDonald's Success Has Nothing to Do with Burgers

Before we delve into where the company's going, it's important to understand where the company's been and how that plays into why I believe investing now could be a smart move.

McDonald's understands the importance of catering to changing consumer preferences better than almost any other company on the planet, save Apple.

They've mastered the art of innovation and introducing new menu items while keeping their iconic offerings in place. The company is also a master at "localizing" to please people's taste buds in different countries.

For example, you can buy Poutine in Canada (a Canadian specialty consisting of French fries topped with cheese curds and smothered in gravy), a Croque McDo in France (a McDonald's take on the traditional French Croque-Monsieur, a grilled ham and cheese sandwich) and even a Bubur Ayam McD in Malaysia (a Malaysian breakfast item, a rice porridge served with chicken strips and condiments).

Also, McDonald's is (and always has been) great at optimizing efficiency. For decades, McD's supply chain management, franchising model, and streamlined operations have played a substantial role in providing consistent, high-quality products at thousands of locations around the world.

Thanks to their unique ability to adapt, Uncle Ronald has retained a loyal customer base while attracting new customers since 1955. In fact, the brand is so iconic, and the franchises so ubiquitous around the globe, that in the 1980s, *The Economist* invented the "Big Mac Index" to measure purchasing power parity between different nations.

And finally, at a time when other restaurant chains have gone decidedly upscale, McDonald's continues to focus on value—which means, in McDonald-speak, an affordable dining experience and satisfying meal that brings folks back time and again.

Expanding the Empire

McDonald's plans to open 1,900 new locations this year— roughly 900 of which will be in China, 400 in the US, and the balance in other development licensee and subsidiary markets.

Constantly Updating Facilities

The legendary Steve Jobs observed in the book, *Steve Jobs: The Lost interview*, why he thought big companies die.

"[Sales and marketing people] end up running the companies. And the product people get driven out of decision-making forums, and the companies forget what it means to make great products. The product sensibility and the product genius that brought them to that monopolistic position gets rotted out by people running these companies who have no conception of a good product versus a bad product."

Not surprisingly, McDonald's has taken this lesson to heart.

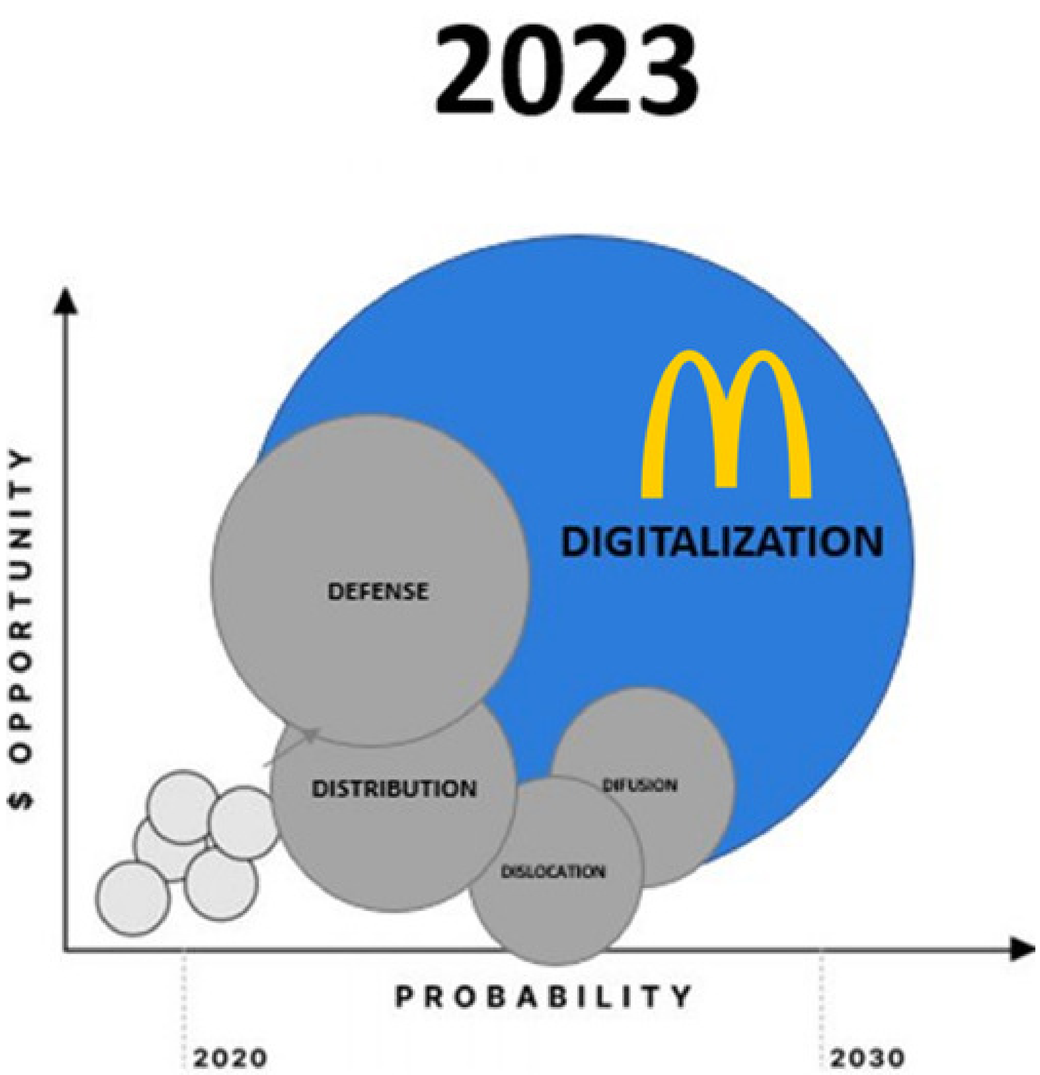
That's why management places a huge premium on promoting from within, which fosters employee loyalty, ensures cultural alignment, and encourages knowledge retention.

Together, this results in a speedier leadership transition and employees who are super committed to success, from the C-Suite all the way down to teenage cashiers.

Embracing Digitalisation

Digitalisation, as you know from reading along, is the largest of the "5Ds" we follow, by several orders of magnitude.

It's a theme backed by trillions of dollars that will get spent practically no matter what the Fed does next, who's in the White House, or even how Wall Street tries to hijack markets to its advantage.



Many businesses have resisted technological advances, but McDonald's has taken a different view.

Rather than shying away from change, the company has embraced it wholeheartedly, positioning Team Ronald as a digital trailblazer in the fast-food industry in several key areas:

1. Mobile Ordering and Payment

Recognizing people's need for speed and convenience, in 2017 the company launched its mobile app that allowed customers to order and pay for their meals directly from their smartphones.

This transformation has streamlined the ordering process, significantly reducing wait times. Perhaps more important, by offering exclusive deals and rewards to app users, McDonald's has successfully encouraged customer engagement and loyalty.

2. Self-Service Kiosks

Another stroke of genius: McD's self-service kiosks that they've integrated into their restaurants, which saves customers time vs. traditional counter ordering. You can customize your order, explore the menu at your own pace, and just swipe a credit card to pay for your meal. What's not to like?

Self-service kiosks not only improve the customer experience—they also optimize restaurant operations. With more efficient order processing, staff can focus on food preparation and customer satisfaction.

And, perhaps best of all for shareholders, introducing kiosks has created a consistent jump in sales, increased order accuracy, sped up operations, and more… all while increasing the average order size.

I can't stress enough how important these things are for the bottom line and for investors.

Kiosks don't require vacations, training, nature breaks, and they never forget to cross sell or upsell. Fraud becomes virtually non-existent, and it's highly unlikely that a kiosk will walk out the door to work for a competitor.

3. Delivery and Digital Partnerships

McDonald's has formed strategic partnerships with leading delivery service providers to capitalize on the post-COVID shift in behaviour and increasing preferences for delivery.

This has expanded the company's reach and strengthened its presence in the online food delivery market… and that, in turn, boosts competitive advantage while opening up new, previously untapped markets.

4. Data-Driven Insights

This is a biggie.

McDonald's was quick to realize how valuable data itself is to growth. Which is why it's built a substantial, real-time database to quickly adapt to customer preferences and trends.

This helps the company create tailor-made marketing strategies with higher sales conversion, better menu offerings, and promotions.

All told, McDonald's may well be the best in the business when it comes to consistently delivering what customers want.

5. AI-Driven Future

Always at the cutting edge of technology, McDonald's has been testing AI drive-thru ordering at different locations, creating a 100% automated order experience.

But that's not all. At one location in Texas, they're testing an "order ahead" lane where customers can drive up and pick up their food off a conveyor belt.

See the puzzle pieces fall in place from here? If McDonald's continues to refine these processes, we've got the makings of a fully automated restaurant. People go to Mickey D's for convenience, and management is prepared to take it to another level to revolutionize the fast-food industry.

Looking Ahead: A Promising Investment

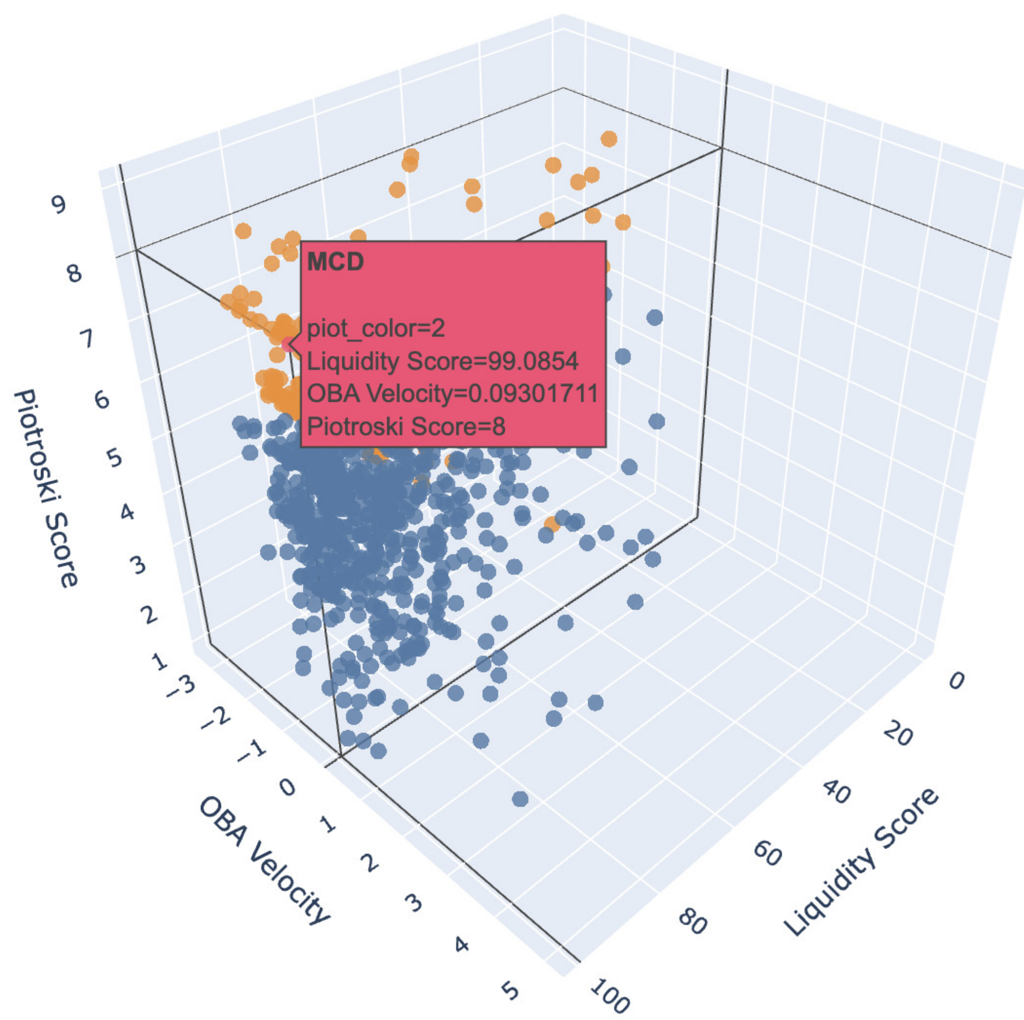
I believe MCD is perfectly positioned for sustainable growth and unprecedented levels of profitability as the world pivots towards Digitalisation.

The stock has a long, successful track record of weathering economic storms, which makes it a resilient and reliable investment option.

Let's see what the proprietary OBA Analytics Suite says about the company.

The Universe

McDonald's is almost perfectly balanced at the intersection of quality, velocity, and liquidity. I expect the stock to track "forward" as velocity increases.

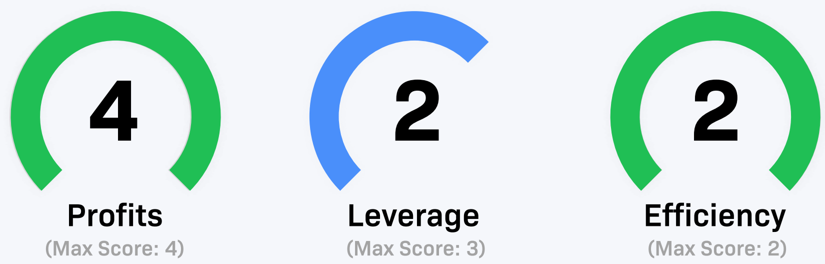


The Fundamentals

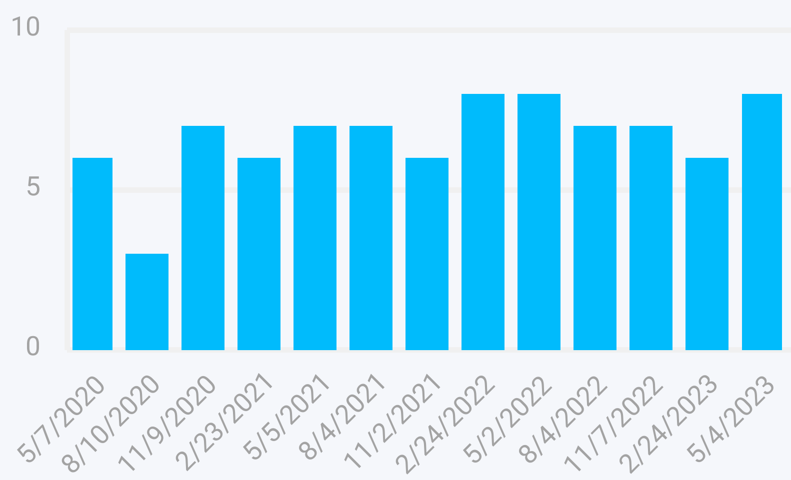
McDonald's sports a Piotroski Score of 8 out of 9 possible points. We know from our research—and that of others a whole lot smarter than I am—that this can be a point at which quality stocks accelerate.

REDEFINING FAST FOOD AS TECHNOLOGY

Company Fundamentals
Current Piotroski score is: 8 - **Great**



Score History



The Master Market Indicator® (MMI®)

The latest MMI reading is mid-range but showing signs of acceleration, which is why I suggested you begin accumulating MCD in a special inter-month recommendation in the Monday OBA Update from July 17.

As I noted at the time, I thought the company may prove to be a sleeper when it reported on July 27. That turned out to be true, and the company did, in fact, jump as we went to press.

Shares are up by 1.72%, but there's still plenty of room to the upside as Digitalisation accelerates and the Fed ultimately goes to the sidelines.

My target is $364.44 within the next 12–24 months, which implies a 23.89% increase over that time frame.

Meanwhile, the 2.02% yield is super attractive, especially considering that the company has reported 15 consecutive annual dividend increases and that the rate of annualized dividend growth is 7.03% over the past decade.

*All data as of July 19, 2023.

Action to Take

Buy your initial stake in MCD under $300, then continue to accumulate shares using DCA/VCA over time. Plan on adding more aggressively under $285 if the markets create that opening. Back up the truck if it gets to the $260–$265 range.

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

Alternatively, consider Selling Cash-Secured Puts if you'd rather go bargain hunting and get paid to "shop." Consider selling the 15SEP23 $265 Puts, which last traded for $1.03 as I type.

Assuming you are assigned at expiration, your cost basis will be $263.97 per share, excluding commissions and fees.

The Return on Margin is 3.21% while the Probability of Profit is 89.98% as we go to press. Both of those figures will have changed by the time you read this, but at the time I'm putting this article together, that's what they are.

As always, 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 the strike price. 1 put option = 100 shares. If you're not sure, please review the February 2021 issue for a strategy breakdown.

Please consult with a financial advisor who is familiar with your personal risk tolerance, financial circumstances, and objectives (none of which I know) if you have any questions whatsoever.

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 $245 calls. They last traded at $69.29 and reflect a Delta of about 80 as we go to press.

**All data as of July 19, 2023.

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.

Chapter 2

ALWAYS DO WHAT WALL STREET DOES, NOT WHAT IT SAYS

Keith Fitz-Gerald with Alex Johnson, Research Intern '23

We talk frequently about the importance of doing what Wall Street does, not what it says.

Why?

The answer makes many people distinctly uncomfortable.

Because Wall Street often uses deceptive business practices that a) are not in your best interest as an investor, and b) keep the system rigged against you.

You'd think this would be an easy fix, but it isn't.

The SEC, regulators, and legislators are a day late and a few trillion dollars short, to my way of thinking.

We'd need an army of regulatory terminators, lawyers with guts, and a set of rules that would make an old-fashioned encyclopedia salesman tremble at the thought of carrying 'em.

Or simply educated investors.

My choice is the latter.

"Come on Keith," people say to me frequently. "It can't be that bad... [insert pregnant pause]... can it??!!"

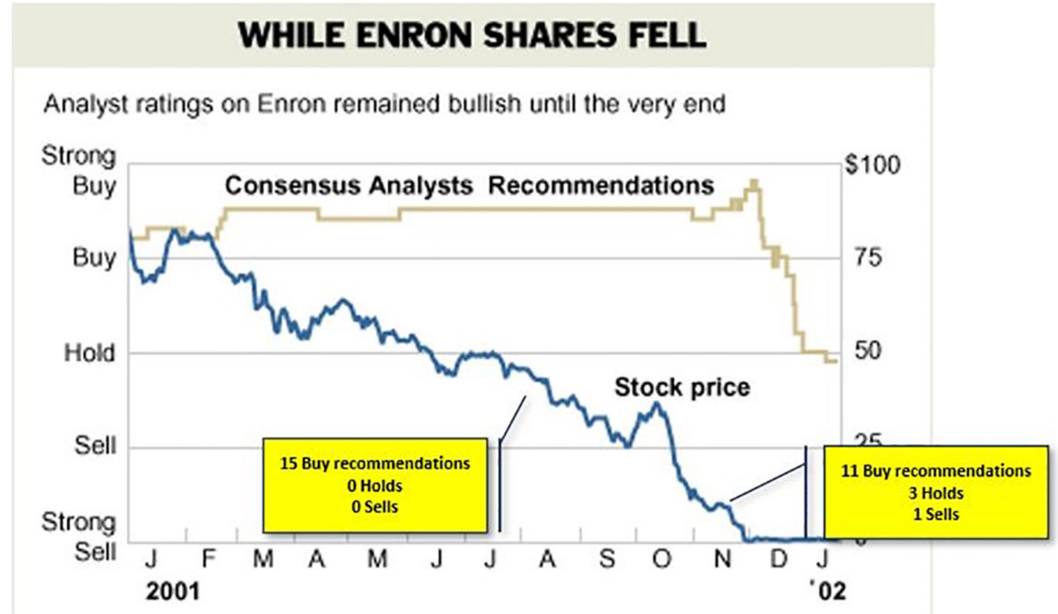
You tell me.

Example #1: Enron

Many money managers today are too young to know the name, but those of us who are of a certain vintage recall Enron vividly.

Once a leading energy trading company, Enron engaged in fraudulent accounting practices to conceal debts, boost profits, and raise its stock price. Executives blatantly manipulated the company's financial statements while using special-purpose entities to deceive investors who lost an estimated $74 billion by the time Enron filed for bankruptcy in December 2001.

Wall Street analysts rated it a "buy" to the very end.



Source: Thompson Financial, Wall Street Journal

As late as October 18 that year, analysts issued 15 buy recommendations, 0 holds, and 0 sells. As of November, there were 11 buys, 3 holds and, incredibly, just a single sell.

Example #2: Dot-Com Bubble

The run up of internet stocks in late 1999 was one for the record books as legions of suspender-wearing advisors and members of what was euphemistically known as the "Greedy Bastards Club" peddled anything with ".com" appended to it.

In one of the most egregious examples of "Say one thing to the public but another in private," influential internet stock analyst Henry Blodget publicly promoted stocks while disparaging them behind closed doors.

Blodget famously received an email asking about one of his recommendations, GoTo.com, saying, "What's so interesting about GoTo except banking fees????"

Blodget replied, "Nothin'."

It was the first time in my career I realized that whatever baloney Wall Street was pushing was probably better for them than it was for investors, who lost an estimated $5 trillion when things hit the fan.

Sadly, I didn't have to wait long to confirm my suspicions...

Example #3: Mortgage-Backed Securities in 2008–2009

You've got to jump through a lot of hoops when you apply for a mortgage, but what most people don't understand is why.

Your approval has nothing to do with your credit rating—unless there's something completely egregious, in which case you wouldn't get an approval from the corner bookie either.

Practically everything in your loan application comes down to your lender being able to immediately sell *your* debt to anybody who wants to buy it.

Chances are you know how this story ended.

Wall Street banks bundled gobs of debt into ultra-complicated products called mortgage-backed securities (MBS), then sold 'em to investors, even though those very same banks were aware that MBS were risky and likely to fail.

Once again, the banks made bucks while the investors racked up substantial losses widely estimated to be well into the trillions worldwide.

Example #4: Proprietary Trading

Wall Street is supposed to act in your best interest, and at one time, that's largely what they did. But the rise of computerization, passive investing, and massive trading operations unleashed a level of greed that is hard to fathom.

To be clear, as much as I rail on Wall Street *et al.*, there are good people who work very hard to help you. What's more, there are good firms that do the right thing for their clients. But sadly, it's harder to find both than it should be.

Wall Street firms that engage in proprietary trading—meaning they're trading the firm's money in their own accounts to generate profits for themselves—seem to regularly end up on the wrong end of the stick.

While "prop trading" is not against the law or inherently a bad thing, it can be when these very same firms prioritize their trading over the financial interests of their clients. Examples include clients receiving less favourable execution, worse prices, or even orders filled by traders who are using the firm's money to take the opposite side of client orders.

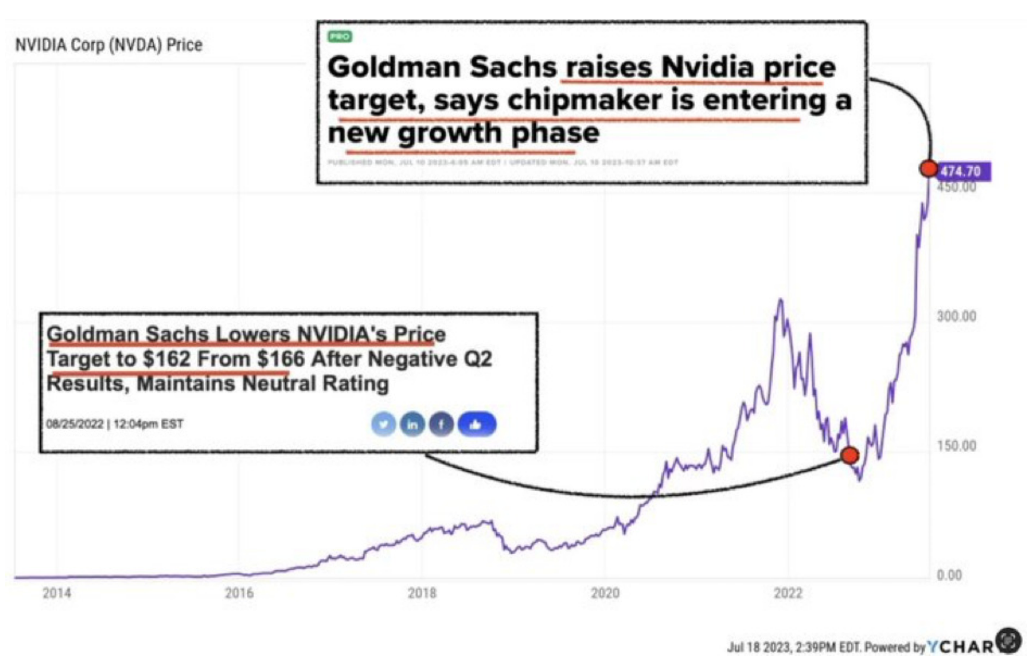
It's not uncommon, for instance, for Wall Street firms to use their proprietary trading operations to accumulate inventory in specific stocks while also providing liquidity. Many times, that same "inventory" is sold to clients when the markets become illiquid. Three guesses who often gets the short end of the stick!

Unfortunately, that's not even the worst of it.

The markets are plagued by pump-and-dumpers, insider trading, media manipulation, initial public offerings, and more… depending on who you talk to, those are all even more egregious examples of how Wall Street stacks the odds in its favor.

"Research" reports can be particularly problematic, which is why investors following along often find themselves confused and wondering what to do next.

For example…



DO WHAT WALL STREET DOES, NOT WHAT IT SAYS

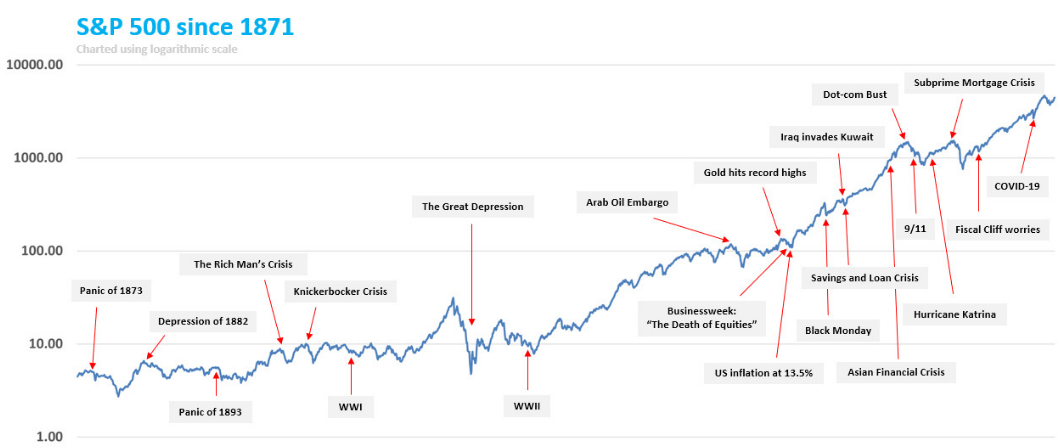
Fortunately, there IS a solution.

Three, actually.

I believe that any investor who takes to heart what I am about to say has a realistic shot at beating Wall Street at its own game over time, rather than becoming more grist for the mill.

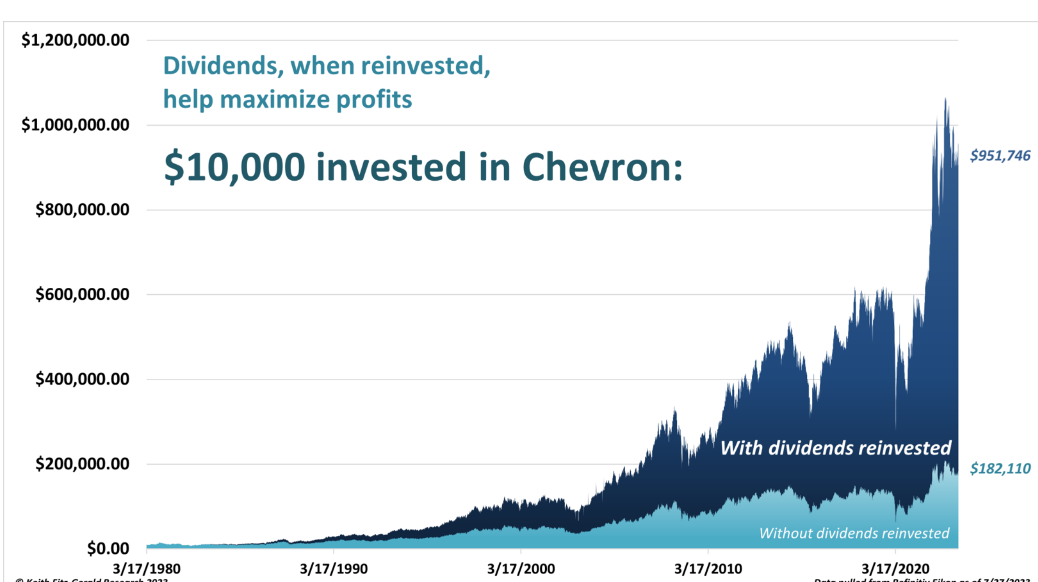
First, the markets have a very pronounced upside bias over time, so finding companies that can make money despite all the shenanigans is what you want to do.

Apple, Microsoft, and Chevron are all great examples, just to name a few.



Second, using the right tactics keeps your emotions at bay and all but eliminates guesswork.

This year, for example, we've been hammering on DCA and its lesser-known cousin VCA as a way of maximizing profits, minimizing risk, and magnifying compounding. Over time, it's a huge advantage, particularly if you're into dividends.



And third, there is no rush because history shows very clearly that there are more buyers than sellers over time.

If your available investing cash vanishes before a correction or pullback has run its course, odds are really good you're doing it "right."

DIVIDEND FORTUNE BUILDERS

This stock may be the hottest retailer going

Quick… it's Saturday morning, and you need to stock up groceries.

What do you do?

If you're like millions of Americans, you make a beeline to Costco.

Why?

Because you want to make every dollar in your pocket go as far as it can.

The latest Fed data shows that inflation is abating—but, also like millions of Americans, I don't believe it.

I'm continually stunned by the Costco experience.

Where else do you find shopping carts big enough to smuggle an alligator down the aisle, a mountain of samples guarded by your friendly neighborhood cheese-puff wizards, and a formation of carts that would make a seasoned drone operator green with envy?

I'm particularly drawn to the tool aisle, a towering temptation highway where anything even remotely useful could jump into our cart.

My bride grins knowingly, with a twinkle in her eye every time we go.

Safe in the knowledge that I am bound by the "two hands on the cart at all times" rule that applies to yours truly, she gets in and out of the store quickly and efficiently every time.

Sometimes, I feel like we have single-handedly funded Costco's growth.

Costco…

- Is the 3rd largest retailer in the world
- Ranks 12th in the Fortune 500
- Employs 300,000+ people
- Counts nearly 70 million households as members
- Has nearly 125 million cardholders, 92.6% of whom renew annually, bringing in a whopping $4.4B in membership fees

People often ask me why they should own the stock, and my response is almost always the same.

"Why *wouldn't* you own it??!!"

The company has an exceptionally strong business model that ensures customer loyalty while providing a buffer against economic calamity AND the potential for even more growth.

What's more, Costco clearly and deliberately focuses on high-quality products at affordable prices, which resonates with customers.

And finally, the company is expanding into new markets, which no doubt will translate into still higher sales, a deeper, more loyal customer base, and constantly expanding margins over time.

Shares have returned 24.11% YTD versus the S&P 500, which has tacked on 20.38% over the same time frame. Longer term, we're talking about a very impressive 22.38% CAGR over the past 5 years.

That's great and all, but what really stands out is the dividend.

The company has reported 18 consecutive annual dividend increases while maintaining a 12.60% annualized growth rate over the past decade.

Management just raised the annual dividend from $3.60 per share to $4.08. 20 years ago, the dividend was just $0.40 a share, so we're talking a 920% increase in just 20 years.

The payout ratio—a key measure of the portion of a company's earnings that's paid out as dividends to its shareholders—is 26.60% as I type, which means that ~73.4% goes right back into the business and still more growth.

Admittedly, the current yield is "just" 0.72%, but don't let that fool you.

Costco has declared a special dividend roughly once every three years, which means that smart investors should be due for a "bonus" at some point in the near future. The company keeps this close to the vest, but given that the last special bonus was paid in 2020, I suspect another one is just around the corner.

Now's a great time to establish a position or add to shares, particularly if your goal is to build real, sustainable, long-term wealth for the rest of your life. Continue to DCA/VCA into shares over time as a way of harnessing the market's natural volatility, generating more income, and maximizing compounding.

KF

Chapter 4

PORTFOLIO REVIEW

Plus the Fund Folio™ and the August OBA 50™

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 July 28, 2023

Foundation Stones (50%)

AAPL

APPLE, INC

Beta
1.21

Yield
0.50%

30d
Δ vs SPX
-1.18%

Total
α vs SPX
28.53%

Notes

Apple will report Q3 23 earnings as we go to press. Results will be out before this issue hits your inbox. I'll update you with important info from the call in the next weekly issue.

Meanwhile, doomsayers have said Apple is overpriced and can't get any bigger or more valuable. Not coincidentally, that's the same tired old schtuff they've been peddling for years. In fact, Apple opened this year at $125 or so and now stands at $195.78 as I type. Anybody who stayed on the sidelines because it was "expensive" has now missed a 51.64% gain year to date.

Visionary CEOs *always* find a way to add value. And Tim Cook, Apple's CEO, is no different. He's constantly pushing new technological boundaries, has created the company's next iPhone moment with Vision Pro, and has recently unlocked India.

Shares are 58.46% off 52-week lows and yield 0.50%.

Continue to accumulate and reinvest.

CLOI

VanEck CLO ETF

Beta
0.04

Yield
5.54%

30d
Δ vs SPX
-4.21%

Total
α vs SPX
-22.30%

Notes

CLOI is a collateralized loan obligation fund (meaning 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 are rising. In this case, investment-grade CLO bonds.

Notes (contd)

CLOs traditionally have low sensitivity to interest rate changes due to their floating-rate coupons—a characteristic, according to VanEck, that makes them similar to leveraged loans, but with additional risk protection resulting from the CLO structure. I like 'em because CLOs typically trade like bonds, but with the longer times associated with loan settlement.

The 30-day SEC yield is an attractive 6.39% (numbers from VanEck).

Continue to accumulate and reinvest.

JPM

JPMORGAN CHASE & CO.

Beta
1.00

Yield
2.56%

30d
Δ vs SPX
10.61%

Total
α vs SPX
12.75%

Notes

JPMorgan knocked Q2 23 earnings outta the park with a double beat! Revenue for the quarter came in at $42.4 billion, beating Refinitiv's estimates of $39 billion. EPS came in at $4.75, beating Refinitiv's estimates of $4.05.

Looks like Jamie Dimon put the large influx of deposits from defunct banks to use efficiently and wisely, exactly as I suspected would be the case.

Not surprisingly, JPMorgan's retail banking division was its main source of strength this quarter. Profit in that segment surged 71% to $5.3 billion on a 37% jump in revenue. The bank's results also benefited from better-than-expected trading and investment banking activity. In May, JPM had predicted that revenue from Wall Street activities would be 15% less than a year earlier, so this is a welcome turnabout.

Notes (contd)

We've all seen some gloomy headlines about the banking sector and commercial real estate recently. Thankfully, JPMorgan has thought of this as well and has a net reserve build of $389 million to help dampen the effects of weakening office real estate and middle market banking. Jeremy Barnum, executive VP & CFO, pointed out that most of JPM's portfolio is in multifamily lending, which has provided a nice counterbalance while also allowing us to focus on CTRE.

Shares of JPM are 54.04% off 52-week lows and have returned 17.03% year to date versus the Financial Select Sector SPDR Fund (XLF) and the SPDR S&P Regional Banking ETF (KRE), which have returned 2.97% and -21.78% year to date, respectively.

Continue to accumulate and reinvest.

MSFT

Microsoft

Beta
1.17

Yield
0.82%

30d
Δ vs SPX
-3.82%

Total
α vs SPX
12.53%

Notes

Microsoft reported strong Q4 23 earnings. Revenue came in at $56.19 billion, beating Refinitiv's estimates of $55.47 billion by 1.3%. EPS came in at $2.69, beating Refinitiv's estimates of $2.55.

Revenue for fiscal year 2023 was $211.92 billion, beating Refinitiv's estimates of $211.34 billion. EPS for 2023 was $9.68, beating Refinitiv's estimates of $9.57.

News outlets are debating whether Microsoft met expectations and, in doing so, are missing the real news, which is that the company plans to dive headfirst into its AI services. AI will end up touching all MSFT products in some way—from Office 365 to the Azure cloud computing tools and GitHub for software developers.

Notes (contd)

These new tools are currently being tested with hundreds of companies before being fully implemented.

Microsoft also noted that AI services will have a bigger impact on revenue in the second half of fiscal year 2024, which just started. These products are contributing more and more to the bottom line, with Azure revenue alone jumping up by 26%.

MyPOV: Once Microsoft finishes AI development, everyone else will get clobbered before they know it. There is much more upside to come.

Shares of MSFT are 54.94% off 52-week lows and yield 0.78%.

Continue to accumulate and reinvest.

RCS

PIMCO Strategic Income Fund

Beta
0.55

Yield
14.30%

30d
Δ vs SPX
1.37%

Total
α vs SPX
-25.17%

Notes

The Fed hiked another 25 bps this month, raising the target range to 5.25%–5.50%. Currently, RCS is trading at a 26.64% premium, according to PIMCO's website, which tells me that plenty of investors see the comparative stability we do.

The yield/distribution rate is 14.30% as of July 28, 2023.

Accumulate and reinvest.

Global Growth & Income (40%)

ABBV

AbbVie

Beta
0.51

Yield
3.98%

30d
Δ vs SPX
11.84%

Total
α vs SPX
-6.61%

Notes

AbbVie's Q2 23 earnings were good enough that shares rose by almost 5% the day they reported. Revenue came in at $13.87 billion, beating Refinitiv's estimates of $13.52 billion. Adjusted EPS came in at $2.91, above Refinitiv's estimates of $2.81.

Notes (contd)

We did a deep dive into AbbVie in the May OBA issue. Quick recap: All the market saw was dwindling first-quarter Humira sales. We, on the other hand, saw two rockstar drugs that could still be FDA-approved for different diseases… and generate global sales in the same ballpark of Humira's 10 years ago (before the patent expired).

And voilà!

Second-quarter net revenues from Rinvoq were $918 million, up 56.7% YoY, and second-quarter net revenues from Skyrizi were $1.88 billion, up 51.0% YoY.

This is a great example why you shouldn't get caught up in fearmongering headlines.

AbbVie shares are still extremely attractive, especially considering that they're trading 13.5X and 12.3X for 2024 and 2025 adjusted EPS estimates, respectively.

Shares are 13.66% off 52-week lows and yield 4.18%.

Continue to accumulate and reinvest.

AMD

Advanced Micro Devices

Beta
1.70

Yield
0.00%

30d
Δ vs SPX
-1.24%

Total
α vs SPX
-10.32%

Notes

AMD is reporting Q2 23 earnings as we go to press. They will have been released by the time this issue hits your inbox. I'll update you with any important info in an upcoming weekly issue.

Shares of AMD are 103.59% off 52-week lows and have shown a stellar performance year to date, returning 71.53% compared to the S&P's 18.94% as I type.

Continue to accumulate shares and reinvest.

COST

Costco Wholesale Corporation

Beta
0.96

Yield
0.73%

30d
Δ vs SPX
1.27%

Total
α vs SPX
25.18%

Notes

Costco is this month's Dividend Fortune Builder, so I'll be brief here.

Costco's sales for June were $22.86 billion, increasing 0.4% from $22.78 billion last June. Keep in mind, the June 2022 YoY inflation number was the highest reading at 8.9%... so I take it as a win that Costco's sales are still growing.

Shares of COST are 25.44% off 52-week lows and 1.63% off 52-week highs and yield 0.72%.

Continue to accumulate and reinvest.

CTRE

CareTrust REIT

Beta
0.82

Yield
5.35%

30d
Δ vs SPX
2.19%

Total
α vs SPX
4.74%

Notes

CareTrust had a busy month in July. The REIT completed the acquisition of a 99-bed skilled nursing facility on the West Coast for $19.2 million and funded a first-priority mortgage loan to a regional operator of skilled nursing facilities. The loan is for ~$26 million with an initial rate of 9% and a term of 10 years.

These are two super-savvy deals!

Don't forget why we own CTRE. The US population is aging, and skilled nursing facilities are essential. Last month's Dividend Fortune Builder highlighted CareTrust in depth... make sure to check it out in case you missed it!

Shares of CTRE are trading 28.98% off 52-week lows and the year-to-date return is 15.19%.

Continue to accumulate and reinvest.

CVX

Chevron Corporation

Beta
0.67

Yield
3.78%

30d
Δ vs SPX
-2.41%

Total
α vs SPX
61.82%

Notes

Chevron's Q2 23 earnings didn't disappoint. Revenue for the quarter came in at $48.90 billion, beating Refinitiv's estimates of $46.91 billion by 6.07%. EPS came in at $3.20, beating Refinitiv's estimates of $3.03.

Despite this, the news media are all over the fact that Chevron's revenue is down 29% YoY... insinuating that Chevron is going to fade into oblivion, which is nonsense.

I'll show you why.

First, WTI futures started off Q2 22 at $99.27 per barrel and ended the quarter at $105.76, eventually peaking at $122.11. I'm bringing this up because before that run up, the media were screaming (especially in 2020) that oil was on its way out and EV was the future.

I've stressed time and again that energy is a continuum, not an on/off switch. As I type, WTI futures are hovering around $80 per barrel. This rise in oil will continue to fuel Chevron past analysts' expectations.

Second, the Strategic Petroleum Reserve (SPR) is currently a meager 346.8 million barrels, the lowest it's been since August 1983. It inevitably must get filled back up...and chances are that'll be a bell ringer when it happens for Chevron.

Shares of CVX are still very attractively priced at just 15.8X, 13.1X, and 10.5X for 2023, 2024, and 2025 earnings, respectively.

Shares are 13.67% of 52-week lows and yield 3.86%.

Continue to accumulate and reinvest.

GILD

Gilead Sciences

Beta
0.52

Yield
3.92%

30d
Δ vs SPX
-3.71%

Total
α vs SPX
18.76%

Notes

Gilead is reporting Q2 23 earnings as we go to press and will have reported by the time this issue hits your inbox. I'll update you with important info from the call in an upcoming weekly issue.

Shares of GILD are 29.09% off 52-week lows, 13.46% off 52-week highs, and yield a juicy 3.75%.

Continue to accumulate and reinvest.

GIS

General Mills Inc

Beta
0.17

Yield
3.15%

30d
Δ vs SPX
-5.66%

Total
α vs SPX
-19.29%

Notes

General Mills reported Q4 23 numbers, and the Street isn't happy because the company "missed" expectations. Predictably, shares are down -2.38% since the earnings announcement as I type.

I'll bet you dimes to dollars that the company is just *fine* with the results.

Shares of GIS have returned 100.05% over the past 5 years... vs. 61.62% for the S&P 500. A large part of that return is the dividend, which in my calculation is covered 1.83X on a forward basis after these "disappointing" earnings.

Speaking of which, GIS just increased the dividend by 9%—and, not for nothing, net sales exceeded $20B for the first time in the company's history.

Personally, I'm thrilled. This is a great opportunity to keep accumulating shares and, of course, reinvest too.

Pass the Cheerios!

LMT

Lockheed Martin Corporation

Beta
0.50

Yield
2.67%

30d
Δ vs SPX
-4.94%

Total
α vs SPX
34.49%

Notes

Lockheed reported an impressive double beat for Q2 23 earnings and ended the quarter with a record backlog of $158 billion. Revenue for the quarter came in at $16.7 billion, beating Refinitiv's forecast of $15.9 billion by 5%. EPS came in at $6.63, beating Refinitiv's forecast of $6.44.

Here is a breakdown of revenue by segment.

- Aeronautics—$6.9 billion, a 17.3% YoY increase
- Missiles and Fire Control—$2.76 billion, approximately flat YoY
- Rotary and Mission Systems—$3.9 billion, a 3% decrease YoY
- Space—$3.2B, a 12% increase YoY

Lockheed has increased forward looking estimates and ranges.

Shares of LMT are trading 17.58% off 52-week lows and yield 2.67%.

Continue to accumulate and reinvest.

MUFG

Mitsubishi UFJ Financial Group

Beta
0.66

Yield
2.97%

30d
Δ vs SPX
9.62%

Total
α vs SPX
0.83%

Notes

Mitsubishi is reporting Q1 24 earnings as we go to press. They will have been released by the time this issue hits your inbox. I'll update you with important info in an upcoming weekly issue.

Shares are 80.74% off 52-week lows and have performed well. They have returned 20.99% year to date as I type versus Financial Select Sector SPDR Fund (XLF) and SPDR S&P Regional Banking ETF (KRE), which have returned 4.28% and –15.63%, respectively.

Continue to accumulate and reinvest.

PFE

Pfizer

Beta
0.56

Yield
4.53%

30d
Δ vs SPX
-3.83%

Total
α vs SPX
-31.36%

Notes

Pfizer's Rocky Mount, North Carolina plant was obliterated in a tornado that ripped through the area on July 19.

Having been through my share of twisters over the years, take my word for it... they're scary and they stink. My heart goes out to everyone in the area who now has to put their lives back together.

The plant produces (or did) nearly 25% of all sterile injectables used in US hospitals as well as other products like anti-infectives and syringes.

Pfizer is being priced like it will go out of existence, but that's hardly the case.

Shares of PFE are 2.40% off 52-week lows and 34.10% off 52-week highs.

The company is reporting Q2 23 earnings as we go to press. I'll update you with important info from the call in an upcoming weekly issue.

Continue to accumulate and reinvest.

PLTR

Palantir Technologies Inc

Beta
1.88

Yield
0.00%

30d
Δ vs SPX
8.29%

Total
α vs SPX
-51.47%

Notes

Palantir has been on a tear this year! Shares are up 209.03% as I type versus the S&P 500, which has returned 19.52% over the same time frame.

Just to recap, Palantir reported impressive Q1 23 earnings. Revenue came in at $525.2 million, beating Refinitiv's estimates of $505.6 million. That's a 17.65% increase year over year. And that is typically the slow season.

Notes (contd.)

I can't wait to see what they'll report next week!

Shares are 176.54% off 52-week lows and trading at $17.80 as I type. My target is still $50.

Continue to accumulate.

RTX

Raytheon Technologies Corporation

Beta
0.78

Yield
2.77%

30d
Δ vs SPX
-13.96%

Total
α vs SPX
-27.23%

Notes

RTX tanked on July 25 after reporting a defect in Pratt & Whitney jet engines. Shares fell -10.22% almost immediately but have since begun to claw their way back. The situation reminds me a lot of Boeing and the 737 situation.

Defense is a growth industry.

- Raytheon Intelligence & Space sales are up 2% to $3.66 billion while Raytheon Missiles & Defense sales jumped 12% to $4 billion.
- RTX's Q2 backlog is $185 billion, comprised of $112 billion from commercial aerospace orders and $73 billion from defense.
- RTX forecasts adjusted earnings between $4.95 and $5.05 per share on $73 billion to $74 billion in sales. RTX previously guided earnings between $4.90 and $5.05 per share on $72 billion to $73 billion in revenue, so this is an increase.
- The company lowered its free cash flow estimate to $4.3 billion from $4.8 billion, due to the engine defect.

Continue to accumulate and reinvest.

TSLA

Tesla Inc.

Beta
1.98

Yield
0.00%

30d
Δ vs SPX
-1.01%

Total
α vs SPX
-16.57%

Notes

I could hardly believe my eyes when I saw reports suggesting "disappointing" results after Unka Elon reported earnings this past month.

I'm not sure we were listening to the same call.

Tesla...

...beat top and bottom line while posting all-time-high quarterly revenue. The former (revenue) came in at $24.93 billion versus $24.47 billion expected, while the latter (EPS) came in at $0.91 cents per share adjusted, versus $0.82 cents per share expected, as per Refinitiv

...beat top and bottom line while posting all-time-high quarterly revenue. The former (revenue) came in at $24.93 billion versus $24.47 billion expected, while the latter (EPS) came in at $0.91 cents per share adjusted, versus $0.82 cents per share expected, as per Refinitiv

...revenue from the core automotive business jumped 46% YoY to $21.28 billion, a 6.5% increase sequentially

...has rolled Cybertrucks off the line

...has started production of the Dojo AI computers

...targeted 1.8 million vehicle deliveries this year and remains on track

...has created a charging network the competition is adopting and for which it will receive hundreds of millions of dollars a year, effectively an annuity

Notes (contd.)

...raked in energy and storage revenue from solar panels and backup batteries that was 74% higher YoY at $1.51 billion

...boosted services and revenues by 47% to $2.15 billion

Tesla's share is still 60–70% of the EV market, according to Automotive News and Experian data as of May. Coke and Pepsi's market share fell over time as the soda market grew.

The stock has returned 15,955% since 2010 while the S&P 500 has tacked on 336% over the same time frame, according to Eikon. That's enough to turn every $1,000 invested on June 29, 2010 (IPO date) into $160,550 today versus $3,360 if an investor had purchased the typical S&P 500 index fund.

Shares of TSLA are trading 151.16% off 52-week lows.

Continue to accumulate.

WM

Waste Management Inc.

Beta
0.62

Yield
1.71%

30d
Δ vs SPX
-7.52%

Total
α vs SPX
3.61%

Notes

Waste Management reported Q2 23 earnings that showed revenue and EPS came in slightly below Refinitiv's estimates. Revenue came in at $5.12 billion, just below Refinitiv's estimates of $5.23 billion. EPS came in at $1.51, slightly below Refinitiv estimates of $1.52.

This caused shares to trade off more than 4% the day the earnings were reported... which means a better entry point for you.

Notes (contd.)

Revenue was up 1.83% YoY. Residential revenue came in at $866 million, up 4.08% YoY. This is a huge deal... you either pay for your trash service directly or indirectly through your taxes. So, it's essentially sticky revenue.

Commercial revenue came in at $1.42 billion, up 5.09% YoY. Industrial revenue came in at $974 million, up 3.39% YoY.

MyPOV: These all sound good to me. Don't get caught in the "missed analysts' estimates" trap. Instead, see the growth for what it is and receive a nice dividend as well. Shares yield 1.63%.

Continue to accumulate and reinvest.

Zingers (10%)

CRWD

CrowdStrike Holdings

Beta
1.42

Yield
0.00%

30d
Δ vs SPX
2.64%

Total
α vs SPX
-14.60%

Notes

It's been a quiet month for CrowdStrike, but a busy year.

Shares of CRWD are outperforming the S&P 500 by 23.59% as I type and are trading 65.69% off 52-week lows.

I'm looking forward for them to report Q2 24 earnings at the end of August or early September.

Continue to accumulate.

NVDA

NVIDIA Corporation

Beta
1.90

Yield
0.03%

30d
Δ vs SPX
9.14%

Total
α vs SPX
110.19%

Notes

The ocean makes up 70% of the Earth's surface, but more than 80% of it remains unmapped, unexplored, or underexplored, according to the National Ocean Service.

Drum roll... and enter Nvidia and Saildrone.

Notes (contd.)

Saildrone develops autonomous uncrewed surface vehicles (USVs) that carry a wide range of sensors for nautical data collection. The data streams are processed on Nvidia Jetson modules for AI at the edge and are being optimized in prototypes with the Nvidia DeepStream software development kit for intelligent video analytics.

This is just another example of how Nvidia is leading the charge into what is quite literally uncharted territory.

Shares of NVDA have blown the S&P 500 outta the water, outperforming it by a whopping 194.95% year to date. There have been multiple opportunities for FreeTrades along the way. Check your shares and see if any are eligible.

Nvidia will report Q2 24 earnings on August 23. I'll update you with important info from the call in an upcoming weekly issue.

RKLB

Rocket Lab USA

Beta
1.92

Yield
0.00%

30d
Δ vs SPX
14.58%

Total
α vs SPX
-52.72%

Notes

Researchers writing in the journal *Science* have noted that the number of satellites in orbit is expected to increase from 9,000 today to 60,000 by 2030.

Rocket Lab is in the right place at the right time, even if the markets don't reflect that:

- Last month, the company announced that it will launch four Space Situational Awareness satellites intended to monitor space junk. I wish somebody would launch a king-sized broom to clean everything up... but I digress.

Notes (contd.)

- Rocket Lab also made a successful bid to purchase "specialized production and manufacturing assets" from Sir Richard Branson's failed Virgin Orbit in a Chapter 11 bankruptcy auction. Reports indicate that the purchased machinery, equipment, and expertise will be used to advance Rocket Lab's Neutron launch vehicle.
- Rocket Lab is also working closely to advance hypersonic system technology and, in fact, has a completed launch vehicle (the HASTE, which is derived from the proven Electron rocket) that will be used to test space-based and suborbital hypersonic payload deployment.

Shares of RKLB are 93.39 % off 52-week lows and 16.40% off 52-week highs. An interesting buying opportunity!

Check your shares to see if any are eligible for a FreeTrade. We issued one on 7/24/2023.

Vegas Money (0.5-1%)

NIO

NIO Inc

Beta
1.61

Yield
0.00%

30d
Δ vs SPX
45.66%

Total
α vs SPX
-42.17%

Notes

Interesting story about Nio, BTW.

David, one of our analysts, deposits a check at Charles Schwab every month and almost always asks the gentleman who deposits his check, "What's the investment or trade of the day?"

This month he responded with a question, "Have you ever heard of a company called Nio?"

Notes (contd.)

That's a big deal because it means the stock is going mainstream, which, if history is our guide, means that shares could take off in a jiffy when the herd comes running.

Shares are trading 89.14% off 52-week lows. We're keeping a close eye on new developments.

POWW

Ammo Inc.

Beta
1.61

Yield
0.00%

30d
Δ vs SPX
-4.04%

Total
α vs SPX
-56.69%

Notes

Ammo launched a new podcast called *No Lowballers* on July 13. This is a super-smart move.

The free podcast brings together outdoor enthusiasts and history buffs. Topics will range from famous mobster guns, collector firearms, and battlefield hardware, to hunting innovations.

Shares of AMMO are trading 35.90% off 52-week lows and 41.78% off 52-week highs.

SWBI

Smith & Wesson Brands

Beta
1.29

Yield
3.72%

30d
Δ vs SPX
-2.51%

Total
α vs SPX
-2.40%

Notes

It's been a quiet month for SWBI after a fantastic earnings report in June.

Since they reported on June 22, shares of SWBI are up 15.44% compared to the S&P 500's 4.20% as I type.

This is Vegas Money and should be treated as such. Be ready for some volatility, but also enjoy collecting a healthy dividend. Shares yield 3.73%.

PORTFOLIO REVIEW

XPEV

XPeng Inc.

Beta
1.76

Yield
0.00%

30d
Δ vs SPX
88.15%

Total
α vs SPX
-40.97%

Notes

XPeng delivered 8,620 units in June and a total of 23,205 in the second quarter. That's a 15% increase month over month and a 27% increase quarter over quarter.

The best part is, XPeng uses the proven Toyota model as its playbook.

Remember, this is Vegas Money, so shares can be volatile.

So far, it's been an excellent year for XPEV. Shares are up 103.42% as I type, compared to the S&P 500's 18.94%.

Hedges (as needed)

SH -10.41%
ProShares Short S&P500 ETF

RYURX -10.36%
Rydex Series Fds, Inverse S&P 500 Strategy Fund Investor Class

PSQ -20.09%
ProShares Short QQQ ETF

DOG -6.95%
ProShares Short Dow30

Notes

The day when we no longer need hedges will arrive, and probably sooner than people think if and when the Fed pivots. Meanwhile, I think it's prudent to keep our hedges in place for now. Doing so helps dampen overall portfolio volatility, enhances yield, and, importantly, allows us to focus on what's needed to stay "in to win!"

3–5% of overall investable assets may be a good starting point, but to be sure, check with a financial advisor who is familiar with your personal risk tolerance, objectives, and circumstances.

Accumulate your hedges as needed using the same discipline used for other OBA recommendations.

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 after earnings.

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

PORTFOLIO REVIEW

One Bar Ahead® Model Portfolio

PORTFOLIO DETAILS										
8/2/2023	STOCK	REC DATE	ENTRY $	CURRENT	BETA	YIELD	Profit/Loss	STOP	12-24mo Target	Last Instruction
FOUNDATION STONES	AAPL	1/8/2021	$ 132.05	$ 193.02	1.20	0.49%	46.2%	$ 147.34	$ 225.00	Buy/Accumulate
	CLOI	10/7/2022	$ 50.05	$ 51.76	0.04	5.39%	3.4%	As Desired	$ 52.00	Buy/Accumulate
	JPM	3/7/2022	$ 129.21	$ 154.23	1.00	2.54%	19.4%	$ 118.50	$ 175.00	Buy/Accumulate
	MSFT	3/7/2022	$ 278.91	$ 329.53	1.17	0.81%	18.1%	$ 269.62	$ 380.00	Buy/Accumulate
	RCS	10/1/2021	$ 6.84	$ 5.38	0.56	14.23%	-21.3%	As Desired	$ 8.25	Buy/Accumulate
Global Growth	ABBV	2/3/2023	$ 145.20	$ 150.25	0.52	3.99%	3.5%	25% below entry	$ 180.00	Buy/Accumulate
	AMD	8/4/2022	$ 103.91	$ 99.99	1.68	0.00%	-3.8%	25% below entry	$ 132.65	Buy/Accumulate
	COST	8/6/2021	$ 439.63	$ 552.93	0.96	0.73%	25.8%	25% below entry	$ 634.38	Buy/Accumulate
	CTRE	6/6/2022	$ 18.01	$ 20.34	0.82	5.44%	12.9%	$ 16.56	$ 25.00	Buy/Accumulate
	CVX	9/3/2021	$ 97.49	$ 158.73	0.67	3.72%	62.8%	$ 141.04	$ 219.00	Take some profits + buy protective puts
	GILD	3/7/2022	$ 60.26	$ 76.04	0.52	3.96%	26.2%	$ 67.10	$ 107.90	Buy/Accumulate
	GIS	7/5/2022	$ 75.15	$ 75.48	0.17	3.17%	0.4%	$ 67.96	$ 93.46	Re-Enter/Accumulate
	LMT	11/5/2021	$ 339.89	$ 452.53	0.50	2.66%	33.1%	$ 376.06	$ 502.02	Buy/Accumulate
	MCD	7/17/2023	$ 294.68	$ 292.16	0.61	2.09%	-0.9%	$ 255.92	$ 364.44	Buy/Accumulate
	MUFG	1/9/2023	$ 6.87	$ 7.80	0.65	2.82%	13.5%	25% below entry	$ 8.51	Buy/Accumulate
	PFE	3/4/2022	$ 48.65	$ 35.60	0.56	4.61%	-26.8%	25% below entry	$ 70.00	Buy/Accumulate
	PLTR	1/8/2021	$ 25.20	$ 18.81	1.87	0.00%	-25.4%	None	$ 50.00	Buy/Accumulate
	RTX	6/13/2022	$ 91.95	$ 86.96	0.77	2.68%	-5.4%	25% below entry	$ 110.00	Buy/Accumulate
	TSLA	7/25/2022	$ 268.43	$ 254.91	1.99	0.00%	-5.0%	25% below entry	$ 300.00	Buy/Accumulate
	WM	10/31/2022	$ 158.37	$ 163.43	0.62	1.72%	3.2%	25% below entry	$ 180.38	Buy/Accumulate
Zingers	CRWD	1/6/2022	$ 187.49	$ 153.76	1.45	0.00%	-18.0%	25% below entry	$ 247.69	Buy/Accumulate
	NVDA	3/7/2022	$ 213.52	$ 445.28	1.90	0.03%	108.5%	25% below entry	$ 500.00	Buy/Accumulate
	RKLB	12/2/2021	$ 14.81	$ 6.87	1.93	0.00%	-53.6%	25% below entry	$ 17.00	Buy/Accumulate
Vegas Money	NIO	2/4/2022	$ 23.96	$ 14.40	1.59	0.00%	-39.9%	25% below entry		Accumulate lightly
	POWW	10/10/2022	$ 2.98	$ 2.07	1.64	0.00%	-30.7%	25% below entry		Sell at 50% profit, GTC
	SWBI	10/10/2022	$ 10.43	$ 12.54	1.28	3.75%	20.2%	25% below entry		Sell at 100% profit, GTC
	XPEV	2/4/2022	$ 37.25	$ 18.96	1.78	0.00%	-49.1%	25% below entry		Accumulate lightly

	TICKER	NAME	YIELD	Trailing 12 Months	Last Instruction
Hedges	SH	ProShares:Short S&P500	0%	-10.41%	Add as needed
	RYURX	Rydex Inverse S&P 500 Strategy Fund;Investor	0%	-10.36%	Add as needed
	PSQ	ProShares:Sht QQQ	0%	-20.09%	Add as needed
	DOG	ProShares:Short Dow30	0%	-6.95%	Add as needed

OBA 50

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

All data as of July 28, 2023

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.

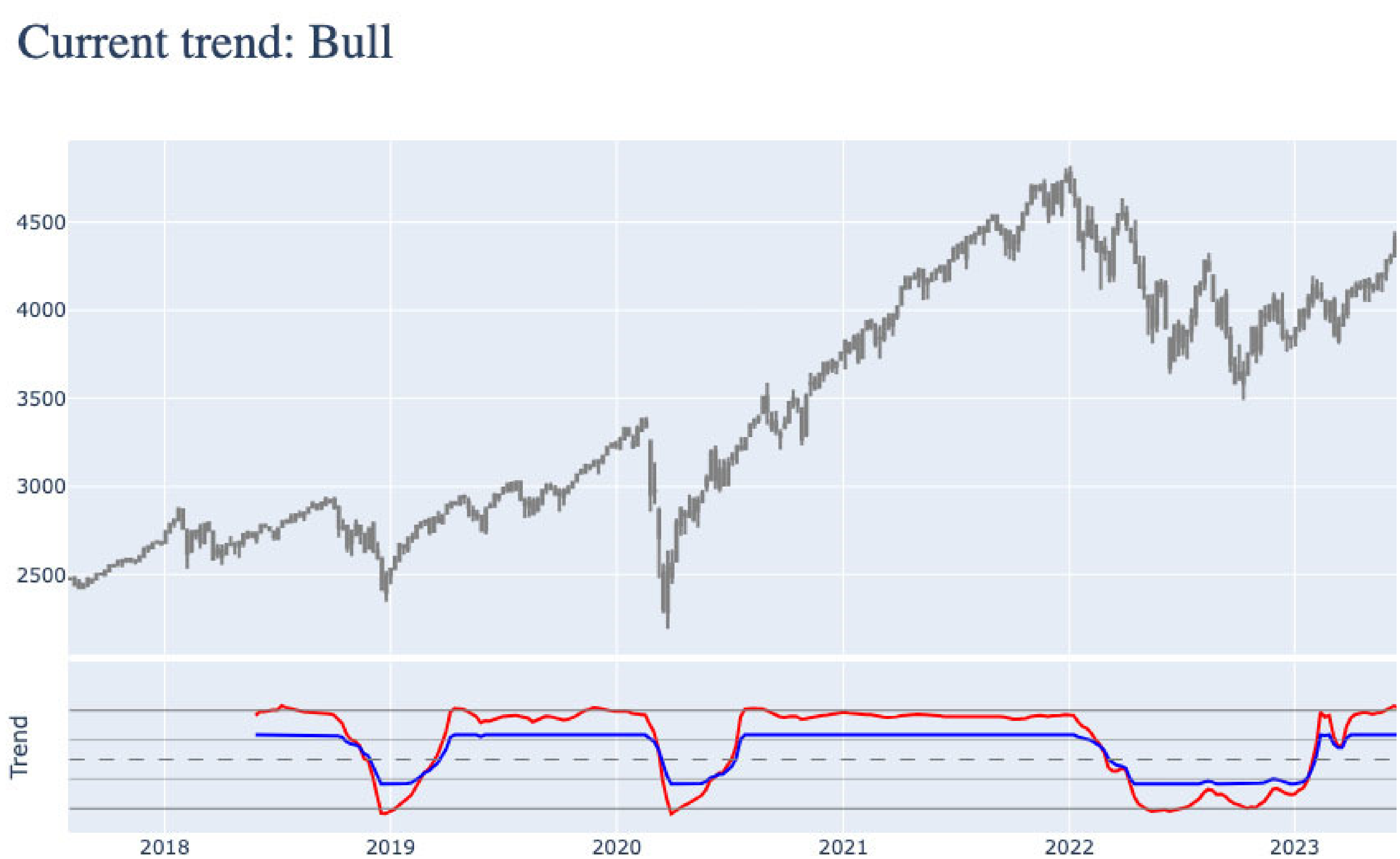
You'll notice that the BBSI tends to spike higher and lower very quickly, and that's by design. Institutional interest, liquidity, and volatility tend to cluster at or near key market turning points.

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.

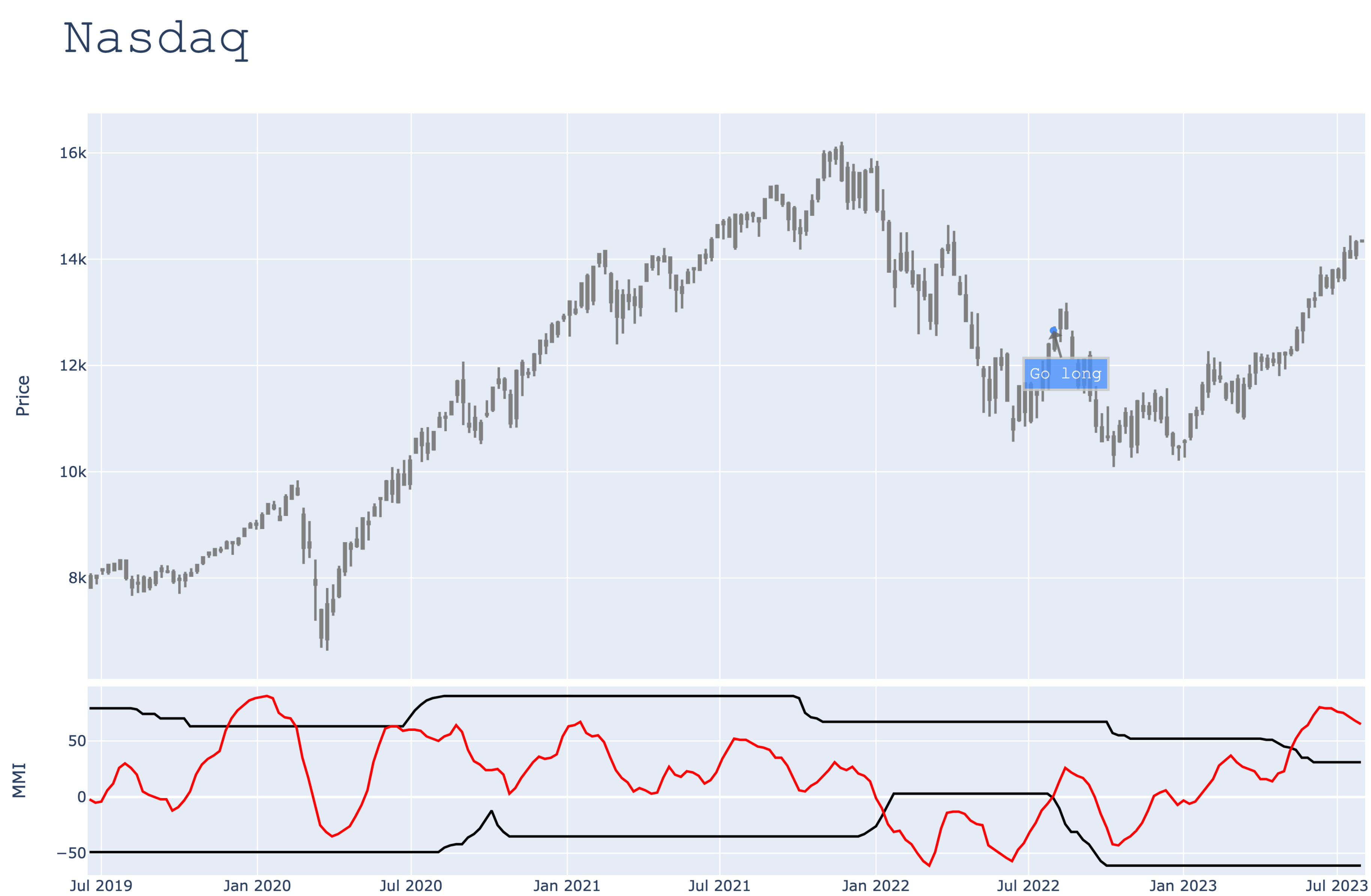
Current Reading = Bullish (as of 4/28/23)

KF



All other chart data as of July 28, 2023

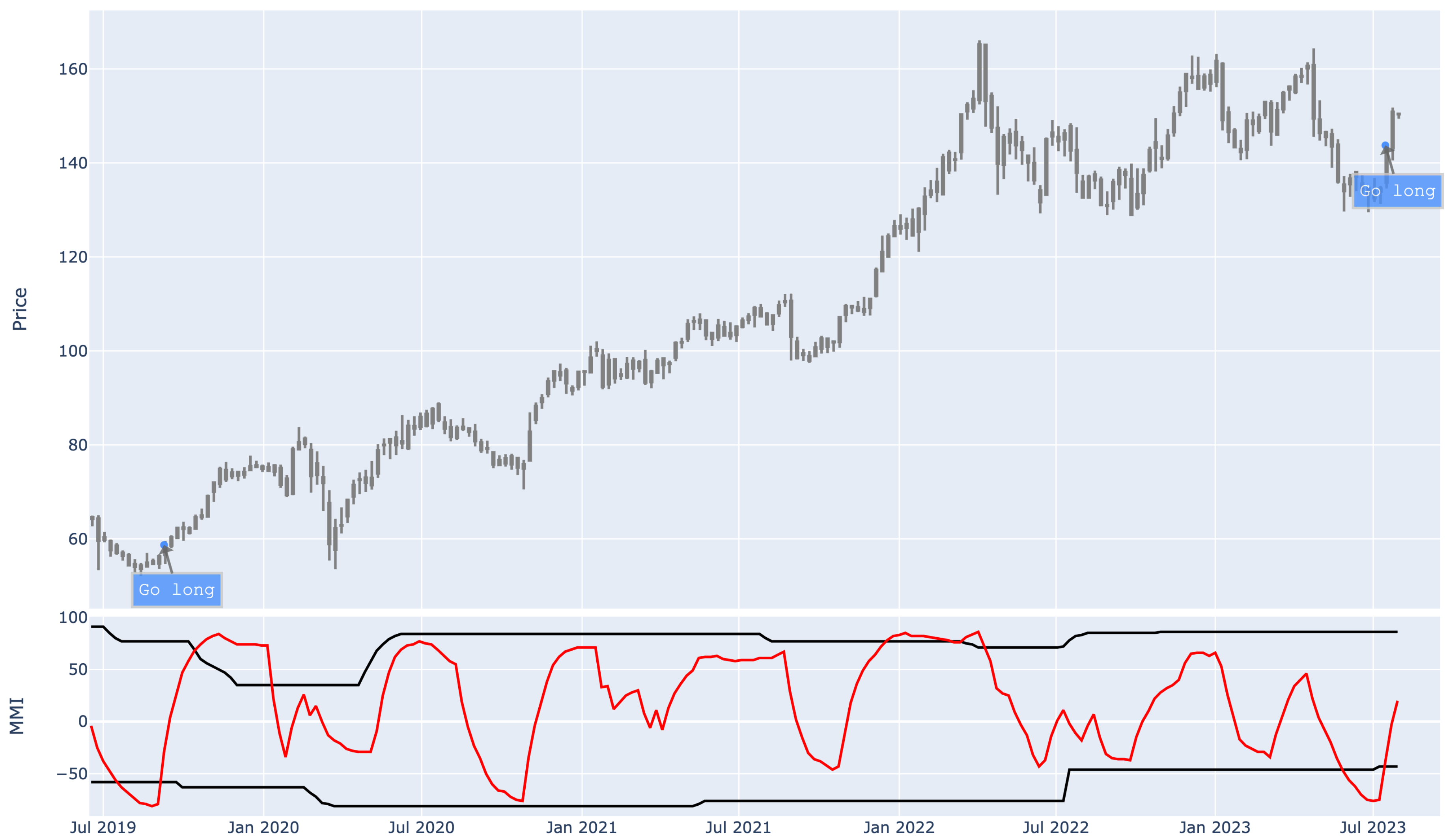
SIMPLE, UNDERSTANDABLE, ACTIONABLE



SIMPLE, UNDERSTANDABLE, ACTIONABLE

AAPL

ABBV



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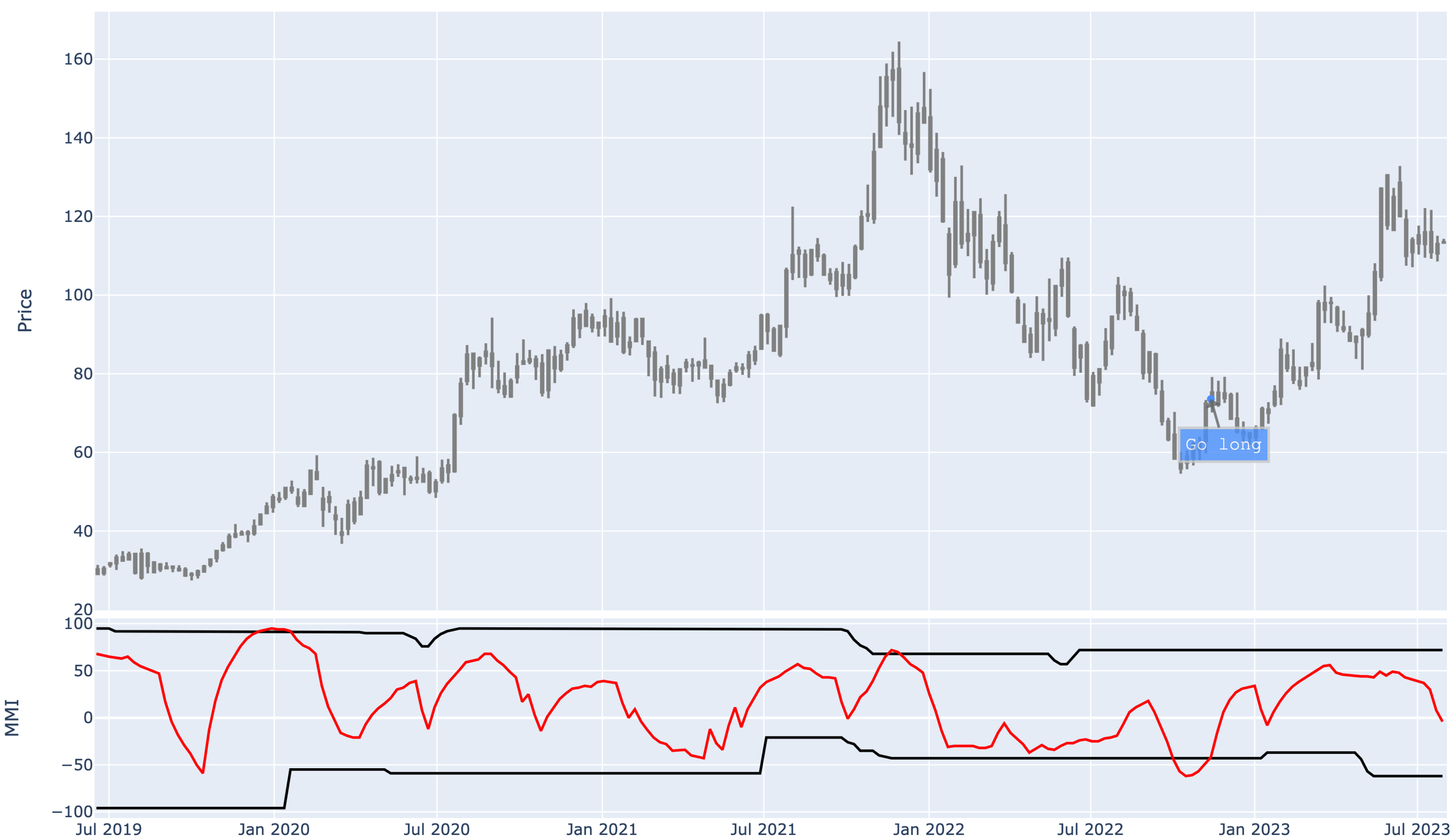
AMD



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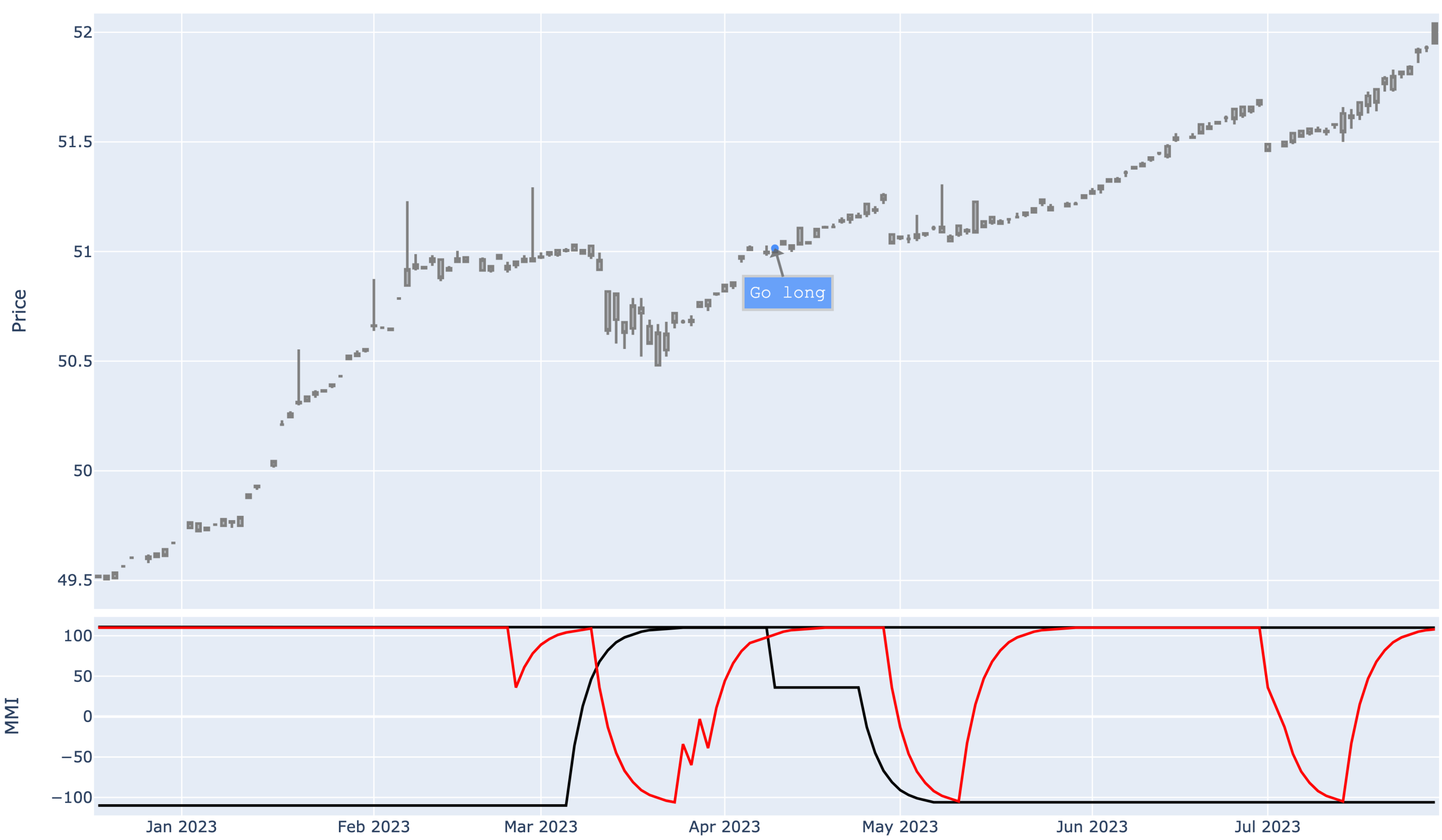

COST


Price
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550
500
450
400
350
300
250
Go long
MMI
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−50
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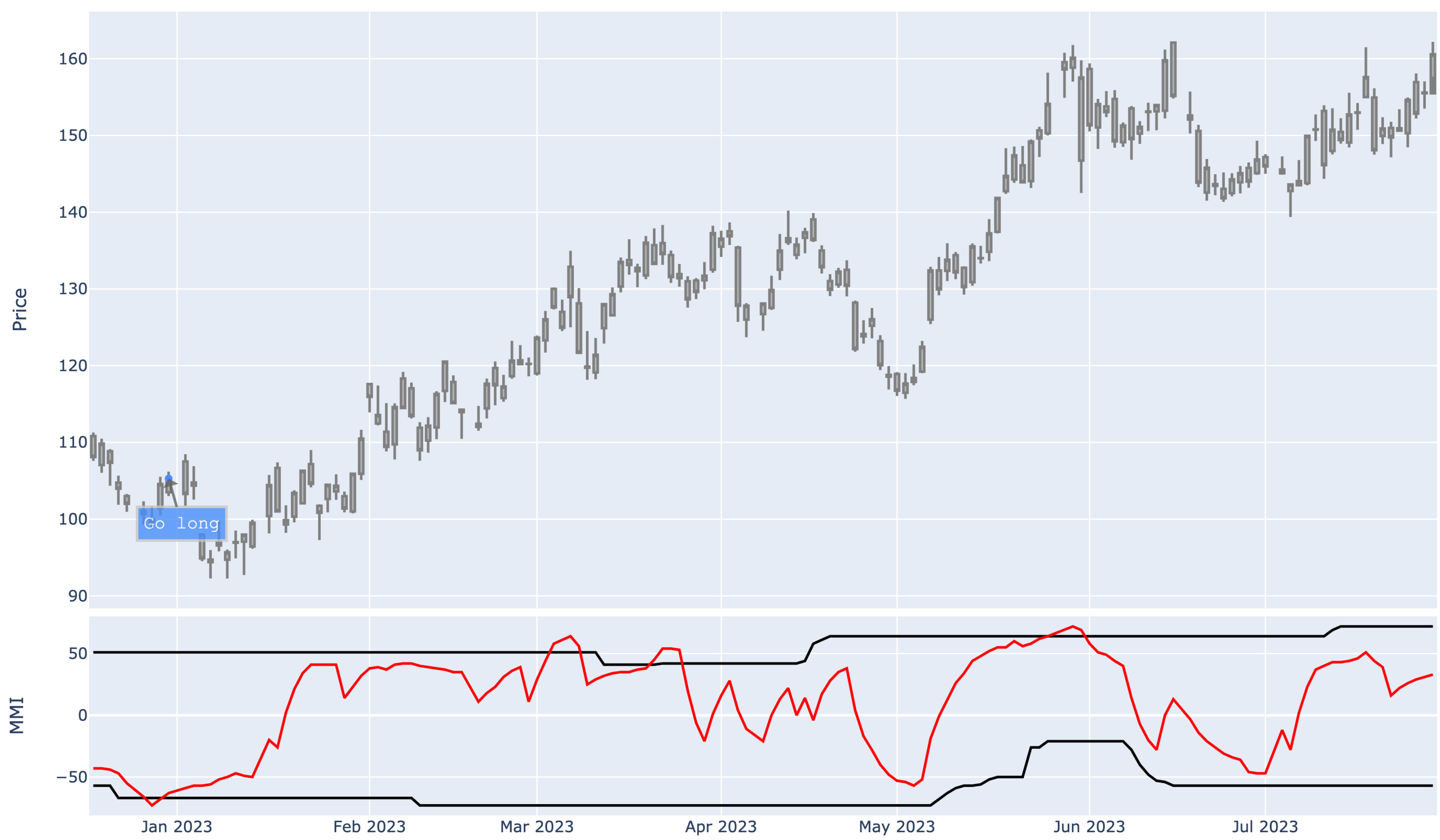
Jan 2020
Jul 2020
Jan 2021
Jul 2021
Jan 2022
Jul 2022
Jan 2023
Jul 2023

CRWD


Price
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150
140
130
120
110
100
90
Go long
MMI
50
0
−50
Jan 2023
Feb 2023
Mar 2023
Apr 2023
May 2023
Jun 2023
Jul 2023

SIMPLE, UNDERSTANDABLE, ACTIONABLE


GILD
Price
85
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75
70
65
60
55
50
Go long
MMI
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−50
Jul 2019
Jan 2020
Jul 2020
Jan 2021
Jul 2021
Jan 2022
Jul 2022
Jan 2023
Jul 2023


GIS
Price
90
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50
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Go long
MMI
100
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Jul 2019
Jan 2020
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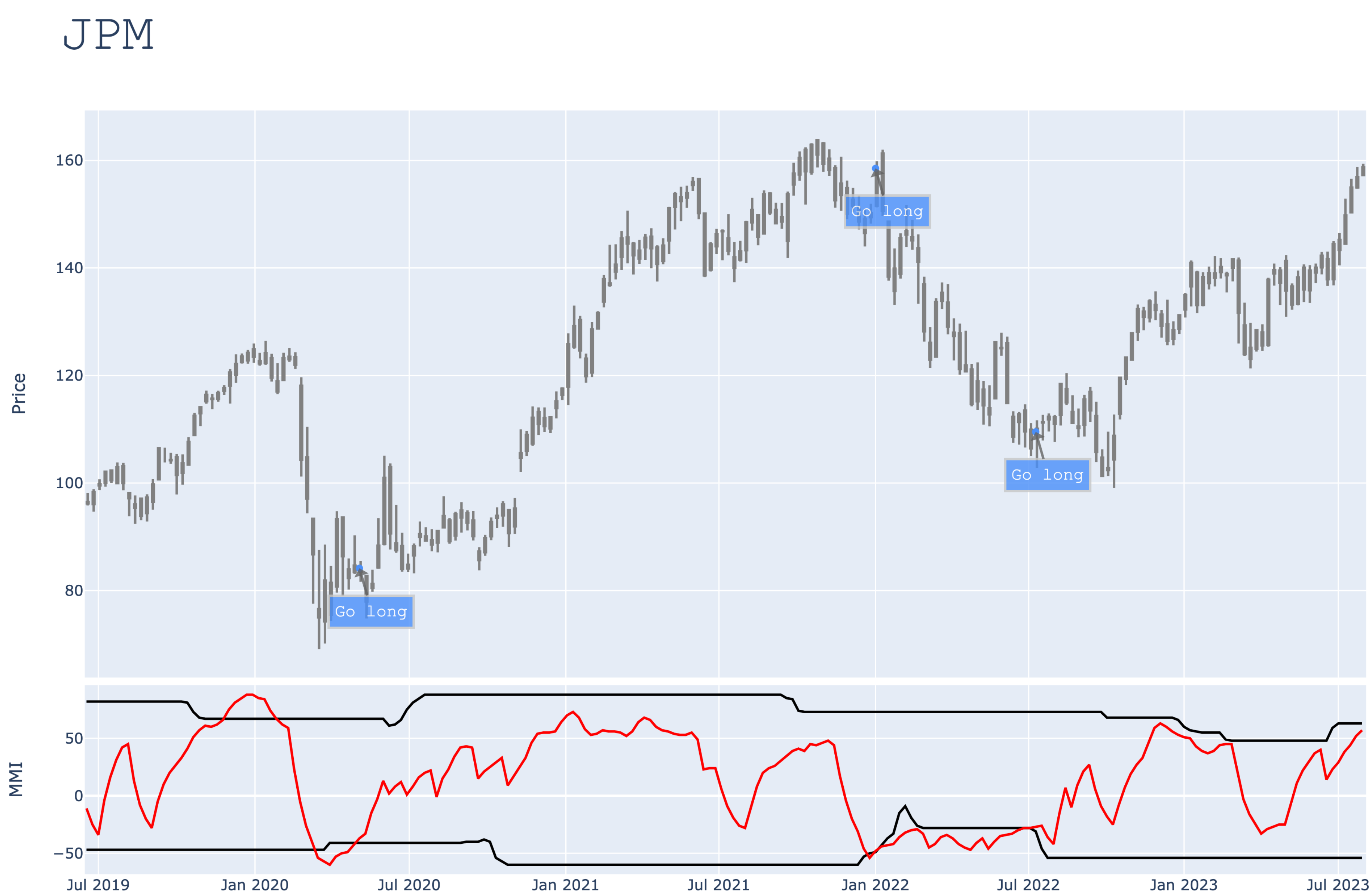


SIMPLE, UNDERSTANDABLE, ACTIONABLE

SIMPLE, UNDERSTANDABLE, ACTIONABLE

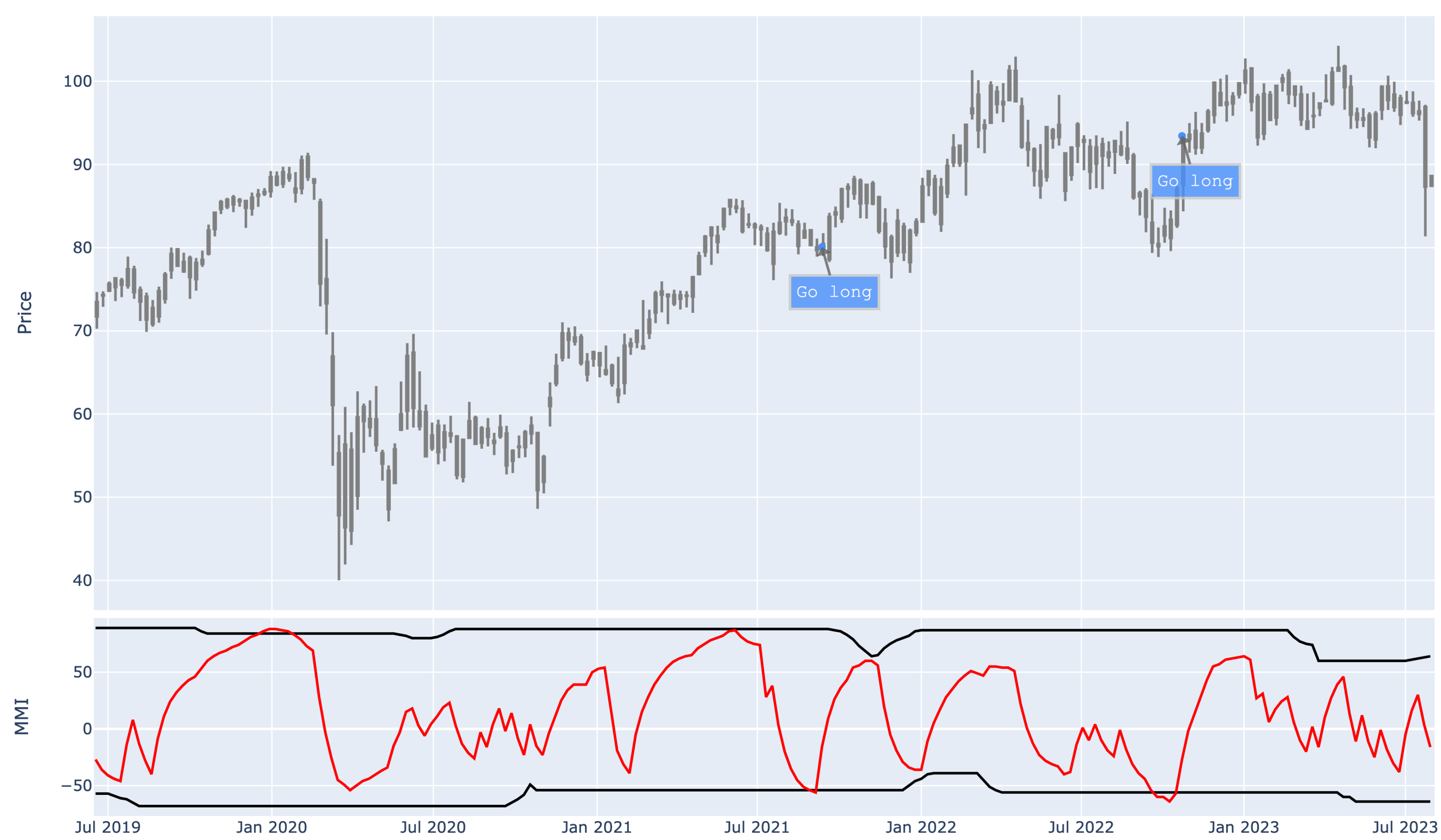
SIMPLE, UNDERSTANDABLE, ACTIONABLE

SIMPLE, UNDERSTANDABLE, ACTIONABLE

RKLB


Price
Go long
MMI
Jan 2023
Feb 2023
Mar 2023
Apr 2023
May 2023
Jun 2023
Jul 2023

RTX


Price
Go long
Go long
MMI
Jul 2019
Jan 2020
Jul 2020
Jan 2021
Jul 2021
Jan 2022
Jul 2022
Jan 2023
Jul 2023

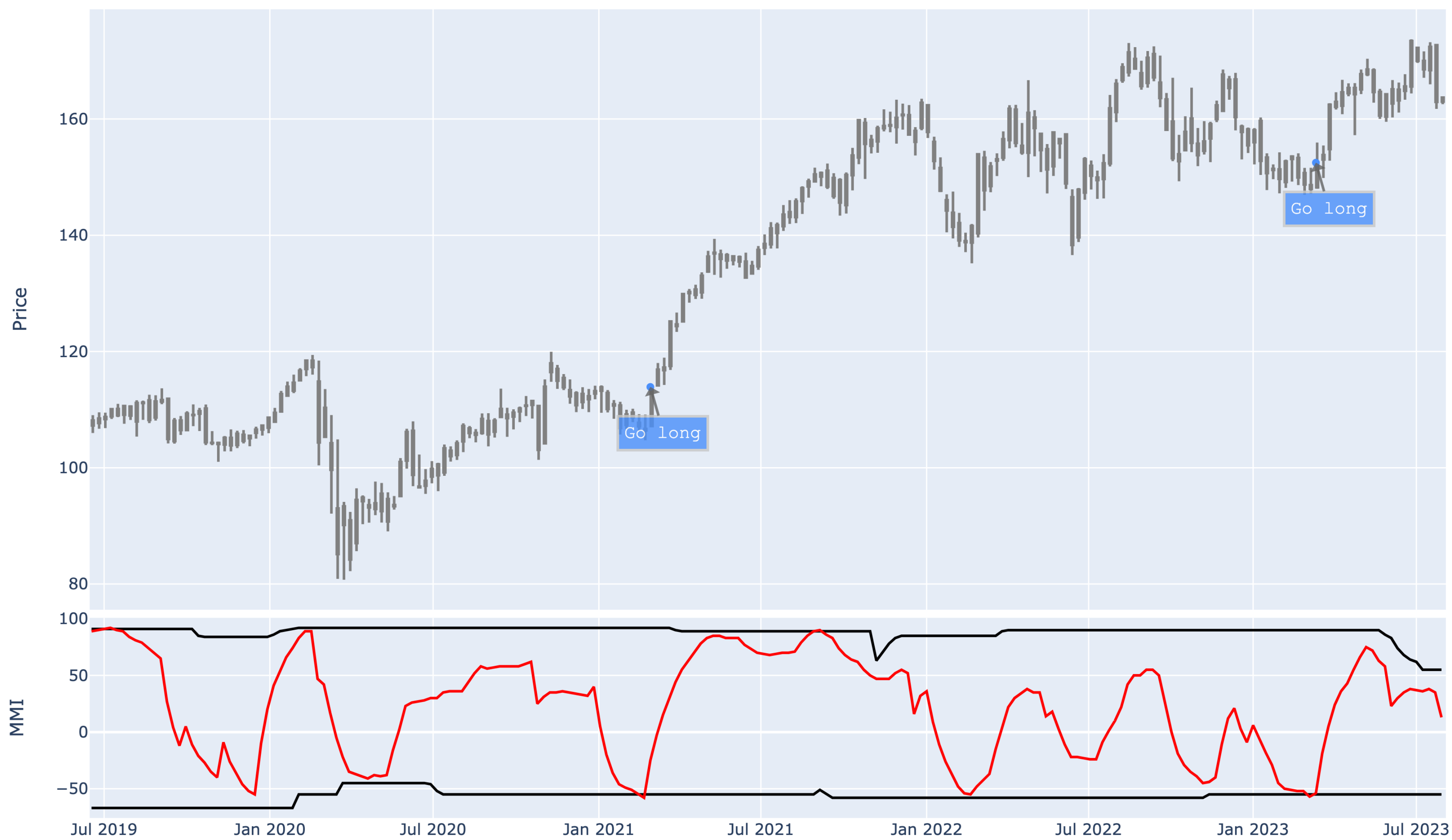
SIMPLE, UNDERSTANDABLE, ACTIONABLE

SWBI

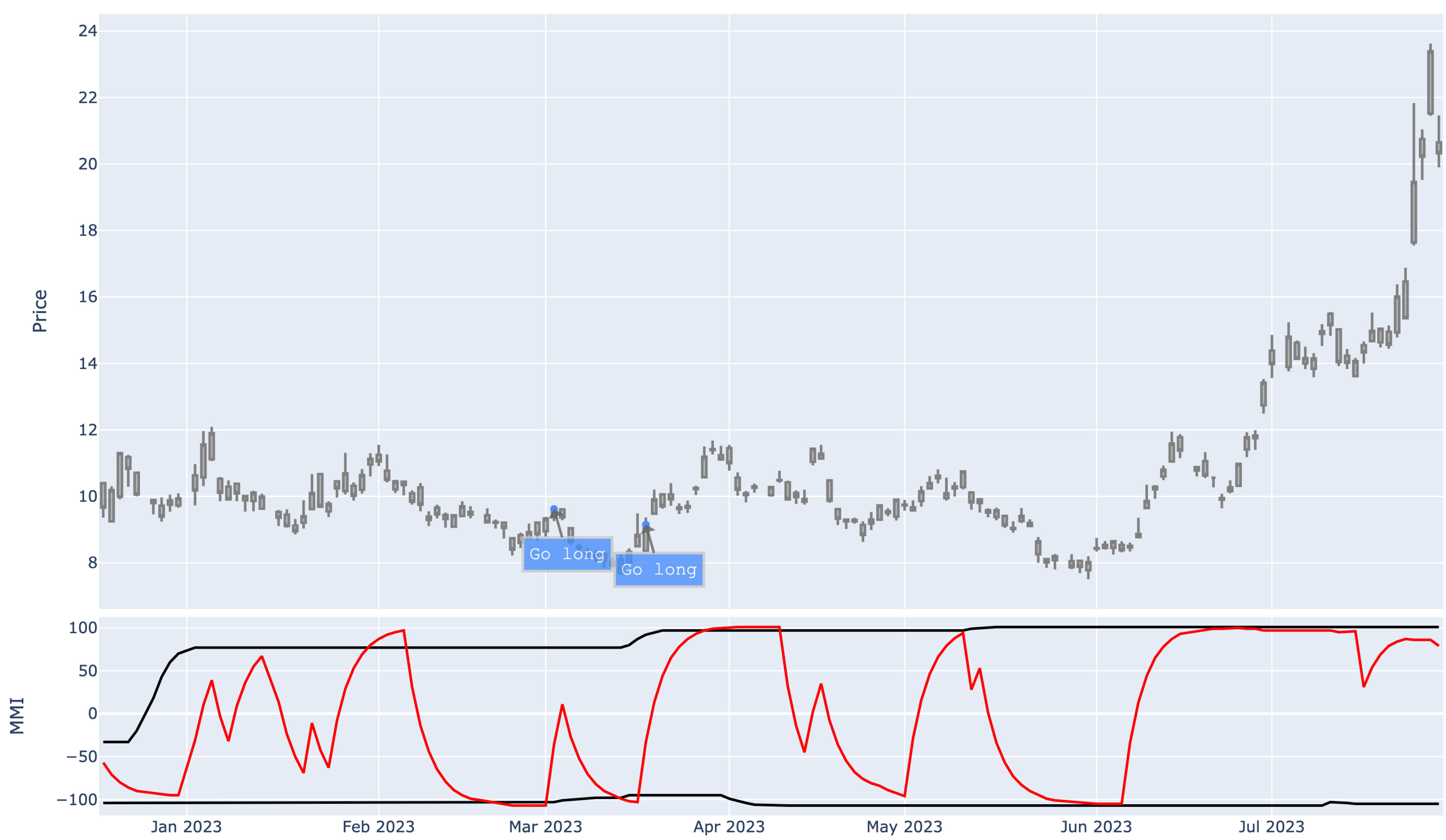
TSLA

SIMPLE, UNDERSTANDABLE, ACTIONABLE

WM



XPEV



Chapter 6

FASCINATOR:
RANKING THE WORLD'S TOP ECONOMIES THROUGH TIME

FASCINATOR

Hockey legend Wayne Gretzky once said that *"a good hockey player plays where the puck is. A great hockey player plays where the puck is going to be."*

Investing works the same way.

The world's most successful investors are "recognizers"—meaning they are clearly able to recognize changes well in advance of others. Like, for example, the ongoing change in global dominance.

China may overtake the US as soon as 2035 while India catches up. By 2075, India and Indonesia will have joined the "top 4," with Africa and the Middle East rising quickly.

Makes sense.

India, Africa, and the Middle East represent a region loaded with untapped purchasing power and a growing middle class that could fuel decades of gains.

The situation reminds me of China 15–20 years ago, only this time the revenue potential is even higher—especially when it comes to choices like Apple, Microsoft, and Tesla.

Image Source: Visual Capitalist

Chapter 7

HIGH PERFORMANCE OVER 50

Stop procrastination in its tracks

Procrastination is the enemy.

It's also an excuse for something else.

Lacking confidence.

Nothing more, nothing less.

The real issue isn't that you don't want to do something or can't, like people think, but, rather, building the confidence needed to crush whatever's in front of you… in life and in the markets.

How do you do that?

It's not as difficult as you'd think.

I'm living proof.

I crushed my C-spine in 1997 in a martial arts accident shortly after our first son was born. I was told I'd have to be a couch potato for the rest of my life by doctors who couldn't understand my desire to get back in the game.

"We'll have to wait and see," they said, as if procrastinating would make the inevitable—meaning me—go away. Turns out they wanted to keep me on the sidelines so they wouldn't get sued, but that's another story for another time.

My neck was so unstable that I had to wear a brace for the balance of a year. I couldn't hold our infant son, Kuni, or roll around with him on the floor as he learned to crawl. Some days, I hurt so bad that I couldn't see straight through the pain and the tears.

One day, I had enough.

I announced to my bride Noriko from my position on the family room floor that I was going to complete the notoriously challenging Escape from Alcatraz triathlon as a way of celebrating my return to health.

She looked at me with a quiet, knowing smile that spoke volumes.

You see, I'd never done a triathlon before; in fact, I had no idea if I could—but I wasn't going to let that stop me.

No matter how much it hurt, I resolved that very day to step forward because I was confident I would. I replaced doubt, procrastination, and fear with raw grit, determination, and visualization.

I would have to start from the very beginning in a sport I knew nothing about. So I did… a tiny "baby" local triathlon… and went from there.

A decade later, I did Alcatraz… twice!

Fast forward to today.

There is no doubt in my mind that I can achieve any dang thing I set my mind to if I want to. Personally, professionally… it doesn't matter.

It's not always easy, mind you.

People will tell you why you can't or shouldn't do it.

Screw 'em.

I recommend resetting your brain as a reminder of what's possible.

Here's how I do it.

Step #1: Why are you procrastinating?

Doubt is normal, but that doesn't mean it has to be a controlling factor in your life any more than it is in mine. Flip that around and think about all the reasons you CAN do something.

You'll wake up ready to charge the problem or opportunity, not dreading it.

Step #2: Action beats reaction every time.

Fighter pilots and special warfare operators know that action beats reaction every time. So they constantly maneuver for the advantage.

I agree.

Sometimes, that means lining up small steps to take a bigger one. Other times, it means getting your you-know-what squared away so that you can remove the obstacles holding you back.

What others think about you doesn't matter. What YOU think about you is key.

Step #3: Reframe

Confidence is a tricky thing because we're told all our lives to "have" confidence when in reality, it's inside us all 100% of the time.

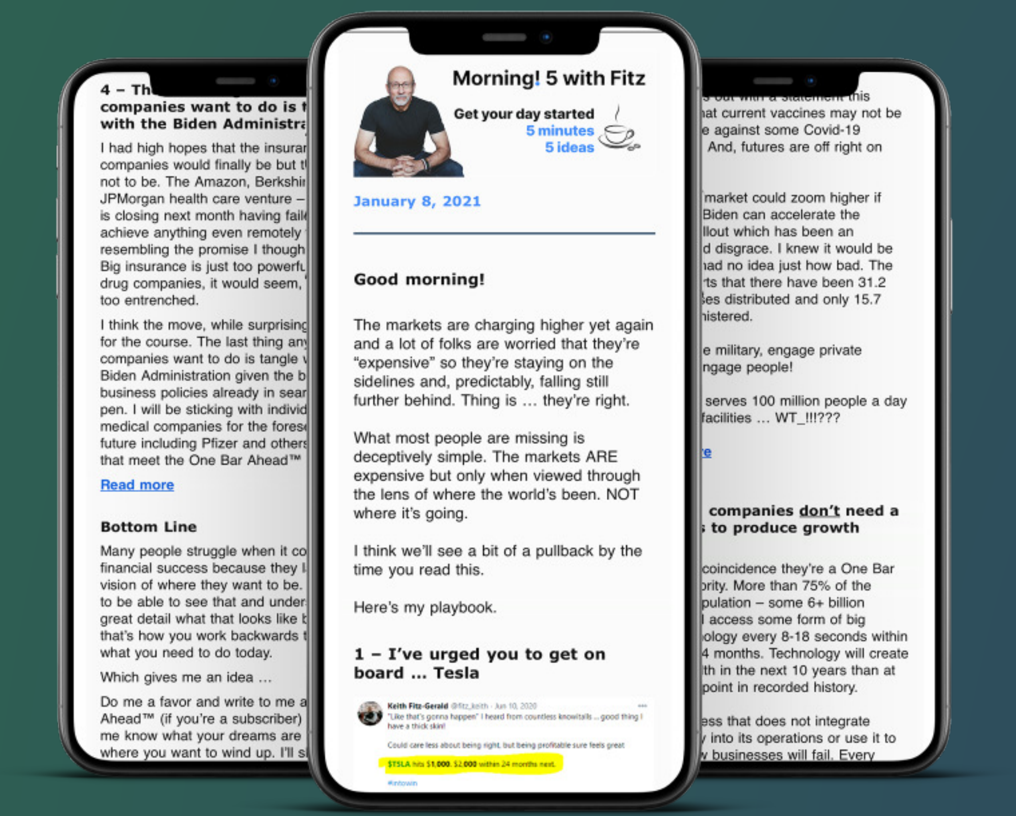
The question is really one of recognizing that as a way of reframing it. Then, replacing the beliefs that hold us back.

Your turn.

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.



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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!

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