ITW	KLAC	PEP	PSX	STZ	JCI	NET	QCOM
211.80 ▲	335.36 ▲	165.77 ▼	84.25 ▲	215.48 ▼	62.87 ▲	99.91 ▲	163.26 ▲

MARCH 2022

One Bar Ahead™

BY KEITH FITZ-GERALD

A COVID "catch up" stock of epic proportions

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3 easy ways

to RE-ENTER stocks you've sold

This is your "Templeton Moment"

Don't miss it!

HP50+ Build your own positive feedback engine!

All about Beta:

What Wall Street doesn't want you to know

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Letter from Keith

Dear Reader,

...*Take a deep breath*.

That’s what my grandmother Virginia “Mimi” Gruner told me with a twinkle in her eyes.

“Easier said than done,” I recall thinking.

I listened anyway.

Widowed at a young age, Mimi had turned a small life insurance settlement into everything she needed to live comfortably for the rest of her life and then some.

She had a way with words when it came to putting complicated matters into simple terms even a young punk like me could understand.

Most investors fail, she said, because they do not have the long-term vision needed to get through short-term market chaos.

I couldn’t imagine what on earth she was talking about, so I kept my mouth shut save one seemingly impossible question.

“How?”

Mimi didn’t mince words.

By focusing on opportunity even when the temptation is to hide in a bunker somewhere.

Talk about irony.

I'd just lived through my first big selloff, October 19, 1987, aka "Black Monday." Like many people at the time, my nerves were fried.

Both the Dow and the S&P 500 fell by more than 20% each after computer models that were intended to provide portfolio insurance failed.

People today think of this as a "US-centric" event if they think about it at all. Nothing could have been farther from the truth.

In fact, all twenty-three of the world's major financial markets cratered at once with 19 of the 23 experiencing a drop of more than 20%. Hong Kong lost a staggering 45.8% all by itself!

More than $1.71 trillion got wiped from the slate. And that, mind you, was back when $1 trillion meant something.

The impact is hard to put into context today but it's important we try.

Imagine the S&P 500 dropping to 1,959.23 or the Dow Jones collapsing to 13,189.97 by tomorrow night.

Incomprehensible, right??!!

Not like you'd think.

The markets had climbed to previously unimaginable highs that spring and summer. In fact, the DJIA had tripled in less than five years if my memory is correct.

Then as now, growth was slowing as estimates dropped and prices rose. People were concerned that valuations were expensive.

Inflation was also on the uptick. And, of course, international tensions were high as the Soviets rattled nuclear sabres.

Using computers to hedge entire portfolios was still a relatively new concept. So was the idea of using 'em for massive trading strategies, which is, of course, where things went wrong.

The regular cash markets were closed when futures markets opened to the downside that Monday morning. That meant there was no price discovery and prices that should have been current were, in fact, Friday's closing tape.

Computers began selling *en masse* as stop loss targets were hit even as the machines began feeding more orders into the system. At the same time, the buy-side literally got turned off.

Investors panicked.

A jaw-dropping 604 million shares changed hands, doubling the previous record at the time. Margin calls soared to 10X normal limits and 3x the previously highest calls on record. More than 10 firms received margin calls that were larger than the entire firm's adjusted net capital.

Mimi, of course, took it all in stride.

The key to making money in the markets when the you know what hits the fan - she used to drum into my head - is simple.

You focus on the stuff nobody wants to tell you about how that *really* happens – in any economy, in spite of or even because of politics, boom or bust.

Like being "in to win."

As usual, Mimi knew exactly what she was talking about.

Just two years later – in 1989 – the Dow reached new highs.

Buying low was the move to make.

Still is.

Getting there is obviously no fun at the moment but that does not change the fact that learning how to harness short-term volatility is key when it comes to lining up big longer-term profit potential.

Case in point, anybody who purchased the very best companies on Black Monday was sitting pretty a few years on. Coke, IBM, and P&G jumped markedly. Riskier choices like Intel and Apple did, too.

Preparation is everything.

The plain truth is that *chaos always creates opportunity*.

Especially if you can find it in areas of the market where nobody else sees it coming like we have with Chevron, Lockheed Martin and Costco among others, for example.

This month we're going to start our time together with a look at a company that could be perfectly positioned for a post-Covid "catch up" boom in elective surgeries.

I've also got a few thoughts on why "low-beta" stocks are critical now and potentially for years to come. What I have to say may come as a complete surprise, especially if they soar to unimaginable heights in the years ahead.

Speaking of which, many of you have been asking about when we'll re-enter great companies like Microsoft, Gilead, and Raytheon. And I've told you the time would come.

How's "now" grab ya?!?!

The big picture story we're following hasn't changed one iota. In fact, all of the 5 Ds are all getting stronger by the day. And that, in turn, means trillions of dollars are on the move.

There's been enough selling that the tide is beginning to turn. The pressure to unload everything is beginning to abate.

Not by a lot, mind you … but by enough that I think it makes sense to take begin working our way back into the very best names we can buy. Even if there's more selling ahead.

Normally, I'd wrap up with the Portfolio Review but I'm going to skip that in the interest of time this month. I think there's an epic rebound building and I want to get ahead of that while the iron's hot rather than delaying the issue.

Let's get to it.

Thanks for being part of the One Bar Ahead™ Family. I am thrilled you're here!

Best regards for health and wealth,

KF

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We read every email, note, and message we receive so please don't hesitate to reach out with anything on your mind. Send pictures, suggestions, questions, comments, and ideas – we'd love to hear from you!

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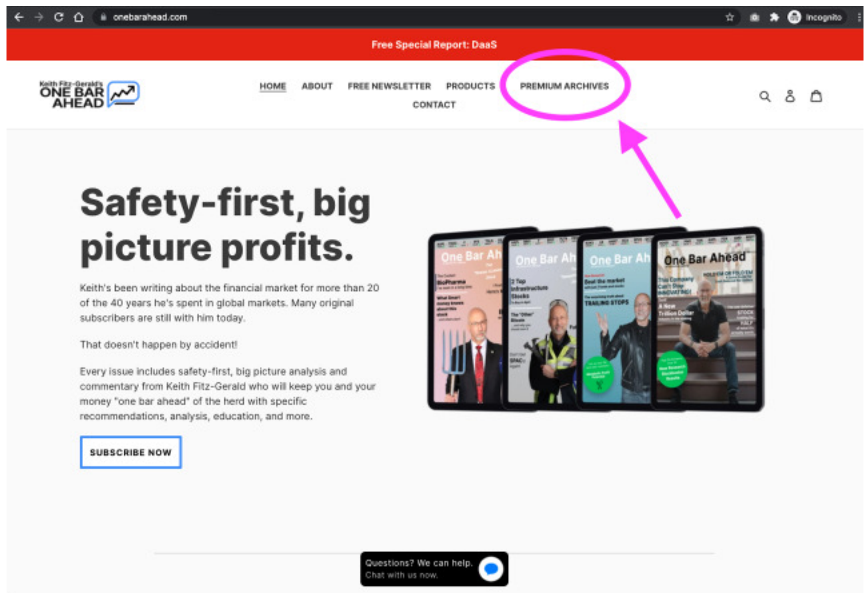

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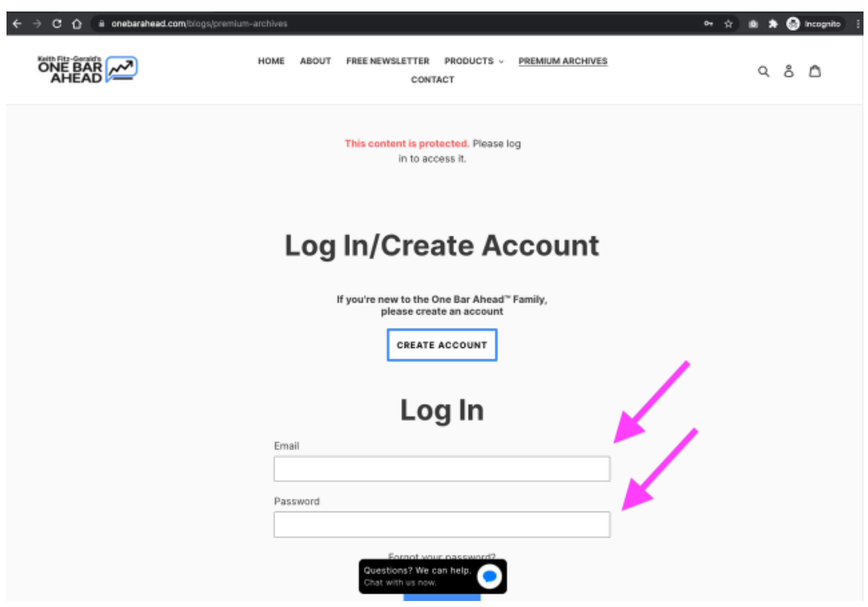
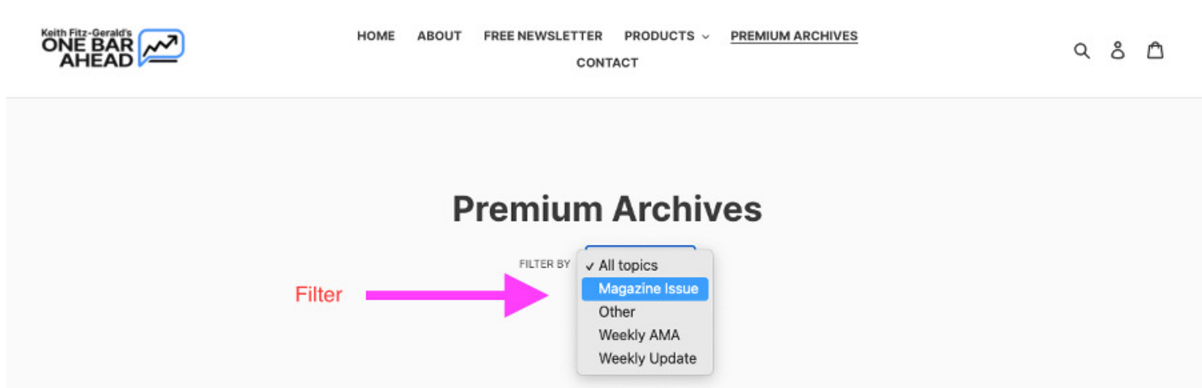


3. Filter by what you’re looking for, and voila!



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

Chapter 1

MDT

A COVID "catch up" stock of epic proportions

A COVID CATCH UP OF EPIC PROPORTIONS

I'll admit...

I was tempted to have a serious conversation about hunkering down this month for half a dozen reasons including Putin's ambitions, the Fed's next move, out of control inflation and more. But that's the wrong move.

If you've heard me say it once, you've heard me say it a thousand times ...

... chaos creates opportunity!

The fact that there's so much of it – the chaos, that is - means that the profit potential being created right now at this very second could be among the most significant we've seen in years.

My research this month led me to something incredible yet so common sense that it actually makes, well, sense.

Best of all, a weak economy can't stop it.

The Fed's next move won't impact it one bit.

Even the Ukraine situation won't shut down demand for this company's products, barring a major escalation of course.

Here's the skinny.

Elective surgeries = big $$$

McKinsey & Company found that health care systems lost a jaw-dropping $200 billion between March and June of 2020 because of Covid-driven cancellations and postponements in elective surgical procedures.

That same report also estimates that it would take around 20 months to work through pent-up demand from 2020 even if hospitals were to operate at 10% above their baseline volumes pre-pandemic.

Things got so bad that Britain's NIH reported a 6 million person waitlist for elective procedures which means roughly 10% of the population was waiting for one procedure or another.

A JAMA Network cohort study of more than 13 million US surgical procedures from January 1, 2019, to January 30, 2021 shows a 48% decrease in total surgical volume immediately after the March 2020 recommendation to curtail elective surgeries.

There was a brief window where things relaxed but Omicron put things right back to square one.

Various sources suggest the elective surgical backlog could be more than a million surgeries and possibly several million by mid-summer in the US and Britain alone.

Chronic resource and staffing shortages are not helping.

Between inflation, Omicron, and simple burnout from dealing with both, nearly 450,000 healthcare workers, or about 3% of the industry's workforce quit between Feb 2020 and Nov 2021, according to the US Bureau of Labor Statistics.

And not just here either. The numbers are consistent globally, albeit hard to come by.

Doctors around the world are having to triage surgical cases as a way of managing increasing infection counts. And catching up.

There's a HUGE backlog of elective procedures worldwide

A COVID CATCH UP OF EPIC PROPORTIONS

Which brings me to **Medtronic PLC (MDT).**

Medtronic is an American-Irish healthcare technology company and one of the world's largest medical device providers.

The company operates primarily in the United States but also in non-US developed nations in Western Europe and emerging markets including the Middle East, Africa and Asia.

There is some exposure to Russia but it is not clear what the ramifications are just yet. I expect that any short-term dip now will be more than offset by future additional growth worldwide which is, once again, why we want to play to the upside!

Medtronic makes cutting edge tools fusing AI, robotics, and data analytics to create personalized care for more than 30 chronic diseases including Parkinson's, urinary incontinence, obesity, chronic pain management, spinal disorders, heart failure and more.

This lines it up with two of the 5Ds, Digitalization and Distribution and, importantly, also suggests that it will tap into two multi-trillion-dollar tailwinds over the next decade.

Company data reports that Medtronic's tools are used by 2 people a second worldwide to improve lives.

In keeping with the OBA mandate that we buy only the best companies in their respective markets, Medtronic is an industry leader in several key segments including cardiovascular technologies worldwide, with a roughly 20-24% market share of total revenue.

What really catches my attention though is that the company received 200+ product approvals in the past 12 months according to the Q3FY2022 earnings presentation. That tells me it is aggressively growing into the future, something I like to see a lot right now.

Medtronic plans to spend more on R&D at a faster pace than revenue growth for the next 12 months which suggests something between $2.5 billion and perhaps as much as $3 billion may be on the table.

The company raised dividends by 9% as of May 2021 and now enjoys a very appealing 44 years of dividend increases. It's a true "Dividend Aristocrat." And, get this, the yield is still 2.34%!

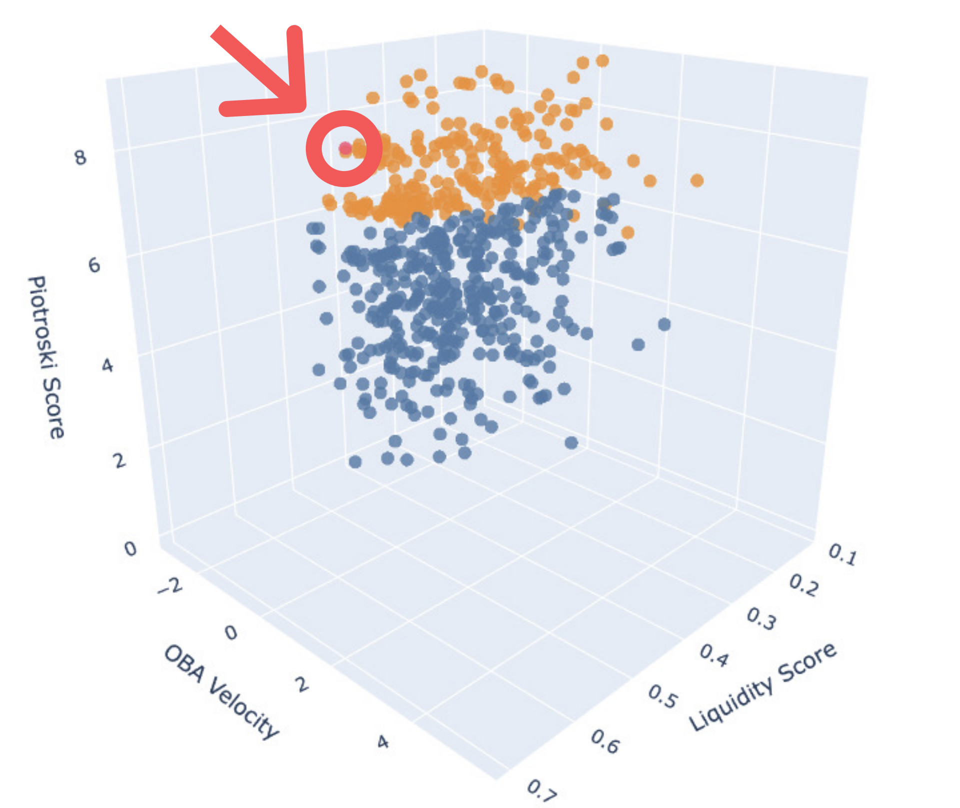
And finally, Medtronic has a healthy stock repurchase plan in place and has spent $3.3 billion in FY22 on repurchases and dividends. That's great for shareholders, especially in turbulent times.

The street sees the guidance as unimpressive, but I think they're missing the bigger picture 3-5 years from now. Which is, of course, why buying now makes sense.

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

The Universe

Medtronic is roughly in the upper left quadrant, which makes sense given its extraordinary financial strength and low OBA beta (for reasons that will make sense when you read this month's "Low Beta" article).



A COVID CATCH UP OF EPIC PROPORTIONS

Over time, the stock should track straight right, which would be consistent with improving market share, cash flow and profitability.

Interestingly, Medtronic is also more liquid than 69.15% of the OBA Universe. We know from our research that means there's plenty of money on the move and that the stock has the potential to be super "sticky" too.

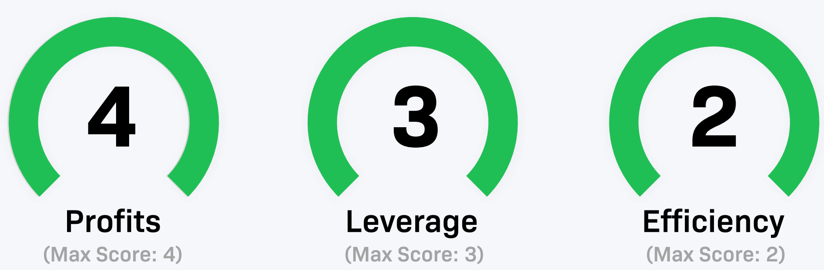
The Fundamentals

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

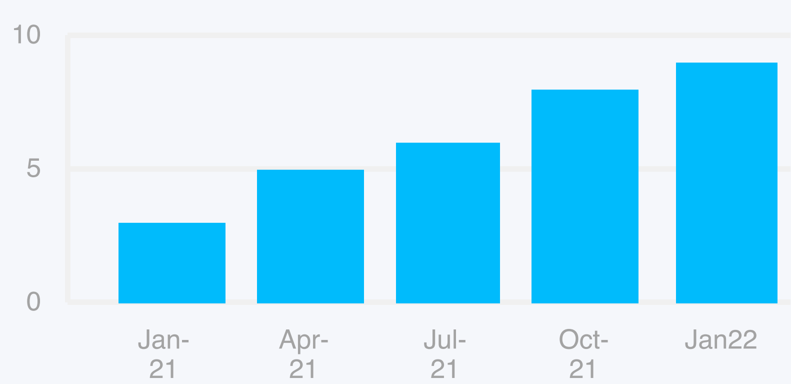
I think it's very telling that Credit Suisse, Needham and Raymond James have all boosted ratings recently … one to Buy and two to Outperform.

Sell-side analysts are usually late to the party so the fact that they could be early this time around is notable.

Company Fundamentals
Current Piotroski score is: 9 **- Excellent**



Score History



The MMI

Medtronic's MMI is consistent with a stock set to run higher if the markets gain any kind of footing whatsoever.

My first target is $138, which is just a notch higher than the 52-week high of $135.89 set last August.

Action to take

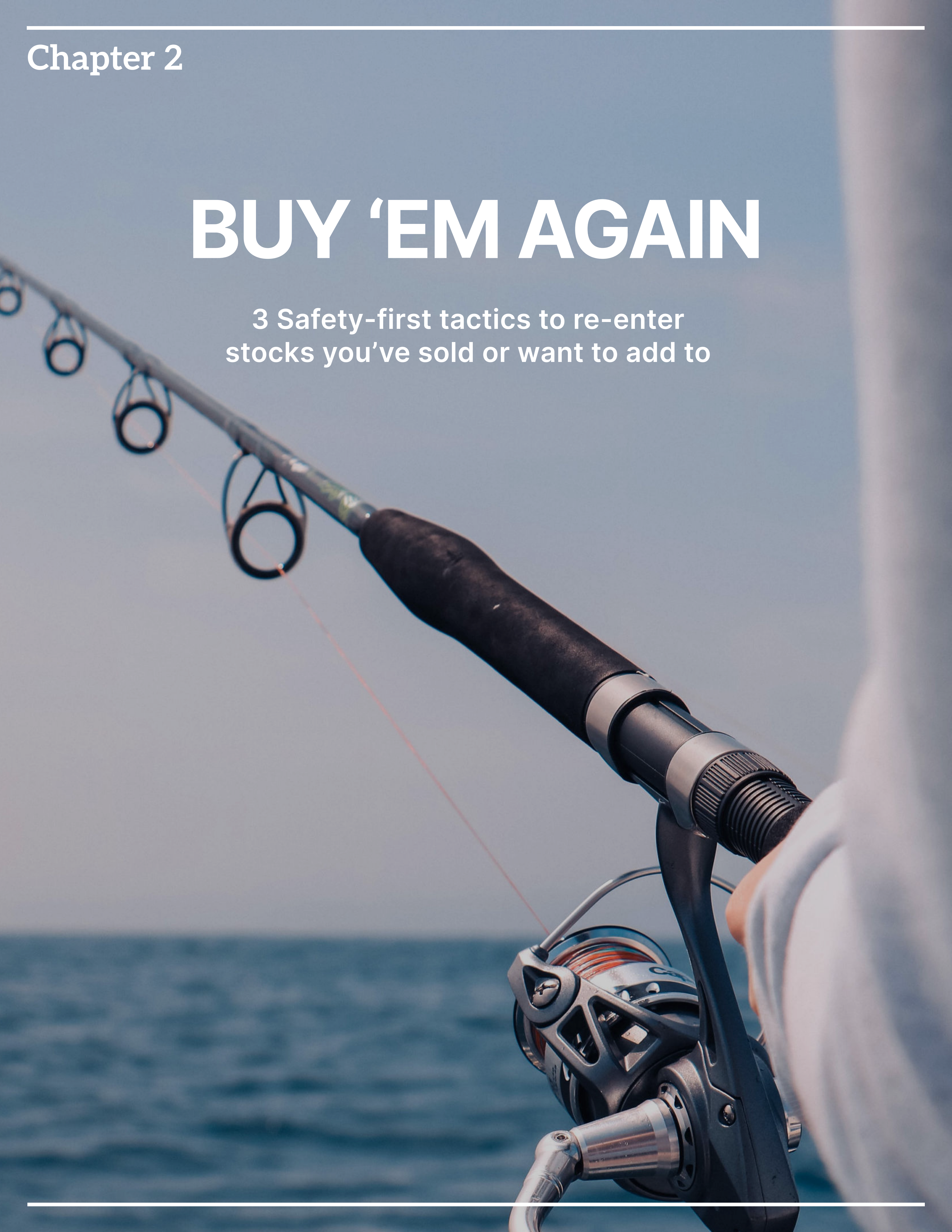
As is usually the case in a situation like this, there are several ways to follow along if this is a stock you'd like to own.

Buy a few shares at market to dip your toe in the proverbial water. Then plan on **adding more under $102.5** if the market gives you that opportunity. **Anything under $100 will be a steal** but I don't know if that ship has sailed or not.

If you'd rather Sell Cash Secured Puts and get paid to shop, consider the **14APR22 $100 puts**, which are going for $1.75 at time of writing.

If LEAPS are more your style and you'd like to take a slightly more aggressive bet, consider the **19JAN24 $97.5 Calls**. They're trading for roughly $18.50 at the moment.

In all cases set an **initial trailing stop of 25%** as if you owned the stock even if you've purchased the LEAPs. Plan to take profits if there is a strong earnings "pop" in May when the company puts its next set of numbers on the board. I'll let you know, naturally.



BUY 'EM AGAIN

3 Safety-first tactics to re-enter stocks you've sold or want to add to

3 TACTICS TO RE-ENTER STOCKS YOU'VE SOLD

Many investors think that buying stocks is as simple as pressing a button on a green app that's gamified investing (but which must remain nameless because I don't want to get sued).

While that's technically true, doing so means you'll miss out on bigger returns. Worse, you could inadvertently take on more risk than you'd like.

Fortunately, that isn't a problem for us.

Thing is ... anybody can buy a stock any time they want.

Knowing "how" can mean the difference between enjoying your years on a golden beach somewhere or working under the Golden Arches until you die. And, BTW, that's not a dig at McDonald's which is arguably one of the finest large-scale employers on the planet; it's a lifestyle choice.

That's why I go to great lengths to help you succeed by offering several ways to enter or as is the case this month, re-enter stocks you want to buy.

Being "in to win" has never been more important nor have the right tactics been more critical.

(Re) Introducing Pfizer

Chances are good you know what it does.

Pfizer is my number one "Virus+" choice, a term I coined because of everything it'll do beyond Covid.

The company is on the verge of truly customizable medicine and could be a $100 billion player in the years ahead.

It's got an ultra-low "OBA-Beta" of just 0.60 which means that it's roughly 40% less volatile than the broader markets.

Plus, the company forks out an impressive 3.41% yield which is super solid given the risks associated with traditional bonds at the moment.

It's time to get back in!

I've written about the company extensively over the past 12 months so I won't repeat that here. You can take a spin through the archives at your leisure if you'd like to read up.

Long story short, things were going along just peachy until volatility reared its ugly head and traders took prices below the trailing stop I recommended as a precaution against just such shenanigans.

Anybody following along as directed had the opportunity to bank a healthy total return of 39% including dividends and reinvestment according to Yahoo! Finance.

Now prices have firmed back up and it's time to get back in so that we can: a) harness the much longer-term profit potential I see building, b) enjoy the 3.41% yield on offer and c) rely on the stability it will introduce to the rest of the One Bar Ahead™ recommendations.

Here are **three easy ways** to maximize profit potential and minimize risk by harnessing the market's natural behaviour in ways that most investors don't think about.

You can apply these methods to any stock you fancy BTW.

3 TACTICS TO RE-ENTER STOCKS YOU'VE SOLD

#1 Using LowBall Orders

Difficulty: Super Simple

LowBall Orders are a great way to buy stocks you want at a discount.

The idea is to name YOUR price ahead of time. Then let the markets come to you rather than chasing hot stocks like most investors do, usually with entirely predictable results.

You can further increase the effectiveness of any LowBall Order by splitting your money up into several "LowBalls" at progressively lower price points.

Counterintuitively, that boosts your profit potential by taking away the "all or nothing" advantage Wall Street's computers are counting on. It also removes emotion from the equation.

For example...

First, divide up the capital you want to put to work into 5 chunks that will be invested at specific price points. If you have $25,000 consider putting $5,000 to work at a shot. If you have $100,000, that's $20,000 split into five tranches.

Use the first chunk to buy "at market", meaning the current price. This will be your core position and a toe in the water that will ensure you're on board if prices take off higher.

LowBalls are like fishing; let the markets come to you!

Second, enter a LowBall order to buy the same amounts of shares for 10% - 15% less than your initial purchase. That'll use up two more chunks.

And third, use the remaining money to buy shares at market every two weeks.

Ideally, you'll do that at a consistent time ... like Monday morning at 10 am or Thursday at 3 pm. This forces you to be disciplined and removes the temptation to try and time the markets which is almost always foolish.

This approach harnesses the market's natural volatility while ensuring you have the discipline needed to continue to invest over time.

Plus, it's safety-first and there are no options required so new investors may find this to be a perfect "tactic" in the pursuit of profits.

#2 Selling Cash-Secured Puts

Difficulty: Medium

Conceptually, the same thinking applies.

What you want to do is harness the market's natural volatility instead of letting Wall Street use it to separate you from your money.

If you're not familiar with Selling Cash Secured Puts as a strategy, please refer to the February 2021 Issue where I break it all down into digestible bites.

Selling Cash-Secured Puts is a favourite tactic of mine because I can get paid to go shopping for shares I want to buy anyway.

Here's one way to buy back into Pfizer using 'em, for example.

First, **decide on the cash-secured put to sell.**

Pfizer is trading at $47.70 a share as we go to press. Anybody buying now will have to pony up $4,770 for every 100 shares they purchase.

I'd rather buy at a discount and $46.50 strikes me as acceptable.

A quick look at the options chains reveals that the 18 MAR 22 $46.5 put is trading for $0.86. In keeping with how the strategy works, that means I can get paid $86 for every 100 shares I want to buy at $46.50.

That may not sound like much ... $86/$4,650 is only 1.80%. But do the math ... I earn that in the next 16 days which means the annualized return on that same money is 29%.

What's more, my basis is going to be just $45.64 a share versus everybody who pays $47.70 today. That means I've got an immediate advantage over time to the upside.

Now here's where it gets fun.

Just like the LowBall Orders we've just reviewed, you can Sell Cash Secured Puts at various strike prices and over time.

So, for instance, I could sell the 18 March 2022 puts, then more at $40 in April, still more at $30 in May and so on.

All the while I am getting "paid" to go shopping.

Critics charge that I may never own the shares if prices charge higher and they're right. But honestly, so what!!

One of the coolest things about selling cash-secured puts is that you can repeat the strategy as often as you like until you get the shares you're after. Yet get paid too!

#3 "Investing with a Parachute"

Difficulty: A bit more challenging and intricate, but worth it

I outlined this method in the February 2022 issue because many members of the OBA Family asked me to highlight a tactic you can use to buy stocks yet protect against the possibility of an immediate decline while also having a preset profit target built in.

It's a variation of the "rolling collar" but done with an OBA "twist" that can improve effectiveness.

Please note that you'll need to buy everything in 100 share lots to ensure proper position sizing for reasons that will become clear momentarily.

If you really want to get fancy, you can also use a LowBall Order or even Sell Cash Secured Puts as a way of doing that but you don't have to.

There's nothing wrong with mixing and matching strategies as you learn them. In fact, I hope you do because doing so can dramatically improve your results over time and up your game immediately.

I often like to "daisy-chain" several tactics together because doing so matches up with my experience and objectives. For example, I may enter LowBall Orders way beneath current prices while also Selling Cash Secured Puts at various price points. Then, if I am lucky enough to buy, I'll immediately put on a "Parachute."

Other traders I know prefer LowBall orders or Selling Cash Secured Puts exclusively. Still more use Covered Calls to the exclusion of all other tactics. My point is that flexibility is not only possible, but key.

Like a good drink, mixing and matching tactics can have the greatest reward

3 TACTICS TO RE-ENTER STOCKS YOU'VE SOLD

Step one is to assemble your initial position in multiples of 100 shares (commonly referred to as "lots").

Step two is to buy an ATM (or slightly OTM) put with approximately 45-60 days to expiration.

Step three is to sell an OTM call that pays for the money you just spent on the protective put option that guards against a downside move.

Here's how that might work.

At the current price of $47.70, you could:

- Buy 100 shares for $47.70
- Buy the 14Apr22 $42.5 Put for $0.62
- Sell the 17Jun22 $55 call for $0.85

This would result in a trade with some (I think) desirable risk-reward characteristics.

Your max loss would be capped at $4.97 per share through April 14, 2022, while your profit potential through June 17, 2022 is $7.53 per share.

One of the cool things about this trade is that it is also repeatable, meaning you can constantly adjust both the puts and calls while keeping the shares you're buying.

Like the other tactics I've outlined today, the goal here is to boost profit potential and minimize risk. You can also use the parachute to add to existing positions or even re-enter stocks when you're uncertain about future market conditions.

The best part, though, is that you can sleep well at night knowing your max loss through April 14th is just $4.97 per share.

Wrapping up

People tend to view investing as an "on-off" switch which is why they also tend to think about buying stocks as an "all or nothing" proposition.

That's a mistake.

To a point I made recently at the Las Vegas MoneyShow last week ... there's no law against repeatedly buying and selling around core positions.

The best and most successful investors are constantly adding to and otherwise adjusting their holdings as a way to maximize profit potential AND minimize risk.

We'd be wise to do the same thing!

As always, keep things stupid simple.

Practice first using a simulated account so that you can get familiar with the various ins and outs before you put real money on the line.

And, when the time comes, plan on attending the One Bar Ahead™ educational cohort. I've got educational modules planned for each of the tactics we're talking about today.

Got questions about the tactics mentioned in this chapter? That's what the Friday AMA's are for.

Make sure you send your questions to **askkeith@onebarahead.com.**

I read every email I get, and would love to hear from you.

Chapter 3

YOUR TEMPLETON MOMENT

Don't Blow It!

THIS IS YOUR TEMPLETON MOMENT!

Stopping out of stocks is no fun

...especially when there are names we'd very clearly rather hold.

Still, I'd rather err on the side of caution.

Doing so helps keep risk low and profit potential high.

There is simply no way of knowing what Mr. Putin does next or if the Ukraine situation will intensify. At the same time, the Fed is perfectly pickled when it comes to rates. And growth is slowing.

What I do know is that the selling pressure is becoming less intense and that, in turn, sets up the next leg higher. Even if there is still more selling ahead.

Getting "back in" using a measured, disciplined approach is critical now, before that happens.

We've reached the point where people are beginning to have selling fatigue. And the MMI (Master Market Indicator) increasingly reflects that narrative.

To be honest, I haven't slept a whole lot in the past few weeks. My brain's been in overdrive

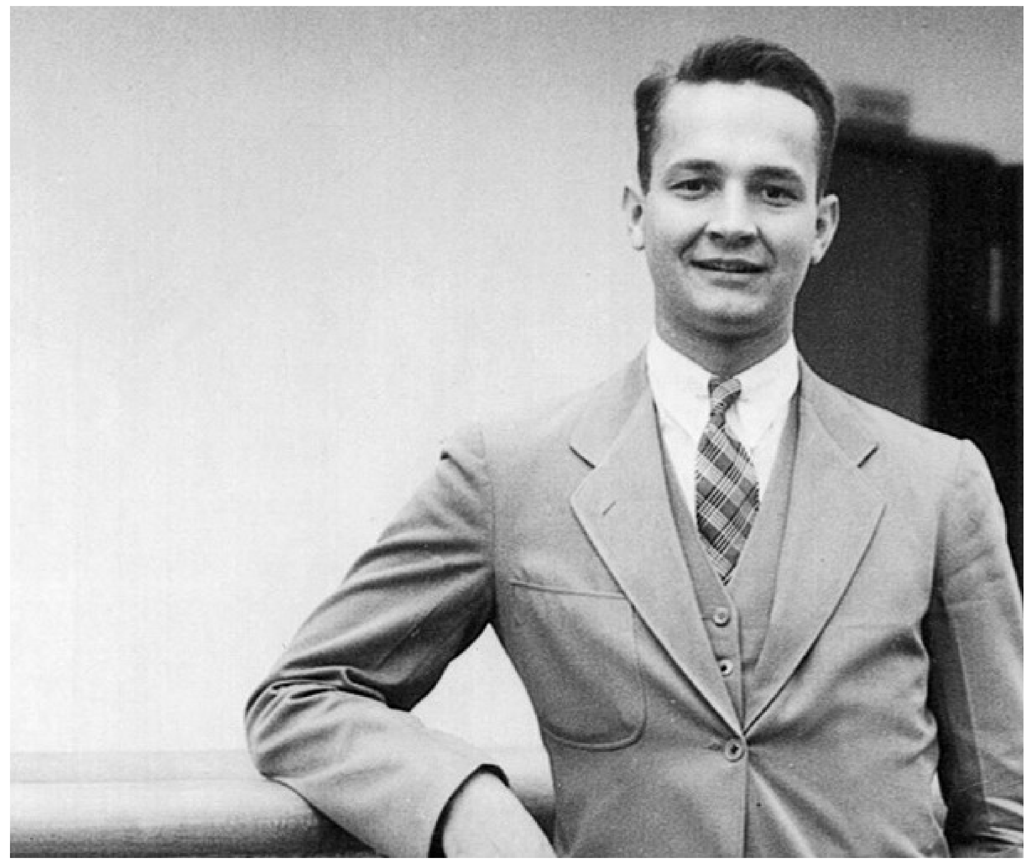
Getting back into the right stocks isn't just a matter of throwing some money into the markets and calling it good.

Picking re-entry points is as much science as it is nuance. Contrary to what many people think, timing has *nothing* to do with the decision.

Every one of the following stocks is 1) still a part of the OBA 50 and 2) cheaper than most investors understand because they cannot see beyond the short-term noise that's giving us this opening.

The irony is extreme.

Many investors are focused on the downside because they don't want to lose money when the far more expensive proposition is foregoing future earnings and the upside that comes with it.



The late, great Sir John Templeton

The way I see things, this is your "Templeton Moment."

What I mean by that is that you have the opportunity to buy some really great companies at bargain basement prices right now just like the late Sir John Templeton did on the Eve of WWII under very similar circumstances.

If you're not familiar with the story, take a moment to think about what I'm saying and, critically, why.

Templeton is widely regarded as one of the most successful investors of all time. He perfected the art of what he called, "buying at points of maximum pessimism."

Money Magazine called him, "arguably the greatest global stock picker of the century" in 1999, a moniker I think he truly deserved.

Templeton famously borrowed $10,000 in 1939 and used that money to buy shares in every company trading on the NYSE for under $1, some 104 companies in all including 34 that were already bankrupt.

A few years later he sold all but four for massive gains.

THIS IS YOUR TEMPLETON MOMENT!

Templeton would go on to build a career and extraordinarily profitable positions based on the super-simple premise of buying into points of "maximum pessimism."

He was so successful that every $10,000 invested with him in 1954 was reportedly worth more than $2 million when he sold the Templeton Growth Fund in 1992.

Sir John understood better than anybody else that "buy low sell high" is the path to profits. That's why he took every opportunity to go on the offensive even in the face of overwhelmingly negative market conditions and fear.

Sound familiar?

It should.

One Bar Ahead™ is built on that very same premise and along similar lines.

There is no doubt in my mind that Templeton would recognize the signals we talk about constantly and applaud our thinking. I also think he'd expect more volatility ahead just like we do.

There are a million and one reasons not to buy at the moment, but the fact remains that there is only one "recipe" for bigger profits over time.

Buy low, sell high …

… preferably at points of maximum pessimism!

Note: The following table is intended to be a guide under highly fluid market conditions rather than a do-all, end-all.

The idea is to add a small amount of money immediately then continue to add shares at successively lower prices and deeper discounts over time.

I've designated these levels RE1-RE3 and they're ideal for LowBall orders or Selling Cash Secured Puts ahead of time.

If you really want to "tune" things, consider buying the lowest "OBA Beta" stocks first to ensure the steadiest possible ride if the chop resumes. Then work your way "right."

Today, that's either GILD or PFE, which I've used as an example in this month's article, *Buy 'em Again*.

Or, simply go for it if doing so matches up with your personal risk tolerance, objectives and situation (which I don't know).

My goal is twofold.

First, taking a small position now ensures that we have immediate upside if things head sharply higher. A "toe in the water" if you will.

The markets will take off like a rocket if Putin backs off for any reason or the Fed suddenly has a crisis of dovishness. Restarting US energy production would also do it.

And second, buying a little at a time helps minimize risk while also counter-intuitively boosting profit potential over time.

You may be wondering why we don't pile in all at once if I think the upside is there and that's logical. In fact, I get that question a lot.

The answer is simple … controlling risk remains the priority until the coast clears and we have the confirmation needed to pile in again.

Please note that we will also begin modifying trailing stops accordingly over time to reflect changing conditions.

Interestingly, Visa is conspicuously NOT on this list for the time being. I am unsure just how much exposure the company has to Russia/ Ukraine, and I'd rather not step back in until I can answer that question with some degree of certainty.

Flip to the next page for specific entry points →

THIS IS YOUR TEMPLETON MOMENT!

* I've put this table in horizontally so you are able to print it out and put it next to your desk

	GILD	PFE	WM	MSFT	JPM	NVDA	RTX	TSLA
OBA Beta	0.27	0.60	0.69	0.89	1.19	1.34	1.51	1.92
Yield	4.85%	3.41%	1.80%	0.83%	2.82%	0.07%	1.99%	0.00%
RE1	$ 59.45	$ 44.27	$ 140.45	$ 284.20	$ 135.98	$ 214.27	$ 92.12	$ 749.81
RE2	$ 56.77	$ 41.24	$ 134.84	$ 260.69	$ 127.62	$ 180.33	$ 84.30	$ 638.75
RE3	$ 53.65	$ 38.76	$ 120.80	$ 247.77	$ 118.95	$ 158.16	$ 79.45	$ 595.36
Average entry	$ 56.62	$ 41.42	$ 132.03	$ 264.22	$ 127.52	$ 184.25	$ 85.29	$ 661.31
Discount from current	-6.85%	-12.73%	-12.30%	-11.44%	-8.23%	-23.70%	-15.36%	-22.61%

Your own notes

Chapter 4

THE TRUTH ABOUT "BETA"

Why picking lower volatility stocks can be the key between boom or bust

HARNESS LOWER BETA FOR BIGGER PROFITS

There's just no two ways about it.

Recent market events have shocked investors to the core.

Putin has invaded Ukraine and despite worldwide condemnation, he's not backing off.

The Fed got the whole transitory thing wrong and now must raise rates to fight inflation which is running at 40-year highs.

Global growth is slowing.

Many folks are desperate to avoid further losses while others are scared to death that the financial security they deserve is increasingly beyond their reach.

Bad decisions are a dime a dozen.

Traditional asset planning models are broken and anybody relying on them is falling behind.

Drawdowns are becoming steeper, deeper, and more violent.

Adding insult to injury, Wall Street is separating naïve and ill-informed investors from their money at every turn by preying on their lack of knowledge and fears rather than highlighting the opportunities ahead.

A staggering 56% of Americans couldn't cut a $1,000 check if they had to cover an emergency expense!

Thankfully, there IS a solution!

Low-beta stocks.

Most investors have never heard the term until recently but it's quietly behind the scenes in everything we do here at One Bar Ahead™.

Why?

Because my research and that of other people a whole lot smarter than I am shows that low-beta stocks tend to generate better performance and bigger profits over time.

Hold on, what's beta?

Beta is traditionally calculated as the systematic volatility of a specific stock or portfolio in relation to the markets as a whole.

In plain English, that means a stock that swings more than the markets has a beta greater than 1.0 while stocks that swing less have a beta lower than 1.0.

For example, a stock like TSLA with a beta of 1.92 is going to move nearly twice the markets, while a stock like GILD with a beta of 0.27 is going to move much less.

We use a slightly different and highly proprietary calculation intended to more accurately convey near-term market conditions than the calcs most Wall Street propellerheads and websites use.

Sharp-eyed members of the One Bar Ahead™ Family have noted on occasion that our beta numbers are "different" and perhaps even more accurate. Now you know why. 😊

The next question you might be thinking is, why don't most people know this??!!

Short answer … it's an inconvenient and uncomfortable truth for legions of Wall Streeters and academic mucky-mucks who preach that the markets are efficient and that there's a very defined relationship between risk and reward.

Chances are you've been told for a generation that the returns from your portfolio are uniquely dependent on the risks you take.

If you want higher returns you must take higher risk goes the thinking.

Only that's not true.

HARNESS LOWER BETA FOR BIGGER PROFITS

Low-beta portfolios are more stable, fall less and recover faster than traditional financial models.

Most importantly, research shows that *low-beta portfolios do better over time.*

Don't take my word for it, though.

I know that's a hard pill to swallow, especially if you've diligently diversified your portfolio and followed along with Wall Street's narrative like you've been taught.

Go back to the motherlode.

Professors from Princeton, Yale, Dartmouth, the University of Chicago, and more all support my contention and my own work.

Dr. Eugene Fama and Dr. Ken French even went so far as to note in a 2003 paper on Capital Asset Pricing that became the basis for the so-called 5 Factor Model used by many big money managers today ...

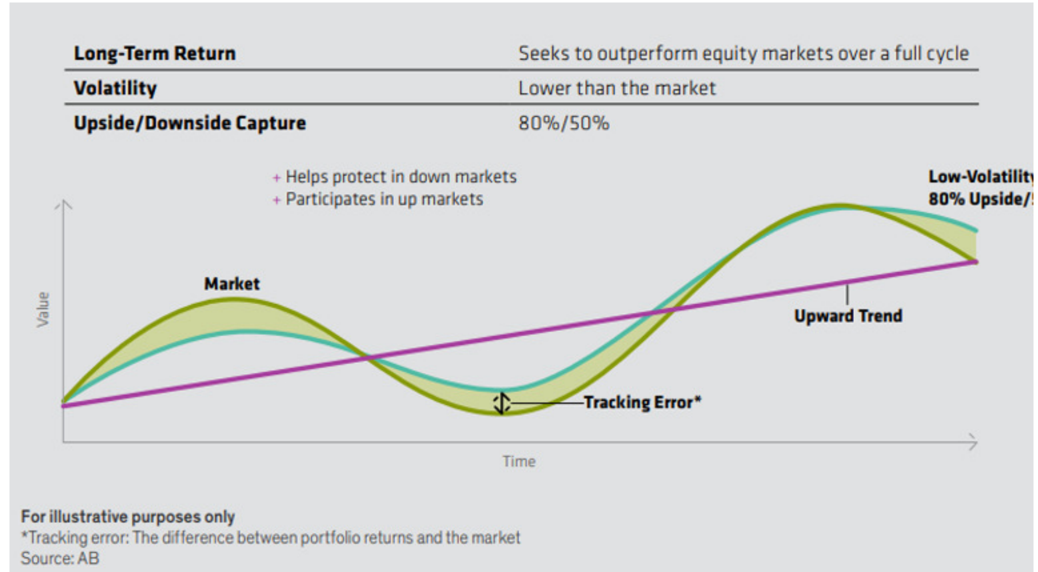
"... funds that concentrate on low beta stocks ... will tend to produce positive abnormal returns ... even when the fund managers have no special talent for picking winners."

Put in plain English and dripping in sarcasm, a monkey could make extraordinarily good investments as long as he or she picked low-beta stocks.

Very few people know that because everybody glommed on to the size-value thing like the way tourists focus on the fact that they could hit the jackpot in Las Vegas.

The sad fact of the world we live in today is that good information ... the right information ... often gets whitewashed away by a flood of bad data or simply by those with an agenda. And that guys like me have to scream it from the rooftop loud enough and long enough to be heard.

American author, humorist and social commentator Will Rogers put it this way. The problem isn't that we know too little but rather "much of what we do know isn't true."



Smoothing out the ride goes a long way to boosting future profits

So, now what?

If you're like most investors, playing not to lose – which is what you're doing if you're relying on conventional diversification models – is no longer an option.

You crave the profit potential you deserve but don't want to get left behind when growth resumes.

You know you must defend against inflation yet also recognize that conventional methods no longer pass muster.

The solution is elegantly simple.

Take a deep breath, part with convention ... and buy low-beta stocks like the ones I recommend in One Bar Ahead™.

Then, sit back and enjoy the smoother ride that comes with owning 'em.

How to take action

See Chapter 3 for a table of low "OBA Beta" stocks and the specific re-entry points that can help you capitalize on chaos yet still build bigger profit potential over time.

PORTFOLIO REVIEW

OBA 50

PORTFOLIO REVIEW (MARCH 2022)

Buy the best, ignore the rest!

Foundation Stones (50%)

This category contains companies intended to be the base around which all other choices are built and will account for roughly 50% of overall investable capital. The intent is to create stability that gives you the freedom to pursue more aggressive choices in the other two tiers over time. There will be some turnover here but, odds are, not much over time because the emphasis is on fundamental underpinnings.

Global Growth & Income (40%)

This category houses companies offering a unique twist on one or more of the "5 Ds" or which are technically of interest and will represent roughly 40% of overall investable capital. The goal with this segment is appreciation potential AND an income boost so expect to see dividend payers and players here. Turnover here may be based on a combination of technical and fundamental data and may be slightly higher. Market action could also trigger entries and exits.

Zingers (10%)

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

Zingers are fundamentally compelling but are going to be selected based on a higher relative technical analysis weighting using the OBA engine and the MMI specifically. Expect turnover to be highest in this tier based on technical market action. The probability of losses is highest in this segment.

"Vegas Money"

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

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

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

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

Hedges

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

SH and **RYURX** are both 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

PORTFOLIO REVIEW (MARCH 2022)

One Bar Ahead™ Model Portfolio

PORTFOLIO DETAILS										
As of 03/03/2022	STOCK	REC DATE	ENTRY $	CURRENT	BETA	YIELD	Profit/Loss	STOP	12-24mo Target	Last Instruction
FOUNDATION STONES	AAPL	1/8/21	$ 132.05	$ 167.32	1.06	0.53%	26.7%	$ 136.51	$ 200.00	Buy/Accumulate
	RCS	10/1/21	$ 6.99	$ 5.98	0.82	10.22%	-14.4%	none	$ 8.25	Hold
Global Growth	COST	8/6/21	$ 439.63	$ 532.96	0.59	0.60%	21.2%	$ 446.34	$ 540.00	Buy/Accumulate
	CVX	9/3/21	$ 97.06	$ 155.86	1.2	3.68%	60.6%	$ 115.61	$ 115.00	Buy/Accumulate
	DIS	1/6/22	$ 156.90	$ 145.93	1.07	0.00%	-7.0%	$ 125.60	$ 219.00	Buy/Accumulate
	GIS	6/4/21	$ 63.72	$ 68.36	0.19	3.05%	7.3%	$ 63.72	$ 70.00	Buy/Accumulate
	LMT	11/5/21	$ 341.78	$ 449.97	0.86	2.45%	31.7%	$ 342.46	$ 380.00	Buy/Accumulate
	MCD	6/4/21	$ 231.69	$ 237.55	0.84	2.29%	2.5%	$ 233.00	$ 270.00	Buy/Accumulate
	PLTR	1/8/21	$ 25.20	$ 11.44	2.03	0%	-54.6%	none	$ 50.00	Buy/Accumulate
Zingers	CRWD	1/6/22	$ 187.49	$ 193.07	0.68	0%	3.0%	$ 151.31	$ 295.00	Buy/Accumulate
	RKLB	12/3/21	$ 12.61	$ 8.51	0.71	0%	-32.5%	none	$ 18.00	Buy/Accumulate
	XPEV	2/7/22	$ 35.50	$ 31.32	3.29	0%	-11.8%	$ 30.55	$ 49.00	Buy/Accumulate

OBA 50

As of March 3rd, 2022

Ticker	Name	Ticker	Name	Ticker	Name
AAPL	Apple Inc	FTNT	Fortinet Inc	NVDA	Nvidia Corp
ADBE	Adobe Inc	GILD	Gilead Sciences Inc	PFE	Pfizer Inc
ALGN	Align Technologies	GOOGL	Alphabet Inc	PLTR	Palantir Technologies Inc
AMAT	Applied Materials Inc	HCA	HCA Healthcare Inc	PYPL	PayPal Holdings Inc
AMD	Advanced Micro Devices In	JNJ	Johnson & Johnson	QCOM	Qualcomm Inc
AMZN	Amazon Com Inc	JPM	JPMorgan Chase & Co	REGN	Regeneron Pharma Inc
CAT	Caterpillar Inc	LNG	Cheniere Energy Inc	RTX	Raytheon Technologies Inc
CONE	CyrusOne Inc	LOW	Lowes Companies Inc	SQ	Square Inc
COST	Costco Wholesale Corp	LRCX	Lam Research Corp	TGT	Target Corp
CRWD	CrowdStrike Holdings Inc	MA	Mastercard Inc	TMUS	T-Mobile US Inc
CVS	CVS Health Corp	MDT	Medtronic PLC	TSLA	Tesla Inc
DE	Deere & Co	MCD	McDonald's Corp	TWLO	Twilio Inc
DHR	Danaher Corp	MRNA	Moderna Inc	V	Visa Inc
DIS	Walt Disney Co	MSFT	Microsoft Corp	WM	Waste Management Inc
DVN	Devon Energy Corp	MU	Micron Technology Inc	WMT	Walmart Inc
F	Ford Motor Company	NET	Cloudflare Inc	ZTS	Zoetis Inc
FANG	Diamondback Energy Inc	NOW	ServiceNow Inc		

PORTFOLIO REVIEW (MARCH 2022)

OBA Fund Folio™

No changes to the Fund Folio this month

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

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

Zingers	
BlackRock Science and Technology Fund (BSTZ)	10%

"Vegas Money" Portfolio

We've temporarily flattened the Vegas Money section of the portfolio to defend against broader-market volatility and taking any unnecessary risk off of the table.

MMI™ CHARTS

Improve results, reduce risk, find opportunity
Gain confidence!

SIMPLE, UNDERSTANDABLE, ACTIONABLE

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

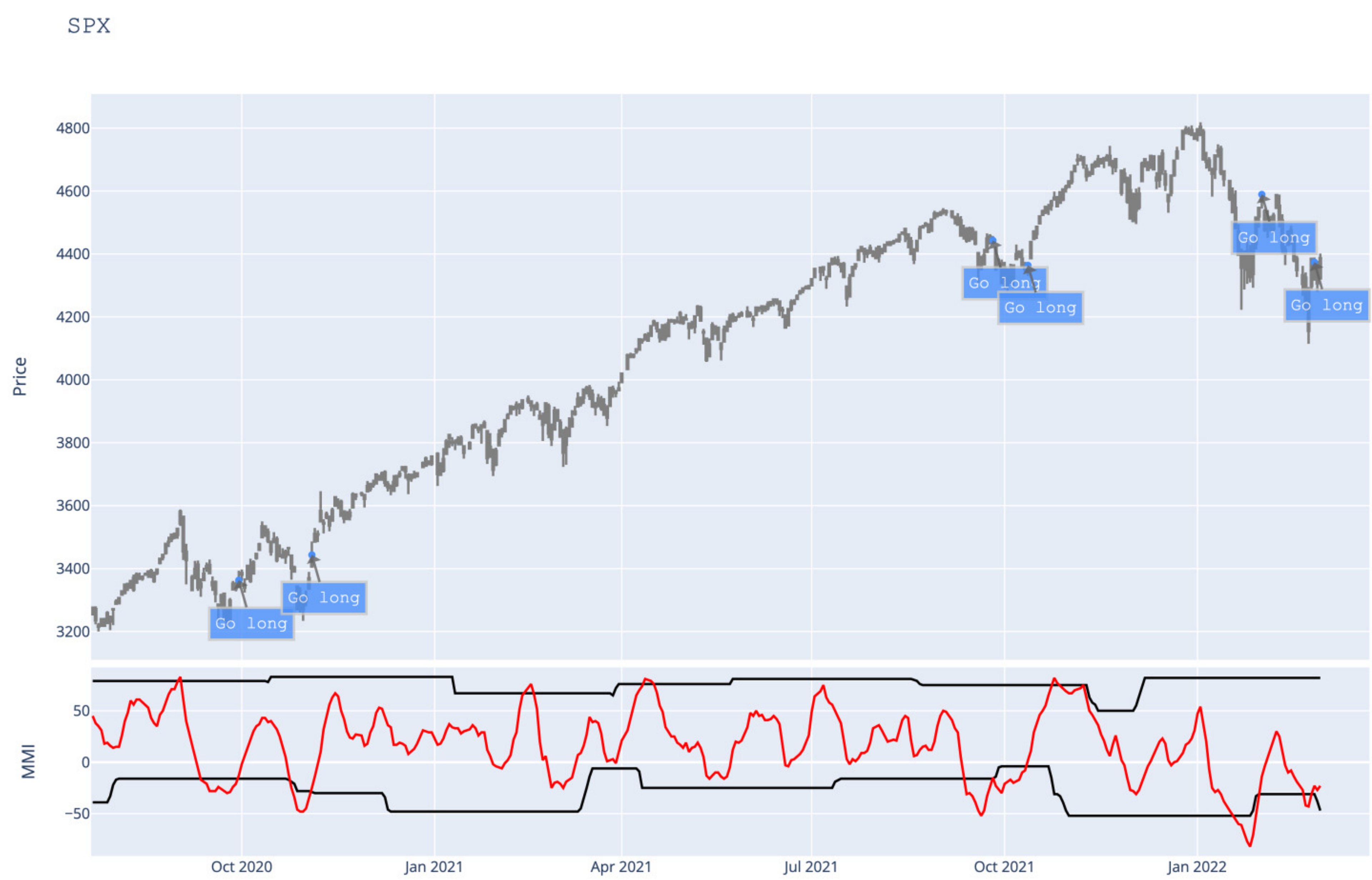
I created the Master Market Indicator™ (MMI) to help me do just that and include it in each issue so that you can have a visual reference for each recommendation in the One Bar Ahead™ Model Portfolio. I've also included SPX for reference so you can better gauge broader market activity.

Reading the MMI is easy and straight forward.

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

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

KF



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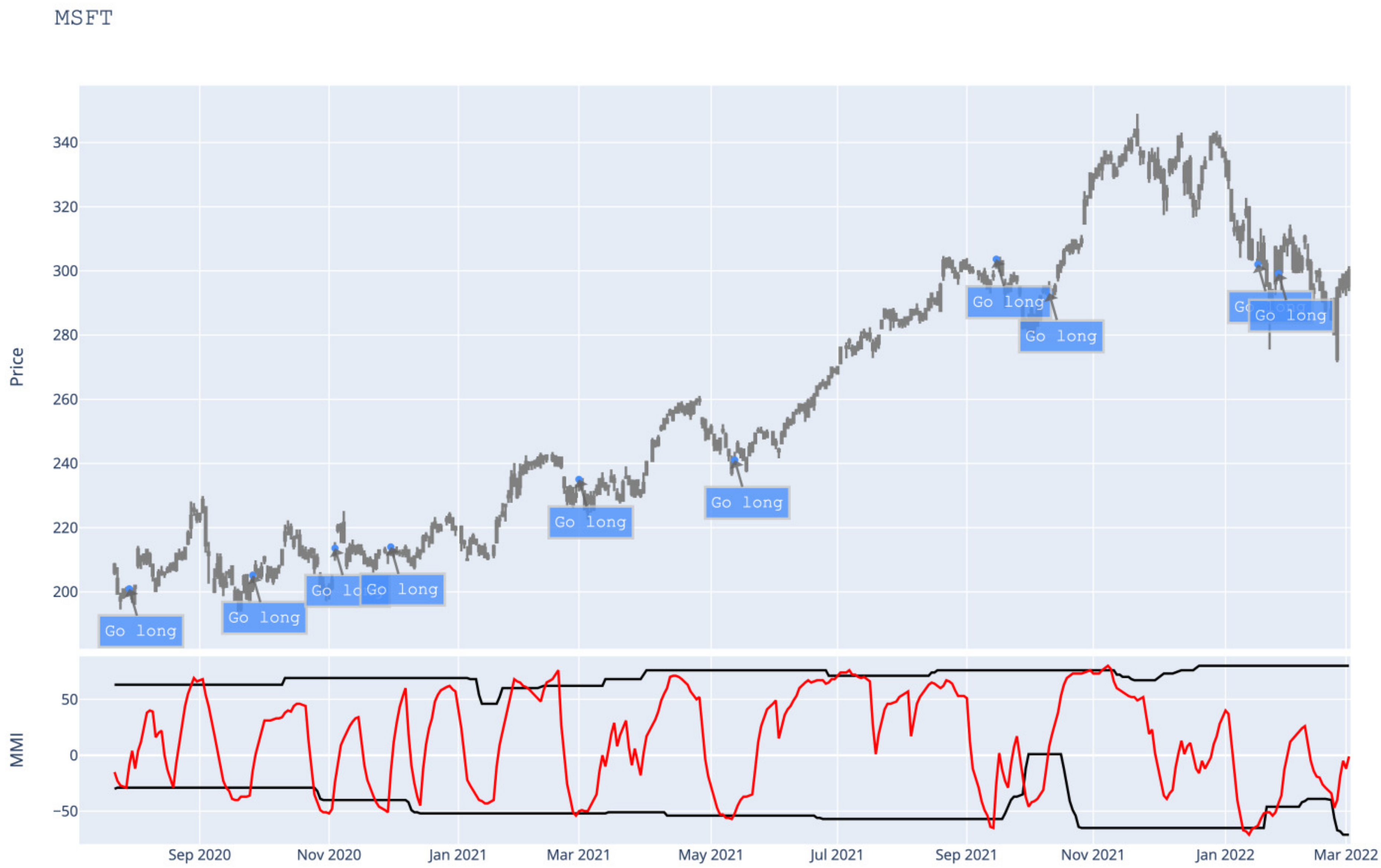
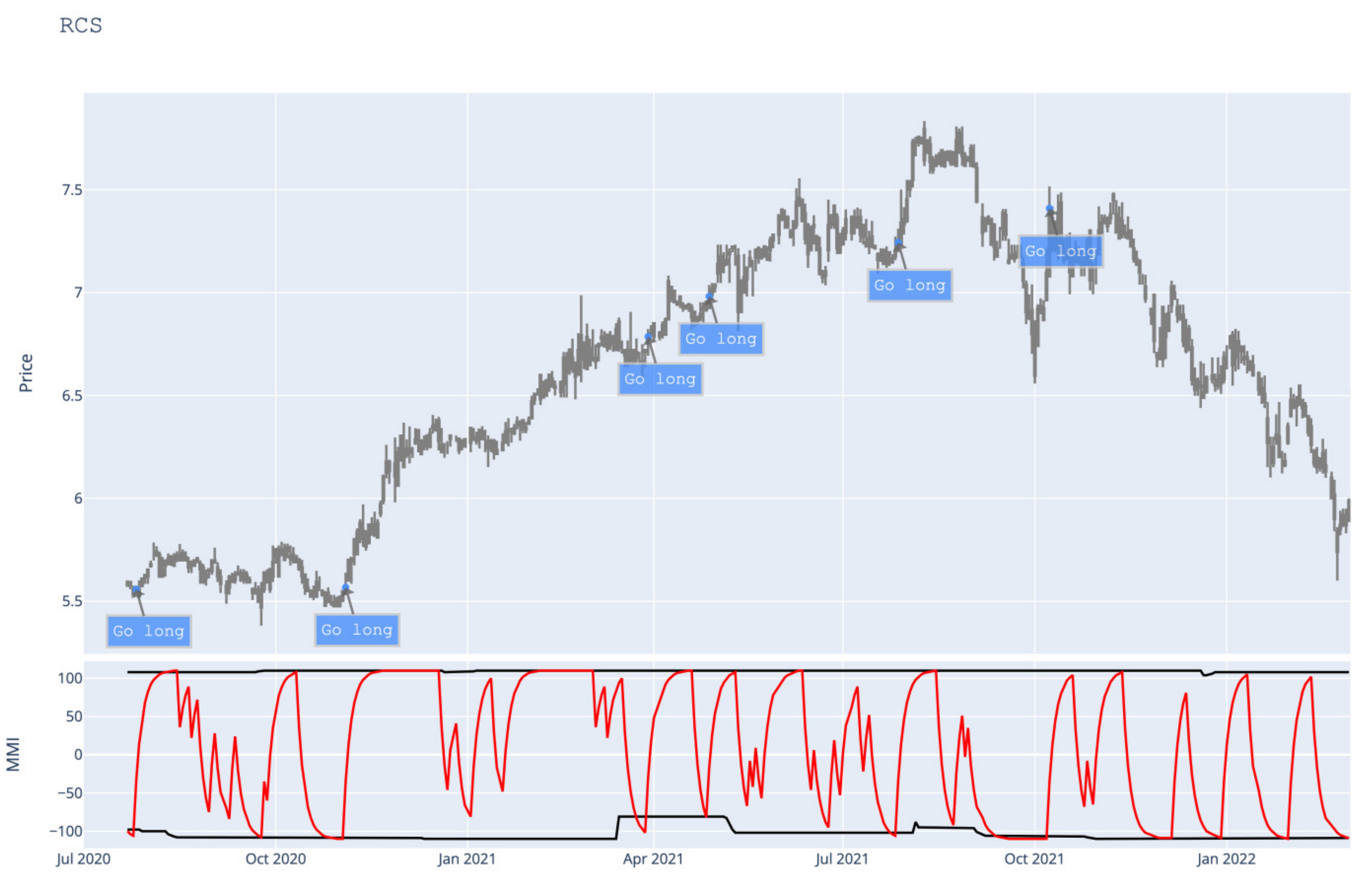
SIMPLE, UNDERSTANDABLE, ACTIONABLE





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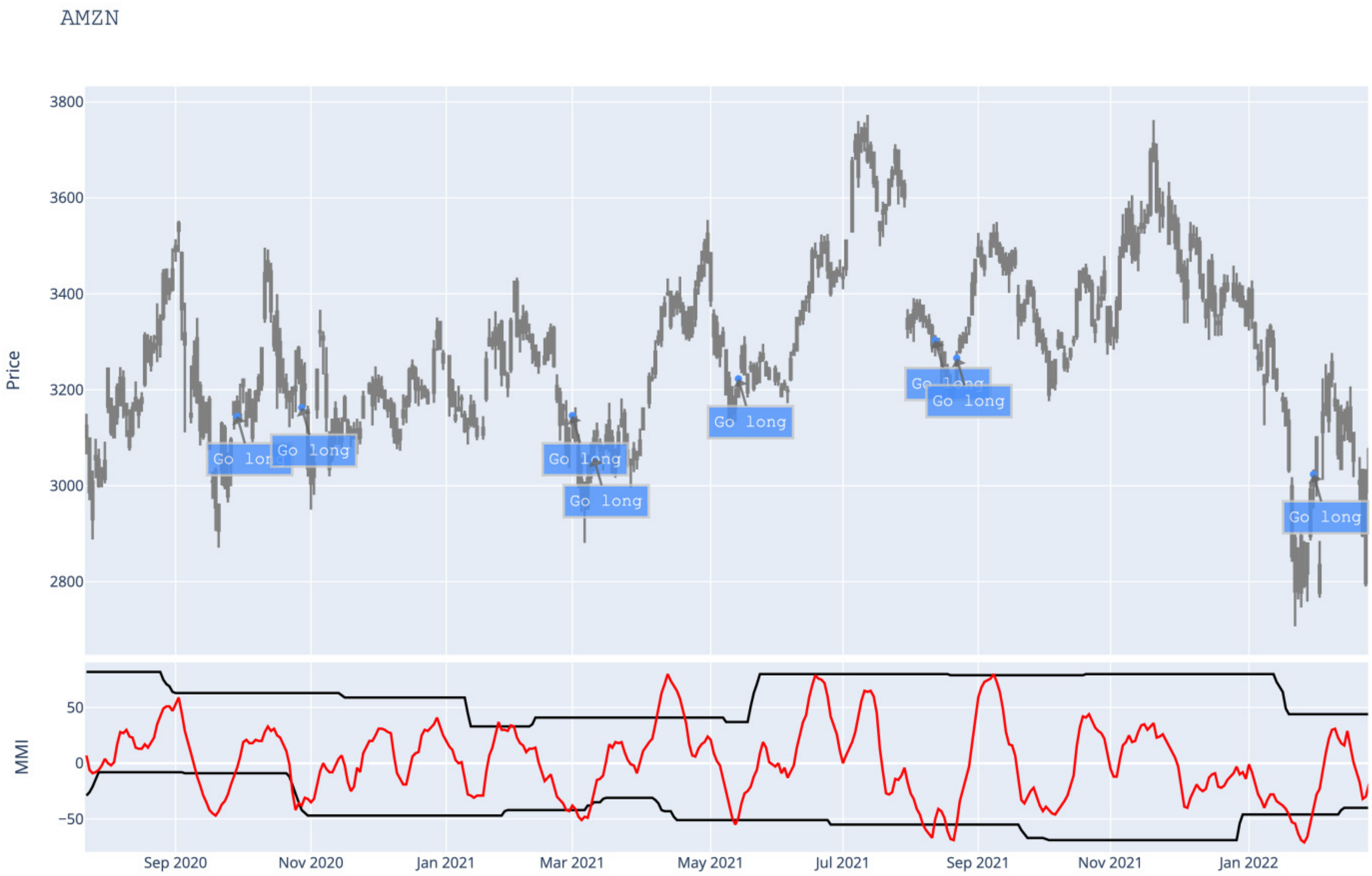

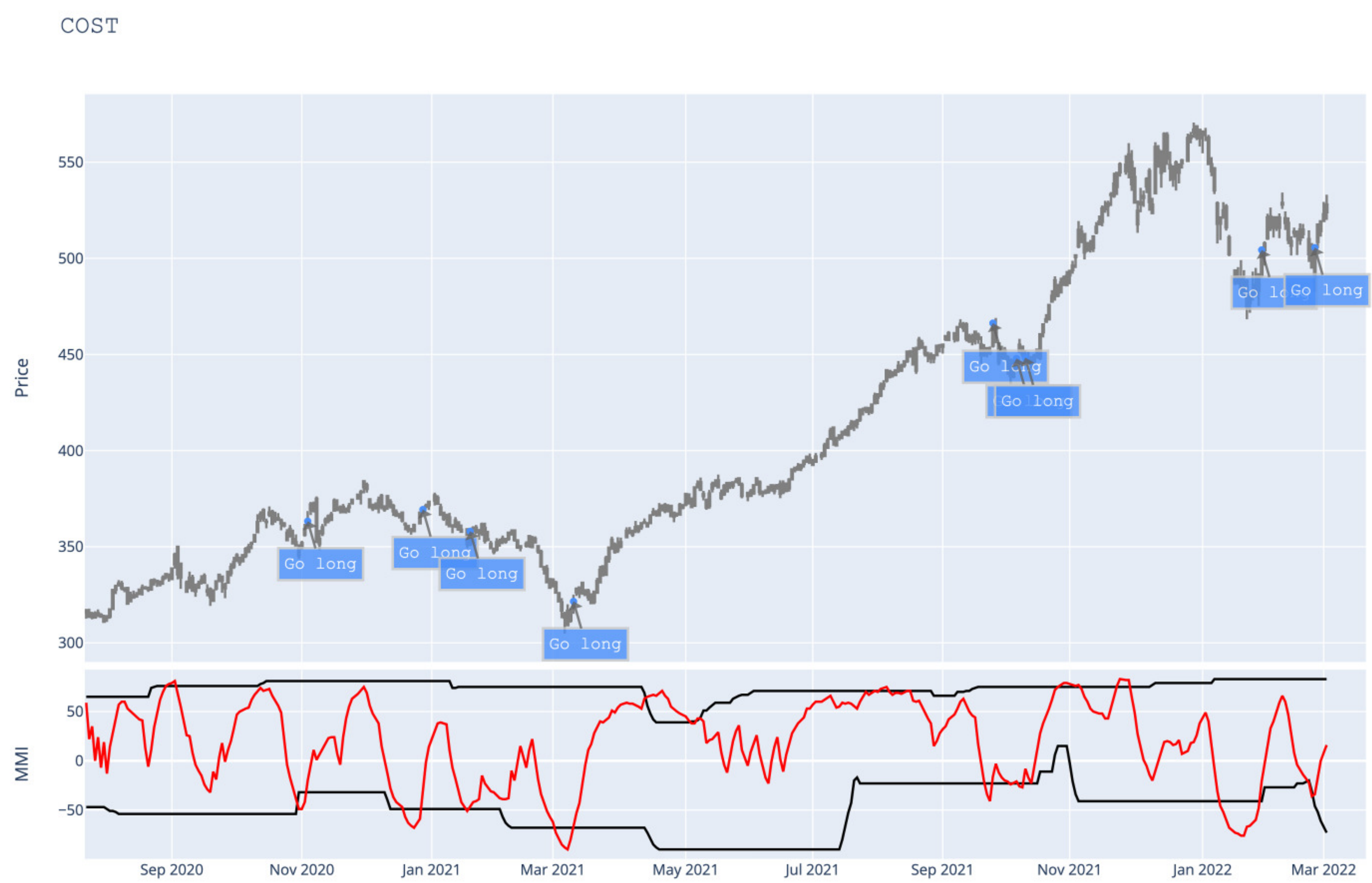

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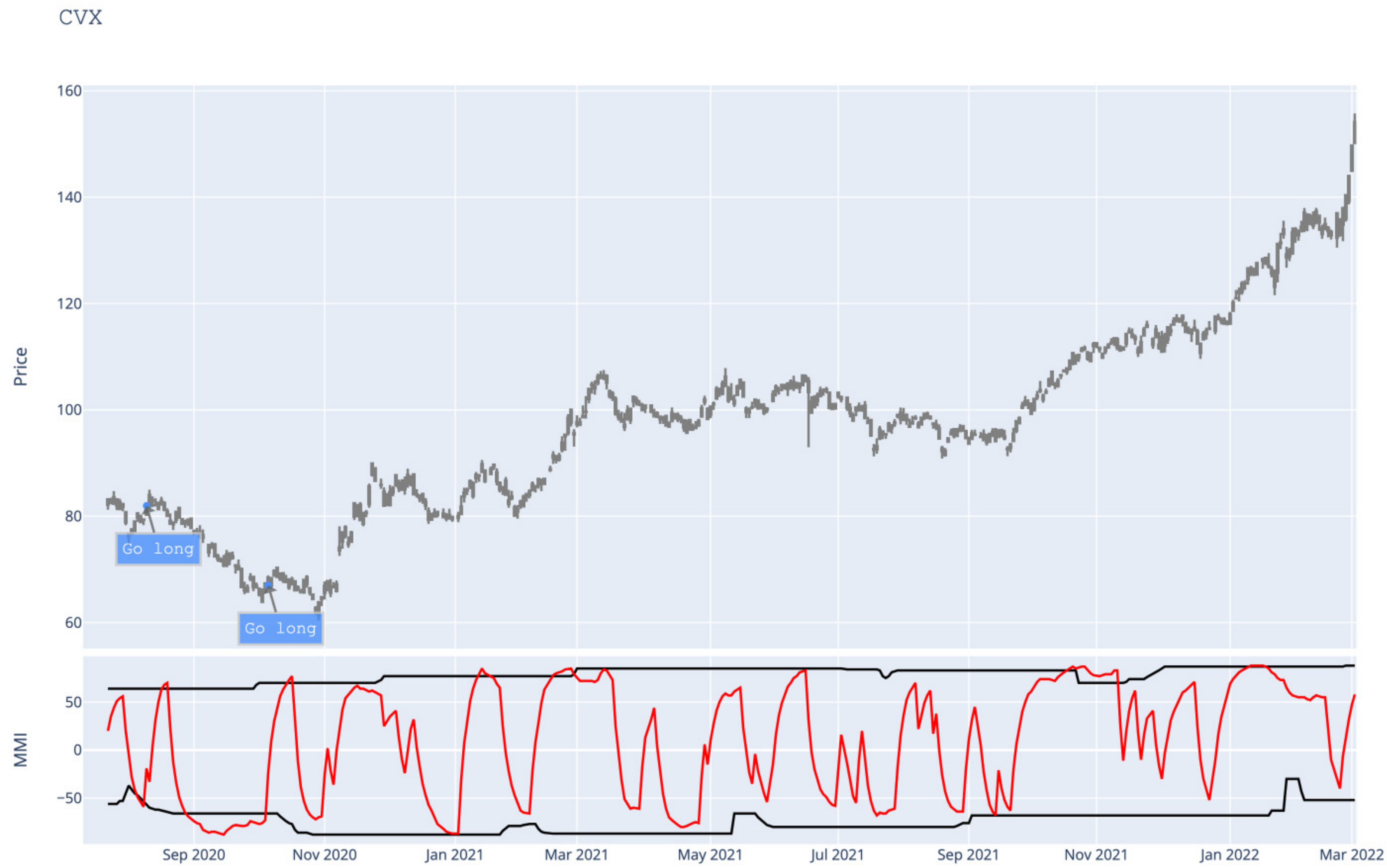

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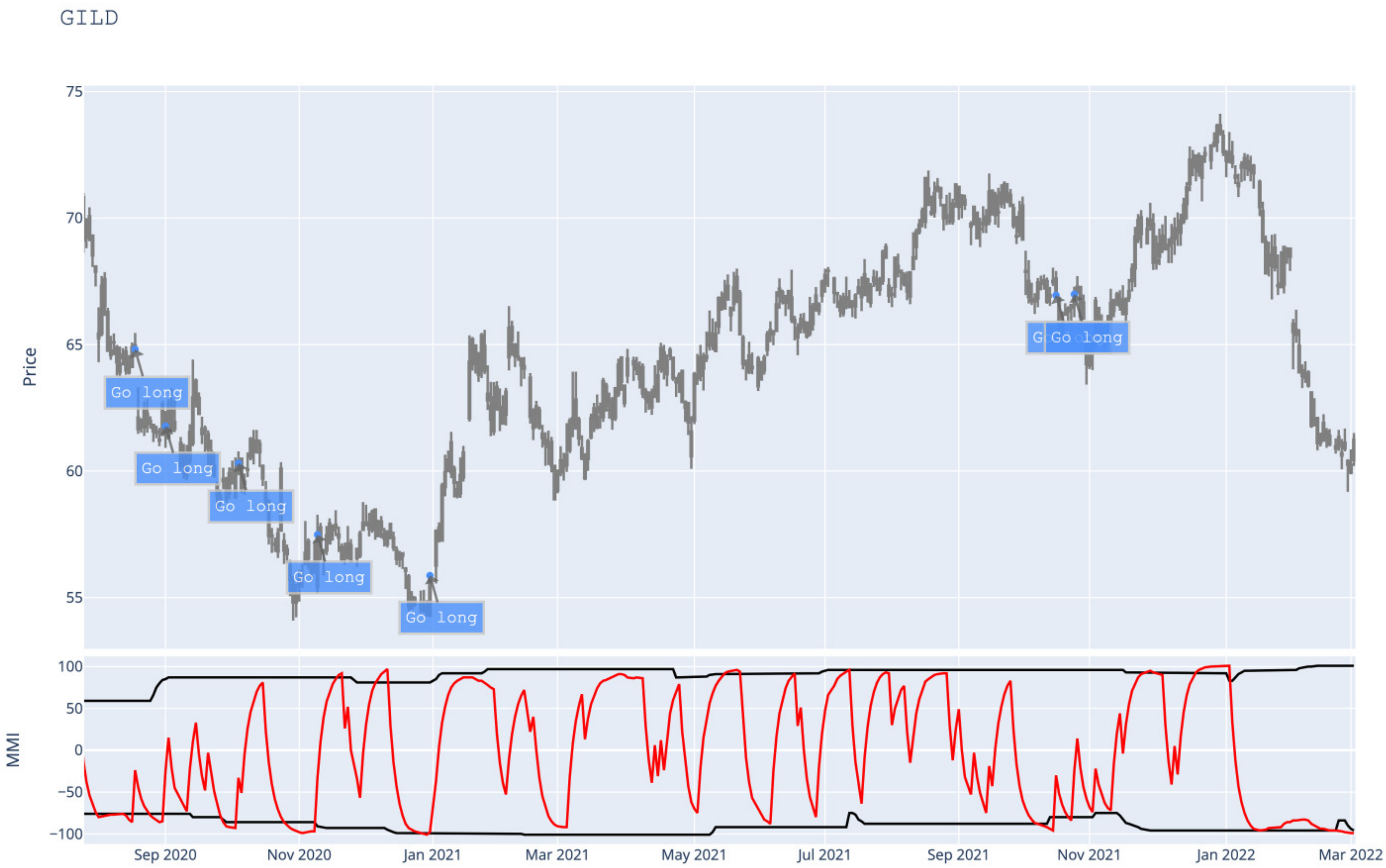
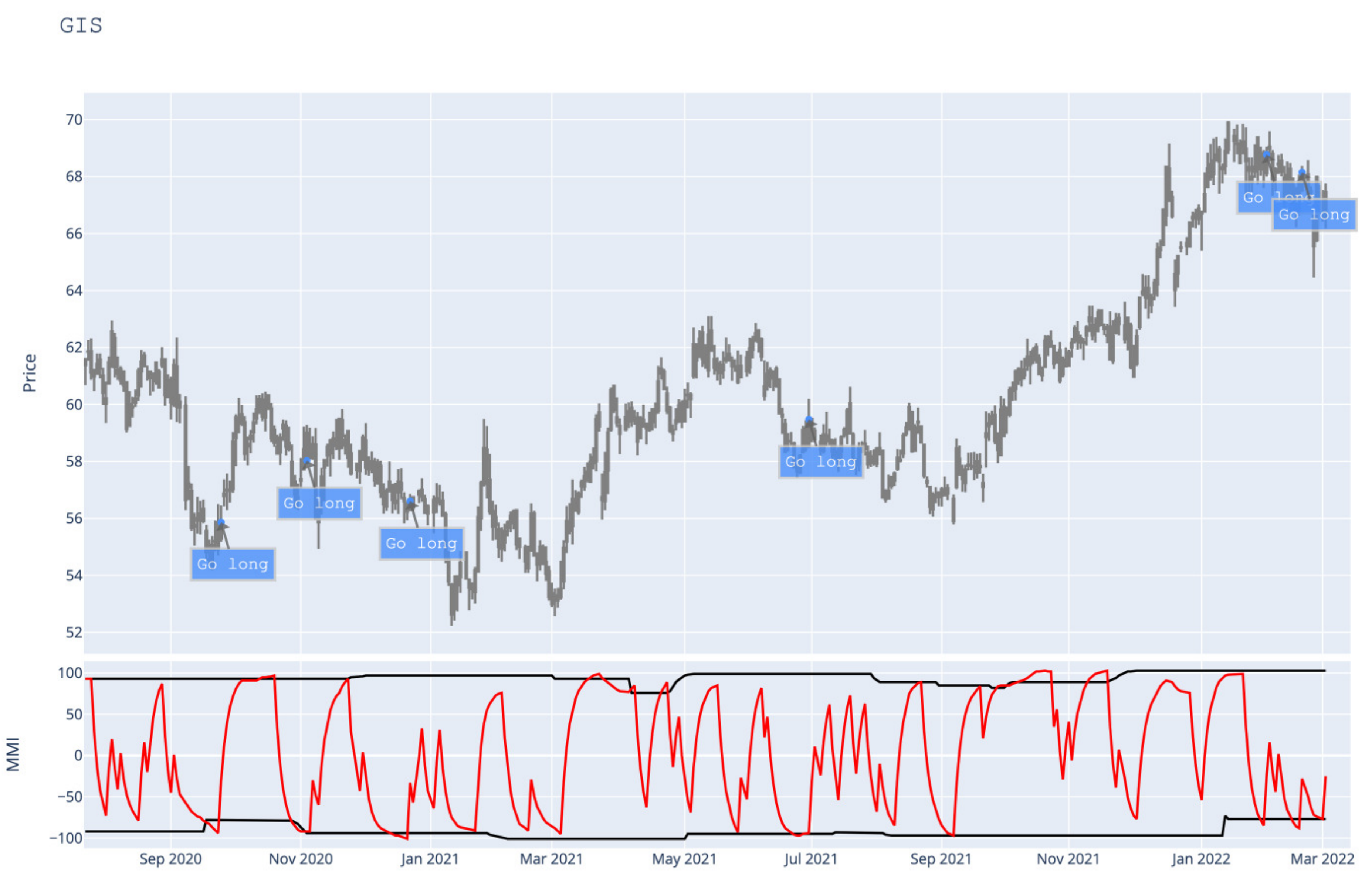
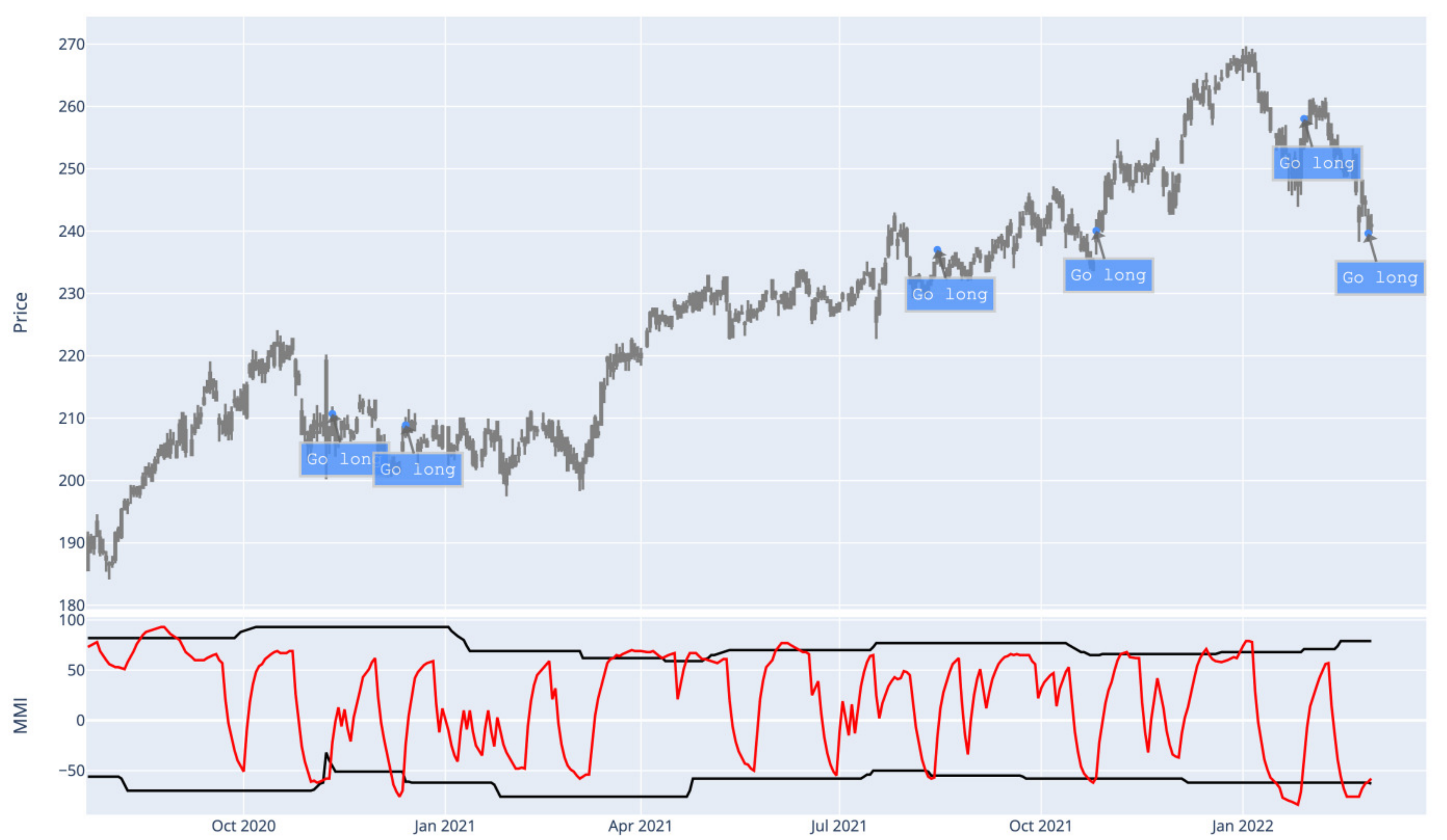




SIMPLE, UNDERSTANDABLE, ACTIONABLE

LMT

MCD



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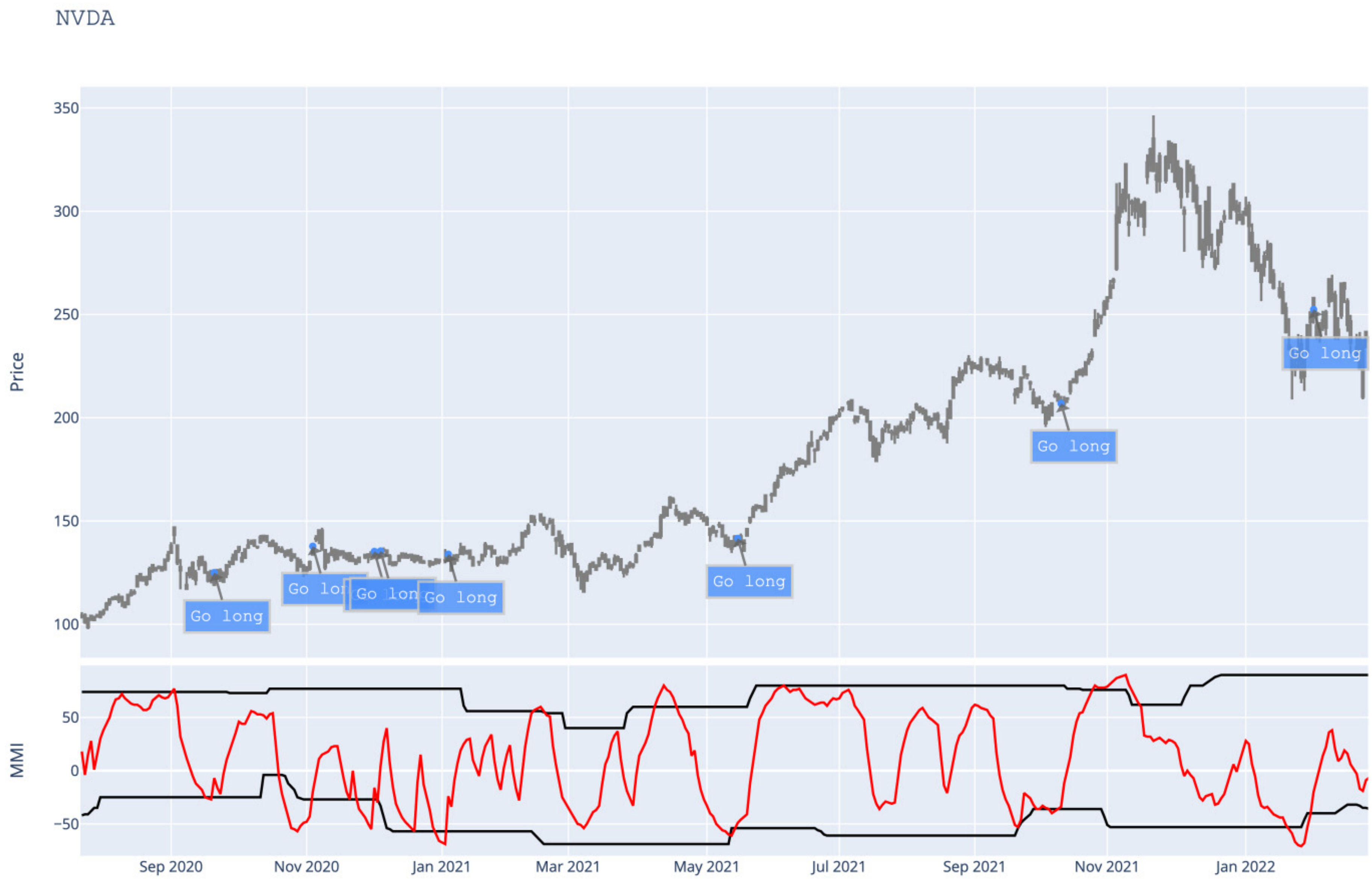

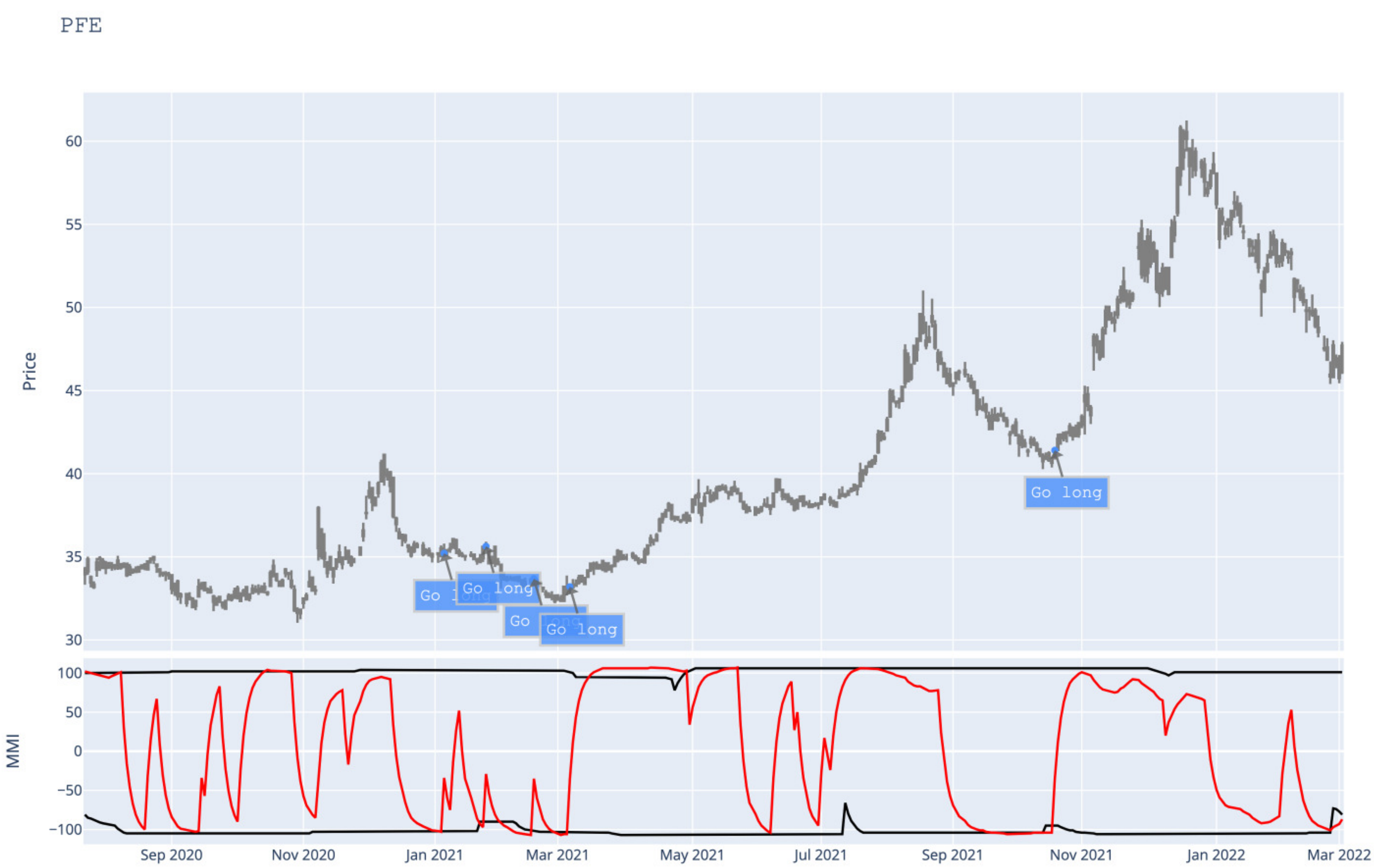

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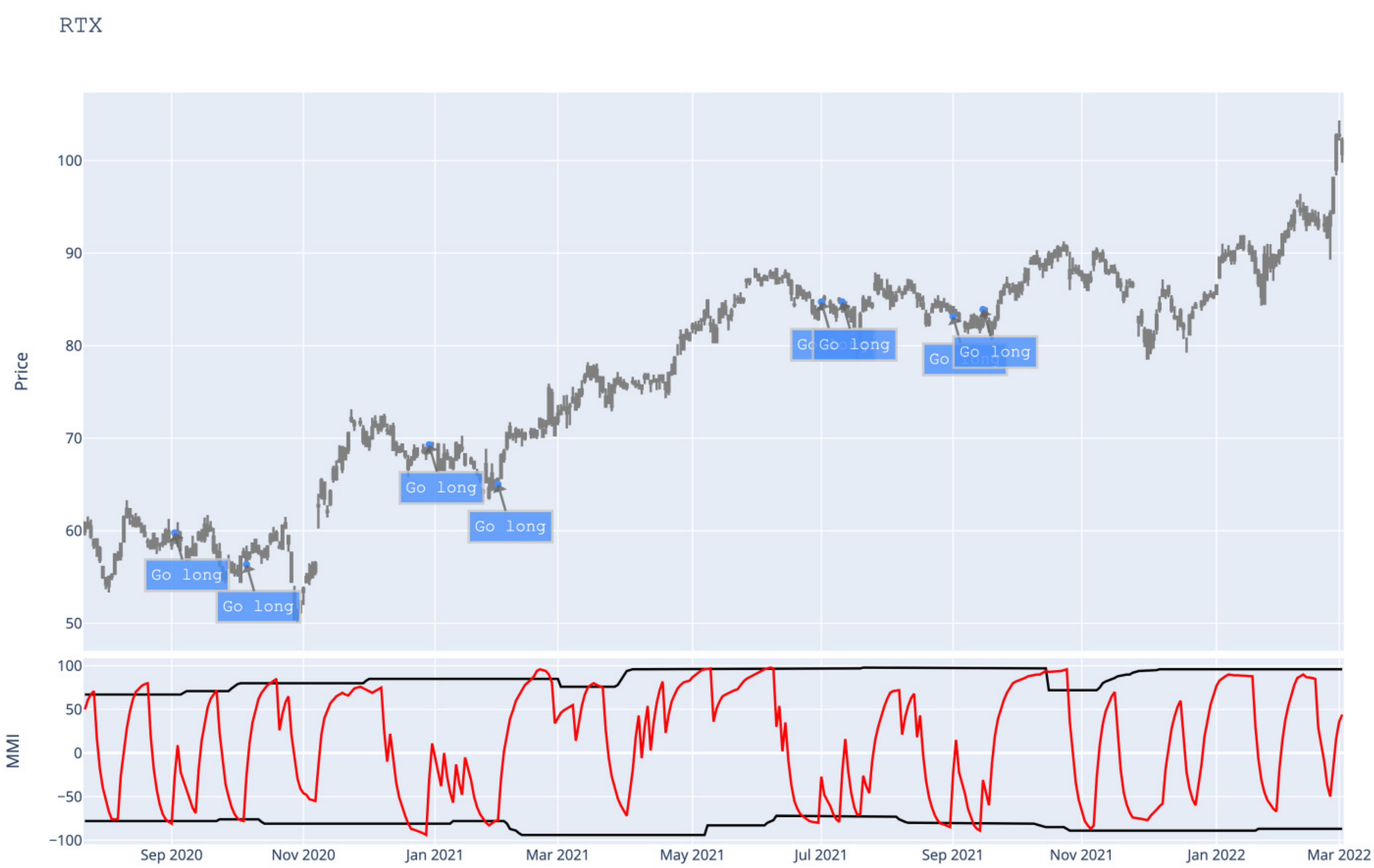

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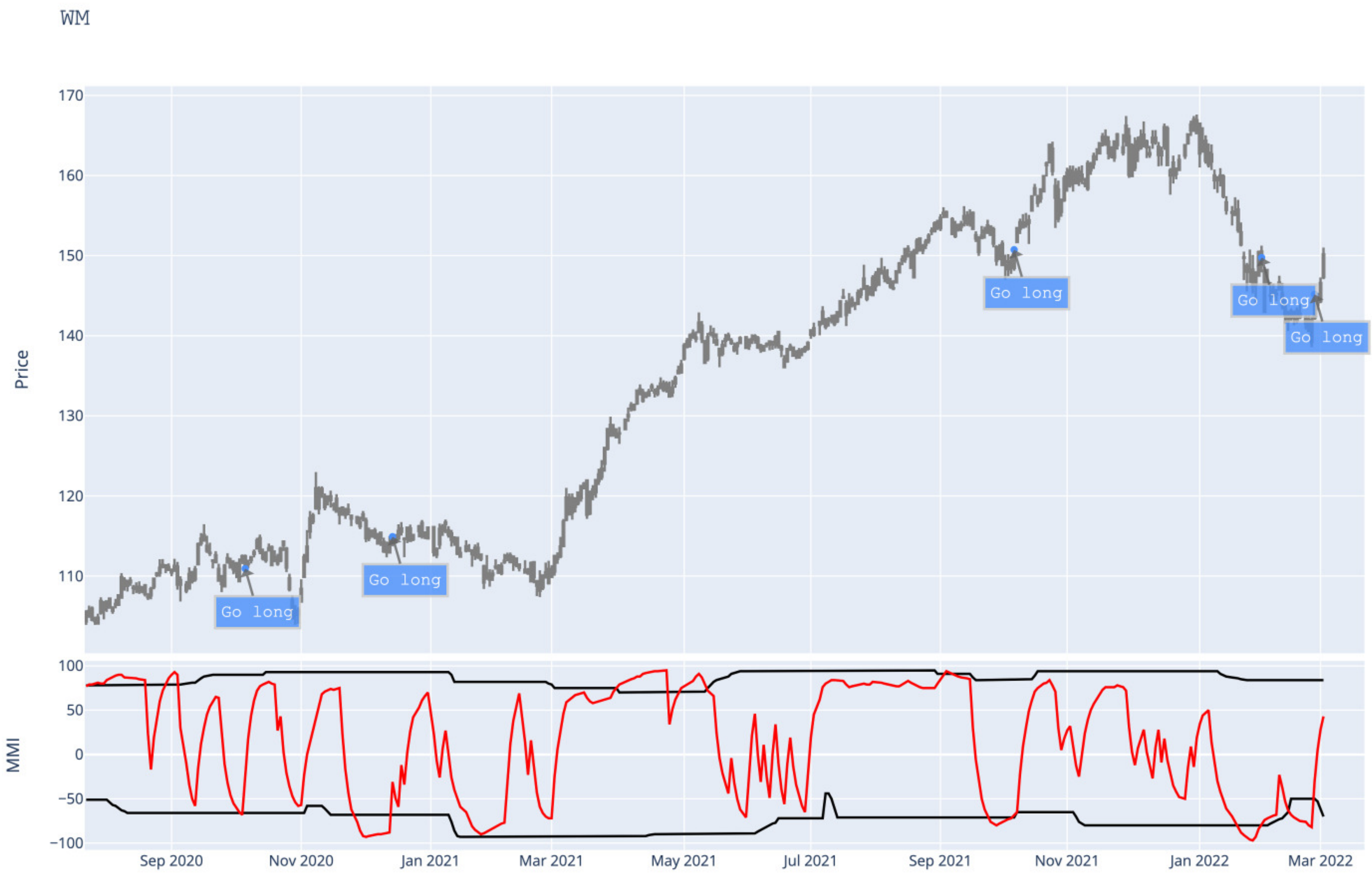


SIMPLE, UNDERSTANDABLE, ACTIONABLE

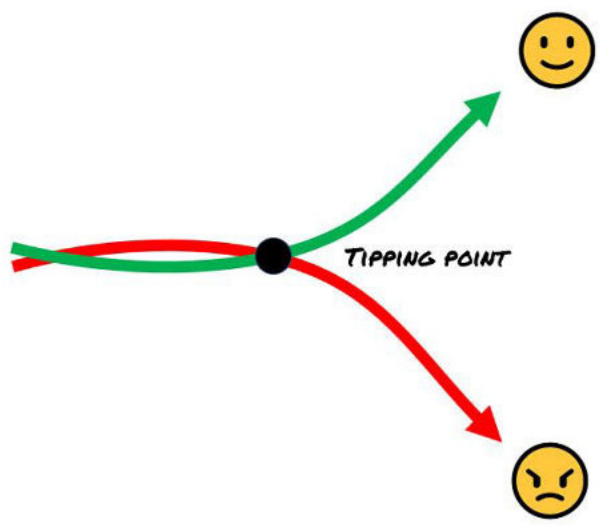
HIGH PERFORMANCE OVER 50™

Build your own positive feedback engine!

Conventional wisdom is that change happens gradually, but I don't think that's true. Not in life and certainly not in the financial markets.

My experience has been that change occurs little by little only until we hit a tipping point in our lives. Then, it speeds up.

Formerly slow manageable situations become rapidly changing feedback loops.



Adapted from The End of Procrastination by Petr Ludwig & Adela Schicker, 2013

Positive feedback loops are great, of course.

Success breeds more success. You are increasingly positive and, in my best Tony Robbins voice, "unshakeable!" You're "in the flow" or to use language that dates me … "groovin'!"

Negative feedback loops pretty much suck.

Failure happens more often and faster. You stop believing in yourself and in others. The world seems out to get you. Decision paralysis is common.

What's interesting is that most people trundle along for a long time between the two. They wonder why they're not achieving the results they want but fail to take the actions needed to create a positive feedback engine.

Sadly, many inadvertently pass the tipping point that creates a negative feedback loop while letting the positive tipping point slip through their fingers or remain just beyond reach.

Their inner "gremlins" get the better of them and the next thing you know they're trapped.

That doesn't have to happen!

Chances are you know that I'm a very positive person.

By design.

And One Bar Ahead™ is built in that mold.

I learned a long time ago that building positive feedback loops is key to success … in life and in the markets.

It's not as hard as you'd think but it does require thinking differently.

My personal roadmap is super simple.

1 – I keep a personal vision in front of me at all times

Studies show that the more specificity you have, the more likely you are to achieve what you want.

For instance, I want to ride the TransAmerica Trail on my 60th birthday. To do that I'll have to learn how to offroad, overland and more. I'll also have to be in a position where I can walk away from the markets for a month or more. So I am taking steps now – several years in advance – to make these things happen.

2 – I am a creature of habit.

Don't get me wrong, I love change. I just understand that getting up every day at 4:45 am and doing a bit of exercise to get my blood moving makes everything else I want to achieve that day more likely.

My bride helps me eat well and ensures that I am super-well motivated.

Our boys help me understand the humanity of being a dad, faults, and all. And grow.

Friends – including every member of the One Bar Ahead™ Family – yes, YOU - inspire me!

3 – I break big tasks down into small doable chunks

People love their smartphones and computers, but I find that an old-fashioned steno pad helps me focus. I write down my objectives by the week then cross them off in red when they're done. Anything that's INPO – in progress – gets hit with an orange highlighter until it's "redded out."

4 – I won't hesitate to restart if I get derailed

Many people fear failure, but I regard it as tuition. If I'm breathing, I am here and in the moment which means I can begin again.

What I do next is entirely up to me. How I chose to move forward is entirely up to me. Why I do that is entirely up to me.

Personal accountability matters!

5 – I do not buy off on the concept of collective pessimism

The world is a complicated place and there are lots of negative influences that give me pause. I can't help but feel the angst, the desperation and the fear around us.

However, I refuse to give in to the state of learned helplessness that seems to come with all that.

I am determined to leave the world a better place than I found it.

By sharing what I know.

By leading from the front.

By living with purpose.

You got this – I promise!

KF

What's Your Take?

Have you tried any of the techniques and tactics from previous issues, or have you learned something new? Made a great buy? Discovered a new stock or fund? Tried Noriko's recipes? Started travelling again?

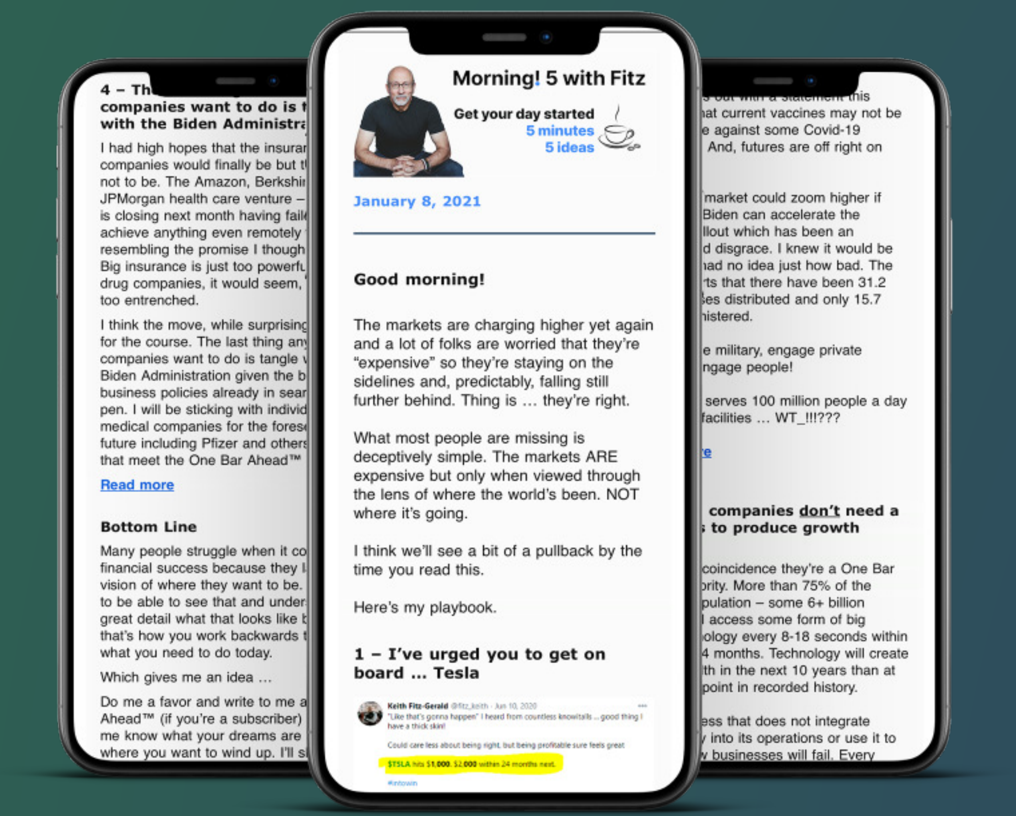
Drop us a line at

magazine@onebarahead.com

If you have pictures send 'em along!

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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