

# Fortrend Securities

## The Relative Value Model

### Sub Prime Lending



# General Advice

The advise has been prepared without taking into account the clients objectives, financial situation and needs. Clients should consider the appropriateness of the advice by taking into consideration your objectives, financial situations and needs before acting on the advice.

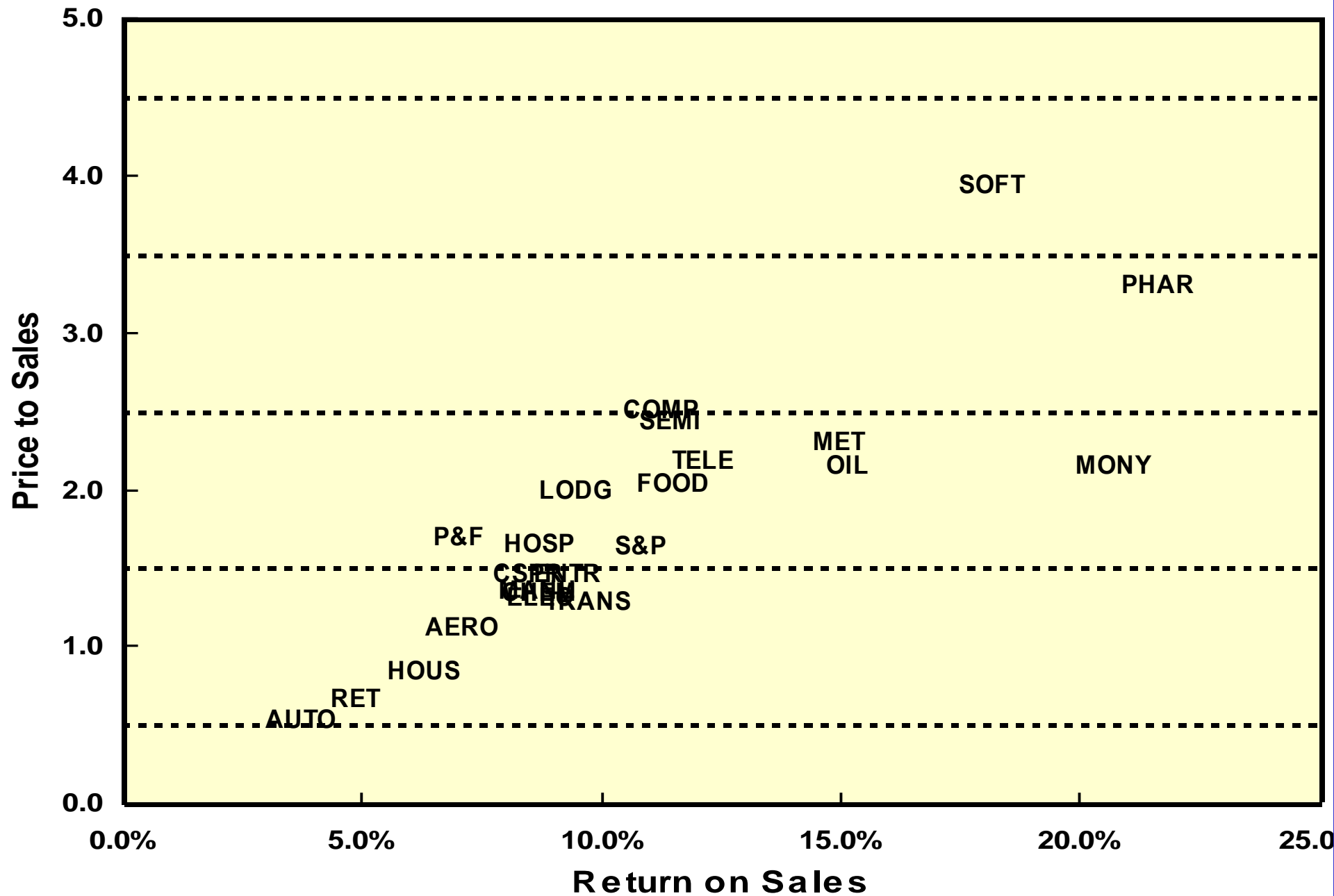


# 3Q Results

- The S&P 500 fell 0.2% in the third quarter, after tumbling 10% and making a full recovery
- Wall Street boosted earnings estimates for 2008 by 1.5%
- This brings the P/E down to 15.2
- The 10 year treasury dropped to 4.57% after the Fed cut rates
- The trade weighted US dollar fell from 78 to 74.9
- Chipotle lead markets higher. Oil and technology sectors led the market higher while housing, retail and print media remain very weak
- We recommend taking profits in IBM, which is up 40%, and buying Network Appliances



Price to Sales vs Return on Sales



# Warning Season

- After 6 boring quarters, the VIX has gone wild
- Housing, auto, consumer no-durables, retail and banks have warned of lower earnings.
- Software, healthcare, food and household & personal products are guiding higher and doing well.
- The bears have come out of hibernation, UBS, Duette and Citigroup have become bulls!
- Why?



# Sub-Prime Mortgages!

- How many people?
- How many mortgages?
- How many sub-primes?
- What are the default rates?
- Who cares?



# History behind the bubble

- Dot.com bust
- Interest rate cycle
- Asset appreciation
- New products
- ARMS
- ARMS with re-sets



# Who owns the loans?

- Originators
- Freddie Mac, Fannie Mae
- Investment Banks
- You?





# Home Builders suppliers

- Builders
- Suppliers
- Brokers



# The other side of the B-sheet

- Consumers confidence
- GDP
- The Fed, EU + BOE
- The \$
- Lower middle class
- Retailers like target. Wait to buy that Plasma!



CMG US \$ SC **118.13** -1.13 N --x-- SH0 Equity**DES**

As of Sep28 DELAYED Vol 539,500 Op 116.73 N Hi 119.89 T Lo 116.72 N

# DESCRIPTION

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**CMG US**

CHIPOTLE MEXICAN GRILL-CL A

Retail-Restaurants

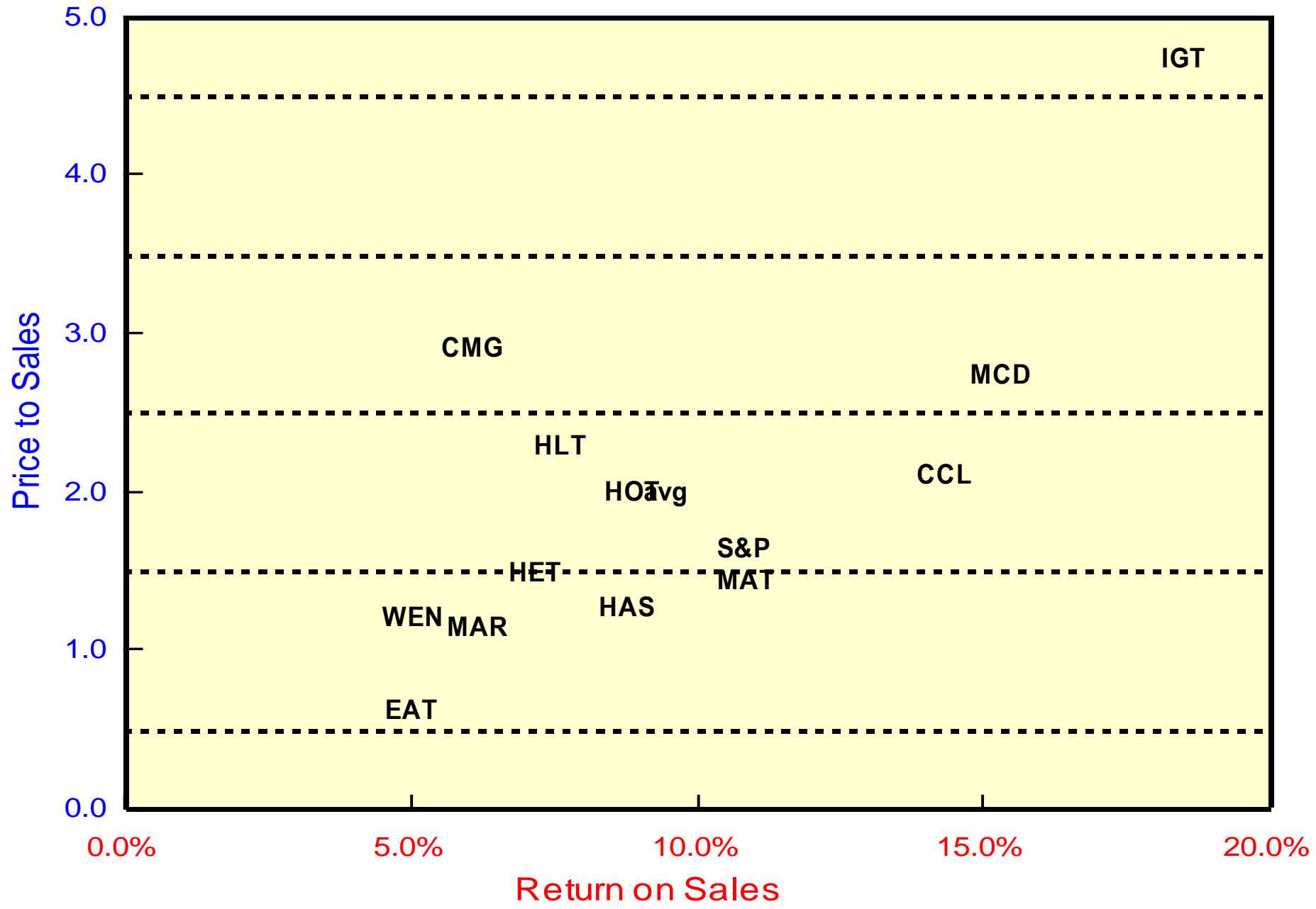
CUSIP 169656105

98) Print Report

Chipotle Mexican Grill, Inc. owns and operates quick serve Mexican restaurants.  
The Company operates restaurants throughout the United states.

STOCK DATA			USD	DIVIDENDS			None
1)GPO	Price	9/28	118.13	5)DVD	Indicated Gross Yld		
	52Wk High	9/27/2007	119.97		Dividend Growth		
	52Wk Low	10/ 5/2006	48.30		Ex-Date	Type	Amt
	YTD change		61.13				
	YTD % Change		107.25%				
EARNINGS			USD				
2)FA	Shares out	7/27/2007	14.410M	6)ERN	Ann Date	10/31/07 (Est)	
8)MSH	Market Cap	USD	3673.75M		Trailing 12mo EPS		1.777
	Float	14.09M	Short Int	3.595M			
3)TRA	1 Yr Total Return		137.83%	7)EE	Est EPS	12/2007	1.929
					P/E	66.46	LT Growth 25.88
4)OMON	Options, LEAPs Available				Est P/E	61.24	Est PEG 2.37

Price to Sales vs Return on Sales



CCL US \$ SC 48.43 -.66 N --x-- SH0

EquityDES

As of Sep28 DELAYED Vol 2,779,200 Op 49.55 P Hi 49.62 T Lo 48.27 T

## DESCRIPTION

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Cruise Lines

98) Print Report

CCL US

CARNIVAL CORP

CUSIP 143658300

Carnival Corporation owns and operates cruise ships offering cruises to all major vacation destinations including North America, the United Kingdom, Germany, Southern Europe, South America and Asia/Pacific. The Company, through a subsidiary also owns and operates hotels and lodges.

ISSUE DATA				USD	DIVIDENDS				Quarterly	USD
1)GPO	Price	9/28	48.43		5)DVD	Indicated Gross Yld				2.89%
	52Wk High	1/19/2007	52.73			Dividend Growth	5YR			24.37%
	52Wk Low	8/16/2007	41.70			Ex-Date	Type			Amt
	YTD change		-.62			8/22/07	Reg. Cash			.35
	YTD % Change		-1.26%							
2)FA				USD	EARNINGS					USD
	Shares out	9/24/2007	623.998M		0)ERN	Ann Date	12/21/07 (Est)			
	Market Cap		USD 30220.24M			Trailing 12mo EPS				3.010
	Float	401.67M	Short Int	10.292M						
3)TRA	1 Yr Total Return		5.70%		1)EE	Est EPS	11/2007			2.939
	BETA vs. SPX		1.25			P/E	16.09	LT Growth		13.22
4)OMON	Options, LEAPs, Stk Marginable					Est P/E	16.48	Est PEG		1.25
SHARES O/S = 1 COMMON SHARE WITH PAIRED TRUST SHARE CCL is a DLC structure.										

Australia 61 2 9777 8600

Brazil 5511 3048 4500

Europe 44 20 7330 7500

Germany 49 69 920410

Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2007 Bloomberg L.P.

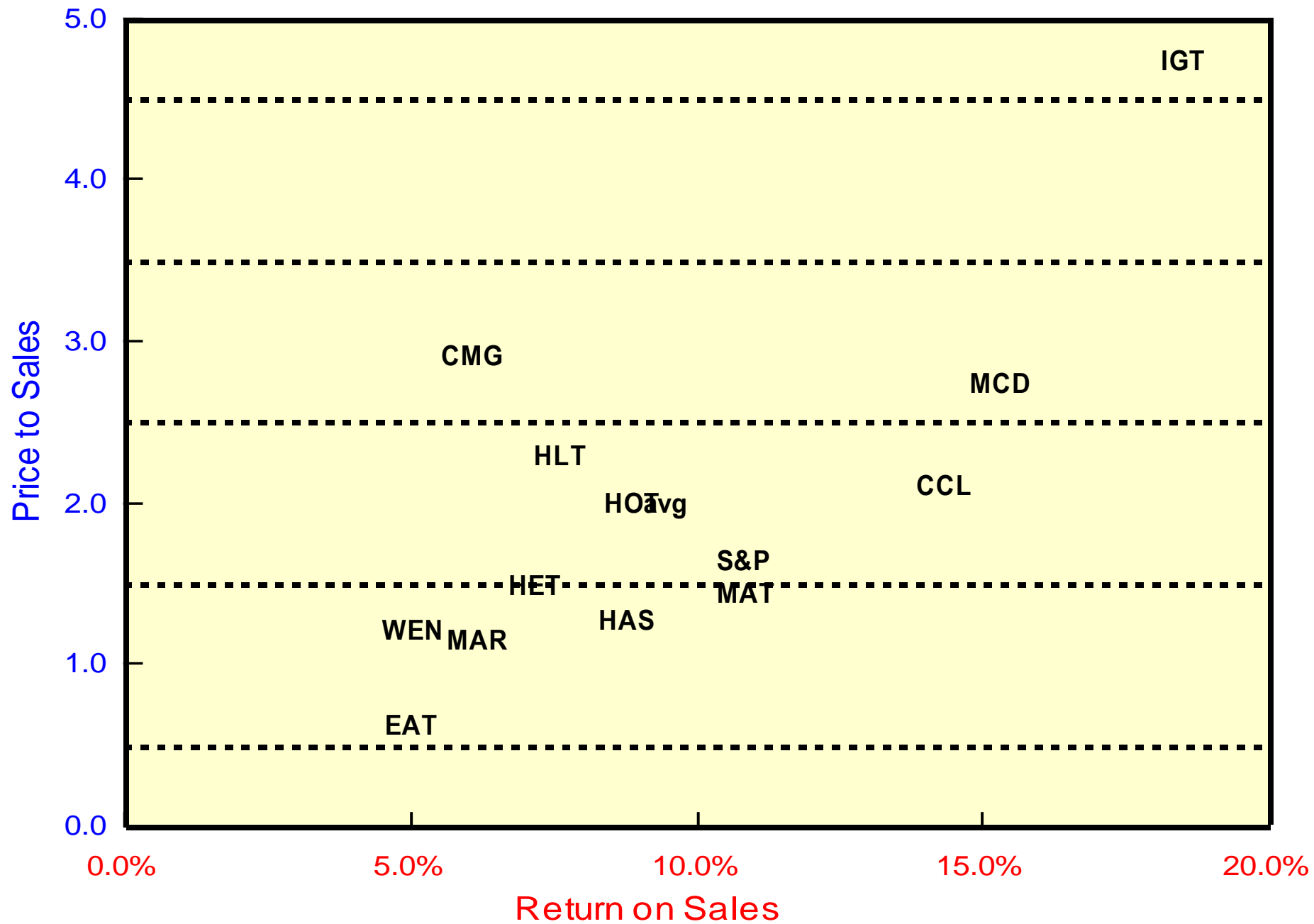
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# Carnival Corporation

- Dominant global cruise ship operator
- Excellent net profit margins
- Growth in Europe offsets weaker US market



Price to Sales vs Return on Sales



## DESCRIPTION

RSH US

RADIOSHACK CORP

Retail-Consumer Electron

CUSIP 750438103

98) Print Report

RadioShack Corporation retails consumer electronic products in the United States through its RadioShack store chain. The Company markets electronic parts and accessories, cellular, PCS and conventional telephones, computers, scanners, software, and related products and accessories.

STOCK DATA				USD	DIVIDENDS				Annual	USD
1)GPO	Price	9/28	20.66		5)DVD	Indicated Gross Yld				1.21%
	52Wk High	6/18/2007	35.00			Dividend Growth				
	52Wk Low	12/21/2006	16.42			Ex-Date	Type			Amt
	YTD change		3.88			11/29/06	Reg. Cash			.25
	YTD % Change		23.12%							
2)FA				USD	EARNINGS					USD
	Shares out	7/20/2007	137.907M		6)ERN	Ann Date	10/29/07 (C)			
	Market Cap		USD 2849.16M			Trailing 12mo EPS				1.320
	Float	132.96M	Short Int	27.712M						
3)TRA	1 Yr Total Return		8.60%		7)EE	Est EPS	12/2007			1.543
	BETA vs. SPX		.95			P/E	15.65	LT Growth		13.34
4)OMON	Options, LEAPs, Stk Marginable					Est P/E	13.39	Est PEG		1.00

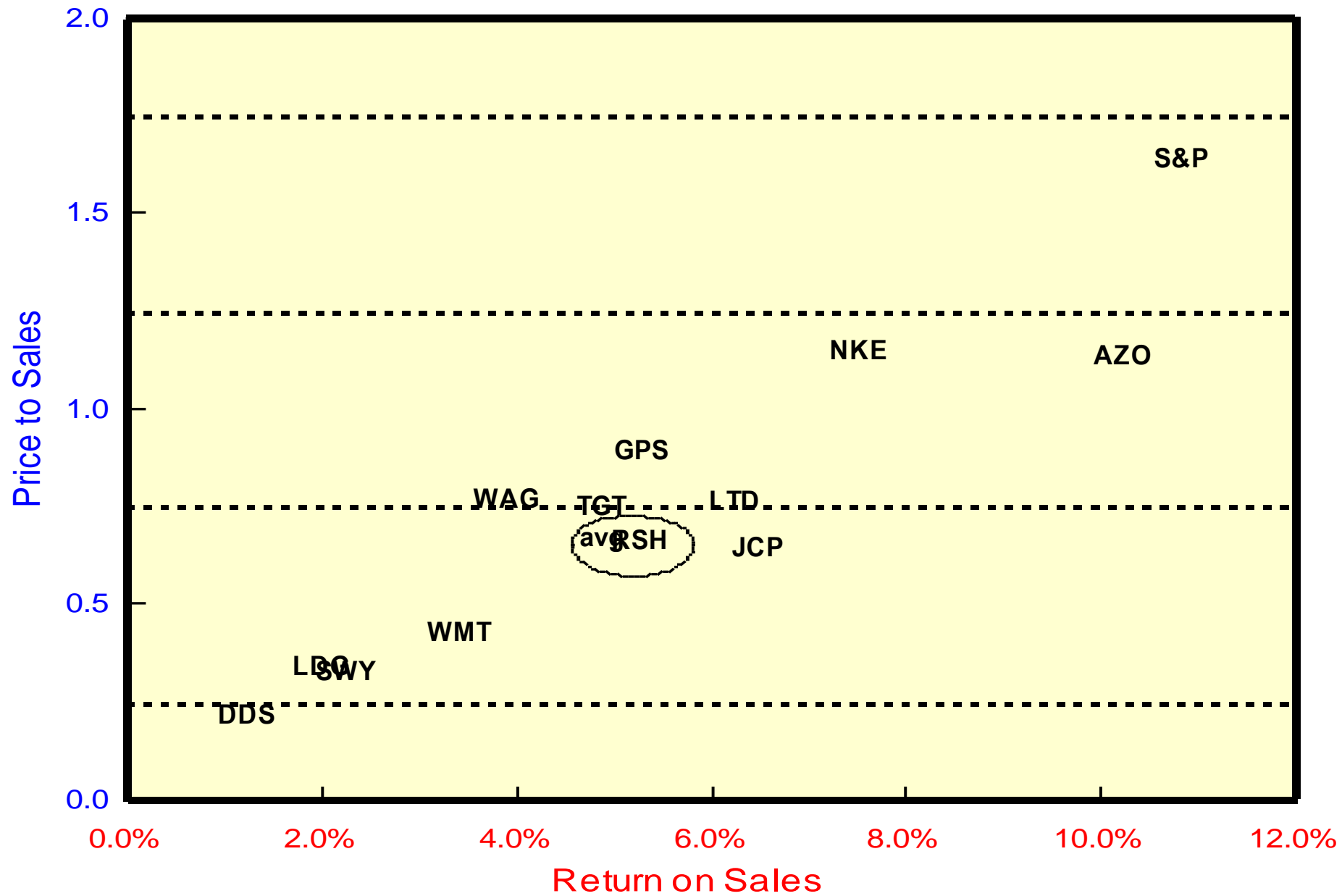


# RadioShack

- High margin electronic accessories business
- Embarking on extremely successful turnaround
- Julian Day cutting stores, jobs driving new product offering
- Barron's upbeat on prospects
- Good times ahead



Price to Sales vs Return on Sales



**MSFT** US \$ SC **29.46** -.03 Q 29.46/29.47 1,810x949 **SH0** Equity**DES**

As of Sep28 DELAYED Vol 45,819,096 Op 29.49 Q Hi 29.69 D Lo 29.23 P

## DESCRIPTION

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**MSFT US**

MICROSOFT CORP

Applications Software

**CUSIP** 594918104

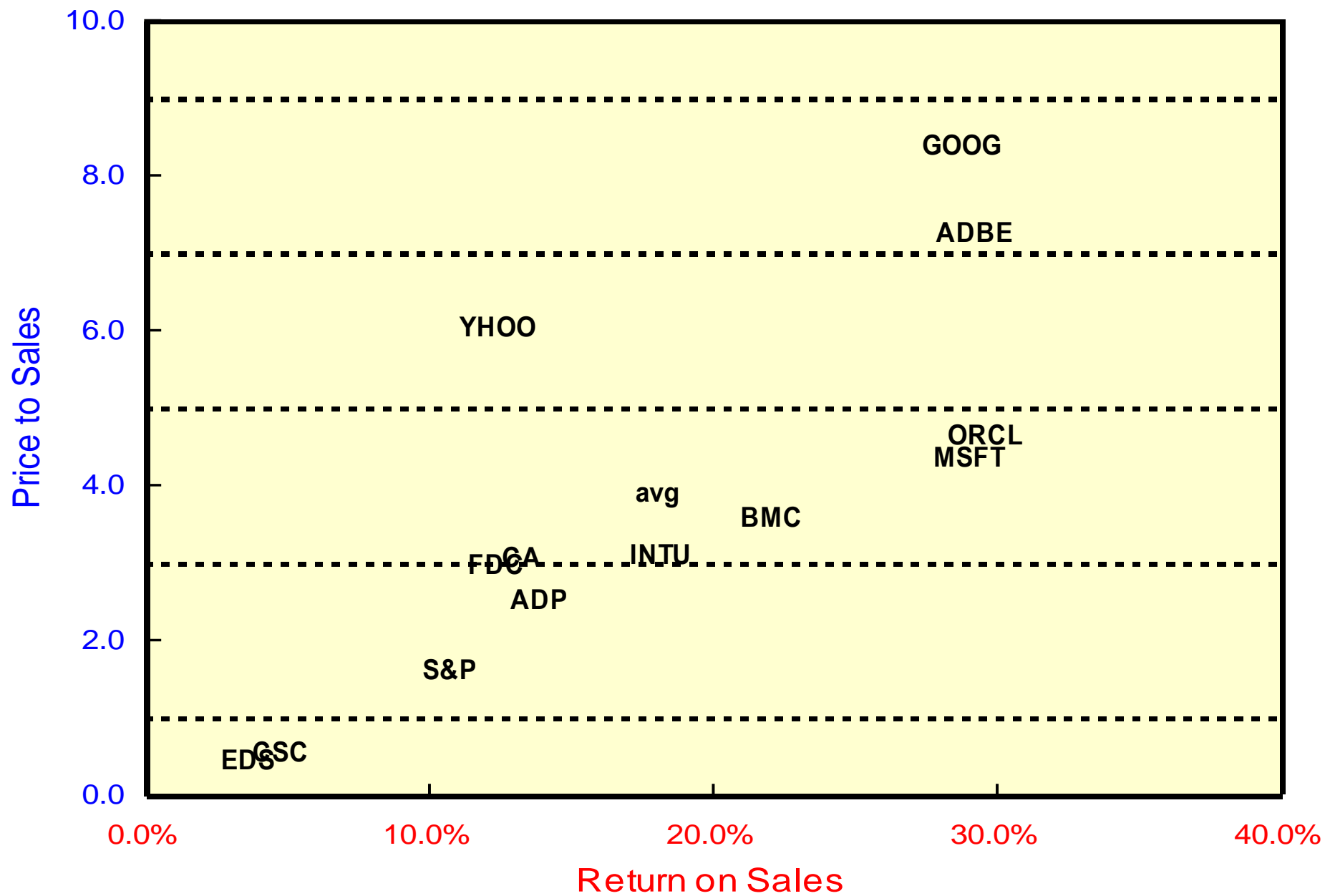
98) Print Report

Microsoft Corporation develops, manufactures, licenses, sells, and supports software products. The Company offers operating system software, server application software, business and consumer applications software, software development tools, and Internet and intranet software. Microsoft also develops the MSN network of Internet products and services.

STOCK DATA				USD	DIVIDENDS				Quarterly	USD
1)GPO	Price	9/28	29.46		5)DVD	Indicated Gross Yld				1.49%
	52Wk High	7/19/2007	31.84			Dividend Growth	3YR			18.56%
	52Wk Low	3/ 8/2007	26.60			Ex-Date	Type			Amt
	YTD change		-.40			11/13/07	Reg. Cash			.11
	YTD % Change		-1.34%							
2)FA				USD	EARNINGS					USD
	Shares out	9/ 7/2007	9401.752M		0)ERN	Ann Date	10/25/07 (Aft-Mkt)(C)			
	Market Cap		USD 276975.6M			Trailing 12mo EPS				1.500
	Float	8100.94M	Short Int	83.024M						
3)TRA	1 Yr Total Return		9.19%		7)EE	Est EPS	6/2008			1.724
	BETA vs. SPX		.97			P/E	19.64	LT Growth		12.20
4)OMON	Options, LEAPs, Stk Marginable					Est P/E	17.09	Est PEG		1.40

Par Value = .00000625

# Price to Sales vs Return on Sales



DIS US \$ SC 34.39 +.18 N --x-- SH0

EquityDES

As of Sep28 DELAYED Vol 8,016,200 Op 34.26 N Hi 34.42 T Lo 33.93 D

## DESCRIPTION

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Multimedia

98) Print Report

THE WALT DISNEY CO

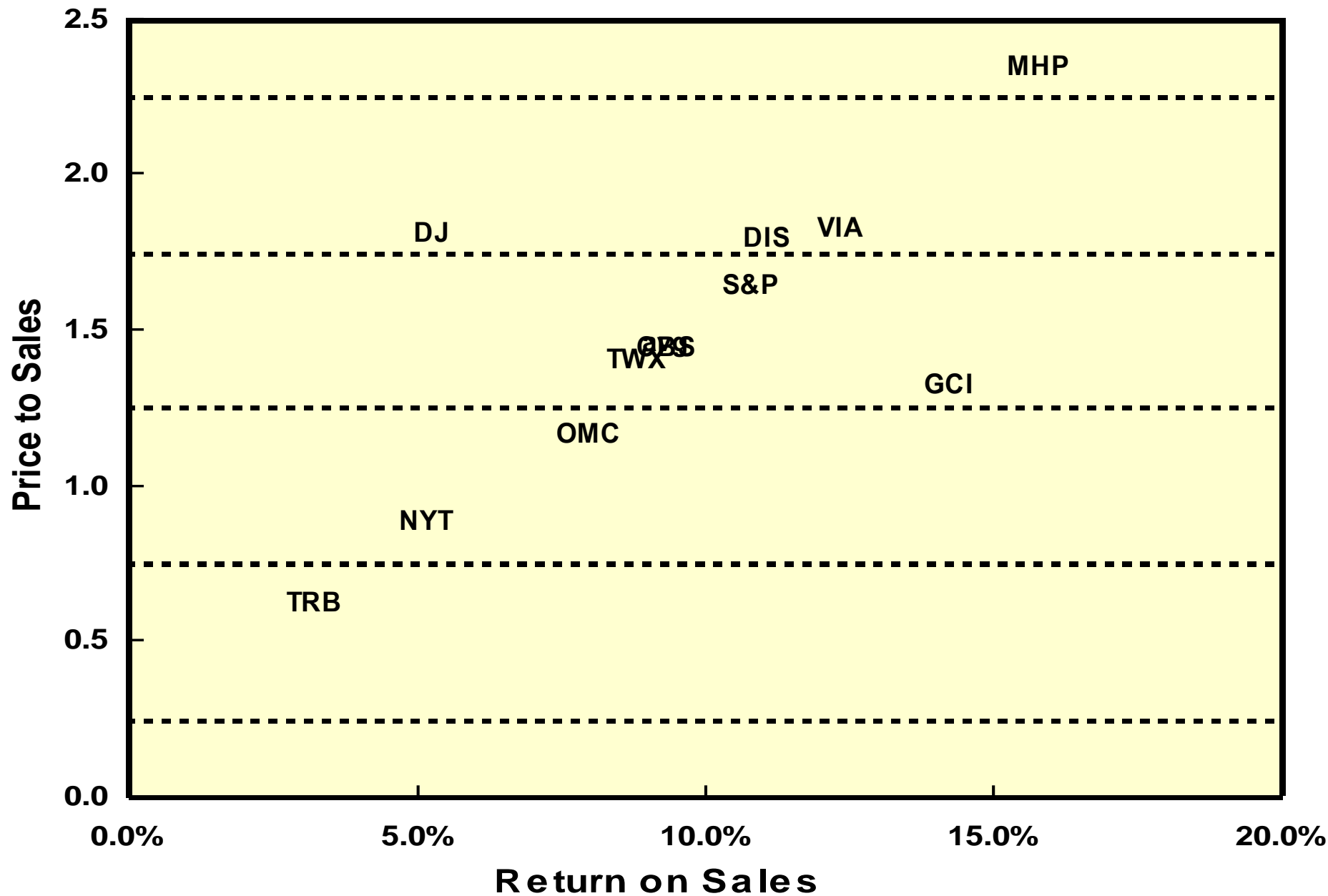
DIS US

CUSIP 254687106

The Walt Disney Company, an entertainment company, conducts operations in media networks, studio entertainment, theme parks and resorts, consumer products, and Internet and direct marketing. The Company produces motion pictures, television programs, and musical recordings, as well as publishes books and magazines. Disney also operates ABC radio and television and theme parks.

STOCK DATA				USD	DIVIDENDS				Annual	USD
1)GPO	Price	9/28	34.39		5)DVD	Indicated Gross Yld				.90%
	52Wk High	5/23/2007	36.3009			Dividend Growth	5YR			8.10%
	52Wk Low	10/ 2/2006	29.9958			Ex-Date	Type			Amt
	YTD change		.5756			12/13/06	Reg. Cash			.31
	YTD % Change		1.70%			7/ 2/07	Poison Pill			1 per 1
EARNINGS				USD						
2)FA	Shares out	7/27/2007	1940.924M		6)ERN	Ann Date	11/ 8/07 (16:15)(T)			
	Market Cap	USD	66748.36M			Trailing 12mo EPS				1.860
	Float	1768.73M	Short Int	38.803M	7)EE	Est EPS	9/2007			1.915
3)TRA	1 Yr Total Return		13.77%			P/E	18.49	LT Growth		14.35
	BETA vs. SPX		.83			Est P/E	17.96	Est PEG		1.25
4)OMON	Options, LEAPs, Stk Marginable									

Price to Sales vs Return on Sales



As of Sep28 DELAYED Vol 1,525,500 Op 63.80 N Hi 64.10 P Lo 63.80 N

**DESCRIPTION**

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Optical Supplies

98) Print Report

**BOL US** BAUSCH & LOMB INC**CUSIP** 071707103

Bausch & Lomb Incorporated develops, manufactures, and markets healthcare products for the eye. The Company's products include contact lenses and lens care products, generic and proprietary prescription pharmaceuticals for the eye, and products for cataract and refractive surgery. Bausch & Lomb markets its products in countries around the world.

STOCK DATA			USD	DIVIDENDS			Quarterly	USD
1)GPO	Price	9/28	64.00	5)DVD	Indicated Gross Yld			.81%
	52Wk High	7/ 5/2007	77.00		Dividend Growth	5YR		-7.79%
	52Wk Low	12/ 1/2006	47.36		Ex-Date	Type		Amt
	YTD change		11.94		8/30/07	Reg. Cash		.13
	YTD % Change		22.94%					
EARNINGS			USD					
2)FA	Shares out	6/30/2007	55.415M	6)ERN	Ann Date	11/14/07 (Est)		
8)MSH	Market Cap	USD	3548.41M		Fiscal Year	EPS		.270
	Float	54.94M	Short Int	7)EE	Est EPS	12/2007		2.162
3)TRA	1 Yr Total Return		28.84%		P/E	LT Growth		16.00
	BETA vs. SPX		.76		Est P/E	29.60	Est PEG	1.85
4)OMON	Options, LEAPs, Stk Marginable							

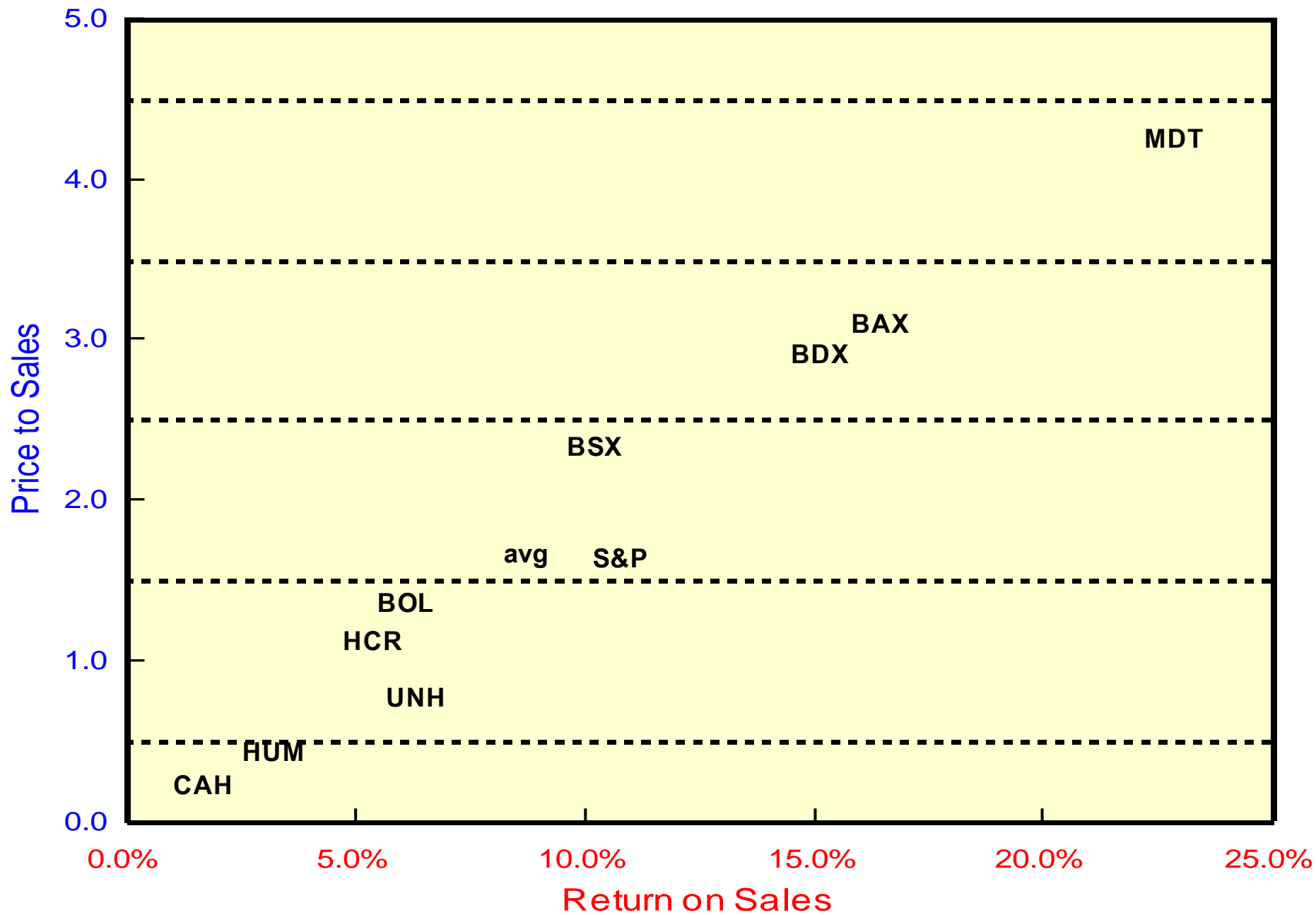
# Bausch & Lomb

- \$65 payable on the 17<sup>th</sup>
- New Recommendation pending, EL?





Price to Sales vs Return on Sales



PFE US \$ SC 24.43 -.32 N --x-- SH0

EquityDES

As of Sep28 DELAYED Vol 41,368,179 Op 24.76 T Hi 24.78 D Lo 24.35 N

## DESCRIPTION

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Medical-Drugs

98) Print Report

PFIZER INC

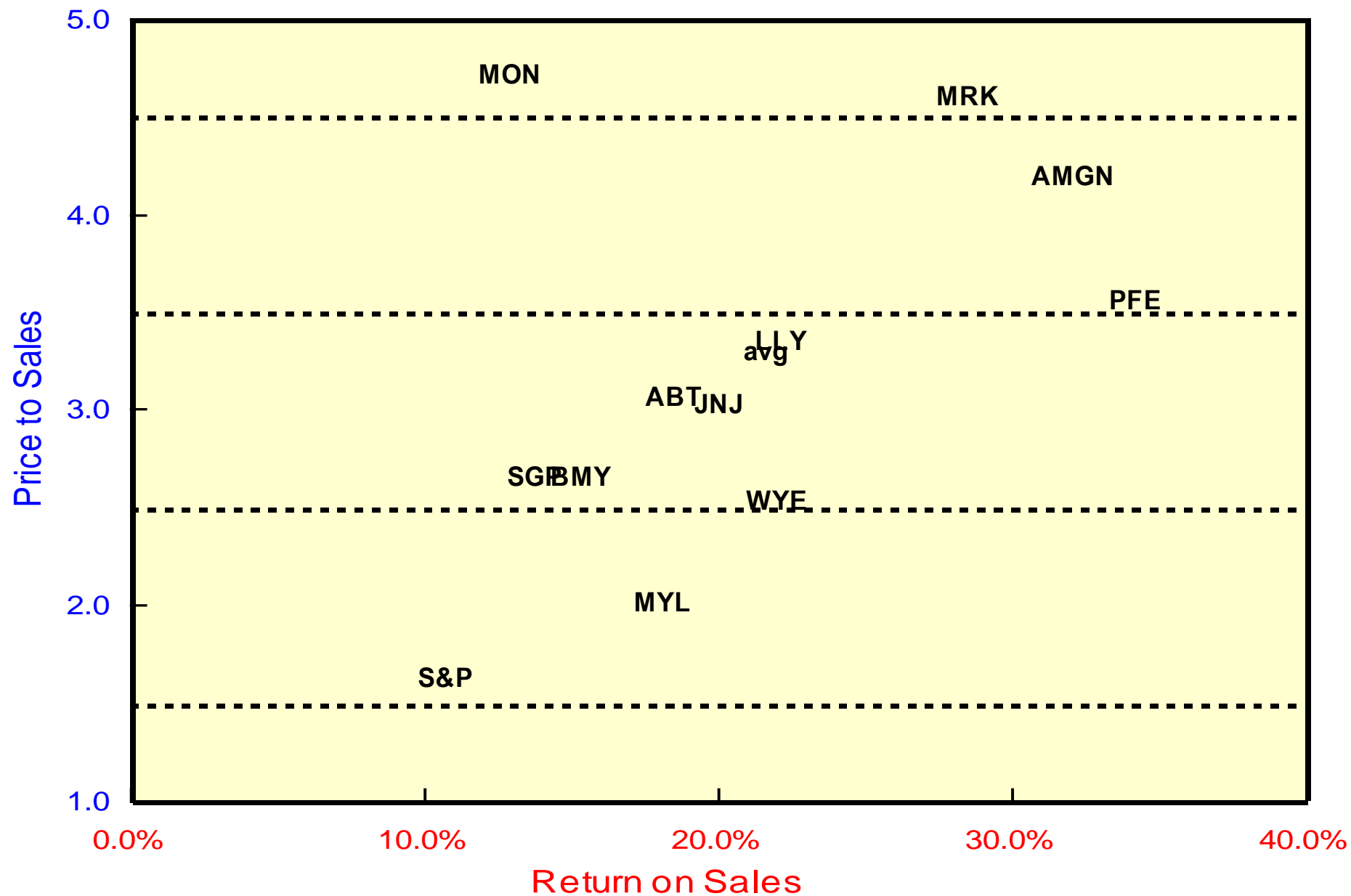
PFE US

CUSIP 717081103

Pfizer Inc. is a research-based, global pharmaceutical company that discovers, develops, manufactures, and markets medicines for humans and animals. The Company's products include prescription pharmaceuticals, non-prescription self-medications, and animal health products such as anti-infective medicines and vaccines.

STOCK DATA				USD	DIVIDENDS				Quarterly	USD
1)GPO	Price	9/28	24.43		5)DVD	Indicated Gross Yld				4.75%
	52Wk High	10/ 2/2006	28.60			Dividend Growth	5YR			17.29%
	52Wk Low	8/16/2007	23.13			Ex-Date	Type			Amt
	YTD change		-1.47			8/ 8/07	Reg. Cash			.29
	YTD % Change		-5.68%							
2)FA				USD	EARNINGS					USD
	Shares out	8/ 1/2007	6927.109M		6)ERN	Ann Date	10/19/07 (Est)			
	Market Cap		USD 169229.3M			Trailing 12mo EPS				2.070
	Float	6915.60M	Short Int	41.841M						
3)TRA	1 Yr Total Return		-10.15%		7)EE	Est EPS	12/2007			2.121
	BETA vs. SPX		1.13			P/E	11.80	LT Growth		4.11
4)OMON	Options, LEAPs, Stk Marginable					Est P/E	11.52	Est PEG		2.80

Price to Sales vs Return on Sales



KFT US \$ SC 34.51 +.10 T --x-- SH0

EquityDES

As of Sep28 DELAYED Vol 8,658,400 Op 34.31 N Hi 34.57 D Lo 34.19 N

## DESCRIPTION

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**KFT US**

KRAFT FOODS INC-A

Food-Misc/Diversified

98) Print Report

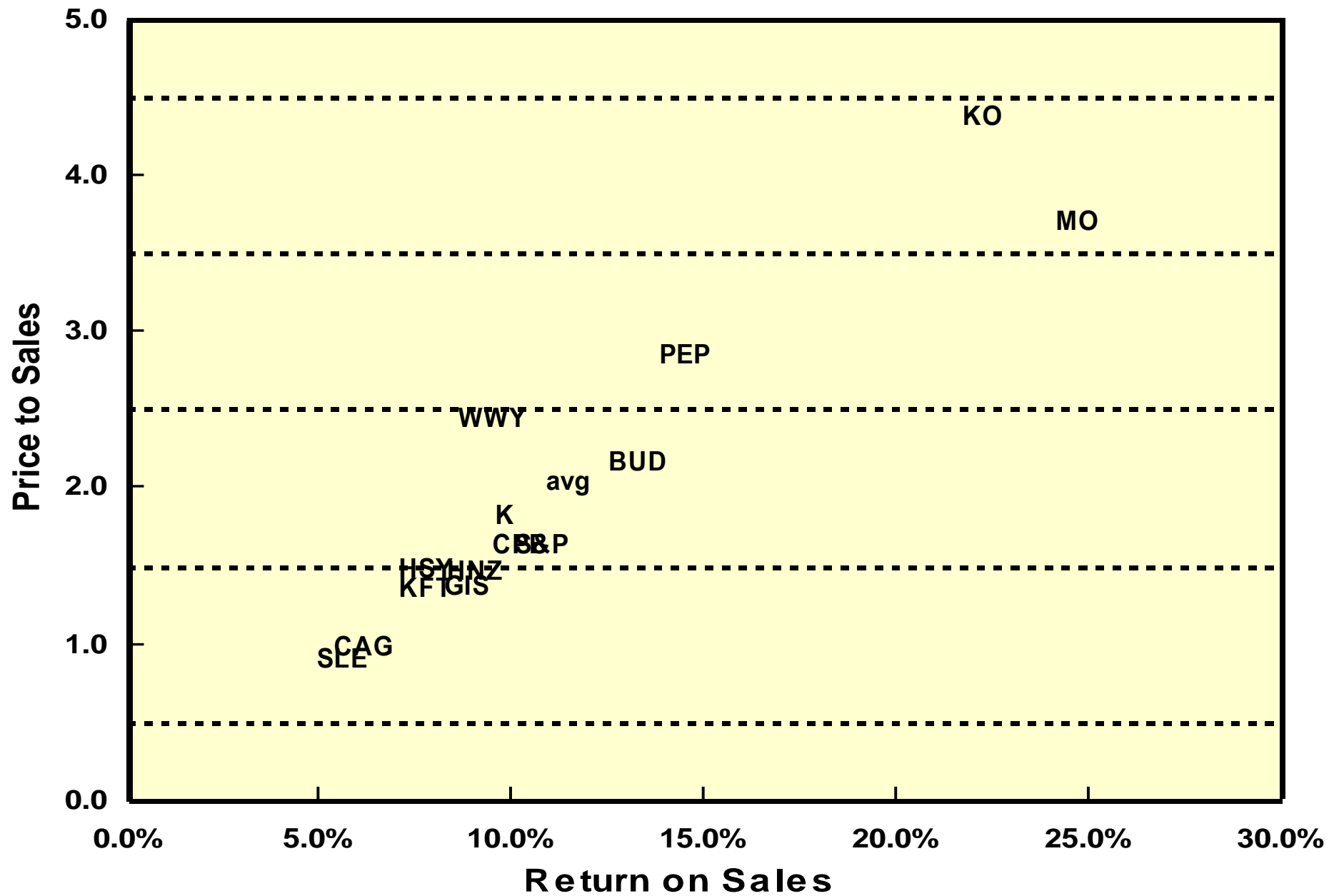
CUSIP 50075N104

Kraft Foods Inc. is a food and beverage company. The Company's products include Kraft, Nabisco, Oscar Mayer, Post, Maxwell House, Philadelphia, and Jacobs. Kraft sells its products throughout the world.

STOCK DATA				USD	DIVIDENDS				Quarterly	USD
1)GPO	Price	9/28	34.51		5)DVD	Indicated Gross Yld				3.13%
	52Wk High	6/21/2007	37.20			Dividend Growth	5YR			13.56%
	52Wk Low	3/14/2007	29.95			Ex-Date	Type			Amt
	YTD change		-1.19			9/ 6/07	Reg. Cash			.27
	YTD % Change		-3.33%							
2)FA	Shares out	6/30/2007	1576.711M		EARNINGS				USD	
8)MSH	Market Cap		USD 54412.31M		6)ERN	Ann Date	10/22/07 (Est)			
	Float	1572.58M	Short Int	29.322M		Trailing	12mo EPS			1.934
3)TRA	1 Yr Total Return		-.26%		7)EE	Est EPS	12/2007			1.806
	BETA vs. SPX		.91			P/E	17.84	LT Growth		7.25
4)OMON	Options, LEAPs Available					Est P/E	19.11	Est PEG		2.64

IPO 06/12/01 - SEE PAGE 4 FOR DETAILS

Price to Sales vs Return on Sales



NTAP US \$ SC **26.91** -.71 D 26.91/26.92 35x52 SH0 Equity**DES**

As of Sep28 DELAYED Vol 9,179,611 Op 27.51 D Hi 27.61 D Lo 26.72 D

## DESCRIPTION

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**NTAP US**

NETWORK APPLIANCE INC

Computers-Memory Devices

CUSIP 64120L104

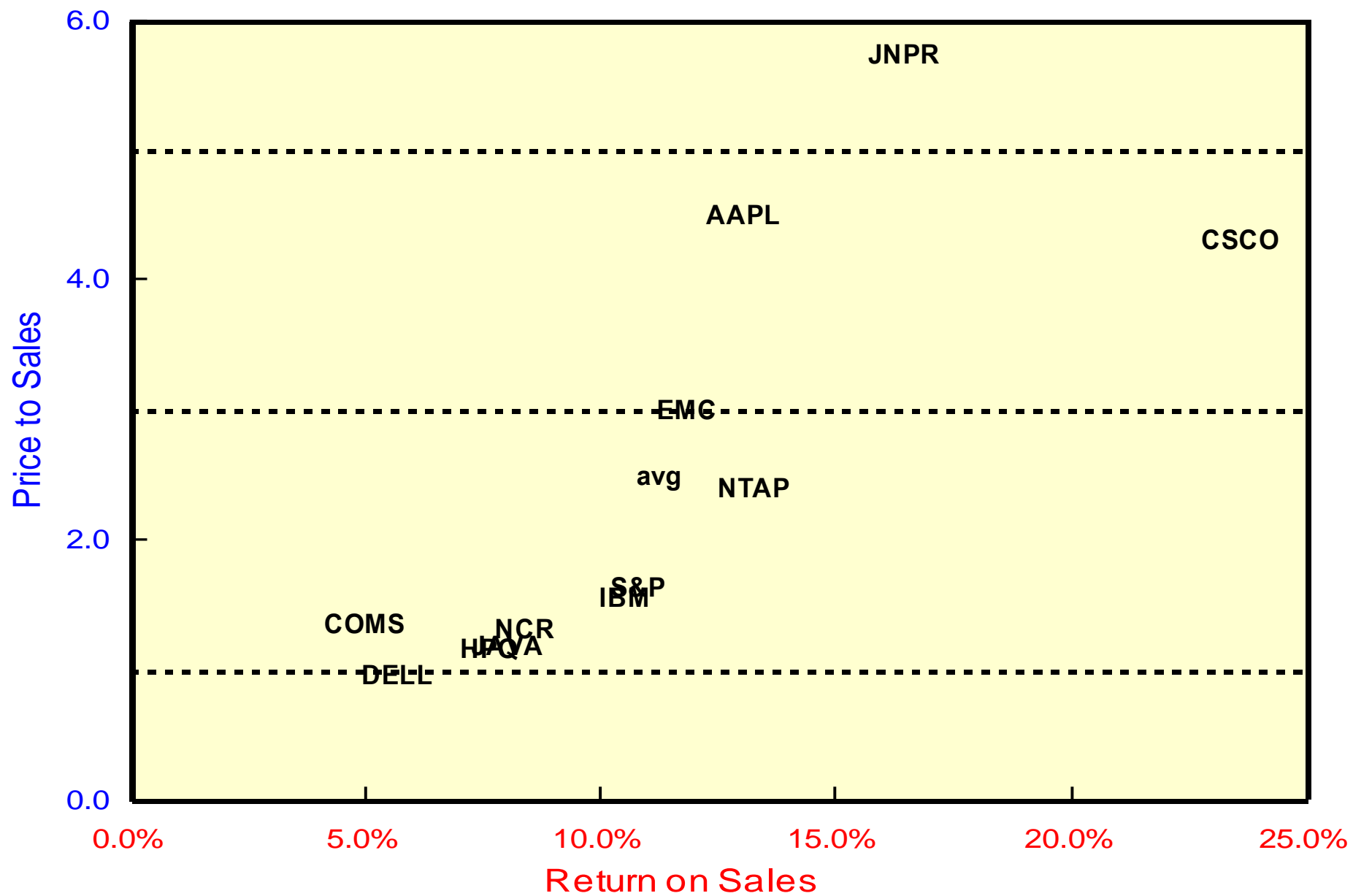
98) Print Report

Network Appliance, Inc. delivers unified storage solutions for data-intensive enterprises. The Company's storage solutions include specialized hardware, software, and services that provide storage management for open network environments. Network Appliance serves enterprises, government agencies, and universities worldwide.

STOCK DATA				USD	DIVIDENDS		None
1)GPO	Price	9/28	26.91	5)DVD	Indicated Gross Yld		
	52Wk High	12/18/2006	41.56		Dividend Growth		
	52Wk Low	8/ 6/2007	22.511		Ex-Date	Type	Amt
	YTD change		-12.37				
	YTD % Change		-31.49%				
2)FA				USD	EARNINGS		
	Shares out	8/24/2007	355.820M		0)ERN	Ann Date	
	Market Cap	USD	9575.12M			11/15/07 (Est)	
	Float	339.70M	Short Int	17.847M		Trailing 12mo EPS	
						.710	
3)TRA	1 Yr Total Return		-27.29%	7)EE	Est EPS	4/2008	1.146
	BETA vs. SPX		1.46		P/E	37.90	LT Growth 18.45
4)OMON	Options, LEAPs, Stk Marginable				Est P/E	23.48	Est PEG 1.27

IPO 11/21/95 - SEE PAGE 4 FOR DETAILS

Price to Sales vs Return on Sales



AMD US \$ SC 13.20 -.08 N --x-- SH0

EquityDES

As of Sep28 DELAYED Vol 16,158,315 Op 13.25 T Hi 13.39 N Lo 13.12 D

## DESCRIPTION

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ADVANCED MICRO DEVICES

Electronic Compo-Semicon

AMD US

CUSIP 007903107

98) Print Report

Advanced Micro Devices, Inc. supplies integrated circuits for the personal and networked computer and communications markets, with manufacturing facilities in the United States, Europe, Japan, and Asia. The Company produces microprocessors, flash memory devices, and support circuitry for communications and networking applications.

STOCK DATA				USD	DIVIDENDS		None		
1)GPO	Price	9/28		13.20	5)DVD	Indicated Gross Yld			
	52Wk High	10/16/2006		25.69		Dividend Growth			
	52Wk Low	8/16/2007		11.27		Ex-Date	Type	Amt	
	YTD change			-7.15					
	YTD % Change			-35.14%					
2)FA	Shares out	8/27/2007		554.430M	EARNINGS				USD
	Market Cap		USD	7318.47M	6)ERN	Ann Date	10/18/07 (Est)		
	Float	553.34M	Short Int	84.437M		Trailing 12mo EPS			-1.590
3)TRA	1 Yr Total Return			-46.88%	7)EE	Est EPS	12/2007		-2.719
	BETA vs. SPX			1.25		P/E	LT Growth		12.02
4)MON	Options, LEAPs, Stk Marginable								



Price to Sales vs Return on Sales



# Fortrend's Top Ten

- Chipotle
- Carnival
- RadioShack
- Kraft Foods
- Walt Disney
- Bausch & Lomb
- Pfizer
- AMD
- Microsoft
- Network Appliances



# Fortrend has outperformed the S&P 500

