

Fortrend Securities

The Relative Value Model

The Dutch Disease



General Advice

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

Fortrend Securities Pty Ltd (ACN 055 702 693), AFSL 247261

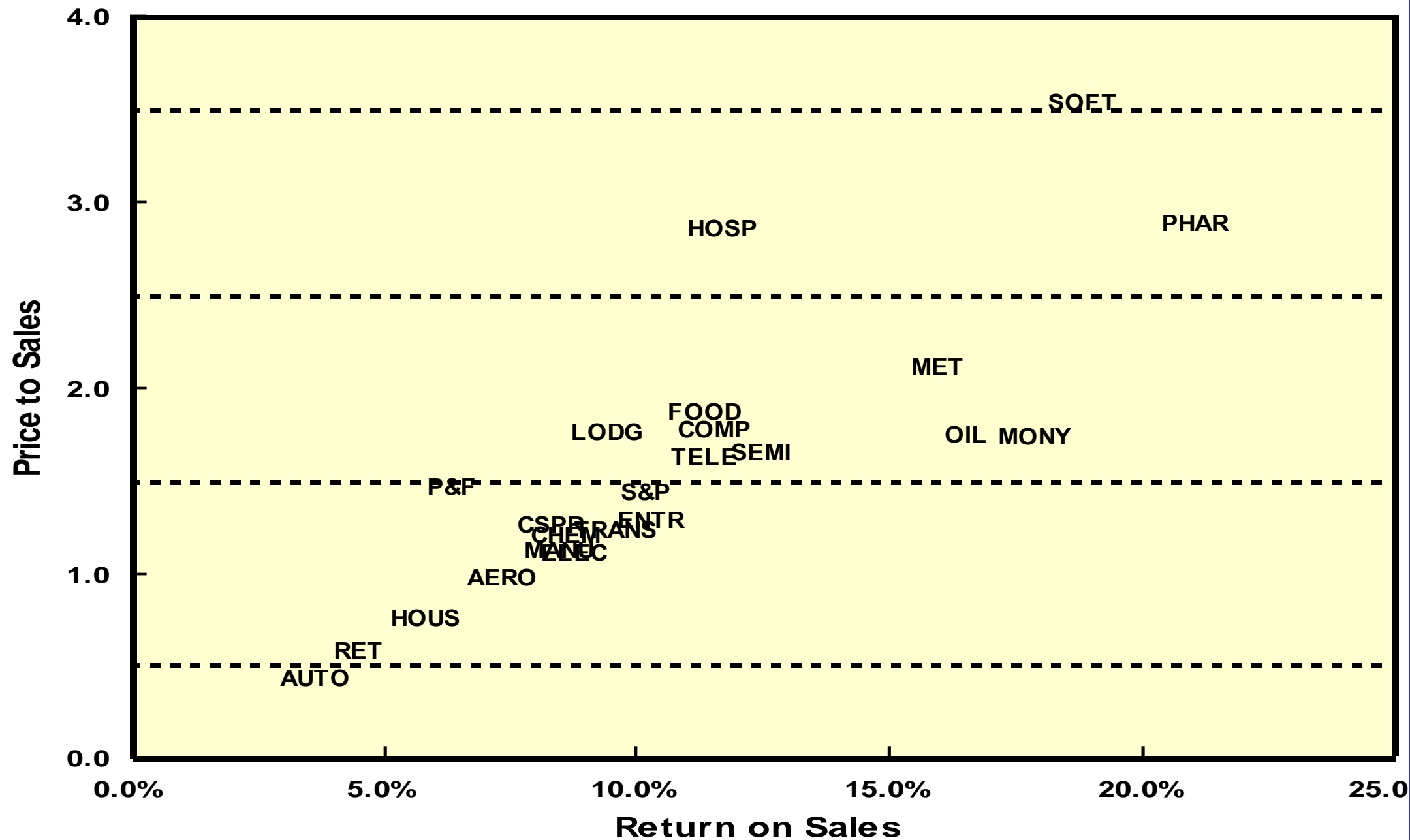


Market performance

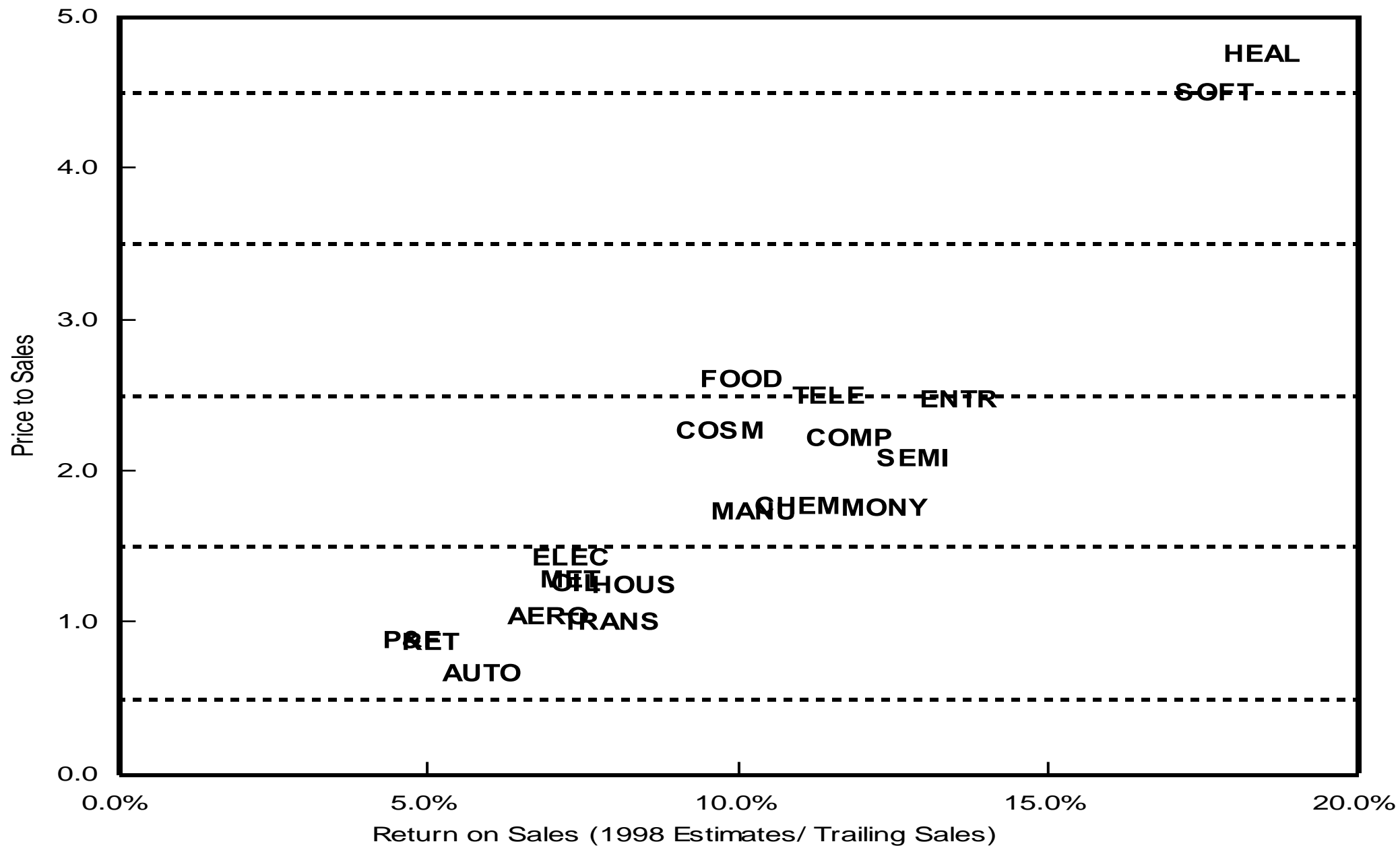
- The S&P 500 crumbled 11.9%
- Wall Street cut earnings estimates for 2008 by 6.1% bring the P/E down to 14.0
- The 10 year treasury dropped from 4.31% to 3.56% after the Fed cut rates by 75bps, and is expected to cut another 50bps this week
- We are currently holding 20% cash, five consumer non cyclical stocks, and three global IT companies.



Price to Sales vs Return on Sales



Price to Sales vs Return on Sales



What is the Dutch Disease?

- Coined by The Economist in the 70ties
- Greenspan's book
- Reference: www.imf.org, or wikipedia



Examples

- Netherlands
- Nauru
- Mexico
- UK
- Nigeria
- Hong Kong
- Singapore



Evidence of Dutch Disease in Australia

- Surging commodity prices
- Shortages of human capital
- Rising \$ and interest rates
- Increased Government involvement in.....
- More ridged labour laws
- Higher fixed costs
- Leverage is causing volatility!



Advice for RBA and Wayne Swan

1st Abandon the populist Central Bank movement to target inflation. Let market forces deflate purchasing power. Don't raise rates, you are just making it worse.

2nd Reduce the budget for the northern border patrols. We need cheap willing labour, like the U.S. gets from Mexico, and Germany gets from Turkey.



U.S. Recession, or not?

- Consumer > 70%
- Creative destruction velocity
 - Corporate
 - Private
- Interest rate cycle, amplified mortgage rate cycle
- Face at the club
- Japanese style workout
- But expect manufacturing to come back



China will exhale after the Olympics

08 – 08 – 08

- Risk of triggering a sudden downturn by curbing lending to tame inflation just as export demand from US weakens.



Conclusion

- Global Synchronized growth is over.
- Commodity prices are cyclical
- Super is worth \$1T, \$ flow argument
- Melbourne is more expensive than NYC!
- Restaurants, food, cloths, cars petrol, public transport etc. Only Hotels and housing is cheaper, but with our land....
- There is an imbalance, or “dislocation”



CCL US \$ C 42.67 +.31 42.61/42.64 29x1 EquityDES

As of Feb13 Vol 3,358,631 Op 42.81 N Hi 43.06 T Lo 42.31 T

DESCRIPTION

Page 1/10

Cruise Lines

98) Generate Report

CARNIVAL CORP

CCL US
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			42.67	5)DVD	Indicated	Gross Yld			3.75%
	52Wk High	10/10/2007		52.10		Dividend	Growth	5YR		26.77%
	52Wk Low	1/22/2008		37.61		Ex-Date	Type			Amt
	YTD change			-1.82		2/20/08	Reg. Cash			.4
	YTD % Change			-4.09%						
2)FA	Shares out	1/22/2008		623.621M	EARNINGS					USD
8)MSH	Market Cap		USD	33691.75M	6)ERN	Ann Date	3/14/08 (Est)			
	Float	401.84M	Short Int	13.354M		Trailing	12mo EPS			2.940
3)TRA	1 Yr Total Return			-9.85%	7)EE	Est EPS	11/2008			3.171
	BETA vs. SPX			1.27		P/E	14.51	LT Growth		14.75
4)OMON	Options, LEAPs, Stk Marginable					Est P/E	13.46	Est PEG		.91

SHARES O/S = 1 COMMON SHARE WITH PAIRED TRUST SHARE CCL is a DLC structure.

Shares outstanding on DES/CH3 represent The reporting group.

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P.

6458-61-0 13-Feb-2008 20:51:33

CCL US \$ C **42.67** +.31 42.61/42.64 29x1 Equity**GPO**

As of Feb13 Vol 3,358,631 Op 42.81 N Hi 43.06 T Lo 42.31 T

CCL US EQUITY Hide GPO - Bar Chart Page 1/11

Range 08/13/07 - 02/13/08 Upper Bar Chart Mov. Avgs 34 200 Currency USD
 Period Daily Lower Volume Mov. Avg 60

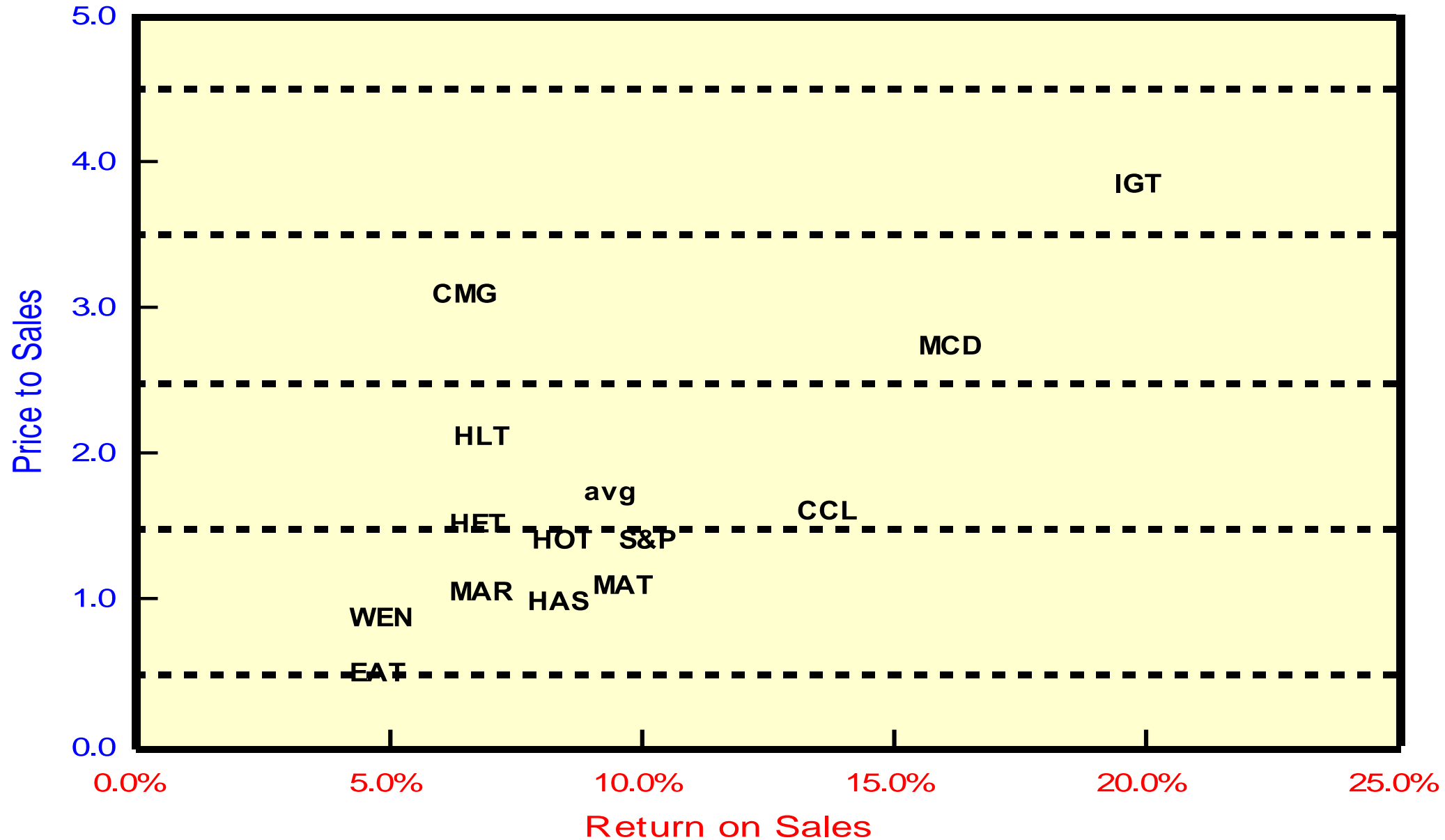


Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000

Copyright 2008 Bloomberg Finance L.P.

6458-61-0 13-Feb-2008 20:51:48

Price to Sales vs Return on Sales



As of Feb13 DELAYED Vol 14,445,420 Op 32.07 P Hi 32.96 D Lo 32.07 P

DESCRIPTION

Page 1/10

Multimedia

98) Generate 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	32.78	5)DVD	Indicated Gross Yld		1.07%
	52Wk High	5/23/2007 36.3009		Dividend Growth	5YR	10.76%
	52Wk Low	1/22/2008 26.30		Ex-Date	Type	Amt
	YTD change	.50		12/ 5/07	Reg. Cash	.35
	YTD % Change	1.55%		7/ 2/07	Poison Pill	1 per 1
2)FA			EARNINGS			USD
	Shares out 12/29/2007	1931.000M	6)ERN	Ann Date	5/ 8/08 (Est)	
	Market Cap	USD 63298.18M		Trailing 12mo EPS		2.070
	Float	1791.67M		Est EPS	9/2008	2.231
	Short Int	43.604M		P/E	15.84	LT Growth 13.75
3)TRA	1 Yr Total Return	-2.93%	7)EE	Est P/E	14.69	Est PEG 1.07
	BETA vs. SPX	.84				
4)OMON	Options, LEAPs, Stk Marginable					

DIS US \$ C 32.78 +.75 N --x--

EquityGPO

As of Feb13 DELAYED Vol 14,445,420 Op 32.07 P Hi 32.96 D Lo 32.07 P

DIS US EQUITY Hide GPO - Bar Chart Page 1/11

Range 08/13/07 - 02/13/08 Upper Bar Chart Mov. Avgs 34 200 Currency USD
Period Daily Lower Volume Mov. Avg 60

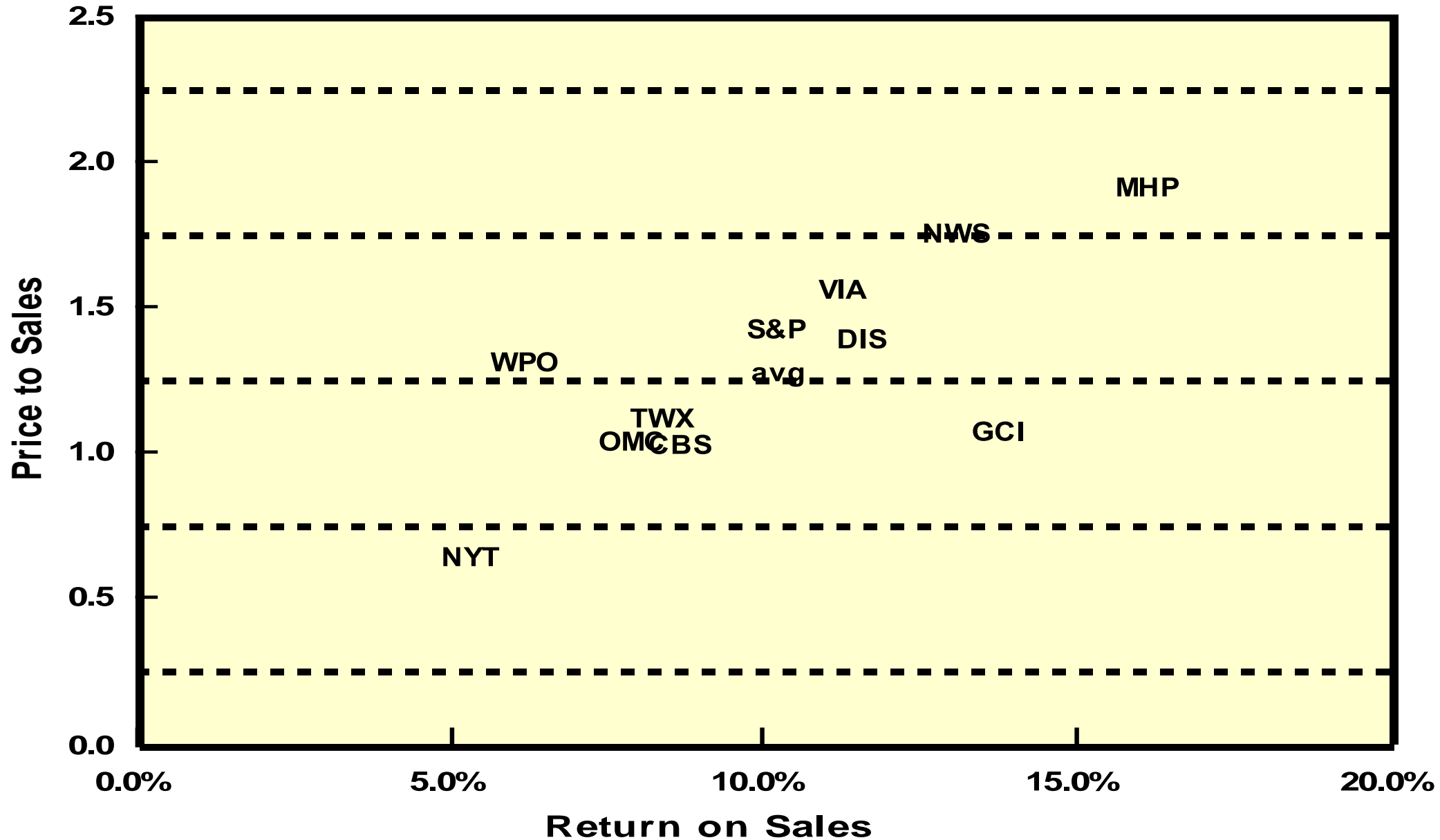


Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000

Copyright 2008 Bloomberg Finance L.P.

6458-61-0 13-Feb-2008 20:52:15

Price to Sales vs Return on Sales



DESCRIPTION

EL US

ESTEE LAUDER COMPANIES-CL A

Cosmetics&Toiletries

CUSIP 518439104

98) Generate Report

The Estee Lauder Companies Inc. manufactures and markets skin care, makeup, fragrance, and hair care products. The Company's products are sold in countries and territories around the world under brand names such as Estee Lauder, Aramis, Clinique, Prescriptives, Origins, and Aveda.

STOCK DATA				USD	DIVIDENDS		Annual	USD	
1)GPO	Price			43.90	5)DVD	Indicated Gross Yld			1.25%
	52Wk High		4/26/2007	52.31		Dividend Growth		5YR	12.89%
	52Wk Low		1/22/2008	37.03		Ex-Date		Type	Amt
	YTD change			.29		12/ 5/07		Reg. Cash	.55
	YTD % Change			.66%					
2)FA	Shares out	1/28/2008	114.215M	EARNINGS					USD
8)MSH	Market Cap		USD 8491.68M	6)ERN	Ann Date		5/ 6/08 (C)		
	Float	100.67M	Short Int		6.037M	Trailing 12mo EPS		2.240	
3)TRA	1 Yr Total Return			-4.71%	7)EE	Est EPS		6/2008	2.373
	BETA vs. SPX			.94		P/E		19.60	LT Growth
4)OMON	Options avail & Stk Marginable					Est P/E		18.50	Est PEG

IPO 11/17/95 - SEE PAGE 4 FOR DETAILS

EL US \$ C 43.90 +.06 N --x--

EquityGPO

As of Feb13 DELAYED Vol 1,130,475 Op 44.32 N Hi 44.59 N Lo 43.75 N

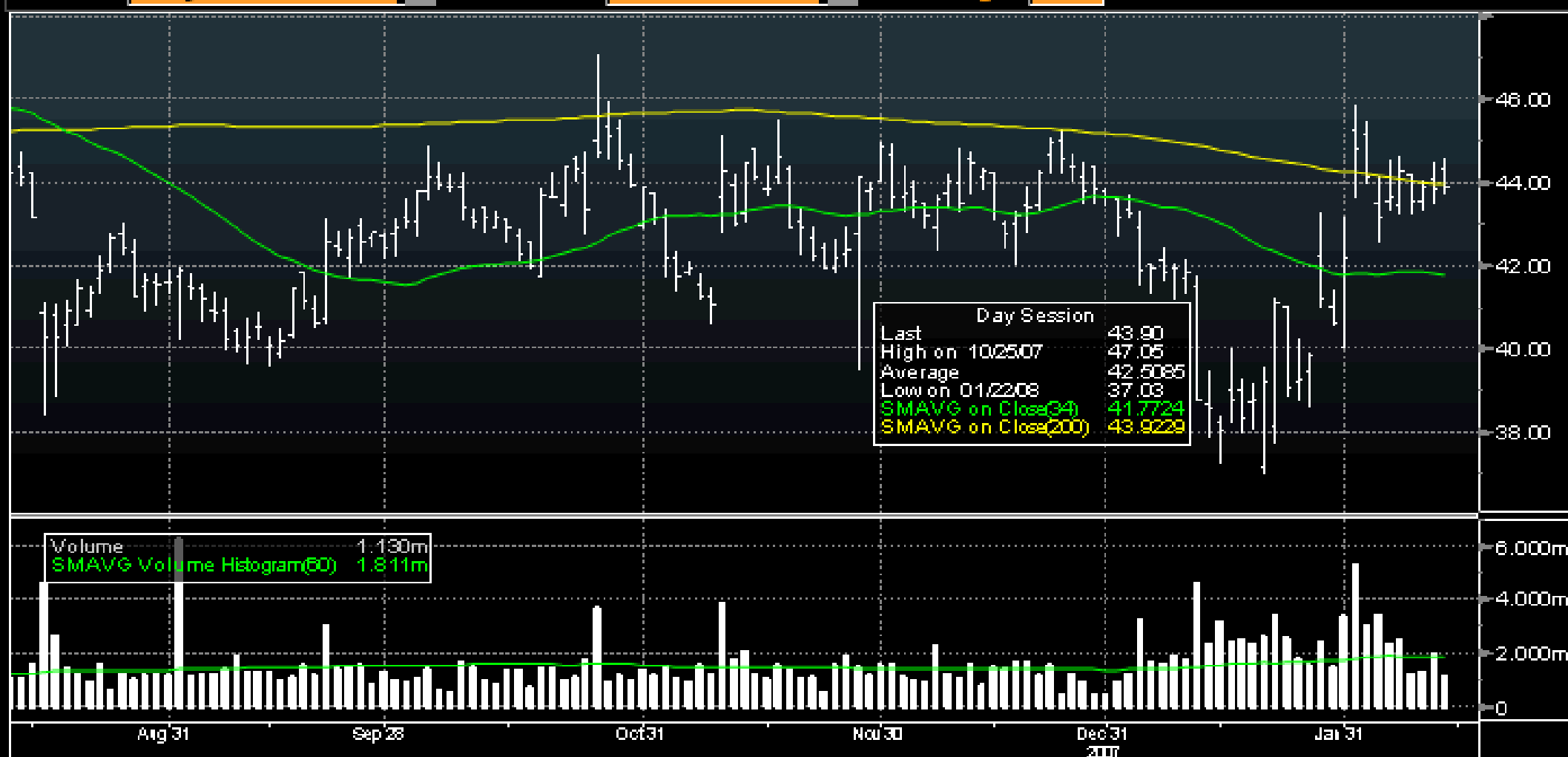
EL US EQUITY

Hide

GPO - Bar Chart

Page 1/11

Range 08/13/07 - 02/13/08 Upper Bar Chart Mov. Avgs 34 200 Currency USD
Period Daily Lower Volume Mov. Avg 60

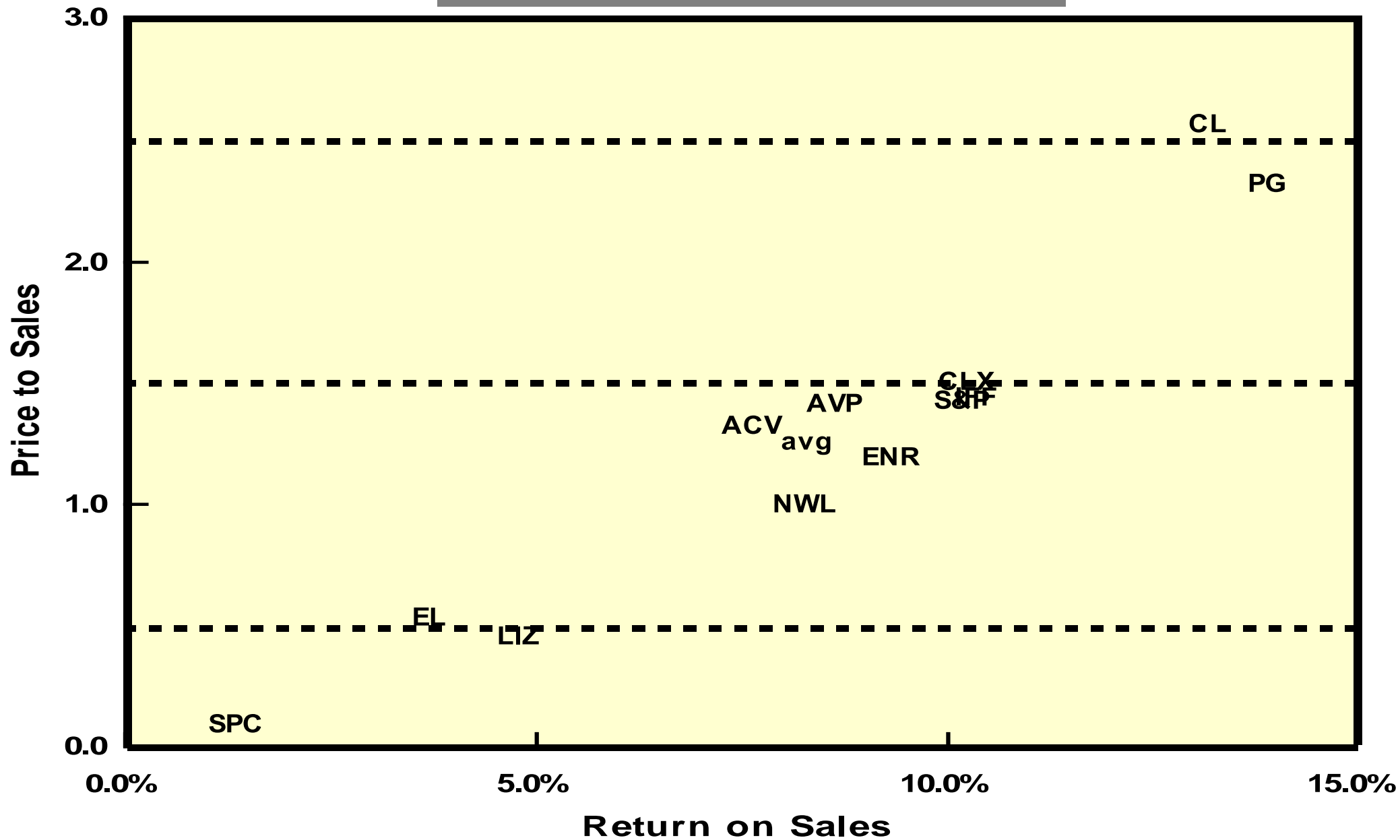


Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000

Copyright 2008 Bloomberg Finance L.P.

6458-61-0 13-Feb-2008 20:52:42

Price to Sales vs Return on Sales



DESCRIPTION

KFT US

KRAFT FOODS INC-CLASS A

Food-Misc/Diversified

CUSIP 50075N104

98) Generate Report

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			29.56	5)DVD	Indicated Gross Yld			3.65%
	52Wk High 6/21/2007			37.20		Dividend Growth 5YR			13.18%
	52Wk Low 1/22/2008			28.63		Ex-Date Type			Amt
	YTD change			-3.07		12/21/07 Reg. Cash			.27
	YTD % Change			-9.41%					
2)FA	Shares out 9/30/2007			1547.195M	EARNINGS				USD
	Market Cap USD			45735.09M	6)ERN	Ann Date 4/18/08 (Est)			
	Float 1543.31M Short Int			24.114M		Trailing 12mo EPS			1.849
3)TRA	1 Yr Total Return			-11.72%	7)EE	Est EPS 12/2008			1.913
	BETA vs. SPX			.86		P/E 15.99 LT Growth			7.25
4)OMON	Options, LEAPs Available				Est P/E 15.45 Est PEG			2.13	

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

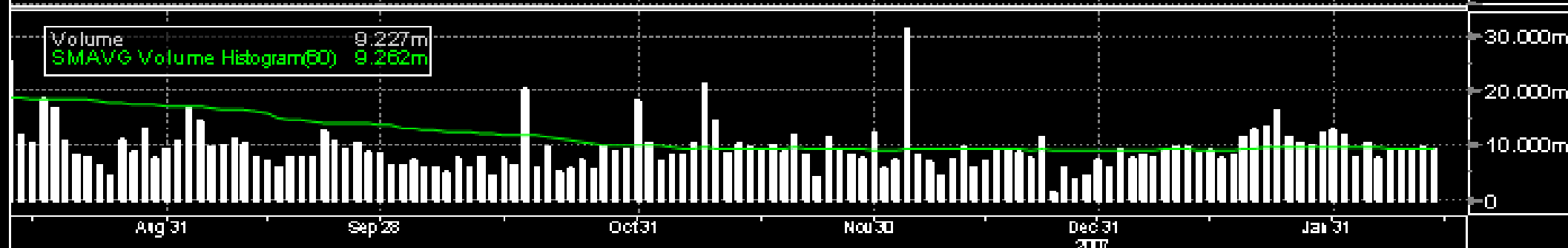
KFT US \$ C 29.56 +.32 N --x--

EquityGPO

As of Feb13 DELAYED Vol 9,227,329 Op 29.40 T Hi 29.65 N Lo 29.24 D

KFT US EQUITY Hide GPO - Bar Chart Page 1/11

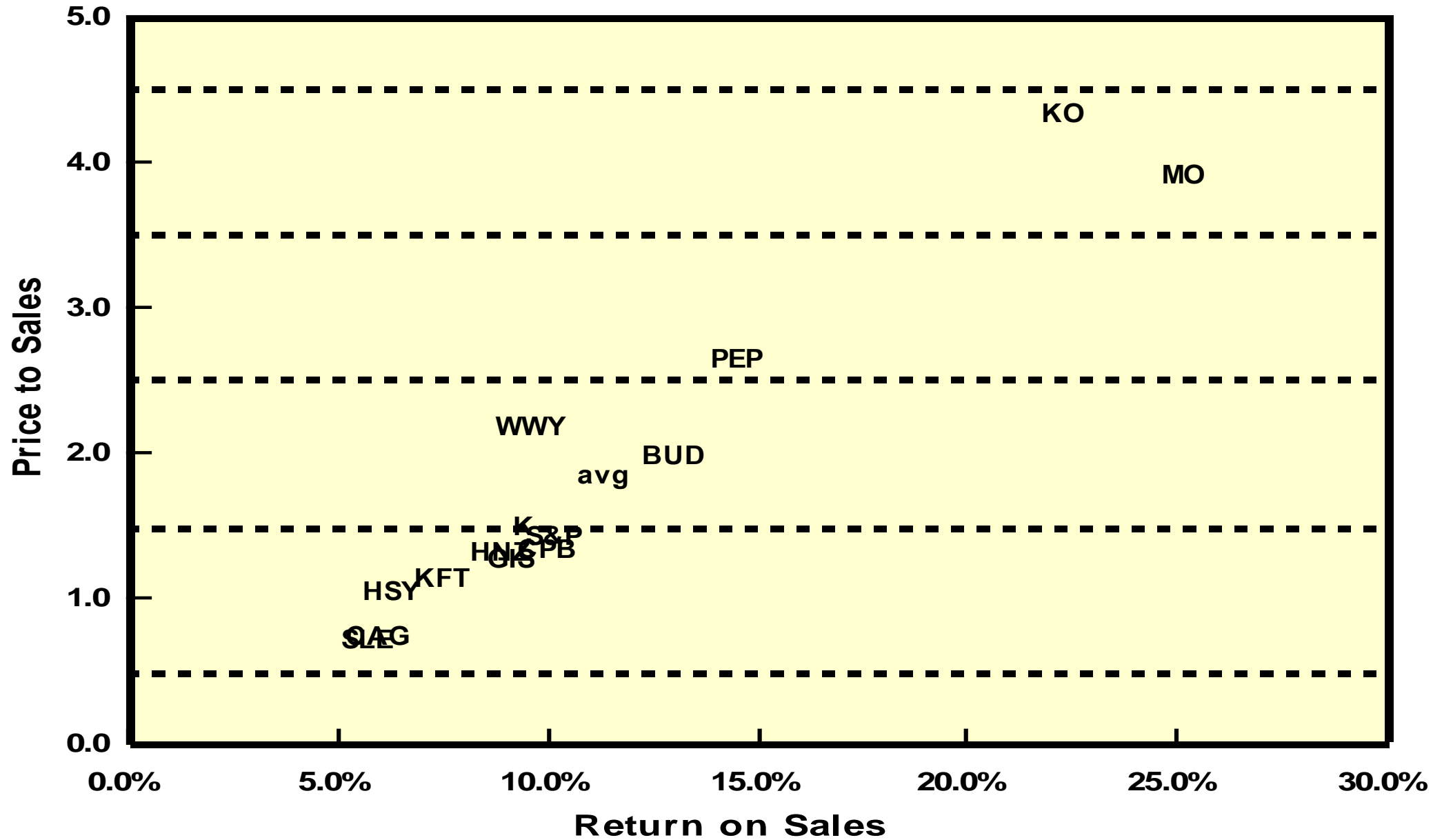
Range 08/13/07 - 02/13/08 Upper Bar Chart Mov. Avgs 34 200 Currency USD
Period Daily Lower Volume Mov. Avg 60



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000

Copyright 2008 Bloomberg Finance L.P.
6458-61-0 13-Feb-2008 20:53:12

Price to Sales vs Return on Sales



PFE US \$ C 22.74 +.06 N --x--

EquityDES

As of Feb13 DELAYED Vol 51,143,203 Op 22.70 T Hi 22.88 N Lo 22.62 N

DESCRIPTION

Page 1/10

Medical-Drugs

98) Generate 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	22.74	5)DVD	Indicated Gross Yld		5.63%
	52Wk High	6/ 4/2007 27.73		Dividend Growth	5YR	17.12%
	52Wk Low	1/22/2008 21.56		Ex-Date	Type	Amt
	YTD change	.01		2/ 6/08	Reg. Cash	.32
	YTD % Change	.04%				
EARNINGS		USD				
2)FA	Shares out 10/31/2007	6829.805M	6)ERN	Ann Date	4/18/08 (Est)	
	Market Cap	USD 155309.8M		Trailing 12mo EPS		2.200
	Float	6820.65M		Est EPS	12/2008	2.378
	Short Int	42.370M		P/E	10.34	LT Growth 3.35
3)TRA	1 Yr Total Return	-9.53%	7)EE	Est P/E	9.56	Est PEG 2.86
	BETA vs. SPX	1.03				
4)OMON	Options, LEAPs, Stk Marginable					

PFE US \$ C 22.74 +.06 N --x--

EquityGPO

As of Feb13 DELAYED Vol 51,143,203 Op 22.70 T Hi 22.88 N Lo 22.62 N

PFE US EQUITY

Hide

GPO - Bar Chart

Page 1/11

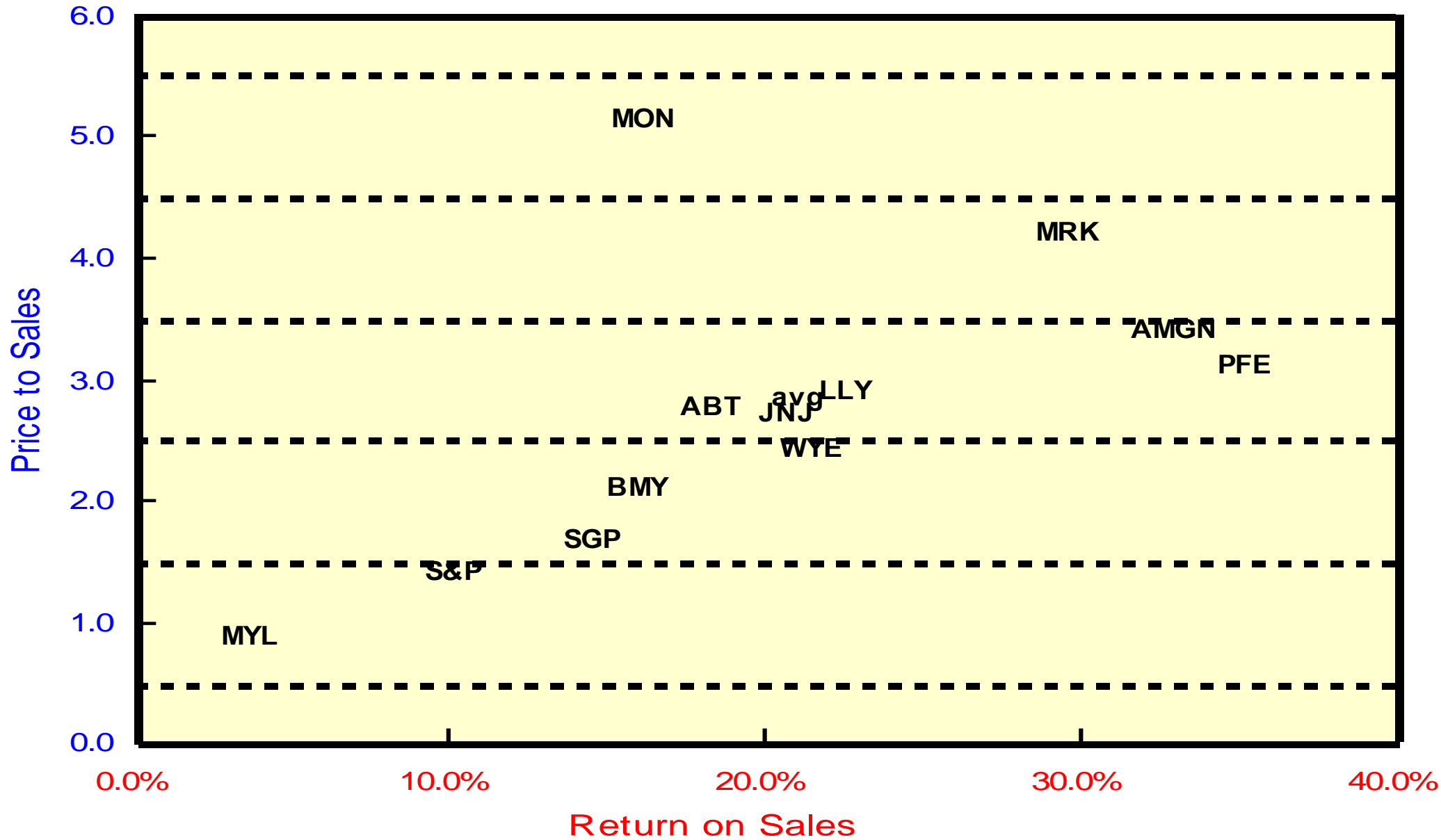
Range 08/13/07 - 02/13/08 Upper Bar Chart Mov. Avgs 34 200 Currency USD
Period Daily Lower Volume Mov. Avg 60



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000

Copyright 2008 Bloomberg Finance L.P.
6458-61-0 13-Feb-2008 20:53:42

Price to Sales vs Return on Sales



DESCRIPTION

AMD US

ADVANCED MICRO DEVICES

Electronic Compo-Semicon

CUSIP 007903107

98) Generate 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			6.70	5)DVD	Indicated Gross Yld						
	52Wk High 7/20/2007			16.19		Dividend Growth						
	52Wk Low 1/ 9/2008			5.31		Ex-Date			Type	Amt		
	YTD change			-.80								
	YTD % Change			-10.67%								
2)FA	Shares out 11/16/2007			603.572M	EARNINGS							USD
	Market Cap USD			4043.93M	6)ERN	Ann Date			4/18/08 (Est)			
	Float	553.37M	Short Int	89.731M		Trailing 12mo			EPS	-2.560		
3)TRA	1 Yr Total Return			-54.11%	7)EE	Est EPS			12/2008			-.812
	BETA vs. SPX			1.05		P/E			LT Growth			13.52
4)OMON	Options, LEAPs, Stk Marginable											

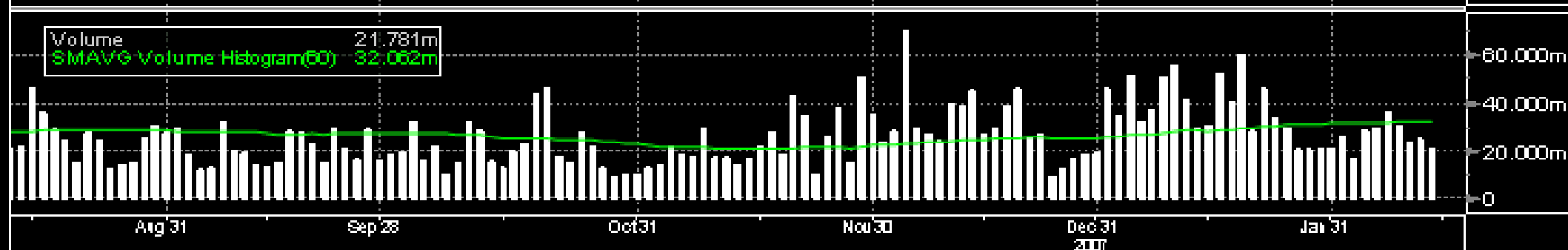
AMD US \$ C 6.70 +.29 N --x--

EquityGPO

As of Feb13 DELAYED Vol 21,781,430 Op 6.49 P Hi 6.72 P Lo 6.47 N

AMD US EQUITY Hide GPO - Bar Chart Page 1/11

Range 08/13/07 - 02/13/08 Upper Bar Chart Mov. Avgs 34 200 Currency USD
Period Daily Lower Volume Mov. Avg 60

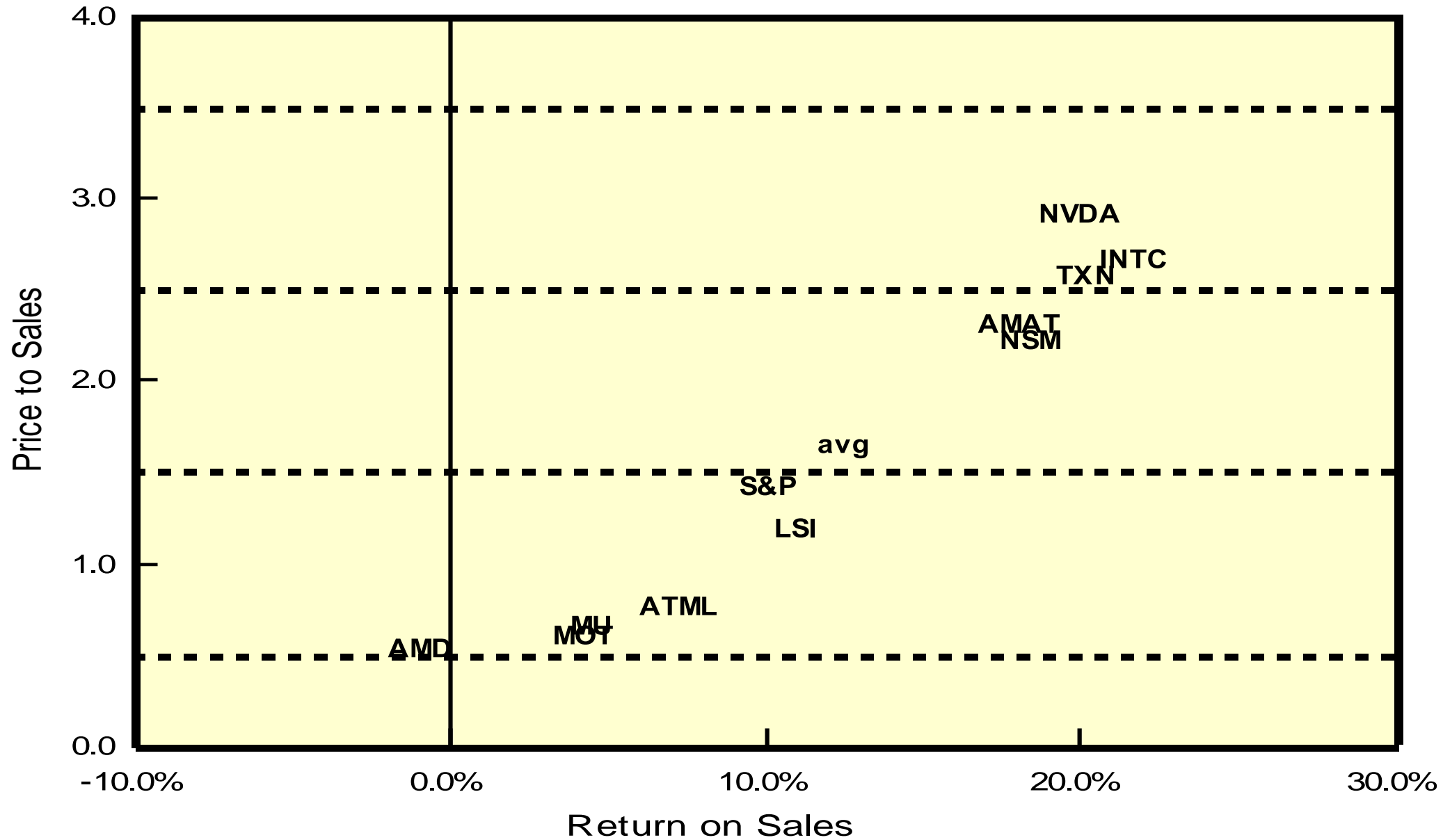


Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000

Copyright 2008 Bloomberg Finance L.P.

6458-61-0 13-Feb-2008 20:54:05

Price to Sales vs Return on Sales



MSFT US \$ C 28.96 +.62 P ↑28.96/28.98 5x529 EquityDES

As of Feb13 DELAYED Vol 88,994,282 Op 28.62 D Hi 29.05 Q Lo 28.53 D

DESCRIPTION

Page 1/10

MSFT US

MICROSOFT CORP

Applications Software

CUSIP 594918104

98) Generate 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	28.96	5)DVD	Indicated Gross Yld		1.52%
	52Wk High	11/ 2/2007 37.50		Dividend Growth	3YR	-53.88%
	52Wk Low	3/ 8/2007 26.60		Ex-Date	Type	Amt
	YTD change	-6.64		2/19/08	Reg. Cash	.11
	YTD % Change	-18.65%				
2)FA	Shares out	1/21/2008 9306.980M	EARNINGS			USD
	Market Cap	USD 269530.1M	6)ERN	Ann Date	4/24/08 (C)	
	Float	8027.30M Short Int 89.693M		Trailing 12mo EPS		1.830
3)TRA	1 Yr Total Return	.76%	7)EE	Est EPS	6/2008	1.873
	BETA vs. SPX	.84		P/E	15.83 LT Growth	12.45
4)OMON	Options, LEAPs, Stk Marginable			Est P/E	15.46 Est PEG	1.24

Par Value = .00000625

MSFT US \$ C **28.96** +.62 P **↑28.96/28.98** 5x529 Equity**GPO**

As of Feb13 DELAYED Vol 88,994,282 Op 28.62 D Hi 29.05 Q Lo 28.53 D

MSFT US EQUITY Hide GPO - Bar Chart Page 1/11

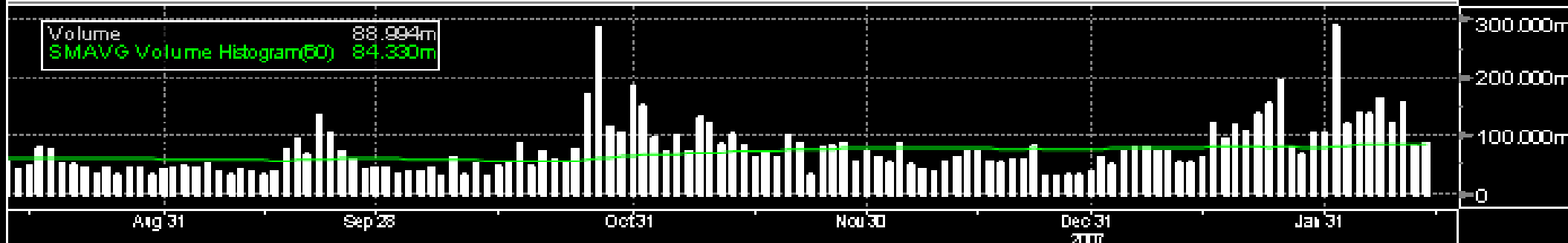
Range 08/13/07 - 02/13/08 Upper Bar Chart Mov. Avgs 34 200 Currency USD

Period Daily Lower Volume Mov. Avg 60

Day Session
Last 28.96
High on 11/02/07 37.50
Average 31.8799
Low on 08/16/07 27.51
SMAVG on Close(34) 32.6000
SMAVG on Close(200) 31.2842



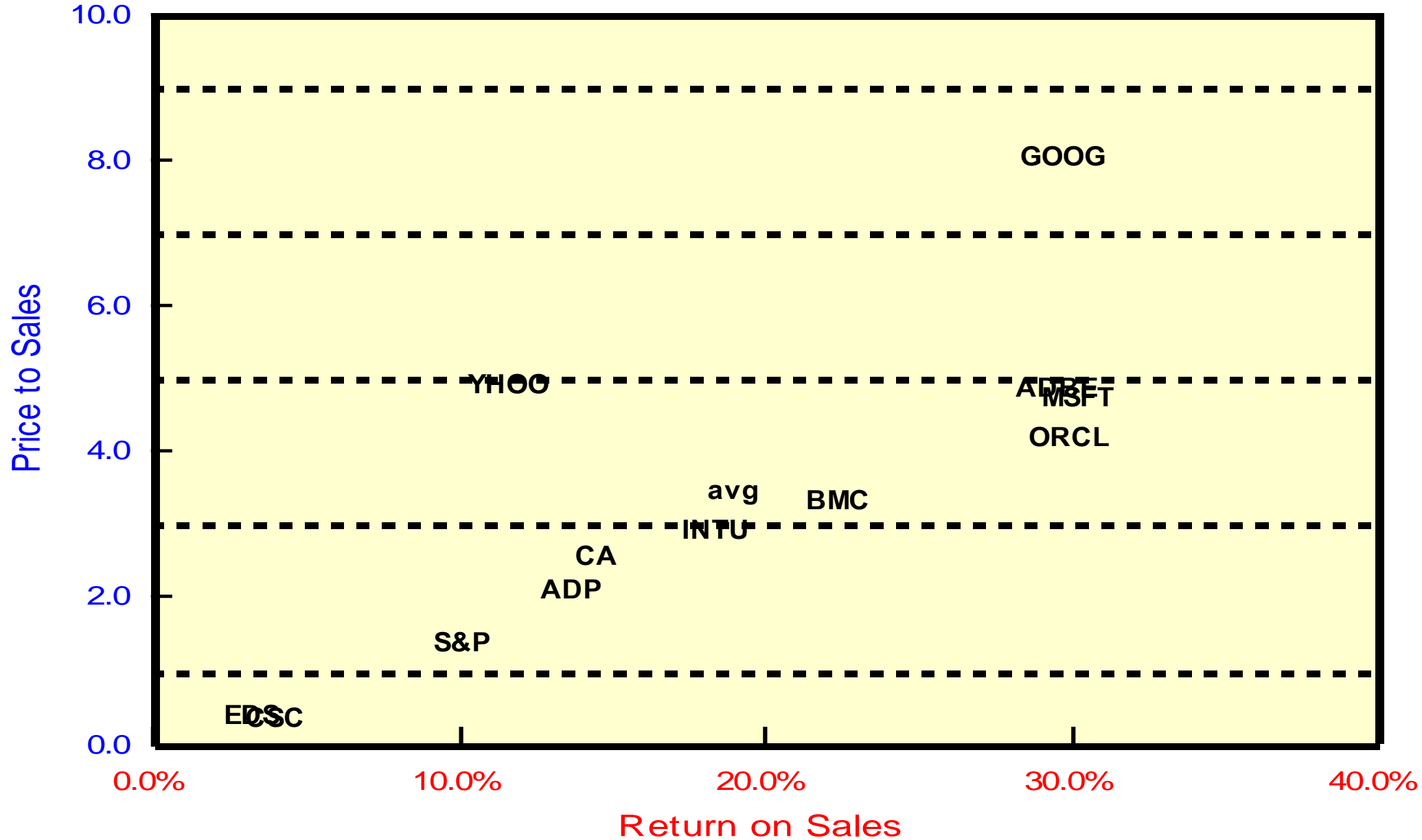
Volume 88.994m
SMAVG Volume Histogram(60) 84.330m



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000

Copyright 2008 Bloomberg Finance L.P.
6458-61-0 13-Feb-2008 20:54:32

Price to Sales vs Return on Sales



NTAP US \$ C **23.04** +1.51 D ↑23.00/23.02 3x2 Equity**DES**

As of Feb13 DELAYED Vol 12,040,896 Op 22.19 Q Hi 23.39 Q Lo 21.81 Q

DESCRIPTION

Page 1/10

NTAP US

NETWORK APPLIANCE INC

Computers-Memory Devices

CUSIP 64120L104

98) Generate 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		23.04	5)DVD	Indicated Gross Yld		
	52Wk High	2/21/2007	40.62		Dividend Growth		
	52Wk Low	1/23/2008	19.58		Ex-Date	Type	Amt
	YTD change		-1.92				
	YTD % Change		-7.69%				
2)FA	Shares out 11/23/2007		344.191M	EARNINGS			USD
	Market Cap	USD	7930.15M	6)ERN	Ann Date	2/13/08 (16:03)(C)	
	Float	329.72M	Short Int		Trailing 12mo EPS		.880
3)TRA	1 Yr Total Return		-38.30%	7)EE	Est EPS	4/2008	1.231
	BETA vs. SPX		1.31		P/E	26.18	LT Growth 18.10
4)OMON	Options, LEAPs, Stk Marginable				Est P/E	18.72	Est PEG 1.03

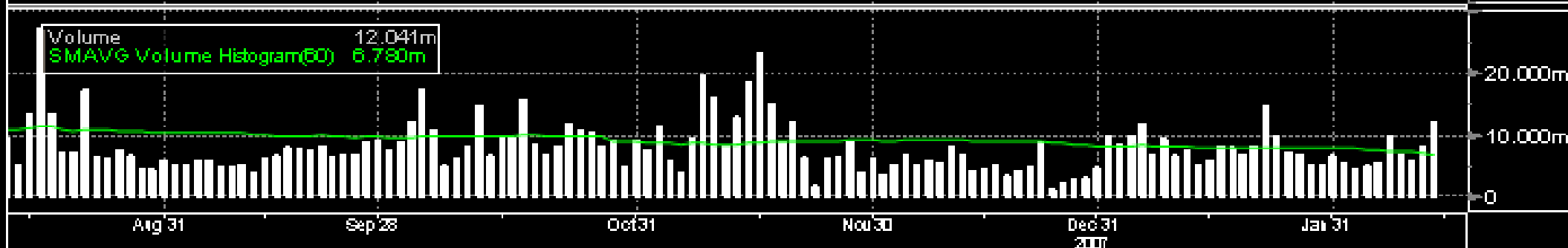
IPO 11/21/95 - SEE PAGE 4 FOR DETAILS

NTAP US \$ C **23.04** +1.51 D ↑23.00/23.02 3x2 Equity**GPO**

As of Feb13 DELAYED Vol 12,040,896 Op 22.19 Q Hi 23.39 Q Lo 21.81 Q

NTAP US EQUITY Hide GPO - Bar Chart Page 1/11

Range 08/13/07 - 02/13/08 Upper Bar Chart Mov. Avgs 34 200 Currency USD
Period Daily Lower Volume Mov. Avg 60

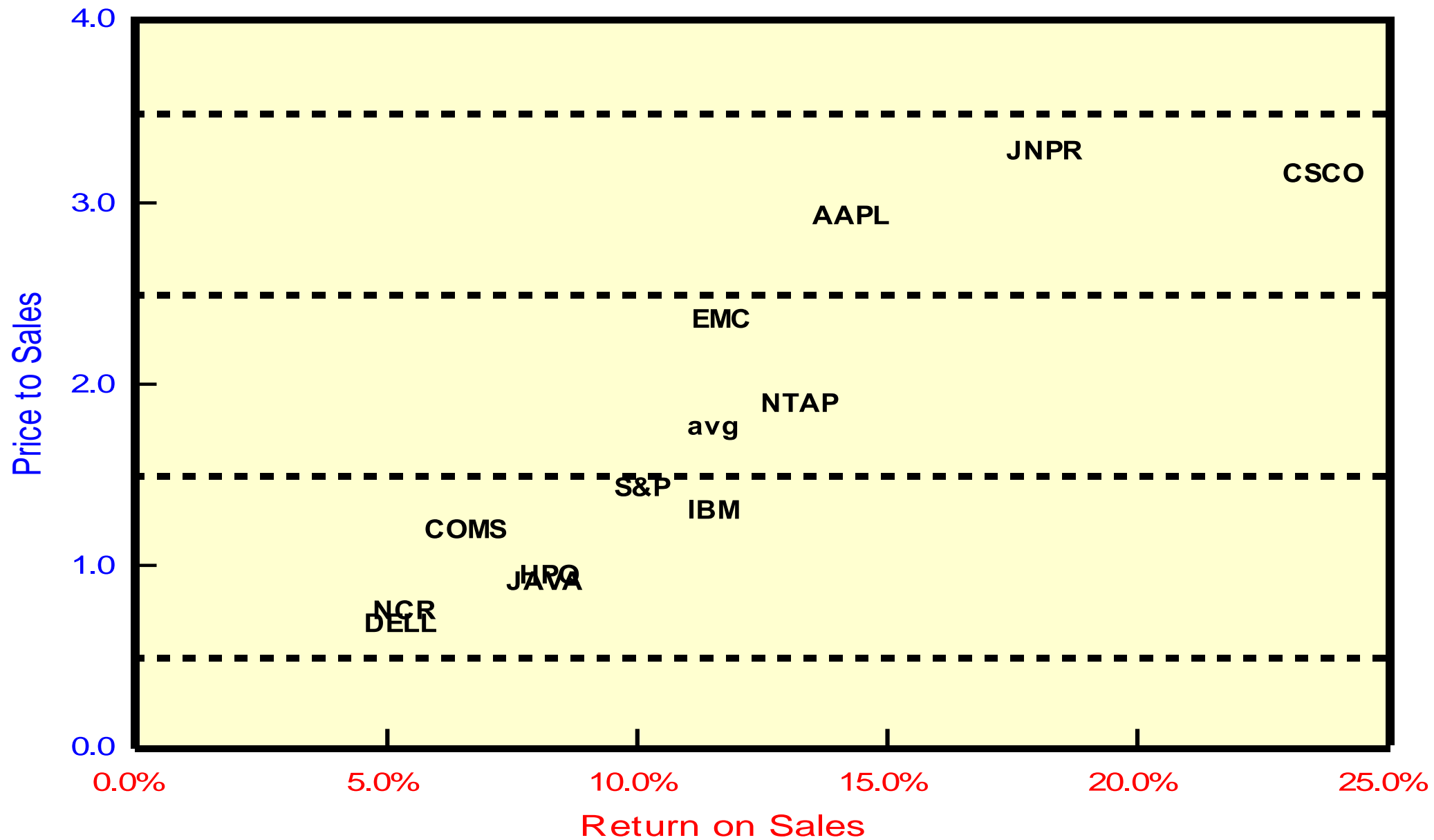


Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000

Copyright 2008 Bloomberg Finance L.P.

6458-61-0 13-Feb-2008 20:54:55

Price to Sales vs Return on Sales



Fortrend Portfolio

Carnival

Estee Lauder

Kraft Foods

Pfizer

Walt Disney

Microsoft

AMD

Net Apps

20% MMF



Fortrend has outperformed the S&P 500

