



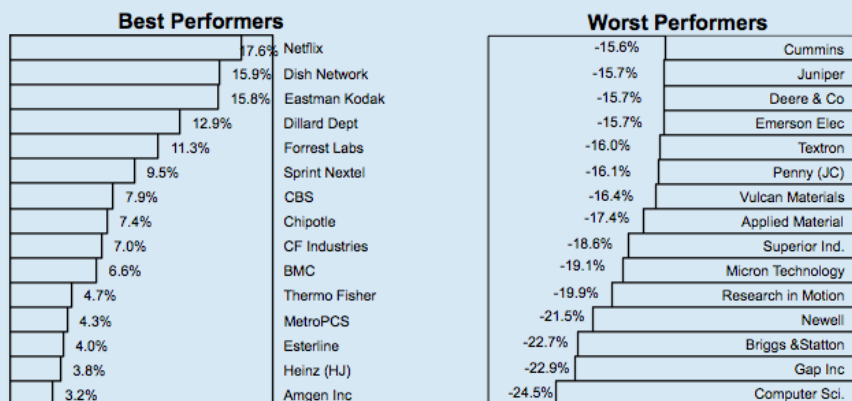
6 June 2011

Joe Forster
Chief Executive Officer

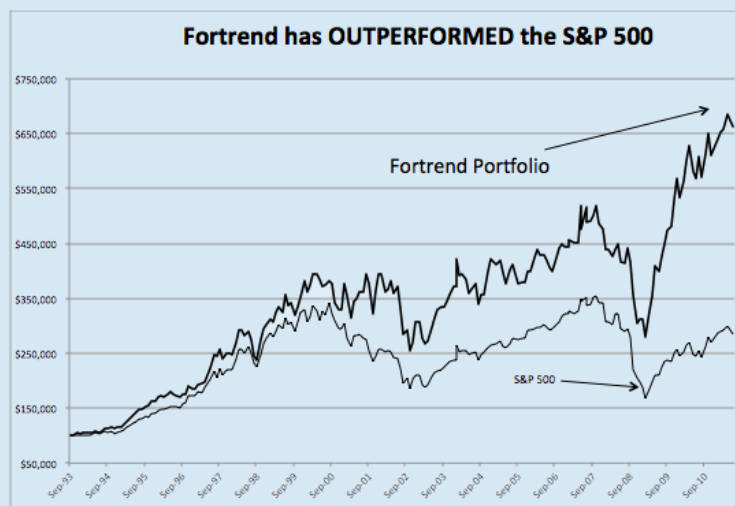
Relative Value Model

In May the S&P 500 fell 4.7%, and earnings estimates were increased by 0.6%. The forward P/E fell 5.6% to 11.6. The 10 year treasury yield fell to 3.00%.

In this brief RV I am simply showing you an example of two trades I recently placed on my personal account.



In May, Auto stocks dumped 12.1% on the US employment outlook. Electrical and Manufacturing Equipment stocks sank 9.8%, and Resource stocks tumbled 9.2%. The best performing sectors were Entertainment, up 3.2%, Lodging up 2.2%, and Pharmaceuticals which rose 0.1%.



'Free' Carry Trade

For my personal account, I did the following trade this month.

1. I borrowed AUD\$500,000 from Westpac Private Bank using my home as collateral (there was no prior debt) and I am paying 7.25% p.a. (~AUD36,250) which is tax deductible.
2. AUD\$500,000 was deposited into my Fortrend account, and Fortrend arranged the foreign exchange ('FX') to buy USD at AUD:USD 1.06 (~USD530,000). I did NOT use Westpac to convert money to USD, they were way too expensive.
3. I invested the USD530,000 in an Exchange Traded Fund ('ETF') that passively tracks an S&P Preferred Stock Index. The Preferred Stock ETF generates a current yield of ~7.25% p.a. (~USD\$38,425) which is taxable.

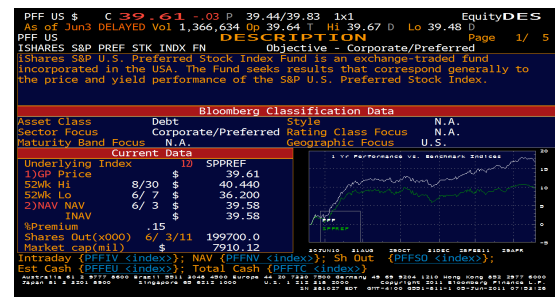
Costs and exit:

- So I pay AUD36,250 per year in interest, and receive USD \$38,425, which converts back into AUD to AUD 36,250 so the trade is "cash flow neutral".
- My plan is to leave the position open until the AUD drops back to 80 cents. Others might plan to hold till the AUD drops back to 90 cents.

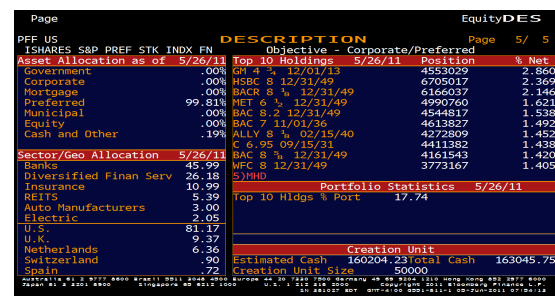
My risks are:

- AUD surges goes to (say) 1.20, and the USD I receive does not cover the cost of the AUD interest expenses. I need to come out of pocket to "carry" the trade. For example, A 10% fall in the USD to 1.166 reduces my ability to fund AUD interest payments with dividends from the ETF. It could become a "cash flow negative" by AUD3,625, which I need to fund from elsewhere.
- Credit risk on the Preferred stock EFT. This is lower risk than equities, and a good diversified stable yield. I am very comfortable with this risk. If there were a GFC II, I would need to hold out for a recovery.

This was a no brainer for my personal circumstances.



Underling Preferred stock holdings are broadly diversified with around 300 different issues. The largest single position is a GM issue.



Price is relatively stable, and volume is excellent.



Sell Puts:

Last month we wrote about the VIX, an index which measures volatility. We said that markets will have bouts of volatility because of Government and Consumer debt levels. Instances of volatility will create opportunities to sell options and collect premiums.

For those of you looking to enter the market with fresh capital (perhaps this year's super contributions) a good way to enter the market is to sell puts.

A measured and conservative way to enter to market would be to sell puts over an portfolio of RV stocks with expirations two/three months out. I am already set with a quality portfolio of stocks, so I took a more speculative position, which suits my personal circumstances.

I sold short dated S&P 500 puts:

WINTER HOLDINGS LLC C/- FORTREND SECURITIES JOE FORSTER LEVEL 41 55 COLLINS STREET MELBOURNE VIC 3000 AUSTRALIA		5149-1959 -- Short Account YOUR FINANCIAL CONSULTANT(S): AK01 - JOE FORSTER	
TRADE DATE: 06/03/2011		SETTLEMENT DATE: 06/06/2011	
Sell	10	SPX1118R1300	AT 20.0000
PRINCIPAL:	20,000.00		
COMMISSION:		0.99 - P	
POSTAGE:	4.00		
NET:	19,996.00		

The S&P 500 had a bad month, and volatility increased.



Prices for SPX index put and call options expiring on June 18th.

SPX 1300.16Y as of close 6/ 3										Index OMON			
Call					Put								
Strike	Bid	Ask	Last	Vol	Strike	Bid	Ask	Last	Vol				
1118	40.80	42.60	48.12	9	1300	5.70	6.30	6.00	3331				
1120	39.80	41.60	46.20	2	1310	6.20	6.80	6.50	284				
1125	38.80	40.60	45.20	1	1320	6.70	7.30	7.00	1244				
1130	37.80	39.60	44.20	1	1330	7.20	7.80	7.50	1794				
1135	36.80	38.60	43.20	1	1340	7.70	8.30	8.00	3141				
1140	35.80	37.60	42.20	1	1350	8.20	8.80	8.50	7811				
1145	34.80	36.60	41.20	1	1360	8.70	9.30	9.00	13975				
1150	33.80	35.60	40.20	1	1370	9.20	9.80	9.50	2974				
1155	32.80	34.60	39.20	1	1380	9.70	10.30	10.00	7144				
1160	31.80	33.60	38.20	1	1390	10.20	10.80	10.50	133				
1165	30.80	32.60	37.20	1	1400	10.70	11.30	11.00	79				
1170	29.80	31.60	36.20	1	1410	11.20	11.80	11.50	13				
1175	28.80	30.60	35.20	1	1420	11.70	12.30	12.00	1				
1180	27.80	29.60	34.20	1	1430	12.20	12.80	12.50	1				
1185	26.80	28.60	33.20	1	1440	12.70	13.30	13.00	1				
1190	25.80	27.60	32.20	1	1450	13.20	13.80	13.50	1				
1195	24.80	26.60	31.20	1	1460	13.70	14.30	14.00	1				
1200	23.80	25.60	30.20	1	1470	14.20	14.80	14.50	1				
1205	22.80	24.60	29.20	1	1480	14.70	15.30	15.00	1				
1210	21.80	23.60	28.20	1	1490	15.20	15.80	15.50	1				
1215	20.80	22.60	27.20	1	1500	15.70	16.30	16.00	1				
1220	19.80	21.60	26.20	1	1510	16.20	16.80	16.50	1				
1225	18.80	20.60	25.20	1	1520	16.70	17.30	17.00	1				
1230	17.80	19.60	24.20	1	1530	17.20	17.80	17.50	1				
1235	16.80	18.60	23.20	1	1540	17.70	18.30	18.00	1				
1240	15.80	17.60	22.20	1	1550	18.20	18.80	18.50	1				
1245	14.80	16.60	21.20	1	1560	18.70	19.30	19.00	1				
1250	13.80	15.60	20.20	1	1570	19.20	19.80	19.50	1				
1255	12.80	14.60	19.20	1	1580	19.70	20.30	20.00	1				
1260	11.80	13.60	18.20	1	1590	20.20	20.80	20.50	1				
1265	10.80	12.60	17.20	1	1600	20.70	21.30	21.00	1				
1270	9.80	11.60	16.20	1	1610	21.20	21.80	21.50	1				
1275	8.80	10.60	15.20	1	1620	21.70	22.30	22.00	1				
1280	7.80	9.60	14.20	1	1630	22.20	22.80	22.50	1				
1285	6.80	8.60	13.20	1	1640	22.70	23.30	23.00	1				
1290	5.80	7.60	12.20	1	1650	23.20	23.80	23.50	1				
1295	4.80	6.60	11.20	1	1660	23.70	24.30	24.00	1				
1300	3.80	5.60	10.20	1	1670	24.20	24.80	24.50	1				
1305	2.80	4.60	9.20	1	1680	24.70	25.30	25.00	1				
1310	1.80	3.60	8.20	1	1690	25.20	25.80	25.50	1				
1315	0.80	2.60	7.20	1	1700	25.70	26.30	26.00	1				
1320	-0.20	1.60	6.20	1	1710	26.20	26.80	26.50	1				
1325	-1.20	0.60	5.20	1	1720	26.70	27.30	27.00	1				
1330	-2.20	-0.40	4.20	1	1730	27.20	27.80	27.50	1				
1335	-3.20	-1.40	3.20	1	1740	27.70	28.30	28.00	1				
1340	-4.20	-2.40	2.20	1	1750	28.20	28.80	28.50	1				
1345	-5.20	-3.40	1.20	1	1760	28.70	29.30	29.00	1				
1350	-6.20	-4.40	0.20	1	1770	29.20	29.80	29.50	1				
1355	-7.20	-5.40	-0.80	1	1780	29.70	30.30	30.00	1				
1360	-8.20	-6.40	-1.80	1	1790	30.20	30.80	30.50	1				
1365	-9.20	-7.40	-2.80	1	1800	30.70	31.30	31.00	1				
1370	-10.20	-8.40	-3.80	1	1810	31.20	31.80	31.50	1				
1375	-11.20	-9.40	-4.80	1	1820	31.70	32.30	32.00	1				
1380	-12.20	-10.40	-5.80	1	1830	32.20	32.80	32.50	1				
1385	-13.20	-11.40	-6.80	1	1840	32.70	33.30	33.00	1				
1390	-14.20	-12.40	-7.80	1	1850	33.20	33.80	33.50	1				
1395	-15.20	-13.40	-8.80	1	1860	33.70	34.30	34.00	1				
1400	-16.20	-14.40	-9.80	1	1870	34.20	34.80	34.50	1				
1405	-17.20	-15.40	-10.80	1	1880	34.70	35.30	35.00	1				
1410	-18.20	-16.40	-11.80	1	1890	35.20	35.80	35.50	1				
1415	-19.20	-17.40	-12.80	1	1900	35.70	36.30	36.00	1				
1420	-20.20	-18.40	-13.80	1	1910	36.20	36.80	36.50	1				
1425	-21.20	-19.40	-14.80	1	1920	36.70	37.30	37.00	1				
1430	-22.20	-20.40	-15.80	1	1930	37.20	37.80	37.50	1				
1435	-23.20	-21.40	-16.80	1	1940	37.70	38.30	38.00	1				
1440	-24.20	-22.40	-17.80	1	1950	38.20	38.80	38.50	1				
1445	-25.20	-23.40	-18.80	1	1960	38.70	39.30	39.00	1				
1450	-26.20	-24.40	-19.80	1	1970	39.20	39.80	39.50	1				
1455	-27.20	-25.40	-20.80	1	1980	39.70	40.30	40.00	1				
1460	-28.20	-26.40	-21.80	1	1990	40.20	40.80	40.50	1				
1465	-29.20	-27.40	-22.80	1	2000	40.70	41.30	41.00	1				
1470	-30.20	-28.40	-23.80	1	2010	41.20	41.80	41.50	1				
1475	-31.20	-29.40	-24.80	1	2020	41.70	42.30	42.00	1				
1480	-32.20	-30.40	-25.80	1	2030	42.20	42.80	42.50	1				
1485	-33.20	-31.40	-26.80	1	2040	42.70	43.30	43.00	1				
1490	-34.20	-32.40	-27.80	1	2050	43.20	43.80	43.50	1				
1495	-35.20	-33.40	-28.80	1	2060	43.70	44.30	44.00	1				
1500	-36.20	-34.40	-29.80	1	2070	44.20	44.80	44.50	1				
1505	-37.20	-35.40	-30.80	1	2080	44.70	45.30	45.00	1				
1510	-38.20	-36.40	-31.80	1	2090	45.20	45.80	45.50	1				
1515	-39.20	-37.40	-32.80	1	2100	45.70	46.30	46.00	1				
1520	-40.20	-38.40	-33.80	1	2110	46.20	46.80	46.50	1				
1525	-41.20	-39.40	-34.80	1	2120	46.70	47.30	47.00	1				
1530	-42.20	-40.40	-35.80	1	2130	47.20	47.80	47.50	1				
1535	-43.20	-41.40	-36.80	1	2140	47.70	48.30	48.00	1				
1540	-44.20	-42.40	-37.80	1	2150	48.20	48.80	48.50	1				
1545	-45.20	-43.40	-38.80	1	2160	48.70	49.30	49.00	1				
1550	-46.20	-44.40	-39.80	1	2170	49.20	49.80	49.50	1				
1555	-47.20	-45.40	-40.80	1	2180	49.70	50.30	50.00	1				
1560	-48.20	-46.40	-41.80	1	2190	50.20	50.80	50.50	1				
1565	-49.20	-47.40	-42.80	1	2200	50.70	51.30	51.00	1				
1570	-50.20	-48.40	-43.80	1	2210	51.20	51.80	51.50	1				
1575	-51.20	-49.40	-44.80	1	2220	51.70	52.30	52.00	1				
1580	-52.20	-50.40	-45.80	1	2230	52.20	52.80	52.50	1				
1585	-53.20	-51.40	-46.80	1	2240	52.70	53.30	53.00	1				
1590	-54.20	-52.40	-47.80	1	2250	53.20	53.80	53.50	1				
1595	-55.20	-53.40	-48.80	1	2260	53.70	54.30	54.00	1				
1600	-56.20	-54.40	-49.80	1	2270	54.20	54.80	54.50	1				
1605	-57.20	-55.40	-50.80	1	2280	54.70	55.30	55.00	1				
1610	-58.20	-56.40	-51.80	1	2290	55.20	55.80	55.50	1				
1615	-59.20	-57.40	-52.80	1	2300	55.70	56.30	56.00	1				
1620	-60.20	-58.40	-53.80	1	2310	56.20	56.80	56.50	1				
1625	-61.20	-59.40	-54.80	1	2320	56.70	57.30	57.00	1				
1630	-62.20	-60.40	-55.80	1	2330	57.20	57.80	57.50	1				
1635	-63.20	-61.40	-56.80	1	2340	57.70	58.30	58.00	1				
1640	-64.20	-62.40	-57.80	1	2350	58.20	58.80	58.50	1				
1645	-65.20	-63.40	-58.80	1	2360	58.70	59.30	59.00	1				
1650	-66.20	-64.40	-59.80	1	2370	59.20	59.80	59.50	1				
1655	-67.20	-65.40	-60.80	1	2380	59.70	60.30	60.00	1				
1660	-68.20	-66.40	-61.80	1	2390	60.20	60.80	60.50	1				
1665	-69.20	-67.40	-62.80	1	2400	60.70	61.30	61.00	1				
1670	-70.20	-68.40	-63.80	1	2410	61.20	61.80	61.50	1				
1675	-71.20	-69.40	-64.80	1	2420	61.70	62.30	62.00	1				
1680	-72.20	-70.40	-65.80	1	2430	62.20	62.80	62.50</					

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Relative Value Model					
Sector	Company	Advice	Price	52 week Low/Hi	P/E 2012
Metals					
Oil					
Chemicals					
Paper & Forest Products					
Transportation					
Manufacturing	3M	Buy	\$ 90.70	72 / 98	12.8
Elec. Equipment					
Automobile					
Housing					
Lodging & Restaurants					
Retail	Nike	Buy	\$ 80.36	66 / 92	16.8
Real Estate	SL Green	Buy	\$ 86.28	50 / 90	18.5 FFO
Food	Kraft	Buy	\$ 34.10	28 / 35	13.7
	Dr Pepper Snapple	Buy	\$ 40.30	33 / 42	13.5
Media / Entertainment					
Consumer Products					
Hospital					
Pharmaceutical	Pfizer	Buy	\$ 20.84	14 / 21	9.1
Computers	Cisco	Buy	\$ 16.01	16 / 26	9.3
Semiconductors					
Software	Microsoft	Buy	\$ 23.90	23 / 29	8.6
	Oracle	Buy	\$ 32.33	21 / 36	13.5
Aerospace					
Financial	iShares Financial	Buy	\$ 55.90	48 / 62	N/A

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