



2 December 2024

Joe AI Forster  
Chief Executive Officer

**Relative Value Model**

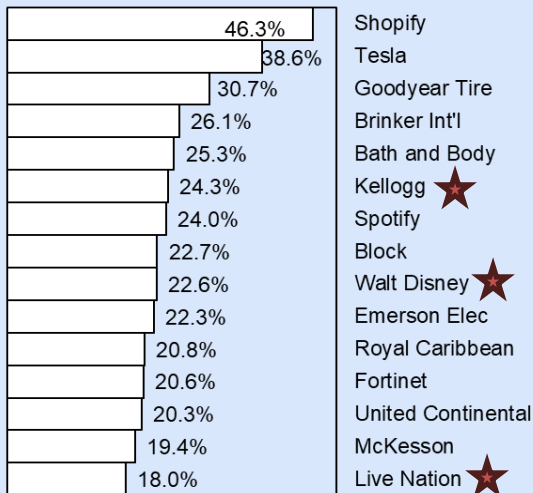
**Bulls vs. Bears Trumpeter Effect – Round Two**  
**(Reaganomics)**

The S&P 500 surged 5.3% on a Republican Sweep while EE25 declined by 0.4%, pushing the PE25 up to 22.2. The 10-year yield finished at 4.2%. The soft-landing consensus has shifted to economic optimism because Trump is going to run America like a business. Expect dramatic cost cutting and restructuring of the US Government. Avoid bureaucrats and middle management.

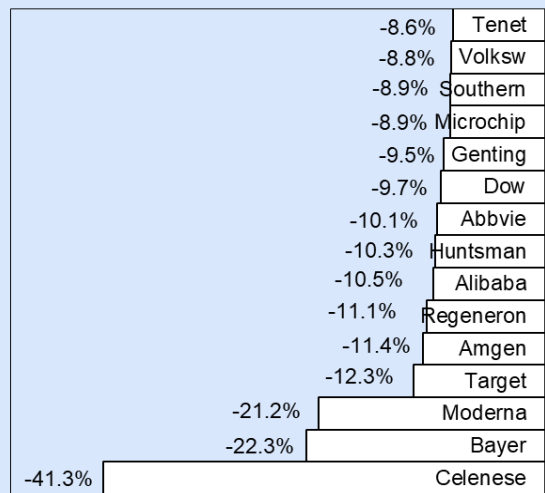
Sold Dell for Cisco last month, great trade. The RV had a spectacular month and spectacular year. **Sell Live Nation, buy Solventum. Supplement: buy ARK Innovation fund.**

Come to our holiday party on Friday. Christmas dinner (Marth Stewart goes to Costco) and full bar. Celebrate with us from 6pm, Friday the 6<sup>th</sup>.

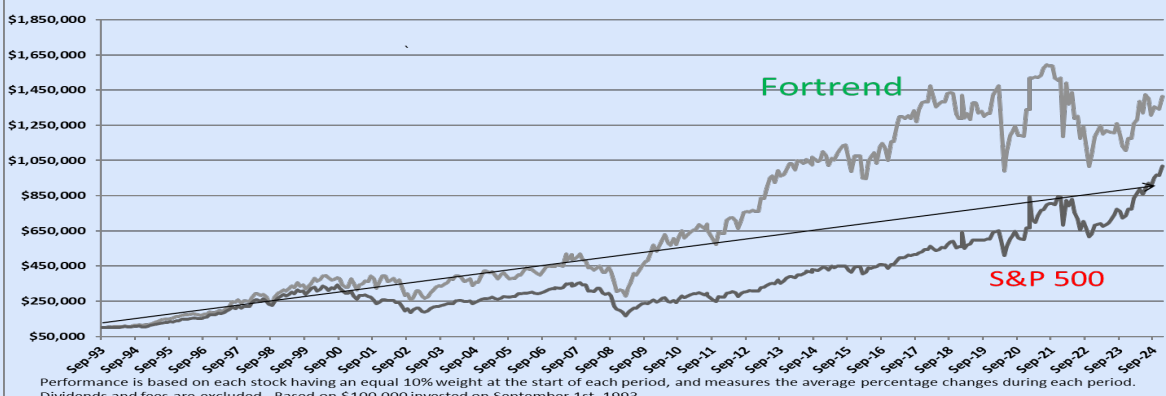
**Best Price Performers**



**Worst Price Performers**



**Fortrend outperforms the S&P 500**



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**Fortrend view; very bullish, Stanford Halo effect.**

Reaganomics was characterized by supply-side and trickle-down theory. The plan was to cut taxes, cut regulation, free trade and control inflation. Reagan spent dramatically on defense and an arms race, forcing the Soviet Union into **Perestroika**, breaking them up and costing them Ukraine.

Trump will enter an economic war and will throw China and Iran into chaos, “like you have never seen before.” Mexico and Canada have already come groveling. Nacey Reagan was famous for saying “just say no to drugs.” Trump will attack immigration and Fentanyl aggressively (refer to my Opium War discussion last month). Musk will slash costs out of the Government and bureaucrats will be fired, just like Reagan fired Air Traffic controllers.

Refer to my many “Trumpeter” reports in [2018](#) and [2019](#). The US will pump oil aggressively and bring oil prices down hard, taking inflation out of the economy.

Trump picked ‘Deep State’ critic [Kash Patel](#) to Head FBI. Expect aggressive crime prevention with the focus on migrant criminal gangs, human trafficking and drugs crossing the border. Expect Kash to go to the border.

Trump is taking a strong stand on reserve currency.

**Bulls vs. Bears**

Below is the table for the last quarter, the current quarter is not available because strategists are updating to reflect the election results. Everyone was dramatically wrong, but there is still a month to go.

| <b>FYE 2024</b>     | <b>S&amp;P Close / EPS = P/E</b> |
|---------------------|----------------------------------|
| <b><u>Bulls</u></b> |                                  |
| 1. Oppenheimer      | 5,900 / \$250 = 23.6             |
| 2. Goldman          | 5,600 / \$242 = 22.9             |
| 3. Morgan Stanley   | 5,400 / \$239 = 20.1             |
| <b><u>Bears</u></b> |                                  |
| 1. JP Morgan        | 4,200 / \$230 = 18.7             |
| 2. Cantor Fitz      | 5,000 / \$240 = 20.8             |
| 3. Fundstrat        | 5,200 / \$240 = 20.0             |
| <b>Average</b>      | <b>5,469 / \$242 = 21.7</b>      |

Four things move markets.

1. Earnings
2. Interest rates
3. Risk
4. Liquidity

Like 1981, velocity of creative destruction will cause a mild recession, then we will slingshot out of it like 1984. Trumpeter politics will scare people like Reagan scared the world in the 1980’s.

**BULL**

**David Kostin, Goldman Sachs**

S&P 500 will rise to 6,500 by year-end 2025, +11% = 12% total return with dividends. US economic expansion and earnings growth +11% in 2025 and 7% in 2026. At the end of 2025 PE26 will be 21.5.

"**The Art of the Deal**," the best-selling 1987 book by New York real estate developer **Donald Trump**, provides a roadmap for our 2025 recommendations.

1. **Think Big.** *The ‘Magnificent 7’ stocks.*
2. **Maximize your options.** *Own a basket of 62 potential US M&A candidates. GS forecast a 25% year/year increase in the number of completed mergers in 2025.*
3. **Low Rent, High Stakes.** *Basket of 60 stocks with revenue exposure to small sized businesses. An improving small business operating environment will lift the earnings and valuation of stocks with revenues tied to that spending.*
4. **Deliver the Goods.** *30 stocks in “Phase 3” of the AI evolution.*
5. **Protect the Downside and the Upside will take care of itself.** *The economic backdrop favors cyclically exposed stocks, overweight Software & Services, Materials, and Utilities.*

**JF: He has too many stocks, and is effectively index hugging, Fortrend has a high conviction ten stock portfolio that beats the index.**



## **BEAR**

### **Morgan Stanley's Mike Wilson**

Wilson expects a multi-year up-lift in M&A. Current levels are below average - refer to the RV March 2023 the "virtuous cycle." Lower rates reduce the cost to finance deals, benefiting investment banks like Goldman Sachs and Morgan Stanley.

**Mike Wilson's** 2025 target is 6,500, or +9 based on a soft landing and lower rates. Wilson admits he has been too conservative on multiples.

Wilson says the economy has been strong and inflation is down, which is motivation for sellers. Buyers have \$7.5T of cash and capital markets are open. Domestic policy will shift to pro-business with the "Red Sweep." Rate cuts will provide cheap financing. The European union will support activity and deregulate as well because they must compete.

**JF: BATs (Baidu, Tencent, Alibaba) and Chinese chips are the main target. Trump should recognize Taiwan.**

Wilson admits he could be wrong if the economy is weak and the stock market falls. Policy could also be less accommodating than currently expected.

Regional champions will compete on a global stage. I have previously written about higher SP500 margins resulting from the unspoken policy of three leaders per industry that can compete internationally. Trump will support consolidation at the top to compete with BATs.

- Macro issues: There is risk and uncertainty in Macro issues which could pivot back and forth. It will not be a straight line.
- Policy change is important but priced in. Deregulation is business friendly. On the negative side, tariffs might be more than Trump originally proposed.
- Immigration enforcement would bring growth down.

**JF: This will increase productivity because the majority of immigrants are a drag, very different than Australia where immigrants pay for education.**

He is rotating from defensive to pro-growth, as

a result of his shift from a hard landing to a soft landing. When the Fed cut rates, he bought cyclicals. The election outcome turbo charges the shift to financials and industrials.

- Don't buy lower quality recovery businesses like Owens Illinois, only quality industrials.
- Buy Natural gas and LNG that will be driven by demand for new electricity production.
- Financials are a top pick. Deregulation will drive this sector.

## **BUY SIDE**

**Cathy Wood and ARK** invests in the horizon: Blockchain, EV, CRISPR and AI. I can attest to her brilliance from first-hand knowledge when I pitched Domus Tower to her.

ARK Invest Web page says they "Invest Solely in Disruptive Innovation" for long term growth.

**ARK Innovation Fund** 5 largest holdings are Tesla, Coinbase, Roku, ROBLOX and Palantir.

**ARK 21shares Bitcoin ETF** seeks to track the performance of bitcoin.

**ARK Next Generation Internet** 5 largest holdings are ARK 21Shares Bitcoin, Telsa, Roku, Coinbase and Robinhood.

**ARK Genomic Revolution** 5 largest holdings are Twist, CRISPR, Recursion, Veracyte and Adaptive.

**ARK Fintech** 5 largest holdings are Coinbase, Shopify, Block, ARK 21Shares Bitcoin and Toast.

**ARK Autonomous Technology & Robotics** 5 largest holdings are Tesla, Kratos Defense, Rocket Lab, Teradyne, Archer Aviation and Trimble.

**ARK Space Exploration & Innovation** 5 largest holdings are Rocket Lab, Kratos Defense, Iridium and Archer Aviation.

**ARK Israel Innovation** 5 largest holdings are Partner Coms, Fiverr, Mobileye, Similar Webb and Fattal.

**ARK 3D Printing** 5 largest holdings are Xometry, Materialise, Proto Labs, FARO and Stratasys.

Cathy Wood will be the greatest beneficiary of Trump and the Red Sweep. Supplemental Idea is the buy top three ETF's

**Relative Value Model**

|                        |                     |            |
|------------------------|---------------------|------------|
| <b>WK KELLOGG CO</b>   | <b>\$ 20.80</b>     | <b>Buy</b> |
| <b>Market Cap</b>      | <b>\$ 1,791 Mil</b> |            |
| <b>Sales Est 2025</b>  | <b>\$ 2,699 Mil</b> |            |
| <b>Profit Est 2025</b> | <b>\$ 129 Mil</b>   |            |
| <b>P/E Est 2025</b>    | <b>14.0</b>         |            |

Kellogg is an American food manufacturing company, split from Kellogg's on October 2, 2023 and is headquartered in Battle Creek, Michigan. It was formed in October 2023 as part of Kellogg's hive-off of its North American cereal business.

Wow, stock had a great month, up 24% to 14X25. Freshly incentivized management will double margins over the next several years. That will drive the PE higher, and the liquidity will attract institutional investors. Other than Tyson, all food stocks were down.



|                            |                       |            |
|----------------------------|-----------------------|------------|
| <b>WALT DISNEY CO/THE</b>  | <b>\$ 117.47</b>      | <b>BUY</b> |
| <b>Market Cap</b>          | <b>\$ 212,731 Mil</b> |            |
| <b>Sales Est Sep 2025</b>  | <b>\$ 99,979 Mil</b>  |            |
| <b>Profit Est Sep 2025</b> | <b>\$ 10,871 Mil</b>  |            |
| <b>P/E Est Sep 2025</b>    | <b>19.3</b>           |            |

The Walt Disney Company operates as an entertainment and media enterprise company. Business segments includes, media networks, parks and resorts, studio entertainment, consumer products, and interactive media. Walt Disney serves customers worldwide. Employs 190,000.

Disney has had two bad quarters where they guided lower in "consumer experiences" saying the bounce after the pandemic was not sustainable. The beat but fell on lower guidance. This quarter they had great earnings

again, but did not guide lower. The stock surged and made up for the last two bad quarters. Buy as they recover.



|                                 |                      |             |
|---------------------------------|----------------------|-------------|
| <b>LIVE NATION ENTERTAINMEN</b> | <b>\$ 138.25</b>     | <b>SELL</b> |
| <b>Market Cap</b>               | <b>\$ 32,123 Mil</b> |             |
| <b>Sales Est 2025</b>           | <b>\$ 26,606 Mil</b> |             |
| <b>Profit Est 2025</b>          | <b>\$ 658 Mil</b>    |             |
| <b>P/E Est 2025</b>             | <b>51.4</b>          |             |

Live Nation Entertainment, Inc. produces live concerts and sells tickets to those events over the Internet. The Company offers ticketing services for leading arenas, stadiums, professional sports franchises and leagues, college sports teams, performing arts venues, museums and theatres. Live Nation Entertainment serves customers worldwide.

The bullish argument is:

Reference [RV 4 July 2021, Lina Khan](#) and her paper "Amazon's Antitrust Paradox". The DOJ under Khan was expected to break up Live Nation, that is not going to happen with Republicans in control, so the stock surged.

Khan's paper made the case that Amazon was buying market share and not making profits, giving them a monopoly that could be abused later. Live Nation is similar, they don't make money but after the Pandemic, they got control of the supply chain (concert, tickets and venues). Next year they are only expected to make a minuscule 2.5% profit margin. I suggest that is by design because of the threat of antitrust litigation, as they have snuffed out competition.

We bought Live Nation in July 2023 RV "World Lacrosse Games," where I had a bad experience of being a customer of Live Nation. I realized I would rather be a shareholder.

If they could increase their profit margins to 1/2 of the SP500 margin, they would be trading at a 15% discount to the market on a PE basis. If they could achieve the SP500's average profit margin,



then they would be trading at a 100% discount on a PE basis and the stock could double.

Their upside is to become a real estate company by taking equity stakes in venues.

But, when we look back to margins for 15 years, concerts and tickets never make those margins. So, the market is over optimistic. They will not expand margins to 1/2 of the SP500 average.

We have made 50% in 18 months. Sell and Buy Solventum.

|   |                       |                      |
|---|-----------------------|----------------------|
| <b>MEDTRONIC PLC</b>  | <b>\$ 86.54</b>       | <b>BUY</b>           |
| <b>Market Cap</b>   | <b>\$ 110,969 Mil</b> |                      |
| <b>Sales</b>  | <b>Est April 2026</b> | <b>\$ 35,141 Mil</b> |
| <b>Profit</b>   | <b>Est April 2026</b> | <b>\$ 7,463 Mil</b>  |
| <b>P/E</b>  | <b>Est April 2026</b> | <b>14.8</b>          |
| <b>Medtronic, PLC develops therapeutic and diagnostic medical products. The Company's principal products include those for bradycardia pacing, tachyarrhythmia management, atrial fibrillation management, heart failure management, heart valve replacement, malignant and non-malignant pain, and movement disorders.</b> |                       |                      |

Medtronic traded sideways this month on concerns about cutting government spending on Medicare and Medicaid.



|   |                      |                       |
|---|----------------------|-----------------------|
| <b>MODERNA INC</b>  | <b>\$ 43.06</b>      | <b>BUY</b>            |
| <b>Market Cap</b>   | <b>\$ 16,570 Mil</b> |                       |
| <b>Sales</b>  | <b>Est Dec 2025</b>  | <b>\$ 2,934 Mil</b>   |
| <b>Profit</b>   | <b>Est Dec 2025</b>  | <b>\$ (3,465) Mil</b> |
| <b>P/E</b>  | <b>Est Dec 2025</b>  | <b>NM</b>             |
| <b>Moderna, Inc. operates as a clinical stage biotechnology company. The Company focuses on the discovery and development of messenger RNA therapeutics and vaccines. Moderna develops mRNA medicines for infectious, immuno-oncology, and cardiovascular diseases.</b> |                      |                       |

Dead money.

|  |                       |                      |
|--|-----------------------|----------------------|
| <b>CISCO SYSTEMS INC</b>   | <b>\$ 59.21</b>       | <b>BUY</b>           |
| <b>Market Cap</b>  | <b>\$ 235,819 Mil</b> |                      |
| <b>Sales</b>   | <b>Est July 2026</b>  | <b>\$ 58,622 Mil</b> |
| <b>Profit</b>  | <b>Est July 2026</b>  | <b>\$ 15,455 Mil</b> |
| <b>P/E</b>   | <b>Est July 2026</b>  | <b>15.1</b>          |
| <b>Cisco Systems, Inc. provides information technology and networking services. The Company offers enterprise network security, software development, data collaboration, cloud computing, and other related services. Networking is switches, routers and servers which make the internet work. Security is a key service through Secure Access Service Edge (SASE). Products are 73% of revenue and services are 37%</b> |                       |                      |

Cisco has started a steep upward trajectory. Buy. Dell and HP were smashed because of lower PC sales. Great timing on sale.

|   |                       |                      |
|---|-----------------------|----------------------|
| <b>QUALCOMM INC</b>   | <b>\$ 158.53</b>      | <b>BUY</b>           |
| <b>Market Cap</b>   | <b>\$ 176,127 Mil</b> |                      |
| <b>Sales</b>  | <b>Est Sep 2025</b>   | <b>\$ 45,449 Mil</b> |
| <b>Profit</b>   | <b>Est Sep 2025</b>   | <b>\$ 13,694 Mil</b> |
| <b>P/E</b>  | <b>Est Sep 2025</b>   | <b>12.9</b>          |
| <b>QUALCOMM Incorporated manufactures digital wireless communications equipment. They license code division multiple access (CDMA) and orthogonal frequency division multiplexing access intellectual property to other companies and produce CDMA-based integrated circuits.</b> |                       |                      |

QUALCOMM has performed GREAT over the past year but retraced in the past two months. AT 15.8X25, they are still a great investment.



|                      |                 |                   |            |
|----------------------|-----------------|-------------------|------------|
| <b>BOEING CO/THE</b> |                 | <b>\$ 155.44</b>  | <b>Buy</b> |
| <b>Market Cap</b>    |                 | <b>\$ 116,140</b> | <b>Mil</b> |
| <b>Sales</b>         | <b>Est 2025</b> | <b>\$ 85,606</b>  | <b>Mil</b> |
| <b>Profit</b>        | <b>Est 2025</b> | <b>\$ 207</b>     | <b>Mil</b> |
| <b>P/E</b>           | <b>Est 2025</b> | <b>684.8</b>      |            |

The Boeing Company, together with its subsidiaries, develops, produces, and markets commercial jet aircraft, as well as provides related support services to the commercial airline industry worldwide. The Company also researches, develops, produces, modifies, and supports information, space, and defense systems, including military aircraft, helicopters and space and missile systems.

Traded flat over the last month, after an initial sell off the stock bounced back. The new CEO is quickly getting appraised of what needs to be done to turn the company around. Key to it is opening a second factory line for the 737 Max which will see the company turn cashflow positive. Being a major exporter, BA have flagged tariff retaliation as a risk.

|                          |                 |                     |            |
|--------------------------|-----------------|---------------------|------------|
| <b>ALPHABET INC-CL A</b> |                 | <b>\$ 168.95</b>    | <b>Buy</b> |
| <b>Market Cap</b>        |                 | <b>\$ 2,077,305</b> | <b>Mil</b> |
| <b>Sales</b>             | <b>Est 2025</b> | <b>\$ 348,396</b>   | <b>Mil</b> |
| <b>Profit</b>            | <b>Est 2025</b> | <b>\$ 115,918</b>   | <b>Mil</b> |
| <b>P/E</b>               | <b>Est 2025</b> | <b>18.5</b>         |            |

Alphabet is a global technology company that designs and offers various products and services. The Company is primarily focused on web-based search and display advertising and tools, desktop and mobile operating systems, consumer content, enterprise solutions, commerce, and hardware products.

Alphabet just keeps getting better and better!

|                      |                 |                   |            |
|----------------------|-----------------|-------------------|------------|
| <b>CITIGROUP INC</b> |                 | <b>\$ 70.87</b>   | <b>Buy</b> |
| <b>Market Cap</b>    |                 | <b>\$ 134,034</b> | <b>Mil</b> |
| <b>Sales</b>         | <b>Est 2025</b> | <b>\$ 82,830</b>  | <b>Mil</b> |
| <b>Profit</b>        | <b>Est 2025</b> | <b>\$ 13,777</b>  | <b>Mil</b> |
| <b>P/E</b>           | <b>Est 2025</b> | <b>9.7</b>        |            |

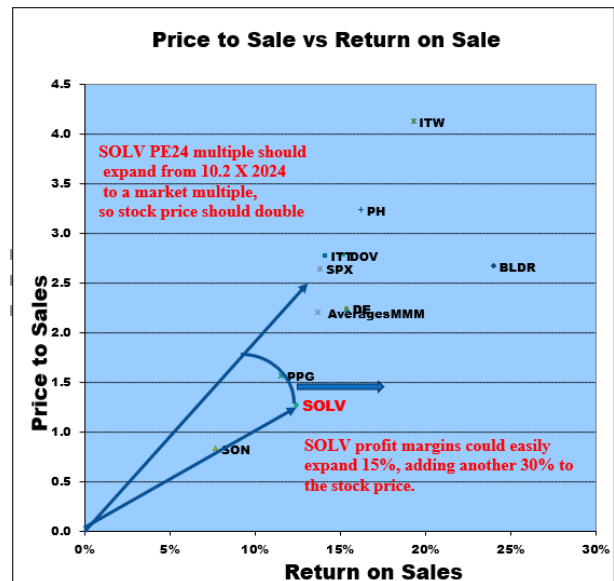
Citigroup Inc. is a diversified financial service holding company that provides a broad range of financial services to consumer and corporate customers. The Company services include investment banking, retail brokerage, corporate banking, and cash management products and services. Citigroup serves customers globally.

Jane Fraser is turning the company around. The stock rose 11% this month, a tremendous month.

|                       |                 |                  |            |
|-----------------------|-----------------|------------------|------------|
| <b>SOLVENTUM CORP</b> |                 | <b>\$ 71.51</b>  | <b>Buy</b> |
| <b>Market Cap</b>     |                 | <b>\$ 12,354</b> | <b>Mil</b> |
| <b>Sales</b>          | <b>Est 2025</b> | <b>\$ 8,269</b>  | <b>Mil</b> |
| <b>Profit</b>         | <b>Est 2025</b> | <b>\$ 956</b>    | <b>Mil</b> |
| <b>P/E</b>            | <b>Est 2025</b> | <b>13.0</b>      |            |

Solventum Corporation is a health care solutions company. The Company engages in developing, manufacturing, and commercialization a broad portfolio of solutions that leverages material and data science, clinical research, and digital capabilities. Solventum operates in separation and purification, health information, medical solutions, medical device component, and oral care market.

Solventum has been moved from a supplemental idea to a core RV stock. Sell Live Nation and buy Solventum.





| Relative Value Model         |                      |             |               |               |               |              |
|------------------------------|----------------------|-------------|---------------|---------------|---------------|--------------|
| Sector                       | Company              | Advice      | Price         | 52 week       | High/Low      | P/E 2025     |
| <b>RAW MATERIALS</b>         |                      |             |               |               |               |              |
| Mining                       |                      |             |               |               |               |              |
| Oil and Gas                  |                      |             |               |               |               |              |
| <b>INDUSTRIAL CLCYLICAL</b>  |                      |             |               |               |               |              |
| Chemicals                    |                      |             |               |               |               |              |
| Paper & Forest Products      |                      |             |               |               |               |              |
| Manufacturing                |                      |             |               |               |               |              |
| Elec. & Mfg Equipment        | <b>Solventum</b>     | <b>Buy</b>  | <b>71.51</b>  | <b>47.16</b>  | <b>96.05</b>  | <b>13.0</b>  |
| Transportation               |                      |             |               |               |               |              |
| <b>CONSUMER CLCYLICAL</b>    |                      |             |               |               |               |              |
| Housing                      |                      |             |               |               |               |              |
| Automobile                   |                      |             |               |               |               |              |
| Retail                       |                      |             |               |               |               |              |
| Hotel, Dining                |                      |             |               |               |               |              |
| <b>CONSUMER NON CYCLICAL</b> |                      |             |               |               |               |              |
| Consumer Products            |                      |             |               |               |               |              |
| Food                         | <b>Kellogg</b>       | <b>Buy</b>  | <b>20.80</b>  | <b>10.99</b>  | <b>24.63</b>  | <b>14.0</b>  |
| Media / Entertainment        | <b>Disney</b>        | <b>Buy</b>  | <b>117.47</b> | <b>83.91</b>  | <b>123.74</b> | <b>19.1</b>  |
|                              | <b>Live Nation</b>   | <b>SELL</b> | <b>138.25</b> | <b>81.38</b>  | <b>141.18</b> | <b>51.4</b>  |
| Pharmaceutical               |                      |             |               |               |               |              |
| BioPharma                    | <b>Moderna</b>       | <b>Buy</b>  | <b>43.06</b>  | <b>35.80</b>  | <b>170.47</b> | <b>NM</b>    |
| Health Care & Devices        | <b>Medtronic</b>     | <b>Buy</b>  | <b>86.54</b>  | <b>75.96</b>  | <b>92.68</b>  |              |
| <b>TECHNOLOGY</b>            |                      |             |               |               |               |              |
| Computers                    | <b>Cisco</b>         | <b>Buy</b>  | <b>59.21</b>  | <b>44.50</b>  | <b>59.87</b>  | <b>15.1</b>  |
| Semiconductors               | <b>Qualcomm</b>      | <b>Buy</b>  | <b>158.53</b> | <b>128.03</b> | <b>230.63</b> | <b>12.9</b>  |
| Software                     |                      |             |               |               |               |              |
| Telecommunications           |                      |             |               |               |               |              |
| Aerospace Defense            | <b>Boeing</b>        | <b>Buy</b>  | <b>155.44</b> | <b>137.03</b> | <b>267.54</b> | <b>684.8</b> |
| Internet                     | <b>Alphabet</b>      | <b>Buy</b>  | <b>170.49</b> | <b>129.40</b> | <b>193.31</b> | <b>18.6</b>  |
| <b>FINANCIAL SERVICES</b>    |                      |             |               |               |               |              |
| Financial                    | <b>Citigroup Inc</b> | <b>Buy</b>  | <b>70.87</b>  | <b>45.89</b>  | <b>71.19</b>  | <b>9.7</b>   |

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