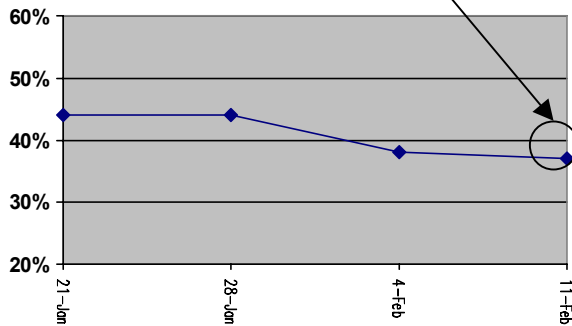


Swing Trading Bulletin

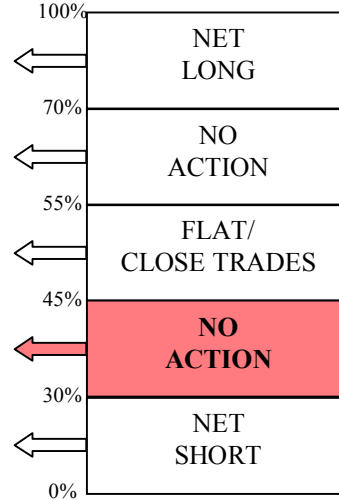
Week 39,
Market Close,
11th Feb. 2005

SQ
Bullish Probability



NOTE: "SQ" is a market timing system for contrarian "swing traders" (2 weeks to 4 months). It is 100% sentiment and probability based. A unique process of "scoring" various sentiment input indicators derives a bullish probability for the market - SQ. This activates the trading model (above right) at certain trigger points.

SQ
Bullish Probability



TRADING
MODEL

NASDAQ Composite
CLOSING LEVEL

11th Feb. 2005,
Closing Level:
2077

SQ INPUTS

The sentiment inputs come from the options market, market surveys, asset allocation and proprietary indicators.

Commentary

There was a small fall in the NASDAQ Composite last week as we began to rebuild a SHORT position. Although SQ fell marginally to 37%, we firmly believe that the probabilities are now stacked in favour of bearish players even if this trade may take some time to play out. The marked volatility deflation mentioned last week is one factor behind our bearish stance; another is the steady removal of put protection by long-only players. Market surveys are also close to nudging extremes of bullishness. We will therefore add slightly to our SHORT position at the Market Open, even though we hope that the bullish trend continues short term so that our other SHORT Limit Orders can fill.

Trading Model Rules

All trades are against the NASDAQ Composite and executed either:

- Against the coming week's opening level of the Composite index.
- Via limit/stop orders at a specified level as described in the prior week's report.

Zero transaction/trading costs assumed and no spread. No interest on cash balances. All stop and limit orders entered at the next market open on a "good until cancelled" basis; specified order levels correspond to the NASDAQ Composite. Cancellation can take place only within a report such as this. All trades executed at closest exact level (no fractions).

Current Trades and Open Positions

Trades Executed Last Week:

\$US 200,000 SHORT Opened at 2087 on Monday 7th February (Market Open).

Current Open Positions:

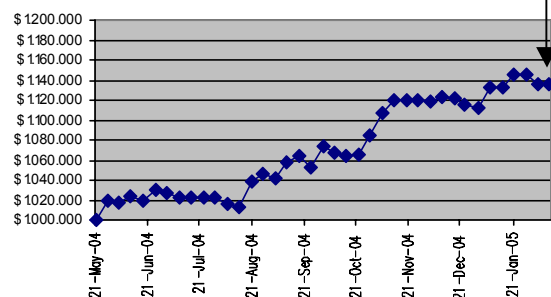
\$US 200,000 SHORT at average level of 2087.
\$US 935,355 in cash.

Current Pending Orders/New Trades:

Open SHORT \$US 100,000 at Market Open on Monday February 14th.
Limit Order to Open SHORT \$US 200,000 at 2100.
Limit Order to Open SHORT \$US 100,000 at 2120.
Stop Order to Close all SHORT positions at 2450.

Weekly Performance Track (11th Feb. '05)

Starting Capital: US\$1,000,000 (21st May 2004).
3 Winning Closed Trades, 0 Losing Closed Trades.
Change in NAV since 1 week: +0.1%
Change in NAV since inception: +13.6%



Disclaimer: The timing signals and comments provided by ContraQuant Limited are for research and information purposes only, and should not be considered as investment advice. Descriptions of trading posture and trades simulate our own investment activity, and do not in any way infer that such actions are likely to be profitable. Reliance upon information provided by ContraQuant Limited is at your own risk, and we shall not be held liable for any loss due to posted timing signals and comments. Further, ContraQuant Limited is not registered with any association in any capacity to give investment advice. This document may not be reproduced nor copies circulated without prior authority.