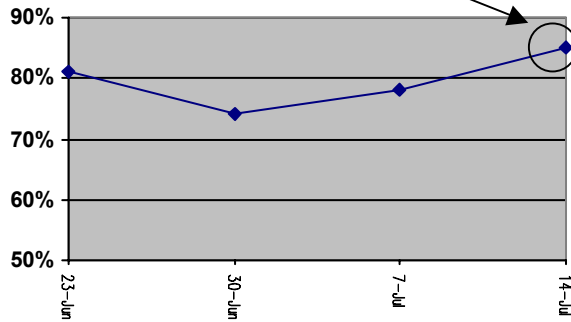


# Swing Trading Bulletin

Week 113,  
Market Close,  
14th July 2006

SQ  
Bullish Probability

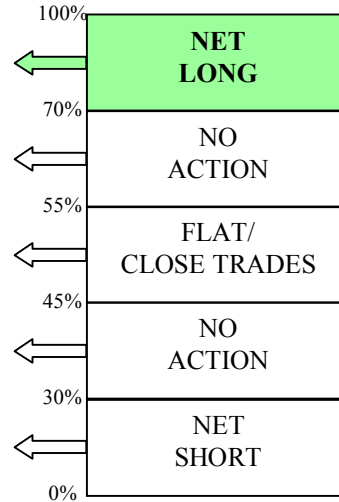


14th July '06:  
SQ = 85%

SQ  
Bullish Probability

TRADING  
MODEL

NASDAQ Composite  
CLOSING LEVEL



14th July 2006,  
Closing Level:

**2037**

SQ INPUTS

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

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.

## Commentary

The market fell a sharp 93 points last week, causing our sentiment model to reach a rare high of 85% bullish probability. Although it is not pleasant to be this far underwater on our fully committed LONG trade, the prospects of success are now better than ever. Sentiment is getting irrationally bearish and this context is likely to reward those who stay LONG in the coming weeks and months. Our confidence in the current trade remains rock solid.

## Current Trades and Open Positions

**Trades Executed Last Week:**

NONE.

**Current Open Positions:**

\$US 1,240,024 LONG at average level of 2171 (filled on 22<sup>nd</sup> May at 2176 and 2178, 24<sup>th</sup> May at 2154 and 6<sup>th</sup> June at 2164).

**Current Pending Orders/New Trades:**

Stop Order to Close all positions at 1850.

## 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).

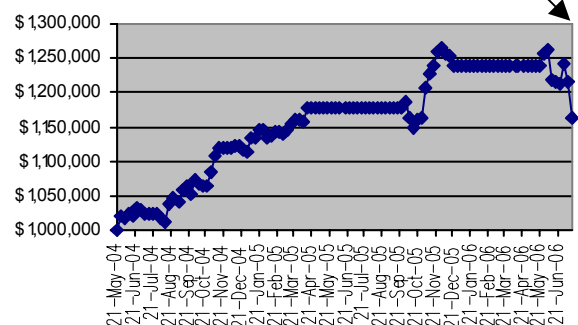
## Weekly Performance Track (14th July '06)

Starting Capital: US\$1,000,000 (21<sup>st</sup> May 2004).

5 Winning Closed Trades, 0 Losing Closed Trades.

Change in NAV since 1 week ago: - 4.4%

Change in NAV since inception: **+16.3%**



**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.