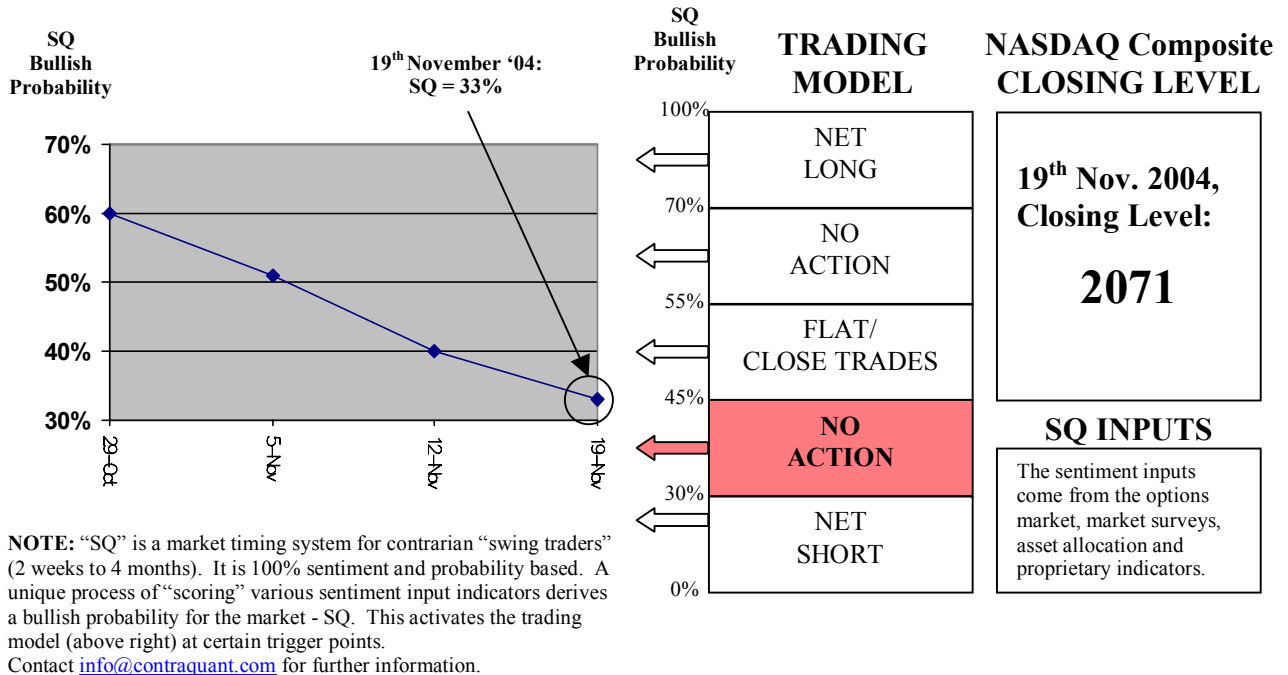


Swing Trading Bulletin

Issue 27,
Market Close,
19th Nov. 2004



Commentary

For a fourth consecutive week SQ fell sharply to 33% even though this time there was a 0.7% drop in the market (which would usually push SQ up not down). This confirms the swing to a now dominant bullish consensus – a far cry from only one month ago when sentiment was quite negative as measured then by an SQ of 69%. Although we could already open Limit Sell Orders in case SQ were to drop below our model's 30% SHORT trigger level, it seems prudent to wait for confirmation until after the Thanksgiving holiday. We therefore bide our time.

Trading Model Rules

All trades against the NASDAQ Composite or Rydex Velocity 100 Fund (200% leveraged against the NASDAQ 100) and executed either:

- Against the coming week's opening level of the Composite index or Rydex Velocity 100 Fund.
- Via limit/stop orders at a specified level as described in the prior week's report. For the Rydex Velocity 100 Fund trades are executed against the Fund's next day opening price after the trigger level specified on the NASDAQ Composite is touched. Zero transaction/trading costs assumed and no spread. No interest on cash balances.

Current Trades and Open Positions

Trades Executed Last Week:

NONE.

Current Open Positions:

US\$1,119,963 in cash.

Current Pending Orders:

NONE.

New Trades:

NONE.

Note: 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).

Performance to Date

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

Current Capital: US\$1,119,963.

Returns to date of +12.0%.

2 Winning Closed Trades, 0 Losing Closed Trades.

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