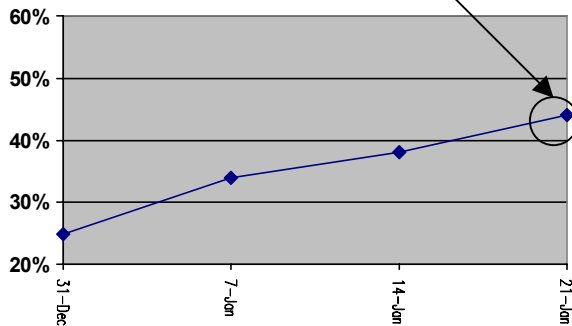


Swing Trading Bulletin

Issue 36,
Market Close,
21st Jan. 2005

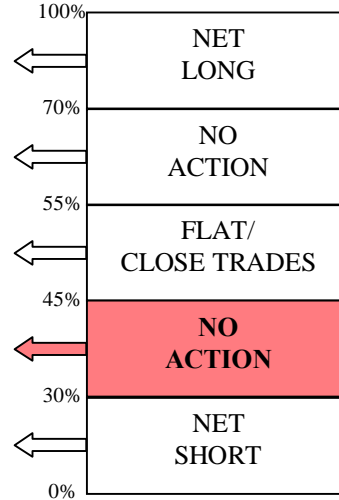
SQ
Bullish Probability



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.

21st January '05:
SQ = 44%

SQ
Bullish Probability



TRADING
MODEL

NASDAQ Composite
CLOSING LEVEL

21st Jan. 2005,
Closing Level:

2034

SQ INPUTS

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

Commentary

The NASDAQ Composite continued its sharp descent since the start of the year losing another 2.6% on the week. This brought our open SHORT position further into profit and pushed our overall model performance to an all-time high. The key SQ composite measure of sentiment has now moved up to 44% as the many bulls in the market begin to question their optimistic outlook for 2005. If the recent bearish trend continues and there are further short-term falls we will look to close the current SHORT trade. At the same time however, we cancel all Limit Orders and bring our Stops down from 2480 to 2078 to protect our open profits.

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:

NONE.

Current Open Positions:

\$US500,000 SHORT at average level of 2144

(opened on 1st, 2nd and 3rd December 2004)

\$US619,963 in cash

Stop to Close all SHORT positions at 2480

Current Pending Orders/New Trades:

Cancel all open Limit Orders. There will now be no Limit Orders open.

Cancel Stop Order at 2480. Open new Stop Order to Close all SHORT positions at 2078.

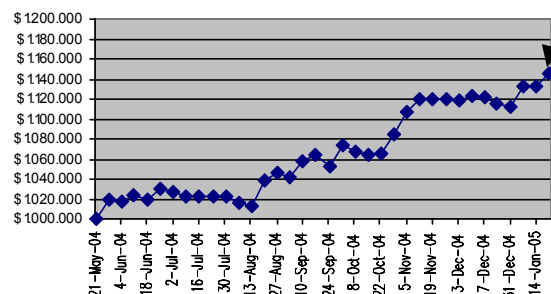
Weekly Performance Track (21st Jan. '05)

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

2 Winning Closed Trades, 0 Losing Closed Trades.

Change in NAV since 1 week: + 1.1%

Change in NAV since inception: **+14.6%**



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.