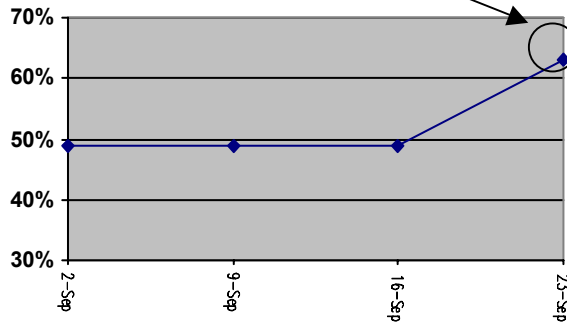


# Swing Trading Bulletin

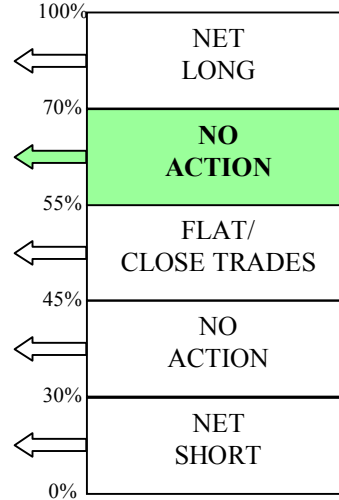
Week 71,  
Market Close,  
23rd Sep. 2005

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

23<sup>rd</sup> Sep. 2005,  
Closing Level:

**2117**

SQ INPUTS

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

## Commentary

Last week's 2% drop in the NASDAQ Composite dented bullish sentiment severely with SQ jumping sharply to 63% from 49%. This was fuelled by a large build-up of short positions on QQQQ options, continued bearish asset allocation and a sudden build-up of hurricane-related fear. This provides a solid LONG entry-point and we therefore begin to scale in deploying more than half our total capital at Monday's market open, with further Limit Orders also placed below current levels. This trade could be a little early with SQ below our normal 70% LONG trigger level. Nonetheless, with the sentiment backdrop described above we now feel comfortable being LONG.

## 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:**

\$US 1,176,547 in cash.

**Current Pending Orders/New Trades:**

Open LONG \$US 800,000 at Market Open on Monday September 26<sup>th</sup>.

Limit Order to Open LONG \$US 100,000 at 2104.

Limit Order to Open LONG \$US 100,000 at 2075.

Stop Order to Close all LONG positions at 1780.

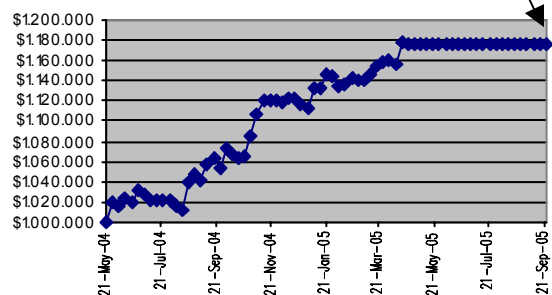
## Weekly Performance Track (23rd Sep. '05)

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

4 Winning Closed Trades, 0 Losing Closed Trades.

Change in NAV since 1 week ago: + 0.0%

Change in NAV since inception: +17.7%



**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.