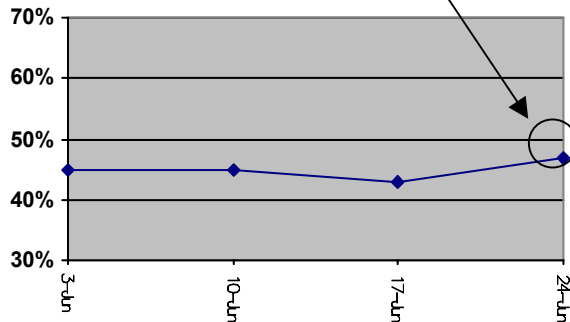


# Swing Trading Bulletin

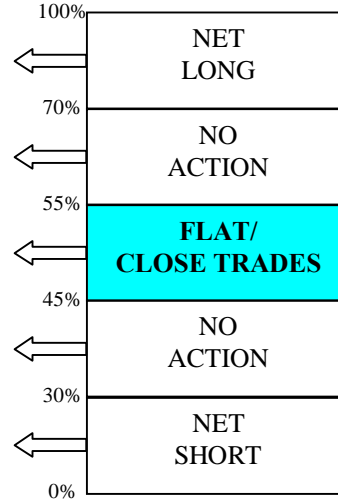
Week 58,  
Market Close,  
24th June 2005

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

24<sup>th</sup> June 2005,  
Closing Level:

**2053**

SQ INPUTS

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

## Commentary

After a 1.8% drop in the NASDAQ there were signs the market is marginally less complacent as SQ edged up from 43% to a near-neutral 47%. Nevertheless, with indices continuing in a narrow range there is little scope in entering a fresh position with such conflicting signals. Extremely low volatility, bullish investor surveys and a relatively low put/call ratio make us bearish; on the other hand, our asset allocation measures and QQQQ option indicators instead indicate further buying power on the sidelines. Therefore at this juncture there is no choice but to continue to wait and see. We have no doubt that a significant trading opportunity will pop up at some point during the summer.

## 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:**

NONE.

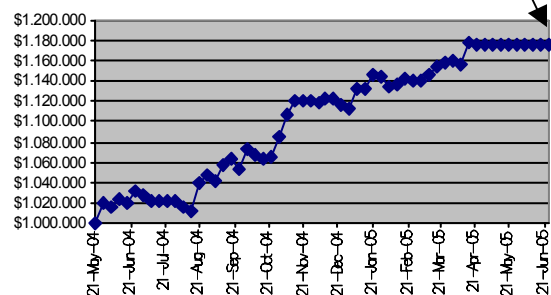
## Weekly Performance Track (24<sup>th</sup> June '05)

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.