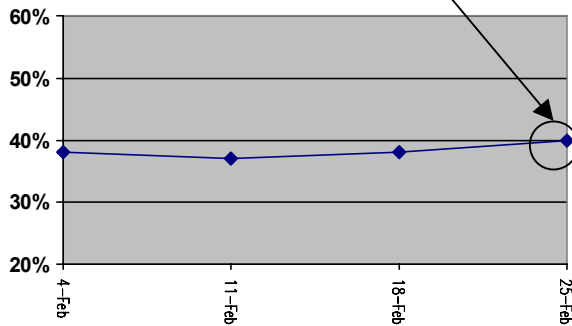


Swing Trading Bulletin

Week 41,
Market Close,
25th Feb. 2005

SQ
Bullish Probability

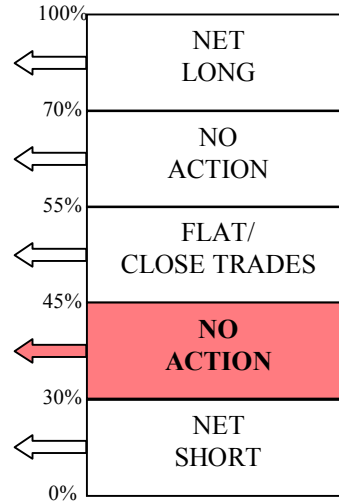


25th February '05:
SQ = 40%

SQ
Bullish Probability

TRADING
MODEL

NASDAQ Composite
CLOSING LEVEL



25th Feb. 2005,
Closing Level:

2065

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

There was a small net move up in the NASDAQ Composite last week, although our SQ measure also moved up slightly despite this. This may have been because of the shock effect of a substantial sell-off at the start of the week – a fall that was quickly recouped. Nonetheless complacency remains rife and we are happy to remain SHORT for the moment. We will build on this SHORT position through our open Limit Orders if the market rises further. With volatility at such low levels it will not take much of a negative catalyst for this market to sell off significantly in our view. This scenario may take a little time to unfold and we will therefore lie in wait patiently.

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 500,000 SHORT at average level of 2090 (opened on 7th, 14th and 15th February).

\$US 635,355 in cash.

Current Pending Orders/New Trades:

Limit Order to Open SHORT \$US 100,000 at 2110.

Limit Order to Open SHORT \$US 100,000 at 2120.

Stop Order to Close all SHORT positions at 2450.

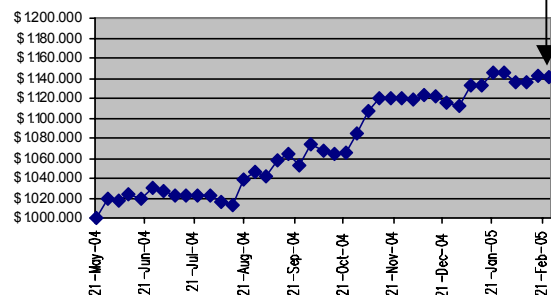
Weekly Performance Track (25th Feb. '05)

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

3 Winning Closed Trades, 0 Losing Closed Trades.

Change in NAV since 1 week: - 0.1%

Change in NAV since inception: **+14.1%**



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.