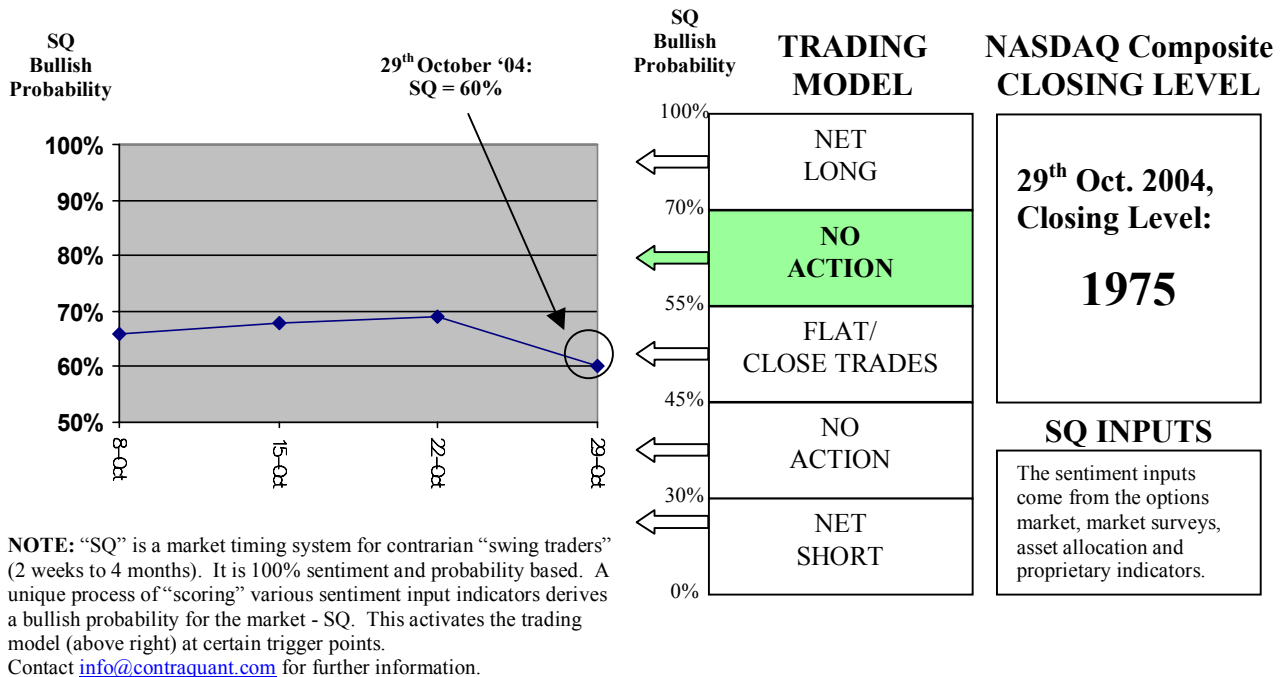


Swing Trading Bulletin

Issue 24,
Market Close,
29th Oct. 2004



Commentary

We commented last week that our proprietary "max pain" indicator was flashing a short-term oversold condition for the DOW at 9758. This indeed carried the DOW above 10000 and NASDAQ Composite up 3.1% on the week. The Friday close is more than 10% above the average entry level (August) for our open LONG trade. SQ also fell to 60% however this is still too high to close the position. Interestingly, NASDAQ volatility edged up despite the market's advance as investors pondered next week's 50-50 US election. We envisage a good closing opportunity if the uptrend continues in the coming weeks.

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\$600,000 LONG NASDAQ Composite at average of 1787 (entered on 6th and 16th August).
US\$421,922 in cash.

Current Pending Orders:

Limit Orders to Open LONG US\$100,000 @ 1780 and 1760.
Stop Order to Close Composite LONGs @ 1620.

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).

Returns to date of +2.2%. Performance will be measured again when 100% in cash.

1 Winning Closed Trade, 0 Losing Closed Trades.

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