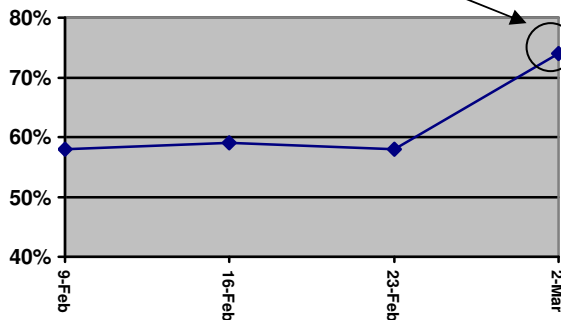


# Swing Trading Bulletin

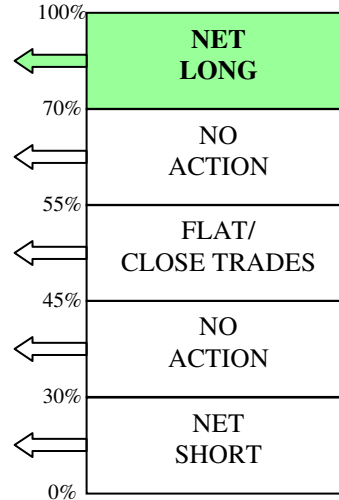
Week 146,  
Market Close,  
2nd Mar. 2007

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

2<sup>nd</sup> Mar. 2007,  
Closing Level:  
**2368**

SQ INPUTS

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

## Commentary

Last week saw remarkable falls considering the lack of excessive euphoria in the market. This makes it a superb opportunity to re-enter our LONG position after we were stopped out at 2400 in the middle of the rout. This was fortunate as the market ended the week even lower, though it would have been nice if our trailing stop had been tighter. This was our 6<sup>th</sup> consecutive profitable trade (the position was opened in late May/early June 2006). Our model's bullish probability has shot up from 58% to 74% in one week, a big move in such a short time. We confidently open a fresh LONG position of \$1,000,000 at Monday's open with an additional LONG Limit Order to scale in with our remaining capital if the market drops further.

## 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:

\$US 1,240,024 LONG opened at average level of 2171 was closed at 2400 by trailing Stop Order (opened in report of 12<sup>th</sup> January 2007) hit on Wed. 28<sup>th</sup> February 2007.

### Current Open Positions:

Cash of \$US 1,370,823.

### Current Pending Orders/New Trades:

Market Order to Open \$US 1,000,000 LONG at opening level on Monday 5<sup>th</sup> March.

Limit Order to Open \$US 370,823 LONG at 2344.

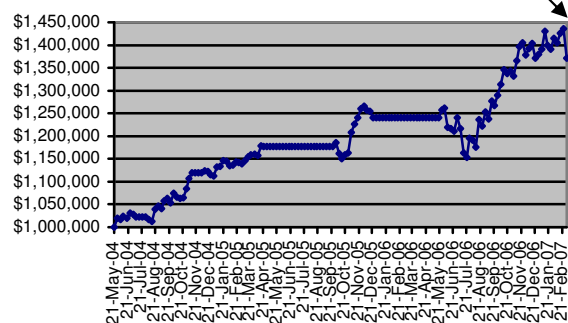
## Weekly Performance Track (2<sup>nd</sup> Mar.'07)

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

6 Winning Closed Trades, 0 Losing Closed Trades.

Change in NAV since 1 week ago: - 4.6%

Change in NAV since inception: **+37.1%**



**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.