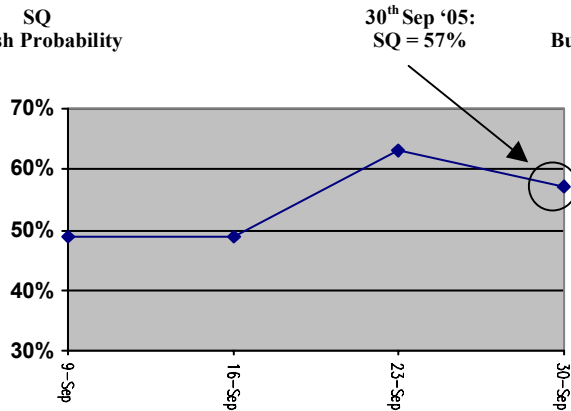


# Swing Trading Bulletin

Week 72,  
Market Close,  
30th Sep. 2005

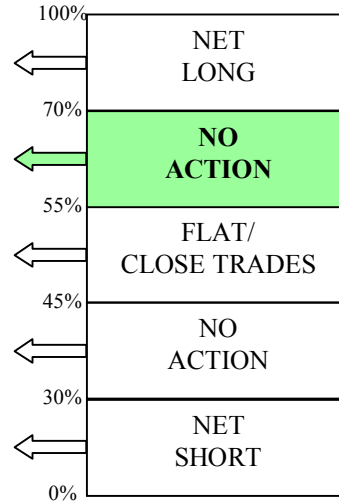
SQ  
Bullish Probability



**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

30<sup>th</sup> Sep. 2005,  
Closing Level:

**2152**

SQ INPUTS

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

## Commentary

After spending a period in cash we are back on the move and already in profit on our new trade. As signalled in last week's report we entered a fresh LONG position of \$US 800,000 at Monday's market open at a level of 2128. The market then dropped back - sadly just missing our next fill at 2104 - before rallying decisively towards the end of the week and moving our trade into profit. Our model is back to 57% bullish probability as the spike in pessimism melts away and we will be watching intently to see how the sentiment picture unfolds.

## 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 376,547 in cash.

\$US 800,000 LONG on Nasdaq Composite at a level of 2128 (entered Monday September 26<sup>th</sup>)

**Current Pending Orders/New Trades:**

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.

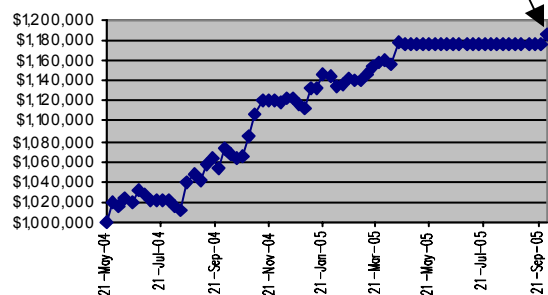
## Weekly Performance Track (30th Sep. '05)

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: + 0.8%

Change in NAV since inception: **+18.6%**



**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.