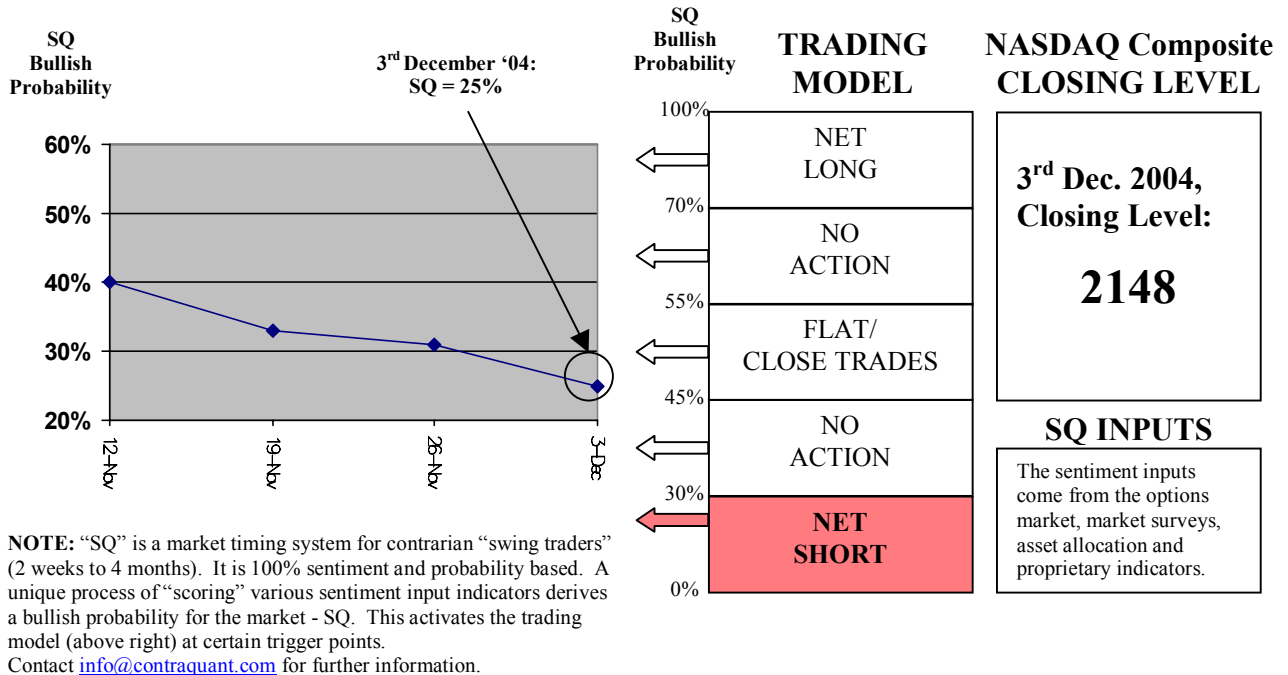


Swing Trading Bulletin

Issue 29,
Market Close,
3rd Dec. 2004



Commentary

In the last week the NASDAQ Composite spurred up a further 2.2%. This led to SQ dropping below our 30% SHORT trigger level, filling our various Limit Sell Orders to establish a \$500,000 SHORT position at an average level of 2144. Complacency is now spilling into euphoria and generating optimal circumstances to continue building our SHORT posture. Nevertheless, with Christmas approaching it is unlikely that any major trend change will occur before the New Year. Therefore we place our next batch of Limit Sells conservatively at somewhat higher levels.

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.

Current Trades and Open Positions

Trades Executed Last Week:

\$US100k SHORT filled at 2128 on 1 December
 \$US100k SHORT filled at 2132 on 1 December
 \$US200k SHORT filled at 2150 on 2 December
 \$US100k SHORT filled at 2160 on 3 December

Current Open Positions:

\$US500,000 SHORT at average level of 2144
 \$US619,963 in cash
 Stop to Close all SHORT positions at 2480

Current Pending Orders:

NONE.

New Trades:

Open the following Limit Orders:
 Open SHORT \$US100k @ 2195
 Open SHORT \$US100k @ 2210
 Open SHORT \$US100k @ 2225

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 +12.0%. Performance will be measured again when 100% in cash.
 2 Winning Closed Trades, 0 Losing Closed Trades.

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