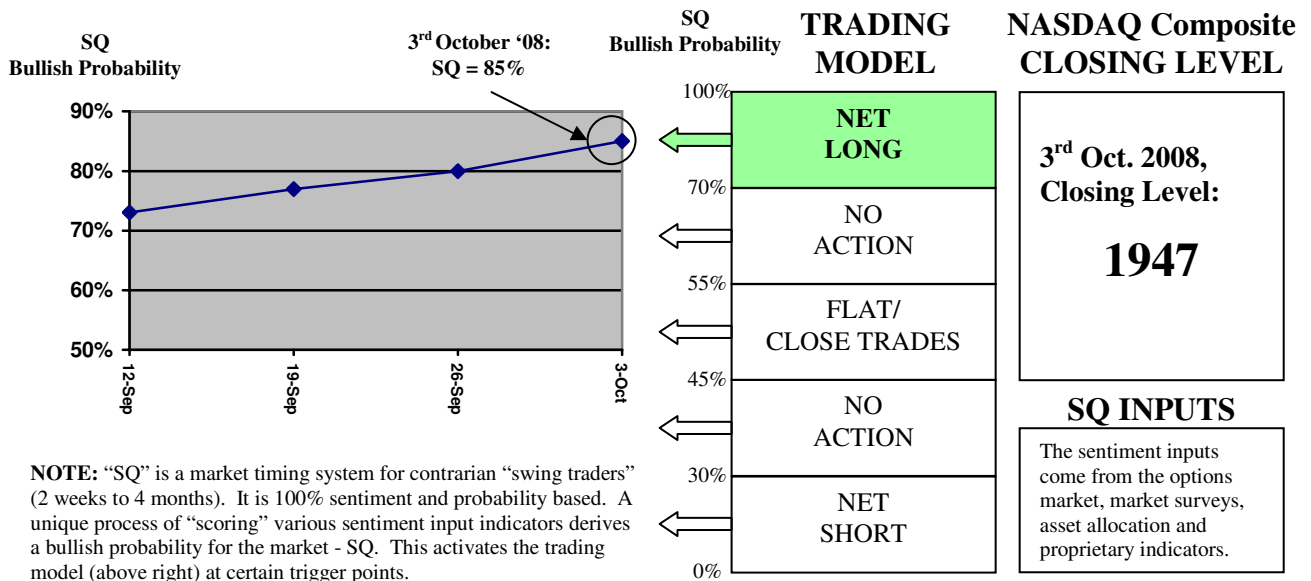


Swing Trading Bulletin

Week 229,
Market Close,
3rd Oct. 2008



Commentary

Our LONG position fell to a level of 11.5% underwater last week. While not pleasant, it is still in a context of positive performance this year. The model now reads 85%, about as high as it gets. As a precaution we move Stops from 1870 to 1760 at Monday's open. How can this be justified? Our stops are mainly there to protect against sudden external shocks (e.g. a terrorist attack). At the current time however, all information is priced into the market as it hits an extreme of pessimism the model routinely feeds on, albeit a bit sharper than usual. Even if 1870 were hit, the contrarian model would likely then predict a sharp bounce (possibly even a 90% reading) and it would make no sense to liquidate. Therefore at this time it makes sense from a risk/reward standpoint to add an extra 5% tolerance to our stop (new stop 20% below average entry rather than 15%).

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 1,952,588 LONG at average level of 2200 (filled on 15th September at 2202 and 2186 and on 22nd September at 2200).

Current Pending Orders/New Trades:

Move Stop Order to Close all LONGs from 1870 to 1760 at Monday's open. If the market gaps down at open at or below 1870 on Monday, we'll immediately re-enter position fully at same level.

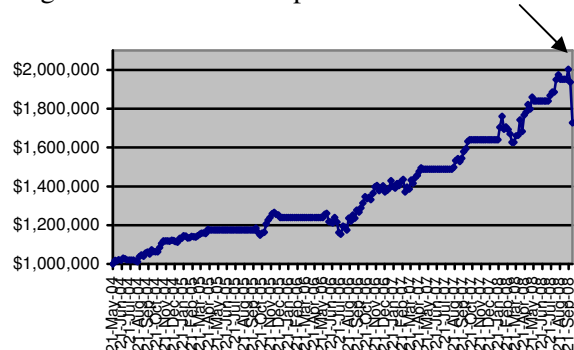
Weekly Performance Track (3rd Oct. '08)

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

10 Winning Closed Trades, 0 Losing Closed Trades.

Change in NAV since 1 week ago: -10.8%

Change in NAV since inception: +72.8%



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