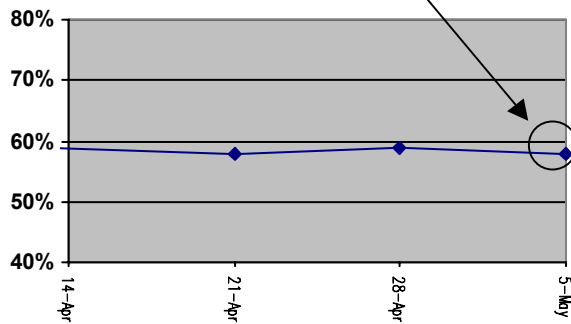


# Swing Trading Bulletin

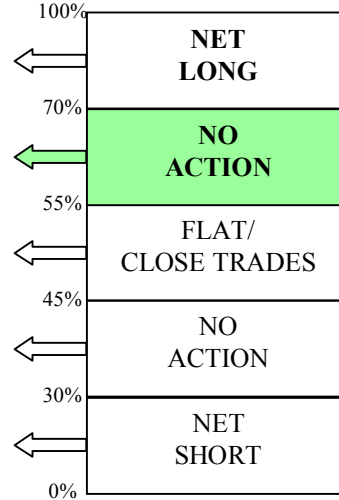
Week 103,  
Market Close,  
5th May 2006

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

5th May 2006,  
Closing Level:

**2343**

SQ INPUTS

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

## Commentary

This was yet another week when the NASDAQ stayed firm as the sentiment model showed relatively little change. This fine balancing act cannot remain indefinitely and the probability is that the market may overshoot on the bullish side in the short term. There is still scepticism despite multi-year highs being broached on the DOW. This suggests sideline money with gains likely to spill over into the NASDAQ Composite. This will hopefully tip our sentiment model into a more substantial move and trigger our next long-awaited trade.

## 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 1,240,024 in cash.

**Current Pending Orders/New Trades:**

NONE.

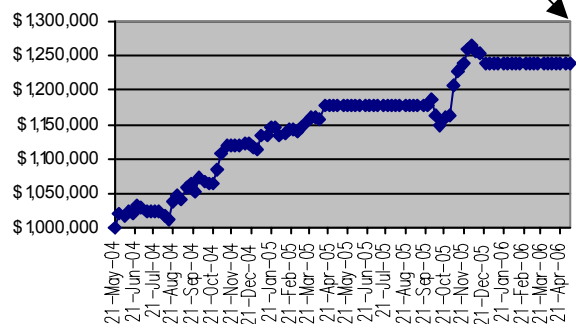
## Weekly Performance Track (5th May '06)

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

5 Winning Closed Trades, 0 Losing Closed Trades.

Change in NAV since 1 week ago: +0.0%

Change in NAV since inception: **+24.0%**



**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.