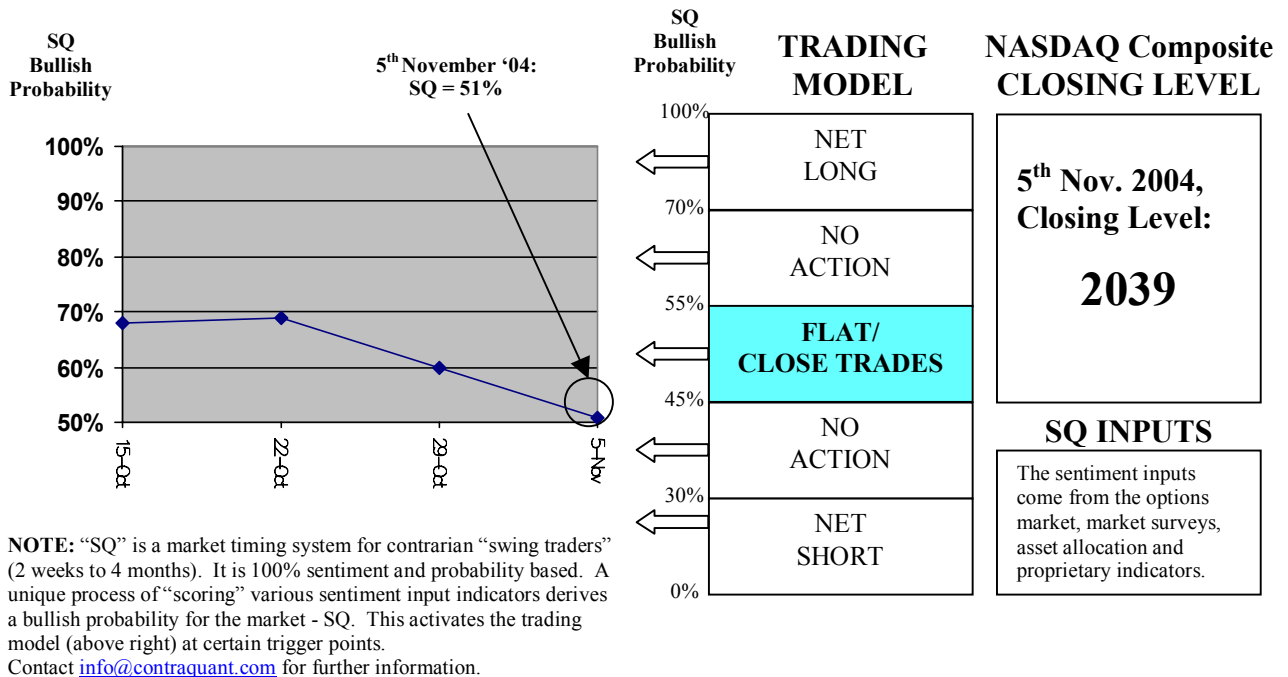


Swing Trading Bulletin

Issue 25,
Market Close,
5th Nov. 2004



Commentary

After the US election yielded a clear outcome the markets rallied strongly with the NASDAQ up a further 3.2% to build on previous gains. This has led to a sharp drop in SQ for the second week in a row and at 51% we are now ready to close out and take profits on our LONG position held since early August. Although the market could rally further near-term our model clearly indicates that we should now flatten exposure. Tight stops and limit orders will be used to close out, just in case we can exploit any further bullish momentum into early next week; nonetheless, by this time next week we expect to be 100% in cash.

Trading Model Rules

All trades against the NASDAQ Composite or Rydex Velocity 100 Fund (200% leveraged against the NASDAQ 100) and executed either:

- Against the coming week's opening level of the Composite index or Rydex Velocity 100 Fund.
- Via limit/stop orders at a specified level as described in the prior week's report. For the Rydex Velocity 100 Fund trades are executed against the Fund's next day opening price after the trigger level specified on the NASDAQ Composite is touched. Zero transaction/trading costs assumed and no spread. No interest on cash balances.

Current Trades and Open Positions

Trades Executed Last Week:

NONE

Current Open Positions:

US\$600,000 LONG NASDAQ Composite at average of 1787 (entered on 6th and 16th August).
US\$421,922 in cash.

Current Pending Orders:

All previous pending Limit and Stop Orders cancelled. Fresh orders now opened as below.

New Trades:

Open Limit Sell Order to Close US\$600,000 NASDAQ Composite LONG position @ 2079
Open Stop Sell Order to Close US\$600,000 NASDAQ Composite LONG position at 2032.
Note: once either one of the above orders is filled the other one is obviously cancelled.

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 +2.2%. Performance will be measured again when 100% in cash.

1 Winning Closed Trade, 0 Losing Closed Trades.

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