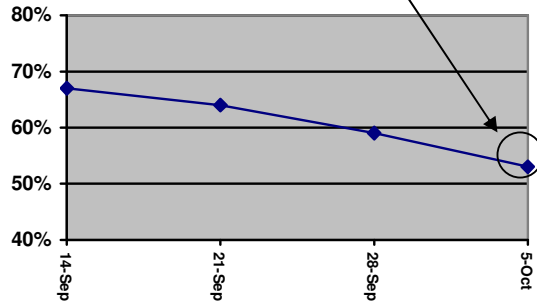


# Swing Trading Bulletin

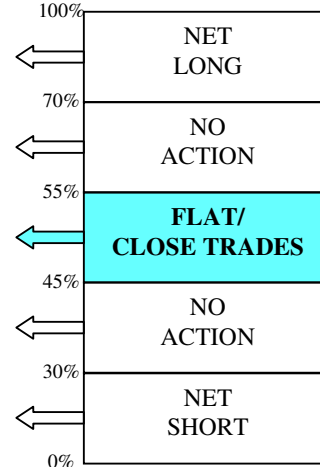
Week 177,  
Market Close,  
5<sup>th</sup> Oct. 2007

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

5<sup>th</sup> Oct. 2007,  
Closing Level:

**2780**

SQ INPUTS

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

## Commentary

As expected the market continued to twist higher and push our model performance to another all-time high. Since the SQ reading is now broadly neutral, we'll open a limit order (at 2799) and trailing stop order (at 2760) to close our open LONG, whichever gets hit first. The model now suggests the market is delicately balanced, though momentum may still push it higher in the short term.

## Current Trades and Open Positions

### Trades Executed Last Week:

NONE.

### Current Open Positions:

\$1,200,000 LONG opened at average level of 2484 (filled 14<sup>th</sup> and 15<sup>th</sup> Aug. at 2508, 2486 and 2458).  
\$US 287,738 in cash.

### Current Pending Orders/New Trades:

Raise Stop Order to Close all positions from 2584 to 2760. Open Limit Order to Close all positions at 2799. Whichever fills first will cancel the other.

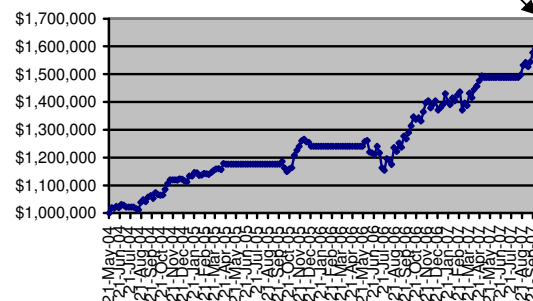
## Weekly Performance Track (5<sup>th</sup> Oct. '07)

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

7 Winning Closed Trades, 0 Losing Closed Trades.

Change in NAV since 1 week ago: + 2.4%

Change in NAV since inception: **+63.1%**



## 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).

**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.