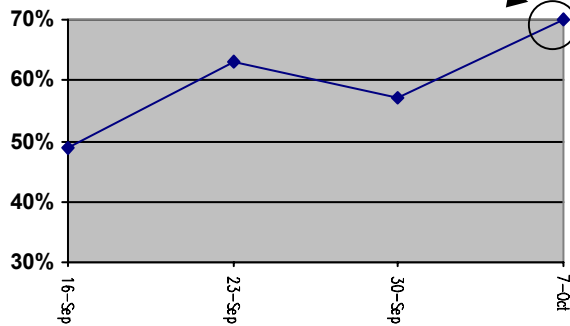


# Swing Trading Bulletin

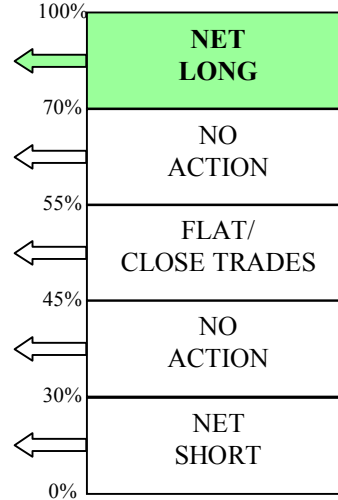
Week 73,  
Market Close,  
7th Oct. 2005

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

7<sup>th</sup> Oct. 2005,  
Closing Level:

**2090**

SQ INPUTS

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

## Commentary

The market dropped 2.9% last week - not too surprising as we had already commented that the current LONG trade was entered a little early. Indeed this meant that our Limit Orders at 2104 and 2075 were nicely filled on 5th and 6th October respectively to increase our total LONG position to \$1 million. SQ has jumped sharply to 70% and we are therefore increasingly confident of the LONG trade. Hence we will further increase our LONG position by \$100k at Monday's market open and set up a further Limit Order to commit 100% of our capital.

## 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:

\$US 100,000 LONG Limit Order filled at 2104 on 5th October. Further \$US 100,000 LONG Limit Order filled at 2075 on 6th October.

### Current Open Positions:

\$US 176,547 in cash. \$US 1,000,000 LONG on Nasdaq Composite at average of 2120 (entered September 26<sup>th</sup>, October 5<sup>th</sup> and October 6<sup>th</sup>)

### Current Pending Orders/New Trades:

Market Order to Open LONG \$US 100,000 at the Market opening on Monday 10th October.

Limit Order to Open LONG \$US 76,547 at 2052.

Stop Order to Close all LONG positions at 1780.

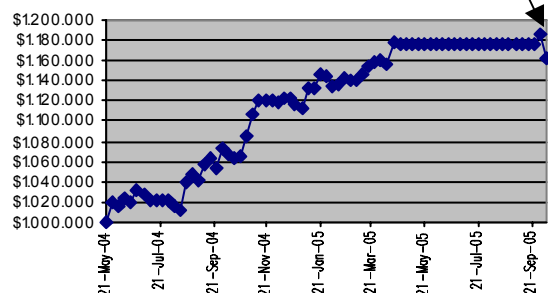
### Weekly Performance Track (7th Oct. '05)

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

4 Winning Closed Trades, 0 Losing Closed Trades.

Change in NAV since 1 week ago: - 2.0%

Change in NAV since inception: **+16.2%**



**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.