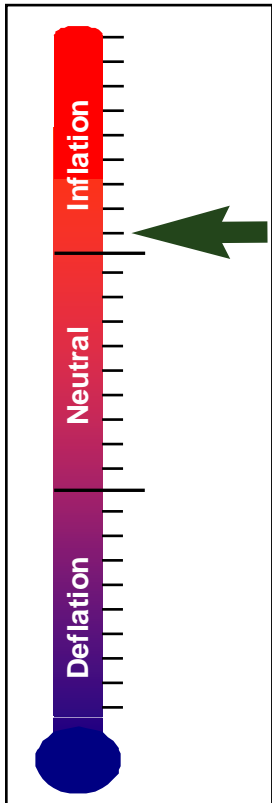


Weekly Trend Watch

December 3, 2010



Inflation-Deflation Timer

Current Indication: Inflation

Our proprietary Inflation-Deflation Timer Model (the “Timer Model”) is a trend-following model and as this class of model does not call tops or bottoms the value is in its ability to spot trends.

The marco-trends our Timer Model is looking for are:
Inflation, Deflation and Neutral Signals

Qwest Commentary

An “Inflation” reading

The Inflation-Deflation Timer Model remains at an “inflation” reading. The technical backdrop is improving suggesting that near-term downside risk in the markets are limited.

Which Eva?

A good analogy for the markets right is can be seen in the two photos of Eva Longoria. The photo on the left shows the well-known model and actress without makeup and the one on the right is a publicity photo of Ms. Longoria,



after the hair, makeup and fashion designers are finished with her. Which is the real market (or real Eva)?

We remain wary about the fundamental risks that surround the markets. Macro-economic risks loom in the form of further European sovereign defaults or restructurings, geopolitical risks in Korea, Chinese monetary tightening leading to a hard landing, etc. Stock valuations are also pricey. All in all, the fundamental picture of the markets look very much like the left photo of Ms. Longoria!

Climbing a Wall of Worry

It is always instructive to see how markets react to events. Right now, our Timer Model (and traders) are focusing on a picture of the markets that is much like the “prettied-up” photo of Eva Longoria, i.e. the positives.

Moreover, investor sentiment has pulled back from bullish extremes to neutral after a minor correction, which is supportive of higher prices. More importantly, the financial sector of the stock market outperformed on Monday and Tuesday when the markets hiccupped over fears of an Irish contagion spreading to the other peripheral eurozone countries. The chart on the following page shows the performance of the financials relative to the S&P 500. The news that Ireland had to be rescued by her EU partners and that WikiLeaks announced that the next set of paper dump “would target a major bank” should have sent the financials reeling. Instead, they out-performed. This suggests to us that the markets are washed out and the path of least resistance is up in the near term.

We remain with our discipline of letting the winners run and limiting losses. We have learned from long and hard experience that, no matter what our opinions may be, at the end of the day our only real responsibility is to follow our Timer Model discipline and risk parameters in order to manage the risk in our portfolio and trades.

*Cam Hui, CFA
Portfolio Manager,
Qwest Investment Funds Management Ltd.*



For more information on the Inflation-Deflation Timer Model, see:

http://www.qwestfunds.com/publications/newsletters_pdf/newsletter_november_2009.pdf; and
http://www.qwestfunds.com/publications/newsletters_pdf/newsletter_february_2010.pdf

DEFINITIONS (as defined in the American Heritage Dictionary)

Inflation

A persistent increase in the level of consumer prices or a persistent decline in the purchasing power of money, caused by an increase in available currency and credit beyond the proportion of available goods and services.

Deflation

A persistent decrease in the level of consumer prices or a persistent increase in the purchasing power of money because of a reduction in available currency and credit.

IMPORTANT DISCLOSURES

This information is made available by Qwest Investment Management Corp. ("Qwest") for information purposes only. This information is not intended to be and should not to be construed as investment advice, and any recommendations that may be contained herein have not been based upon a consideration of the investment objectives, financial situation or particular needs of any specific recipient. In addition, this information is not to be construed as an offer to sell, or solicitation for, or an offer to buy, any securities.

The information is intended for residents of Canada only.

The opinions, estimates and projections contained herein are those of Qwest as of the date hereof and are subject to change without notice. Qwest has made every effort to ensure that the contents have been compiled or derived from sources believed reliable and contain information and opinions which are, to the best of our knowledge, accurate and complete. Qwest makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions which may be contained herein and accepts no liability whatsoever for any damage or loss arising from any use of or reliance on this information. Qwest is under no obligation to update or keep current the information contained herein.

The information presented may not be discussed or reproduced without prior written consent.

Qwest, its affiliates and/or their respective officers, directors or employees may from time to time acquire, hold or sell securities mentioned herein as principal or agent.

Copyright © Qwest Investment Management Corp. 2010. All rights reserved.

For More Information Please Contact:

Maurice Levesque
Managing Director , President
Phone: 604-601-5802 or Email: mlevesque@qwestfunds.com

www.qwestfunds.com