



AlphaDelta Growth of Dividend Income Class

**Financial Statements
December 31, 2016 and 2015**



March 28, 2017

Independent Auditor's Report

**To the Shareholders of
Qwest Funds Corp.
AlphaDelta Growth of Dividend Income Class (the "Fund")**

We have audited the accompanying financial statements of the Fund, which comprise the statements of financial position as at December 31, 2016 and 2015 and the statements of comprehensive income, changes in net assets attributable to holders of redeemable shares and cash flows for the year ended December 31, 2016 and the period from commencement of operations on February 19, 2015 to December 31, 2015, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

*PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806*



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2016 and 2015 and its financial performance and its cash flows for the year or period, as applicable, then ended in accordance with International Financial Reporting Standards.

(signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

AlphaDelta Growth of Dividend Income Class

Statements of Financial Position

As at December 31

	2016 \$	2015 \$
Assets		
Cash	-	54,188
Receivable for securities sold	23,969	-
Dividends receivable	4,220	2,327
Subscriptions receivable	875	125
Due from related parties (note 8)	94,295	1,320
Investments - at fair value (note 10)	2,651,267	1,314,256
Unrealized appreciation of forward contracts - at fair value (note 10)	21,525	182
Prepaid expenses	17,411	15,662
	<u>2,813,562</u>	<u>1,388,060</u>
Liabilities		
Bank overdraft	1,497	-
Accounts payable and accrued liabilities	90,926	40,720
Redemptions payable	-	9,238
Management fees payable (notes 7 and 8)	6,880	1,261
	<u>99,303</u>	<u>51,219</u>
Net assets attributable to holders of redeemable shares	<u>2,714,259</u>	<u>1,336,841</u>
Series net assets attributable to holders of redeemable shares		
Series A	747,235	557,066
Series F	676,189	762,646
Series G	1,170,870	-
Series I	119,965	17,129
	<u>2,714,259</u>	<u>1,336,841</u>
Shares outstanding (note 3)		
Series A	74,768	64,246
Series F	66,953	87,527
Series G	108,108	-
Series I	10,846	1,812
Net assets attributable to holders of redeemable shares per share (note 2)		
Series A	9.99	8.67
Series F	10.10	8.71
Series G	10.83	-
Series I	11.06	9.45

Approved on behalf of the Board of Directors of Qwest Funds Corp.



Maurice Levesque
Director



John Loeprich
Director

The accompanying notes are an integral part of these financial statements.

AlphaDelta Growth of Dividend Income Class

Statements of Comprehensive Income

	Year ended December 31, 2016 \$	Period from February 19, 2015 to December 31, 2015 \$
Income		
Early redemption fee	-	303
Foreign exchange loss on cash	(2,908)	(8,330)
Dividend income	63,270	34,141
Changes in fair value of investments		
Net realized gain (loss) on sale of investments	36,363	(37,880)
Net realized loss on forward contracts	(29,591)	(97,326)
Change in unrealized appreciation (depreciation) of investments	317,173	(17,025)
Change in unrealized appreciation of forward contracts	21,343	182
Total income (loss) - net	<u>405,650</u>	<u>(125,935)</u>
Expenses		
Shareholder recordkeeping and fund accounting fees (note 9)	57,328	38,000
Audit	44,518	29,929
Custodial fees	25,670	19,306
Management fee (notes 7 and 8)	17,381	10,063
Legal	16,699	615
Filing fees	15,050	548
Foreign withholding taxes	6,997	3,683
Translation fee	5,310	6,028
Tax review	4,343	1,584
Securityholder reports	2,493	500
Independent review committee fees	2,258	1,816
Bank charges	909	301
Transaction costs	784	274
News release	98	-
Interest	72	-
Expenses reimbursement (note 8)	(160,838)	(96,768)
Total expenses	<u>39,072</u>	<u>15,879</u>
Increase (decrease) in net assets attributable to holders of redeemable shares from operations	<u>366,578</u>	<u>(141,814)</u>
Increase (decrease) in net assets attributable to holders of redeemable shares from operations - Series A shares	110,201	(56,867)
Increase (decrease) in net assets attributable to holders of redeemable shares from operations - Series F shares	135,441	(84,076)
Increase in net assets attributable to holders of redeemable shares from operations - Series G shares	102,276	-
Increase (decrease) in net assets attributable to holders of redeemable shares from operations - Series I shares	18,660	(871)
Increase (decrease) in net assets attributable to holders of redeemable shares from operations per Series A share (note 13)	1.66	(1.43)
Increase (decrease) in net assets attributable to holders of redeemable shares from operations per Series F share (note 13)	1.63	(1.14)
Increase in net assets attributable to holders of redeemable shares from operations per Series G share (note 13)	0.99	-
Increase (decrease) in net assets attributable to holders of redeemable shares from operations per Series I shares (note 13)	2.17	(0.48)

The accompanying notes are an integral part of these financial statements.

AlphaDelta Growth of Dividend Income Class

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

	Year ended December 31, 2016 \$	Period from February 19, 2015 to December 31, 2015 \$
Net assets attributable to holders of redeemable shares - Beginning of year/period		
Series A shares	557,066	-
Series F shares	762,646	-
Series G shares	-	-
Series I shares	17,129	-
	1,336,841	-
Distributions to investors		
From net investment income - Series A shares	(3,611)	(1,725)
From net investment income - Series F shares	(4,552)	(2,352)
From net investment income - Series G shares	(2,732)	-
From net investment income - Series I shares	(531)	(52)
Return of capital - Series A shares	(14,065)	(9,559)
Return of capital - Series F shares	(17,732)	(16,418)
Return of capital - Series G shares	(10,642)	-
Return of capital - Series I shares	(2,070)	(61)
	(55,935)	(30,167)
Increase (decrease) in net assets attributable to holders of redeemable shares from operations		
Series A shares	110,201	(56,867)
Series F shares	135,441	(84,076)
Series G shares	102,276	-
Series I shares	18,660	(871)
	366,578	(141,814)
Shareholder transactions (note 3)		
Shares issued on reinvestment of distributions - Series A	15,348	10,102
Shares issued on reinvestment of distributions - Series F	12,621	9,007
Shares issued on reinvestment of distributions - Series G	12,186	-
Shares issued on reinvestment of distributions - Series I	2,601	114
Series A shares redeemed	(124,673)	(28,346)
Series F shares redeemed	(480,785)	(13,380)
Series G shares redeemed	(2,000)	-
Series I shares redeemed	(34,000)	-
Issuance of Series A	206,969	643,461
Issuance of Series F	268,550	869,864
Issuance of Series G	1,071,782	-
Issuance of Series I	118,176	18,000
	1,066,775	1,508,822
Net increase in net assets attributable to holders of redeemable shares	1,377,418	1,336,841
Net assets attributable to holders of redeemable shares - End of year/period	2,714,259	1,336,841
Net assets attributable to holders of redeemable shares - End of year/period - Series A shares	747,235	557,066
Net assets attributable to holders of redeemable shares - End of year/period Series - F shares	676,189	762,646
Net assets attributable to holders of redeemable shares - End of year/period - Series G shares	1,170,870	-
Net assets attributable to holders of redeemable shares - End of year/period - Series I shares	119,965	17,129

The accompanying notes are an integral part of these financial statements.

AlphaDelta Growth of Dividend Income Class

Statements of Cash Flows

	Year ended December 31, 2016 \$	Period from February 19, 2015 to December 31, 2015 \$
Cash flows from operating activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations	366,578	(141,814)
Adjustments to determine net cash used in operating activities		
Change in unrealized (appreciation) depreciation of investments	(317,173)	17,025
Change in unrealized appreciation of forward contracts	(21,343)	(182)
Net realized (gain) loss on sale of investments	(36,363)	37,880
Foreign exchange loss on cash	2,908	8,330
Management fees payable	5,619	1,261
Dividends receivable	(1,893)	(2,327)
Prepaid expenses	(1,749)	(15,662)
Accounts payable and accrued liabilities	50,206	40,720
Due from related parties	(92,975)	(1,320)
Purchase of investment securities	(2,010,399)	(1,569,267)
Proceeds from sale of investment securities	1,002,955	200,107
Net cash used in operating activities	<u>(1,053,629)</u>	<u>(1,425,249)</u>
Cash flows from financing activities		
Distribution paid in cash - Series A shares	(2,328)	(1,182)
Distribution paid in cash - Series F shares	(9,663)	(9,763)
Distribution paid in cash - Series G shares	(1,187)	-
Proceeds from issuance of securities - Series A	206,969	643,336
Proceeds from issuance of securities - Series F	215,000	869,864
Proceeds from issuance of securities - Series G	861,560	-
Proceeds from issuance of securities - Series I	117,425	18,000
Payment for Series A shares redeemed	(76,796)	(22,673)
Payment for Series F shares redeemed	(274,128)	(9,815)
Payment for Series G shares redeemed	(2,000)	-
Payment for Series I shares redeemed	(34,000)	-
Net cash from financing activities	<u>1,000,852</u>	<u>1,487,767</u>
Foreign exchange loss on cash	<u>(2,908)</u>	<u>(8,330)</u>
(Decrease) increase in cash	(55,685)	54,188
Cash - Beginning of year/period	<u>54,188</u>	<u>-</u>
(Bank overdraft) cash - End of year/period	<u>(1,497)</u>	<u>54,188</u>
Interest paid*	72	-
Dividends received --net of withholding taxes*	54,380	31,814

*Supplemental cash flow items are operating in nature

The accompanying notes are an integral part of these financial statements.

AlphaDelta Growth of Dividend Income Class

Schedules of Investment Portfolio

As at December 31, 2016

	Number of shares	Average cost \$	Fair value \$	Net assets %
Canadian equities				
Communications				
BCE Inc.	100	5,499	5,803	0.21
Consumer, Cyclical				
Magna International Inc.	950	47,760	55,385	2.04
Energy				
Enbridge Inc.	410	22,976	23,165	0.85
Enbridge Income Fund Holdings Inc.	1,080	31,797	37,552	1.38
Inter Pipeline Ltd.	450	13,083	13,338	0.49
		67,856	74,055	2.72
Financial				
CI Financial Corp.	1,750	48,921	50,522	1.86
Manulife Financial Corp.	2,300	40,578	54,993	2.03
Power Financial Corp.	200	6,082	6,712	0.25
The Toronto-Dominion Bank	130	6,949	8,609	0.32
		102,530	120,836	4.46
Utilities				
Brookfield Infrastructure Partners LP	150	6,363	6,738	0.25
Emera Inc.	300	14,401	13,617	0.50
		20,764	20,355	0.75
US equities				
Basic Materials				
Celanese Corp.	190	16,178	20,088	0.74
International Paper Co.	600	36,761	42,746	1.57
LyondellBasell Industries NV	240	24,290	27,642	1.02
The Dow Chemical Co.	580	37,051	44,561	1.64
		114,280	135,037	4.97
Communications				
America Movil SAB de CV	300	4,938	5,063	0.19
Cisco Systems Inc.	1,410	51,513	57,212	2.11
j2 Global Inc.	460	41,051	50,523	1.86
		97,502	112,798	4.16

AlphaDelta Growth of Dividend Income Class

Schedules of Investment Portfolio...continued

As at December 31, 2016

	Number of shares	Average cost \$	Fair value \$	Net assets %
Consumer, Cyclical				
Best Buy Co Inc.	595	25,434	34,089	1.26
Brinker International Inc.	600	37,528	39,902	1.47
Cracker Barrel Old Country Store Inc.	30	5,274	6,726	0.25
CVS Health Corp.	600	67,096	63,571	2.34
Foot Locker Inc.	430	31,695	40,929	1.51
GameStop Corp.	800	29,176	27,134	1.00
General Motors Co.	1,100	46,503	51,458	1.90
Lowe's Cos Inc.	550	53,486	52,521	1.94
Macy's Inc.	780	35,597	37,504	1.38
PulteGroup Inc.	920	23,077	22,705	0.84
Royal Caribbean Cruises Ltd.	530	49,082	58,382	2.15
Whirlpool Corp.	330	71,421	80,541	2.97
Wyndham Worldwide Corp.	520	47,436	53,322	1.96
		522,805	568,784	20.97
Consumer, Non-cyclical				
AbbVie Inc.	850	65,818	71,468	2.63
AmerisourceBergen Corp.	120	12,451	12,598	0.46
Amgen Inc.	190	36,594	37,300	1.37
Bayer AG	150	19,268	21,003	0.77
Bunge Ltd.	350	26,121	33,949	1.25
Cardinal Health Inc.	370	38,380	35,755	1.32
Diageo PLC	200	29,133	27,912	1.03
Johnson & Johnson	240	32,556	37,126	1.37
KAR Auction Services Inc.	180	9,522	10,301	0.38
Macquarie Infrastructure Corp.	340	32,491	37,298	1.37
ManpowerGroup Inc.	110	10,938	13,126	0.48
Pfizer Inc.	1,200	51,670	52,333	1.93
		364,942	390,169	14.36
Energy				
Royal Dutch Shell PLC	170	12,733	13,232	0.49
Valero Energy Corp.	380	29,344	34,859	1.28
		42,077	48,091	1.77

AlphaDelta Growth of Dividend Income Class

Schedules of Investment Portfolio...continued

As at December 31, 2016

	Number of shares	Average cost \$	Fair value \$	Net assets %
Financial				
Ameriprise Financial Inc.	250	30,227	37,240	1.37
AmTrust Financial Services Inc.	1,000	33,443	36,763	1.35
Colony Capital Inc.	500	11,776	13,595	0.50
CoreSite Realty Corp.	130	13,575	13,854	0.51
Crown Castle International Corp.	200	22,774	23,301	0.86
Discover Financial Services	400	27,190	38,718	1.43
DuPont Fabros Technology Inc.	350	13,895	20,645	0.76
Extra Space Storage Inc.	120	12,743	12,445	0.46
Invesco Ltd.	1,010	45,425	41,145	1.52
JPMorgan Chase & Co.	400	32,352	46,345	1.71
Lazard Ltd.	700	36,964	38,620	1.42
Legg Mason Inc.	1,300	55,573	52,208	1.92
Lincoln National Corp.	500	27,758	44,491	1.64
MetLife Inc.	760	45,420	54,992	2.03
Morgan Stanley	980	35,724	55,594	2.05
National Health Investors Inc.	190	15,653	18,922	0.70
Omega Healthcare Investors Inc.	800	35,714	33,578	1.24
Principal Financial Group Inc.	165	10,542	12,819	0.47
Prudential Financial Inc.	355	36,305	49,601	1.83
Prudential PLC	150	7,900	8,014	0.30
Simon Property Group Inc.	50	12,189	11,928	0.44
The Blackstone Group LP	600	21,209	21,776	0.80
		584,351	686,594	25.31
Industrial				
Eaton Corp PLC	140	11,715	12,611	0.46
Honeywell International Inc.	310	45,381	48,221	1.78
Ingersoll-Rand PLC	80	6,890	8,060	0.30
Johnson Controls International PLC	601	33,140	33,239	1.22
The Boeing Co.	330	58,023	68,981	2.54
United Parcel Service Inc.	160	19,794	24,628	0.91
		174,943	195,740	7.21
Technology				
Analog Devices Inc.	210	16,512	20,476	0.75
Broadcom Ltd.	230	50,851	54,590	2.01
Lam Research Corp.	300	34,157	42,589	1.57
Microsoft Corp.	250	12,865	20,859	0.77
QUALCOMM Inc.	800	65,421	70,035	2.58
Skyworks Solutions Inc.	290	26,001	29,071	1.07
		205,807	237,620	8.75
Total portfolio of investments		2,351,116	2,651,267	97.68
Unrealized appreciation of forward contract			21,525	0.79
Bank overdraft			(1,497)	(0.05)
Other assets net of liabilities			42,964	1.58
Net assets attributable to holders of redeemable shares			2,714,259	100.00

AlphaDelta Growth of Dividend Income Class

Notes to Financial Statements

December 31, 2016 and 2015

1 General

Qwest Funds Corp. (the “Corporation”) is a mutual fund corporation incorporated under the laws of Canada on March 8, 2006. The address of the Corporation’s registered office is Suite 802, 750 West Pender Street, Vancouver, British Columbia. The authorized capital of the Corporation consists of an unlimited number of Class A shares, Class B shares and special shares. Currently, there are four classes of special shares that are in issue - the AlphaDelta Canadian Focused Equity Class (formerly AlphaDelta Canadian Prosperity Class) (the “ADCFE” Class), AlphaDelta Growth of Dividend Income Class (the “Fund”), AlphaDelta Tactical Growth Class (formerly, AlphaDelta Global Value Class) (the “ADTG” Class) and Qwest Energy Canadian Resource Class (the “QECRC” Class); however, the Corporation may offer additional classes of special shares in the future. These financial statements present the financial information of the Fund as a separate reporting entity. If another Class of the Corporation cannot satisfy its obligations, the other classes, including the Fund, may be required to satisfy them using assets attributable to those classes. The Manager believes the risk of such cross-liability is remote. The Fund currently only offers Series A, Series F, Series G, and Series I shares. The Corporation’s ultimate controlling party is Qwest Investment Management Corp. (“QIM”) which owns 51% of Class A voting shares and 100% of Class B voting shares of the Corporation. The Fund commenced operations on February 19, 2015.

The Corporation appointed Qwest Investment Fund Management Ltd. (the “Manager”), whose ultimate parent is QIM, as the manager of the Fund. The Manager is responsible for providing portfolio management services to the Fund, and the Manager is authorized to delegate its investment advisory duties to sub-advisors. The Manager has entered into an agreement with AlphaDelta Management Corp. (“ADM”), pursuant to which ADM will assist the Manager in identifying, screening and selecting sub-advisors. ADM shares common directors with the Manager. The sub-advisor for this fund is SciVest Capital Management Inc.

The fundamental investment objective of the Fund is to provide long-term capital appreciation by investing primarily in dividend paying securities of companies around the world.

The financial statements were authorized for issue by the Board of Directors of the Corporation, on March 28, 2017.

2 Summary of significant accounting policies

Basis of preparation

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board (“IASB”).

AlphaDelta Growth of Dividend Income Class

Notes to Financial Statements

December 31, 2016 and 2015

The following is a summary of significant accounting policies used by the Fund:

Financial instruments

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured at fair value through profit or loss (“FVTPL”). The Fund’s investments have been designated at FVTPL, except for derivatives which are FVTPL because they are held for trading. The Fund’s obligation for net assets attributable to holders of redeemable shares is presented as a liability at the redemption amount. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount expected to be received or required to be paid, discounted, when appropriate, at the contract’s original effective interest rate. The calculation includes all fees and amounts paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Dividend income is recognized at the ex-dividend date. Realized gains and losses on disposal of investments and derivatives and unrealized gains and losses in the value of investments and derivatives are reflected in the statement of comprehensive income and calculated on an average cost basis, where applicable. Upon disposal of an investment or derivative, previously recognized unrealized gains and losses are reversed so as to recognize the full realized gain or loss in the period of disposition. Interest is recorded on an accrual basis. All costs directly attributable to operating activities are expensed as incurred.

Regular way purchases and sales of financial assets are accounted for on a trade date basis.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

Allocation of income and expenses, and realized and unrealized capital gains and losses

Income and expenses incurred in connection with the Fund’s operations and realized and unrealized gains or losses that are not directly attributable to a particular series of shares are allocated between Series A, Series F, Series G and Series I using the net asset value (“NAV”) of Series A, F, G and I shares.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Fund’s policy is to recognize transfers within, into and out of the fair value hierarchy at the beginning of the period of the transfer.

AlphaDelta Growth of Dividend Income Class

Notes to Financial Statements

December 31, 2016 and 2015

Investments in publicly traded equity securities

The fair value of equity securities that are traded in an active market is measured using the last traded price at the period-end date where such price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread which is most representative of fair value based on specific facts and circumstances. When current prices or quotations are not readily available, valuations are established based upon a valuation technique in order to estimate what that fair value would be in an arm's length transaction motivated by normal business considerations. These valuations may include use of the most recent publicly traded price or a price established by the Manager in accordance with its valuation policy.

The amounts at which publicly traded investments could be disposed of currently may differ from the carrying value based on the last traded price, as the value at which significant ownership positions are sold is often different than the quoted price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity.

Forward contracts

The Fund may enter into forward contracts to manage its exposure to US dollar exchange fluctuations. Forward contracts are valued based on the difference between the US dollar close price and the forward contract price. The Fund does not utilize forward contracts for trading or speculative purposes.

Cash

Cash consists of cash held with a Canadian chartered bank.

Taxation

The Corporation qualifies as a mutual fund corporation as defined in the Income Tax Act (Canada). A mutual fund corporation is subject to a special 38-1/3% tax on taxable dividends received from corporations resident in Canada and to tax at a normal corporate rate on other income and net taxable realized capital gains for the period. The special 38-1/3% tax is refundable at the rate of \$1 for every \$2.61 of ordinary dividends paid. All the tax on net taxable realized capital gains is refundable on a formula basis when shares are redeemed or capital gains dividends are paid. As a result of these refund mechanisms, the Fund is in effect not taxable with respect to dividends received from corporations resident in Canada and net taxable realized capital gains. The Fund is not taxable as all the Fund's net income for tax purposes and sufficient net capital gains realized in the period, will be distributed to shareholders such that no income tax is payable by the Fund with respect to taxable realized capital gains and dividends received from corporations resident in Canada. Therefore the Fund does not recognize current or deferred income taxes with respect to these types of income.

As of January 1, 2017, conversions of shares between two classes of a mutual fund corporation (including Qwest Funds Corp.) will be treated as a disposition of shares at their fair market value, in order to comply with amendments to the Income Tax Act (Canada).

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the statement of comprehensive income.

AlphaDelta Growth of Dividend Income Class

Notes to Financial Statements

December 31, 2016 and 2015

Foreign currency translation

The functional and presentation currency of the Fund is the Canadian dollar. The fair value of foreign investments and other assets and liabilities denominated in foreign currencies is translated into Canadian dollars at the exchange rates prevailing at 12:00 pm Eastern Standard Time (the “noon rate”) on each valuation day. Purchases and sales of foreign securities denominated in foreign currencies and the related income are translated into Canadian dollars at rates of exchange prevailing at the respective dates of such transactions. Foreign exchange gains and losses relating to cash are presented as ‘Foreign exchange loss on cash’ and those relating to other financial assets and liabilities are presented within ‘Net realized gain (loss) on sale of financial investments’ and ‘Change in unrealized appreciation (depreciation) of investments’ in the statement of comprehensive income.

Increase (decrease) in net assets attributable to holders of redeemable shares from operations per share

Increase (decrease) in net assets attributable to holders of redeemable shares from operations per share is determined by dividing the increase (decrease) in net assets attributable to holders of redeemable shares from operations of each series by the weighted average number of shares outstanding of that series during the reporting period (see note 13).

Critical accounting estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Actual results could differ from those reported and the differences could be material. The following paragraphs discuss the most significant accounting estimates and judgments that the Fund has made in preparing its financial statements:

Classification and measurement of investments and application of the fair value option

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about whether or not the business of the Fund is to invest on a total return basis for the purpose of applying the fair value option for financial assets under International Accounting Standards (“IAS”) 39, *Financial Instruments - Recognition and Measurement*. The most significant judgments made include the determination that certain investments are held for trading and that the fair value option can be applied to those which are not.

Fair value measurement of derivatives and securities not quoted in an active market

The Fund holds financial instruments that are not quoted in active markets, including forward contracts. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry.

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Notes to Financial Statements

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Future accounting changes

IFRS 9 - Financial Instruments

The final version of IFRS 9, *Financial Instruments*, was issued by the IASB in July 2014 and will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018; however, it is available for early adoption. The Fund has determined that it will not early adopt this standard and is in the process of assessing the impact to the Fund's financial statements.

3 Shareholder transactions

The Fund is divided into Series A, F, G and I shares and the number of shares of each series that may be issued is unlimited and they are offered in all provinces and territories in Canada. Series A shares are available to all investors and may be purchased, switched or redeemed through authorized dealers. Series F shares and Series G shares are available to investors who have fee-based accounts with their dealers for investment advice and other services. Series F shares and Series G shares may only be purchased, switched or redeemed through authorized dealers, and not directly through the Manager. Series G shares are only available to investors with accounts with investment advisors that have invested at least \$1,000,000 of client assets in shares of the Fund. Series I shares are available to institutional or other high net worth investors who negotiate and pay management fees directly to the Manager. Series I shares may only be purchased, switched or redeemed through authorized dealers, and not directly through the Manager.

Shares may be redeemed at their NAV per share on any valuation day. If the shares are redeemed or switched within 90 days of purchase, the shareholder may be charged a short-term trading fee of 2% of the value of the shares redeemed.

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The number of Series A, F, G and I shares issued and redeemed at NAV are summarized as follows:

	Year ended December 31, 2016	Period from February 19, 2015 to December 31, 2015
Series A		
Share issued and outstanding - Beginning of year/period	64,246	-
Shares issued during the year/period	22,429	66,359
Shares issued on reinvestment of distributions	1,682	1,102
Shares redeemed during the year/period	(13,589)	(3,215)
	<hr/>	<hr/>
Shares issued and outstanding - End of year/period	74,768	64,246
	<hr/>	<hr/>
Series F		
Share issued and outstanding - Beginning of year/period	87,527	-
Shares issued during the year/period	29,111	88,036
Shares issued on reinvestment of distributions	1,379	968
Shares redeemed during the year/period	(51,064)	(1,477)
	<hr/>	<hr/>
Shares issued and outstanding - End of year/period	66,953	87,527
	<hr/>	<hr/>
Series G		
Share issued and outstanding - Beginning of year/period	-	-
Shares issued during the year/period	107,116	-
Shares issued on reinvestment of distributions	1,180	-
Shares redeemed during the year/period	(188)	-
	<hr/>	<hr/>
Shares issued and outstanding - End of year/period	108,108	-
	<hr/>	<hr/>
Series I		
Share issued and outstanding - Beginning of year/period	1,812	-
Shares issued during the year/period	12,244	1,800
Shares issued on reinvestment of distributions	257	12
Shares redeemed during the year/period	(3,467)	-
	<hr/>	<hr/>
Shares issued and outstanding - End of year/period	10,846	1,812
	<hr/>	<hr/>

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Classification of shares

IAS 32, *Financial Instruments: Presentation*, requires that units or shares of an entity would include a contractual obligation for the issuer to repurchase them for cash or another financial asset be classified as a liability. The Class A shares of the Corporation are not redeemable and holders are entitled to receive the remaining property of the Corporation upon liquidation, dissolution, winding-up or other distribution of assets. As a result, the Class A shares of the Corporation are subordinate to all other classes of shares, including the Fund, and thus the condition in paragraph IAS 32.16A(b) is not met. The special shares of the Fund are also redeemable on demand. As such the shares of the Fund are classified as financial liabilities. The Class A shares of the Corporation are not presented in the financial statements of the Fund.

4 Distributions

The Fund intends to make monthly distributions from Canadian and foreign dividend payments received and certain derivative income received by the Fund in a particular month. In addition, the Fund may pay annually to shareholders capital gains dividends. Monthly distributions will generally be paid on the last day of each month and capital gains dividends will generally be paid in February. Dividends and distributions may be paid at other times as determined by the Manager. Shareholders may elect to receive distributions from the Fund in cash, or to have them automatically reinvested in additional shares of the Fund.

5 Income taxes

The Corporation's available tax losses, both capital and non-capital, are determined at the corporate and not the individual class level. As at December 31, 2016, the Corporation has unrecognized non-capital losses of approximately \$3,243,704 available for utilization against taxable income in future years. The Corporation has unrecognized capital losses available at December 31, 2016 of approximately \$8,561,536. The non-capital losses expire as follows:

	\$
Expiry date	
2036	520,929
2035	524,234
2034	389,415
2033	722,898
2032	1,086,228
	<hr/>
	3,243,704
	<hr/>

6 Expenses

The Fund is responsible for all charges and expenses incurred in connection with its operations, including regulatory, printing, legal and audit expenses.

Brokerage commissions paid by the Fund with respect to security transactions for the year ended December 31, 2016 are \$784 (December 31, 2015 - \$274). For the year ended December 31, 2016 and the period ended December 31, 2015, there were no soft dollar amounts paid.

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7 Management fee

The management fee is calculated at 1.3% per annum of the daily NAV of Series A shares, 0.8% per annum of the daily NAV of Series F shares, and 0.4% per annum of the daily NAV of Series G shares, paid monthly. The management fee charged for Series I shares is negotiated directly with each investor. The fees are payable to the Manager (notes 1 and 8).

8 Related party balances and transactions

Balances and transactions are as follows:

	Year ended December 31, 2016 \$	Period from February 19, 2015 to December 31, 2015 \$
Qwest Funds Corp., Qwest Energy Canadian Resource Class		
Reimbursement to QECRC for expenses paid by the Fund	2,309	898
Accounts payable	483	
Qwest Investment Fund Management Ltd. ("QIFM")		
Management fee	17,381	10,063
Management fee payable	6,880	1,261
AlphaDelta Management Corp. (note 1)		
Voluntary reimbursement of Fund expenses	160,838	96,768
Accounts receivable	94,295	1,320

All amounts payable are due on demand and non-interest bearing.

Included within accounts payable and accrued liabilities is an amount of \$7,236 in respect of sales tax payable which is to be remitted to the tax authorities through QIFM.

The terms of transactions with the Manager are disclosed in note 7. QECRC is another class of special shares of the Corporation. During the year, ADM has reimbursed the Fund for certain operating expenses incurred. This reimbursement is at the discretion of ADM and is calculated daily based on a set % of NAV.

9 Shareholder recordkeeping and fund accounting fees

The Fund has engaged the services of SGGG Fund Services Inc. ("SGGG") and FundSERV Inc. to provide shareholder recordkeeping and fund accounting services. Shareholder recordkeeping and fund accounting fees incurred by the Fund for the year ended December 31, 2016 are \$57,328 (period ended December 31, 2015 - \$38,000).

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10 Fair value measurement

The following table illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2016 and 2015. The three levels of fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - Inputs that are not based on observable market data.

	Financial instruments at fair value as at December 31, 2016			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Equities	2,651,267	-	-	2,651,267
Forward contracts	-	21,525	-	21,525
	<u>2,651,267</u>	<u>21,525</u>	<u>-</u>	<u>2,672,792</u>

	Financial instruments at fair value as at December 31, 2015			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Equities	1,314,256	-	-	1,314,256
Forward contracts	-	182	-	182
	<u>1,314,256</u>	<u>182</u>	<u>-</u>	<u>1,314,438</u>

All fair value measurements above are recurring. The carrying values of other financial instruments approximate their fair values due to their short-term nature.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Fund, including Level 3 measurements. The Manager has engaged SGGG to value the net assets of the Fund on a daily basis. SGGG obtains pricing from a third party pricing vendor. The Fund's overall market positions are monitored on a daily basis by the Manager and are reviewed on a quarterly basis by the Board of Directors. The Manager ensures the accuracy of the calculation of NAV prepared by SGGG by reviewing the NAV calculation on a monthly basis.

The Fund's equity positions are classified as Level 1 when the security is actively traded and reliable price is observable. Certain of the Fund's equities do not trade frequently and therefore observable prices may not be available. In such cases, fair value is determined using observable market data (e.g., transactions for similar securities of the same issuer) and the fair value is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as Level 3. There were no financial instruments that were transferred into or out of Level 1 or 2 during the year ended December 31, 2016 or the period ended December 31, 2015.

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The Fund enters into foreign exchange forward contracts to reduce its foreign currency exposure. The forward contracts are measured at fair value based on the difference between the US dollar close price and the forward contract price.

Foreign exchange forward contracts as at December 31, 2016						
Settlement date	Currency to be delivered		Currency to be received		Contract price \$	Appreciation CA\$
	Face value US\$	Fair value as at December 31, 2016 CA\$	Face value CA\$	Fair value as at December 31, 2016 CA\$		
January 27, 2017	(1,750,000)	(2,349,725)	2,371,250	2,371,250	1.3550	21,525

Foreign exchange forward contracts as at December 31, 2015						
Settlement date	Currency to be delivered		Currency to be received		Contract price \$	Appreciation CA\$
	Face value US\$	Fair value as at December 31, 2015 CA\$	Face value CA\$	Fair value as at December 31, 2015 CA\$		
January 28, 2016	(820,000)	(1,134,821)	1,135,003	1,135,003	1.3842	182

The following are the Fund's investments which are classified as held for trading and FVTPL:

	December 31, 2016 \$	December 31, 2015 \$
Held for trading	21,525	182
Fair value through profit or loss	2,651,267	1,314,256
	<u>2,672,792</u>	<u>1,314,438</u>

The following table presents the net gain (loss) on the fair value of investments by category for the year ended December 31, 2016 and period ended December 31, 2015:

Category	Year ended December 31, 2016 \$	Period from February 19, 2015 to December 31, 2015 \$
Financial assets at FVTPL		
Held for trading	(8,248)	(97,144)
Fair value through profit or loss	353,536	(54,904)
	<u>345,288</u>	<u>(152,048)</u>

AlphaDelta Growth of Dividend Income Class

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11 Financial instruments risk management

The Fund's activities expose it to a variety of financial instrument risks: market risk (including price risk, interest rate risk and currency risk), credit risk, concentration risk and liquidity risk.

The Fund's investment objective is to provide shareholders of the Fund with income and longer-term capital appreciation by investing primarily in dividend paying equity securities of companies around the world. The Fund invests primarily in larger capitalization, global, dividend paying equity securities (including securities of unit trusts, real estate investment trusts and depository receipts) and their derivatives.

The Fund may take small positions in other securities, such as convertible securities, high-yield debt securities and derivative instruments, and invest in foreign resource companies listed on major stock exchanges. The Fund is currently using derivatives for hedging purposes only. The Fund may hold a portion of its assets in cash or short-term money market securities while seeking investment opportunities or for defensive purposes to reflect adverse market, economic, political or other conditions.

Market risk

a) Price risk

The Fund's investments are exposed to market price risk due to changing market conditions for equities as well as any changes to the tax environment in which the investee entities operate. All investments in equity securities have inherent risk of a loss of capital. The maximum risk resulting from financial instrument investments is determined by the fair value of the financial instruments. The Manager seeks to manage market risks by setting thresholds on individual investments to mitigate the risk of over exposure to any one investment. The Fund's overall market positions are monitored on a daily basis by the Manager and are reviewed on a quarterly basis by the Board of Directors.

At December 31, 2016, the Fund's market risk is impacted directly by changes in equity prices. The immediate impact on equity of a 5% increase or decrease in the fair value of investments assuming all other variables remain constant would be approximately \$133,000 (December 31, 2015 - \$66,000).

b) Interest rate risk

The Fund's interest bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rate on its financial position and cash flows. The substantial majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

AlphaDelta Growth of Dividend Income Class

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c) Currency risk

Currency risk is the risk that the value of investments denominated in currencies other than the functional currency of the Fund will fluctuate due to changes in foreign exchange rates. The value of investments denominated in a currency other than Canadian dollars is affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the investment is denominated.

When the value of the Canadian dollar falls in relation to foreign currencies, the value in Canadian dollars of investments denominated in other currencies increases.

The Fund's currency risk is impacted directly by changes in foreign exchange rates. The immediate impact on the assets of a 5% (2015:1%) increase or decrease in the foreign exchange rate which the Fund has exposure to, and the notional amounts of foreign exchange forward contracts, assuming all other variables remain constant, is detailed in the table below. The Fund enters into foreign exchange forward contracts to reduce its foreign currency exposure.

Currency	As at December 31, 2016					
	Exposure			Impact on net assets attributable to holders of redeemable shares		
	Monetary \$	Non-monetary \$	Total \$	Monetary \$	Non-monetary \$	Total \$
United States dollar	(2,339,036) *	2,374,835	35,799	116,952	118,742	1,790
% of net assets attributable to holders of redeemable shares	(86.2)	87.5	1.3	(4.3)	4.4	0.0
Currency	As at December 31, 2015					
	Exposure			Impact on net assets attributable to holders of redeemable shares		
	Monetary \$	Non-monetary \$	Total \$	Monetary \$	Non-monetary \$	Total \$
United States dollar	(1,115,690) *	1,140,935	25,245	(11,157)	11,409	252
% of net assets attributable to holders of redeemable shares	(83.5)	85.3	1.9	(0.8)	0.9	0.0

* Net of notional value of the forward contract at the year-end spot rate less the CA\$ value of the US\$ cash balance at the year-end, as applicable.

As at December 31, 2016 the Fund had outstanding currency contracts to sell US\$1,750,000 prior to January 27, 2017 at a rate of CA\$1.3550 per US\$ (2015 - US\$820,000 at a rate of CA\$1.3842 per US\$).

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Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

Credit risk associated with cash is minimized by ensuring that these balances are held by high-quality financial institutions.

When the Fund trades in listed or unlisted securities that are settled upon delivery using approved brokers, the risk of default is considered minimal since delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The Fund only transacts with reputable brokers with a high credit rating.

The Manager monitors the Fund's credit position regularly, and the Board of Directors reviews it on a periodic basis. The Fund has not identified any past due assets or receivables as at December 31, 2016 and 2015. The Fund is also exposed to counterparty credit risk on forward contracts. The counterparty credit risk for forward contracts is managed by using counterparties with a minimum credit rating from S&P of A. The credit rating of the counterparty to the Fund's forward contracts was A-1 as at December 31, 2016 and 2015.

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The table below shows concentration risk by industry sector:

Sector/subgroup	% of net assets	
	As at December 31,	
	2016	2015
Financial	29.77	22.14
Consumer, Cyclical	23.01	12.31
Consumer, Non-cyclical	14.36	14.86
Technology	8.75	10.93
Industrial	7.21	14.12
Basic Materials	4.97	7.47
Energy	4.49	6.98
Communications	4.37	9.53
Utilities	0.75	-
Bank indebtedness	(0.05)	4.05
Other assets net of liabilities	1.58	(2.39)
Unrealized appreciation of forward contract	0.79	-
	100.00	100.00

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Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with its financial liabilities. The Fund is exposed to daily cash redemptions of redeemable shares and liabilities when they become due. Liquidity risk is managed by holding cash balances and investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of when liabilities come due.

All liabilities are due within 30 days of the statement of financial position date, except for net assets attributable to holders of redeemable shares which are due on demand.

12 Capital management

Shares of the Fund issued and outstanding represent the capital of the Fund. The Manager manages the capital of the Fund in accordance with the investment objectives of the Fund. There are no externally imposed restrictions on the Fund's capital other than certain minimum subscription requirements. The minimum initial investment is \$1,000.

13 Increase (decrease) in net assets attributable to redeemable shares per share

Increase (decrease) in net assets attributable to redeemable shares per share for the year ended December 31, 2016 and the period ended December 31, 2015 are calculated as follows:

	2016 \$	2015 \$
Series A		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations	110,201	(56,867)
Weighted average units outstanding during the year/period	66,482	39,901
Increase (decrease) in net assets attributable to holders of redeemable shares per share	1.66	(1.43)
Series F		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations	135,441	(84,076)
Weighted average units outstanding during the year/period	83,219	73,941
Increase (decrease) in net assets attributable to holders of redeemable shares per share	1.63	(1.14)
Series G		
Increase in net assets attributable to holders of redeemable shares from operations	102,276	-
Weighted average units outstanding during the year/period	103,680	-
Increase in net assets attributable to holders of redeemable shares per share	0.99	-
Series I		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations	18,660	(871)
Weighted average units outstanding during the year/period	8,599	1,803
Increase (decrease) in net assets attributable to holders of redeemable shares per share	2.17	(0.48)