



AlphaDelta Growth of Dividend Income Class

Financial Statements

(Unaudited)

June 30, 2017

AlphaDelta Growth of Dividend Income Class

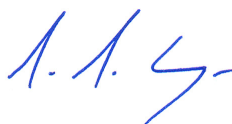
Statement of Financial Position

(Unaudited)

As at

	June 30, 2017 \$	December 31, 2016 \$
Assets		
Cash	228,389	-
Receivable for securities sold	55,998	23,969
Dividends receivable	17,431	4,220
Subscriptions receivable	23,595	875
Due from related parties (note 8)	46,725	94,295
Investments - at fair value (note 10)	8,046,688	2,651,267
Unrealized appreciation of forward contracts - at fair value (note 10)	24,365	21,525
Prepaid expenses	20,922	17,411
	<u>8,464,113</u>	<u>2,813,562</u>
Liabilities		
Bank overdraft	-	1,497
Accounts payable and accrued liabilities	30,842	90,926
Unsettled trades payable	194,662	-
Distribution payable	2,820	-
Management fees payable (notes 7 and 8)	5,075	6,880
	<u>233,399</u>	<u>99,303</u>
Net assets attributable to holders of redeemable shares	<u>8,230,714</u>	<u>2,714,259</u>
Series net assets attributable to holders of redeemable shares		
Series A	2,049,749	747,235
Series F	1,691,626	676,189
Series G	4,368,044	1,170,870
Series I	121,295	119,965
	<u>8,230,714</u>	<u>2,714,259</u>
Shares outstanding (note 3)		
Series A	197,894	74,768
Series F	161,078	66,953
Series G	387,192	108,108
Series I	10,507	10,846
Net assets attributable to holders of redeemable shares per share (note 2)		
Series A	10.36	9.99
Series F	10.50	10.10
Series G	11.28	10.83
Series I	11.54	11.06

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

Statement of Comprehensive Income

(Unaudited)

	Six-month period ended June 30	
	2017	2016
	\$	\$
Income		
Interest income	49	-
Foreign exchange loss on cash	(3,994)	(208)
Dividend income	97,869	25,690
Changes in fair value of investments		
Net realized gain (loss) on sale of investments	32,731	(10,191)
Net realized gain on forward contracts	192,981	81,043
Change in unrealized appreciation (depreciation) of investments	11,692	(38,487)
Change in unrealized appreciation (depreciation) of forward contracts	2,840	(13,333)
Total income - net	334,168	44,514
Expenses		
Shareholder recordkeeping and fund accounting fees (note 9)	34,885	27,223
Management fee (notes 7 and 8)	22,994	7,489
Custodial fees	19,600	12,636
Audit	17,764	17,512
Filing fees	16,717	10,046
Foreign withholding taxes	11,135	2,888
Legal	5,175	10,307
Translation fee	2,622	3,146
Tax review	2,352	904
Transaction costs	2,293	185
Independent review committee fees	2,000	1,478
Securityholder reports	1,963	1,009
Bank charges	542	625
Interest	77	-
Expenses reimbursement (note 8)	(46,725)	(82,157)
Total expenses	93,394	13,291
Increase in net assets attributable to holders of redeemable shares from operations	240,774	31,223
Increase in net assets attributable to holders of redeemable shares from operations - Series A shares	60,949	11,800
Increase in net assets attributable to holders of redeemable shares from operations - Series F shares	43,652	17,065
Increase in net assets attributable to holders of redeemable shares from operations - Series G shares	128,763	-
Increase in net assets attributable to holders of redeemable shares from operations - Series I shares	7,410	2,358
Increase in net assets attributable to holders of redeemable shares from operations per Series A share (note 13)	0.42	0.19
Increase in net assets attributable to holders of redeemable shares from operations per Series F share (note 13)	0.28	0.19
Increase in net assets attributable to holders of redeemable shares from operations per Series G share (note 13)	0.58	-
Increase in net assets attributable to holders of redeemable shares from operations per Series I shares (note 13)	0.62	0.33

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

AlphaDelta Growth of Dividend Income Class

Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares (Unaudited)

	Six-month period ended June 30	
	2017	2016
	\$	\$
Net assets attributable to holders of redeemable shares - Beginning of period		
Series A shares	747,235	557,066
Series F shares	676,189	762,646
Series G shares	1,170,870	-
Series I shares	119,965	17,129
	2,714,259	1,336,841
Distributions to investors		
From net investment income - Series A shares	(22,652)	(8,597)
From net investment income - Series F shares	(23,469)	(13,037)
From net investment income - Series G shares	(38,656)	-
From net investment income - Series I shares	(1,864)	(1,162)
	(86,641)	(22,796)
Increase in net assets attributable to holders of redeemable shares from operations		
Series A shares	60,949	11,800
Series F shares	43,652	17,065
Series G shares	128,763	-
Series I shares	7,410	2,358
	240,774	31,223
Shareholder transactions (note 3)		
Shares issued on reinvestment of distributions - Series A	21,022	7,548
Shares issued on reinvestment of distributions - Series F	18,580	6,936
Shares issued on reinvestment of distributions - Series G	33,128	-
Shares issued on reinvestment of distributions - Series I	1,864	1,162
Series A shares redeemed	(146,427)	(28,227)
Series F shares redeemed	(2,197,631)	(4,572)
Series G shares redeemed	(148,350)	-
Series I shares redeemed	(26,000)	(17,000)
Issuance of Series A	1,389,622	43,201
Issuance of Series F	3,174,305	185,149
Issuance of Series G	3,222,289	-
Issuance of Series I	19,920	95,951
	5,362,322	290,148
Net increase in net assets attributable to holders of redeemable shares	5,516,455	298,575
Net assets attributable to holders of redeemable shares - End of period	8,230,714	1,635,416
Net assets attributable to holders of redeemable shares - End of period - Series A shares	2,049,749	582,791
Net assets attributable to holders of redeemable shares - End of period Series - F shares	1,691,626	954,187
Net assets attributable to holders of redeemable shares - End of period - Series G shares	4,368,044	-
Net assets attributable to holders of redeemable shares - End of period - Series I shares	121,295	98,438

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AlphaDelta Growth of Dividend Income Class

Statement of Cash Flows

(Unaudited)

	Six-month period ended June 30	
	2017	2016
	\$	\$
Cash flows from operating activities		
Increase in net assets attributable to holders of redeemable shares from operations	240,774	31,223
Adjustments to determine net cash used in operating activities		
Change in unrealized (appreciation) depreciation of investments	(11,692)	38,487
Change in unrealized (appreciation) depreciation of forward contracts	(2,840)	13,333
Net realized (gain) loss on sale of investments	(32,731)	10,191
Foreign exchange loss on cash	3,994	208
Management fees payable	(1,805)	113
Dividends receivable	(13,211)	(690)
Prepaid expenses	(3,511)	(2,701)
Accounts payable and accrued liabilities	(60,084)	(8,413)
Due from related parties	47,570	(15,234)
Unsettled trades payable	194,662	-
Receivable for securities sold	(32,029)	-
Purchase of investment securities	351,670	(688,920)
Proceeds from sale of investment securities	(5,702,666)	354,022
Net cash used in operating activities	(5,021,899)	(268,381)
Cash flows from financing activities		
Distribution paid in cash - Series A shares	(1,286)	(869)
Distribution paid in cash - Series F shares	(4,206)	(5,036)
Distribution paid in cash - Series G shares	(3,737)	-
Proceeds from issuance of securities - Series A	1,389,622	43,201
Proceeds from issuance of securities - Series F	3,159,305	185,149
Proceeds from issuance of securities - Series G	3,213,819	-
Proceeds from issuance of securities - Series I	20,670	95,951
Payment for Series A shares redeemed	(146,427)	(37,465)
Payment for Series F shares redeemed	(2,197,631)	(4,572)
Payment for Series G shares redeemed	(148,350)	-
Payment for Series I shares redeemed	(26,000)	(17,000)
Net cash from financing activities	5,255,779	259,359
Foreign exchange loss on cash	(3,994)	(208)
Increase (decrease) in cash	229,886	(9,230)
(Bank overdraft) cash - Beginning of period	(1,497)	54,188
Cash - End of period	228,389	44,958
Interest paid	140	-
Interest received	49	-
Dividends received - net of withholding taxes	73,523	22,623

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

Schedule of Investment Portfolio

(Unaudited)

As at June 30, 2017

	Number of shares	Average cost \$	Fair value \$	Net assets %
Canadian Equities				
Consumer, Cyclical				
Magna International Inc.	3,100	167,508	186,217	2.26
Energy				
Enbridge Inc.	2,300	125,389	118,818	1.44
Enbridge Income Fund Holdings Inc.	2,100	66,651	67,599	0.82
Suncor Energy Inc.	1,300	53,434	49,257	0.60
Canadian Natural Resources Ltd.	1,300	51,313	48,646	0.59
		296,787	284,320	3.45
Financial				
Manulife Financial Corp.	8,600	190,809	209,066	2.54
CI Financial Corp.	4,500	122,156	124,380	1.51
		312,965	333,446	4.05
Utilities				
Brookfield Infrastructure Partners LP	550	26,313	29,172	0.35
Brookfield Renewable Energy Partners LP	350	13,447	14,473	0.18
Emera Inc.	300	14,401	14,463	0.18
		54,161	58,108	0.71
US Equities				
Basic Materials				
LyondellBasell Industries N.V.	750	83,052	82,173	1.00
The Dow Chemical Co.	1,000	72,532	81,884	0.99
International Paper Co.	900	57,594	66,147	0.80
Steel Dynamics Inc.	1,100	49,910	51,141	0.62
Celanese Corp.	350	35,422	43,141	0.52
		298,510	324,486	3.93
Communications				
Cisco Systems Inc.	4,200	172,998	170,675	2.07
j2 Global Inc.	1,100	111,230	121,520	1.48
Nippon Telegraph & Telephone Corp.	1,400	80,988	85,646	1.04
WPP PLC	600	85,454	82,112	1.00
America Movil S.A.Bde C.V.	2,000	33,577	41,338	0.50
Equinix Inc.	30	16,008	16,715	0.20
		500,255	518,006	6.29

AlphaDelta Growth of Dividend Income Class

Schedule of Investment Portfolio...continued

(Unaudited)

As at June 30, 2017

	Number of shares	Average cost \$	Fair value \$	Net assets %
Consumer, Cyclical				
Macy's Inc.	9,600	362,652	289,656	3.52
Foot Locker Inc.	4,500	341,689	287,911	3.50
Hanesbrands Inc.	8,500	237,221	255,583	3.11
Whirlpool Corp.	1,000	225,291	248,780	3.02
CVS Health Corp.	1,700	178,623	177,584	2.16
Royal Caribbean Cruises Ltd.	950	103,508	134,723	1.64
Wyndham Worldwide Corp.	1,000	99,699	130,362	1.58
General Motors Co.	2,850	128,415	129,246	1.57
Lowe's Cos Inc.	1,100	111,775	110,723	1.35
PulteGroup Inc.	3,000	84,381	95,542	1.16
Brinker International Inc.	1,400	83,052	69,251	0.84
Nissan Motor Co., Ltd.	2,400	62,171	62,272	0.76
Best Buy Co., Inc.	700	33,496	52,102	0.63
Delta Air Lines Inc.	500	30,045	34,885	0.42
DR Horton Inc.	450	17,784	20,197	0.25
		<hr/>	<hr/>	<hr/>
		2,099,802	2,098,817	25.51
Consumer, Non-cyclical				
AbbVie Inc.	1,850	150,156	174,159	2.12
Macquarie Infrastructure Corp.	1,300	132,738	132,323	1.61
Pfizer Inc.	2,500	109,370	109,025	1.32
Bunge Ltd.	1,050	96,637	101,696	1.24
Amgen Inc.	340	68,711	76,026	0.92
Atlantia S.p.A	2,600	44,033	47,629	0.58
Johnson & Johnson	240	32,556	41,221	0.50
Cardinal Health Inc.	400	41,997	40,465	0.49
Diageo PLC	250	36,805	38,893	0.47
KAR Auction Services Inc.	550	31,132	29,969	0.36
Bayer AG	150	19,268	25,291	0.31
		<hr/>	<hr/>	<hr/>
		763,403	816,697	9.92
Energy				
Valero Energy Corp.	1,200	100,962	105,100	1.28
Royal Dutch Shell PLC	1,200	87,749	84,800	1.03
		<hr/>	<hr/>	<hr/>
		188,711	189,900	2.31

AlphaDelta Growth of Dividend Income Class

Schedule of Investment Portfolio...continued

(Unaudited)

As at June 30, 2017

	Number of shares	Average cost \$	Fair value \$	Net assets %
Financial				
AmTrust Financial Services Inc.	14,500	376,374	285,016	3.46
MetLife Inc.	3,450	233,125	246,084	2.99
Invesco Ltd.	3,400	145,002	155,336	1.89
Morgan Stanley	2,550	125,498	147,523	1.79
The Blackstone Group LP	3,100	119,854	134,225	1.63
Legg Mason Inc.	2,700	122,008	133,766	1.63
Ameriprise Financial Inc.	770	117,221	127,251	1.55
Lazard Ltd.	2,100	118,484	126,316	1.53
JPMorgan Chase & Co.	990	101,815	117,478	1.43
Discover Financial Services	1,400	113,799	113,038	1.37
Prudential Financial Inc.	680	82,876	95,471	1.16
Lincoln National Corp.	1,050	76,214	92,126	1.12
Prudential PLC	1,400	75,698	83,629	1.02
Omega Healthcare Investors Inc.	1,500	66,112	64,305	0.78
Crown Castle International Corp.	460	55,680	59,829	0.73
American Tower Corp.	310	49,609	53,255	0.65
CyrusOne Inc.	700	46,899	50,666	0.62
QTS Realty Trust Inc.	740	51,701	50,276	0.61
CoreSite Realty Corp.	330	38,082	44,356	0.54
DuPont Fabros Technology Inc.	550	26,942	43,672	0.53
Extra Space Storage Inc.	270	27,782	27,342	0.33
Spirit Realty Capital Inc.	2,500	23,224	24,051	0.29
National Health Investors Inc.	230	19,471	23,650	0.29
Simon Property Group Inc.	100	23,045	21,001	0.26
Colony NorthStar Inc.	1,000	18,908	18,293	0.22
		<hr/>	<hr/>	<hr/>
		2,255,423	2,337,955	28.42
Industrial				
Johnson Controls International plc	2,000	110,967	112,589	1.37
The Boeing Co.	410	75,713	105,263	1.28
Honeywell International Inc.	450	68,610	77,873	0.95
United Parcel Service Inc.	140	17,319	20,101	0.24
		<hr/>	<hr/>	<hr/>
		272,609	315,826	3.84
Technology				
Broadcom Ltd.	700	184,037	211,798	2.57
QUALCOMM Inc.	2,200	169,001	157,723	1.92
Lam Research Corp.	600	84,652	110,171	1.34
Skyworks Solutions Inc.	350	33,984	43,600	0.53
Analog Devices Inc.	230	19,724	23,232	0.28
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		491,398	546,524	6.64

AlphaDelta Growth of Dividend Income Class

Schedule of Investment Portfolio...*continued*

(Unaudited)

As at June 30, 2017

	Number of shares	Average cost \$	Fair value \$	Net assets %
Utilities				
NextEra Energy Inc.	200	33,314	36,386	0.44
Total portfolio of investments		<u>7,734,846</u>	8,046,688	97.77
Unrealized appreciation of forward contract			24,365	0.30
Cash			228,389	2.77
Other liabilities, net of assets			<u>(68,728)</u>	<u>(0.84)</u>
Net assets attributable to holders of redeemable shares			<u>8,230,714</u>	<u>100.00</u>

AlphaDelta Growth of Dividend Income Class

Notes to Financial Statements

(Unaudited)

June 30, 2017

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 (the “ADCFE” Class), AlphaDelta Growth of Dividend Income Class (the “Fund”), AlphaDelta Tactical Growth 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 August 25, 2017.

2 Summary of significant accounting policies

Basis of preparation

These interim financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board (“IASB”), as applicable to the preparation of interim financial statements including International Accounting Standards (“IAS”) 34, Interim Financial Statements.

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

AlphaDelta Growth of Dividend Income Class

Notes to Financial Statements

(Unaudited)

June 30, 2017

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

(Unaudited)

June 30, 2017

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.

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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 in net assets attributable to holders of redeemable shares from operations per share

Increase in net assets attributable to holders of redeemable shares from operations per share is determined by dividing the increase 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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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:

	For the six-month period ended June 30,	
	2017	2016
Series A		
Share issued and outstanding - Beginning of period	74,768	64,246
Shares issued during the period	135,359	4,954
Shares issued on reinvestment of distributions	2,046	866
Shares redeemed during the period	(14,279)	(3,362)
Shares issued and outstanding - End of period	<u>197,894</u>	<u>66,704</u>
Series F		
Share issued and outstanding - Beginning of period	66,953	87,527
Shares issued during the period	304,463	20,609
Shares issued on reinvestment of distributions	1,785	788
Shares redeemed during the period	(212,123)	(554)
Shares issued and outstanding - End of period	<u>161,078</u>	<u>108,370</u>
Series G		
Share issued and outstanding - Beginning of period	108,108	-
Shares issued during the period	289,394	-
Shares issued on reinvestment of distributions	2,967	-
Shares redeemed during the period	(13,277)	-
Shares issued and outstanding - End of period	<u>387,192</u>	<u>-</u>
Series I		
Share issued and outstanding - Beginning of period	10,846	1,812
Shares issued during the period	1,740	10,087
Shares issued on reinvestment of distributions	163	120
Shares redeemed during the period	(2,242)	(1,765)
Shares issued and outstanding - End of period	<u>10,507</u>	<u>10,254</u>

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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 \$3,248,145 available for utilization against taxable income in future years. The Corporation has unrecognized capital losses available at December 31, 2016 of approximately \$8,625,406. The non-capital losses expire as follows:

	\$
Expiry date	
2036	525,370
2035	524,234
2034	389,415
2033	722,898
2032	<u>1,086,228</u>
	<u>3,248,145</u>

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 period ended June 30, 2017 are \$2,293 (June 30, 2016 - \$ 185). For the period ended June 30, 2017 and 2016, 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:

	<u>For the six-month period ended June 30,</u>	
	<u>2017</u>	<u>2016</u>
	\$	\$
Qwest Funds Corp., Qwest Energy Canadian Resource Class Reimbursement to QECRC for expenses paid by the Fund	5,118	1,307
Qwest Investment Fund Management Ltd. (“QIFM”) Management fee	22,994	7,489
AlphaDelta Management Corp. (note 1) Voluntary reimbursement of Fund expenses	46,726	82,157
	June 30,	December 31,
	2017	2016
As of	\$	\$
Qwest Funds Corp., Qwest Energy Canadian Resource Class Accounts payable	-	483
Qwest Investment Fund Management Ltd. Management fee payable	5,075	6,880
AlphaDelta Management Corp. (note 1) Accounts receivable	46,726	94,295

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

Included within accounts payable and accrued liabilities is an amount of \$2,804 in respect of sales tax payable which is to be remitted to the tax authorities through QIFM (December 31, 2016 - \$7,236). In addition, an amount of \$500 was deposited in a trust account held in QIFM’s name during the period to cover costs associated with shareholder transactions.

The terms of transactions with the Manager are disclosed in note 7. QECRC is another class of special shares of the Corporation. During the period, 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.

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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 period ended June 30, 2017 are \$34,885 (June 30, 2016 - \$27,223).

10 Fair value measurement

The following table illustrates the classification of the Fund’s financial instruments within the fair value hierarchy as at June 30, 2017 and December 31, 2016. 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 June 30, 2017			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Equities	8,046,688	-	-	8,046,688
Forward contracts	-	24,365	-	24,365
	8,046,688	24,365	-	8,071,053

	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
	2,651,267	21,525	-	2,672,792

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

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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 period ended June 30, 2017 and December 31, 2016.

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 June 30, 2017						
Settlement date	Currency to be delivered		Currency to be received		Contract price \$	Appreciation CA\$
	Face value US\$	Fair value as at June 30, 2017 CA\$	Face value CA\$	Fair value as at June 30, 2017 CA\$		
July 21, 2017	(5,400,000)	(6,999,955)	7,024,320	7,024,320	1.3008	24,365
Total unrealized appreciation of forward contracts						24,365

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

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

	June 30, 2017 \$	December 31, 2016 \$
Held for trading	24,365	21,525
Fair value through profit or loss	8,046,688	2,651,267
	<u>8,071,053</u>	<u>2,672,792</u>

The following table presents the net gain (loss) on the fair value of investments by category for the period ended June 30, 2017 and 2016:

Category	2017 \$	2016 \$
Financial assets at FVTPL		
Held for trading	195,821	67,710
Fair value through profit or loss	142,293	(22,988)
	<u>338,114</u>	<u>44,722</u>

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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 June 30, 2017, 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 \$402,000 (December 31, 2016- \$133,000).

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.

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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% 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 June 30, 2017					
	Exposure			Impact on net assets attributable to holders of redeemable shares		
	Monetary \$	Non- monetary \$	Total \$	Monetary \$	Non- monetary \$	Total \$
United States dollar	(6,863,177) *	7,184,597	321,420	(343,159)	359,230	16,071
% of net assets attributable to holders of redeemable shares	(83.4)	87.3	3.9	(4.2)	4.4	0.2
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	(4.4)	4.4	0.0

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

As at June 30, 2017 the Fund had outstanding currency contracts to sell US\$5,400,000 prior to July 21, 2017 at a rate of CA\$1.3008 per US\$ (December 31, 2016 - US\$1,750,000 at a rate of CA\$1.3550 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 June 30, 2017 and December 31, 2016. 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 Global Rating of A. The credit rating of the counterparty to the Fund's forward contracts was A-1 as at June 30, 2017 and December 31, 2016.

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:

	At June 30, 2017	At December 31, 2016
	% of net assets	% of net assets
Sector/subgroup		
Financial	32.47	29.77
Consumer, Cyclical	27.77	23.01
Consumer, Non-cyclical	9.92	14.36
Technology	6.64	8.75
Communications	6.29	4.37
Energy	5.76	4.49
Basic Materials	3.93	4.97
Industrial	3.84	7.21
Utilities	1.15	0.75
Cash (bank draft)	2.77	(0.05)
Unrealized appreciation of forward contract	0.30	0.79
Other liabilities net of assets	(0.84)	1.58
	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 in net assets attributable to redeemable shares per share

Increase in net assets attributable to redeemable shares per share for the period ended June 30, 2017 and 2016 are calculated as follows:

	2017 \$	2016 \$
Series A		
Increase in net assets attributable to holders of redeemable shares from operations	60,949	11,800
Weighted average units outstanding during the period	145,679	63,517
Increase in net assets attributable to holders of redeemable shares per share	0.42	0.19
Series F		
Increase in net assets attributable to holders of redeemable shares from operations	43,652	17,065
Weighted average units outstanding during the period	155,884	91,374
Increase in net assets attributable to holders of redeemable shares per share	0.28	0.19
Series G		
Increase in net assets attributable to holders of redeemable shares from operations	128,763	-
Weighted average units outstanding during the period	221,851	-
Increase in net assets attributable to holders of redeemable shares per share	0.58	-
Series I		
Increase in net assets attributable to holders of redeemable shares from operations	7,410	2,358
Weighted average units outstanding during the period	11,902	7,081
Increase in net assets attributable to holders of redeemable shares per share	0.62	0.33