

Independent Review Committee  
2016 Report to Security Holders of the Qwest Funds

March 29, 2017

Dear Investor,

In accordance with National Instrument 81-107 Independent Review Committee for Investment Funds (“NI 81-107”), Qwest Investment Fund Management Ltd. (the “Manager” or “Qwest”) established an Independent Review Committee (the “IRC”) for the Qwest Funds (the “Funds”) in 2007.

Since 2007, the IRC has functioned in accordance with applicable securities laws, including NI 81-107. The IRC’s purpose is, within the scope of the NI 81-107, to represent the best interest of the Funds in any matter where the Manager has a conflict of interest. In this context, our focus is on the question of whether the Manager’s actions or proposed actions achieve a fair and reasonable result for the Funds.

The IRC has adopted a written charter that includes its mandate and responsibilities and the policies and procedures it will follow when performing its functions. Other key duties of the IRC include, at least once a year, reviewing and assessing the adequacy and effectiveness of the policies and procedures relating to conflict of interest matters in respect of the Funds, as well as conducting a self-assessment of the IRC’s independence, compensation and effectiveness. The Independent Review Committee has undertaken these activities in the preceding year.

We are pleased to present this annual report for the unitholders of the Qwest Funds. The IRC looks forward to continuing to work with the Manager to ensure, through open communication and an effective working relationship, that the best interests of the Funds are served when the Manager is faced with a conflict of interest matter.

Peter M. Jarvis

Chair  
Qwest Investment Fund Management Ltd. Independent Review Committee

## Independent Review Committee 2016 Report to Security Holders of the Qwest Funds

### Mandate of the IRC

In accordance with NI-81-107, the mandate of the IRC is to review for, and provide input to the Manager, on the Manager's written policies and procedures which deal with Conflicts of Interest Matters ("COIM's") and to review for and provide its decision to the Manager on such COIM's. The Manager is required under NI-81-107 to identify conflicts of interest inherent in its management of the Funds, and request input from the IRC on how it manages those conflicts of interest, as well as on its written policies and procedures outlining its management of those conflicts of interest.

The Manager must refer its proposed course of action in respect of any such conflict of interest matters to the IRC for its review. Certain matters require the IRC's prior approval, but in most cases the IRC will provide a recommendation to the Manager as to whether or not, in the opinion of the IRC, the Manager's proposed action proves a fair and reasonable result for the Fund(s). For recurring COIM's, the IRC can provide Qwest Investment Fund Management Ltd. ("Qwest") with standing instructions ("Standing Instructions").

This report is available on Qwest's website at [www.qwestfunds.com](http://www.qwestfunds.com) or you may request a copy, at no cost to you, by contacting Qwest at (604) 602.1142 or toll-free at 1.866.602.1142.

### Members of the IRC

<b>Name and municipality of residence</b>	<b>Principal Occupation</b>	<b>Length of Service First appointed</b>
Gary Arca, CPA, CA Delta, BC	Chief Financial Officer, Starcore International Mines Ltd.	April 27, 2007
David M. Douglas, CPA, CA Vancouver, BC	Chief Financial Officer, Northisle Copper and Gold Inc.	April 27, 2007
Peter M. Jarvis, LLB Vancouver, BC	Legal Counsel, Woodfibre LNG Limited	April 27, 2007

Each member of the IRC is independent of the Funds, the Manager and other companies related to the Manager. During the period, there were no changes in the composition of the IRC and there were no relationships that may cause a reasonable person to question a member's independence.

## **Holding of Securities**

As at December 31, 2016, no member of the IRC beneficially owned, directly or indirectly, any securities of any class or series of voting or equity securities of Qwest, any service provider to Qwest or a Fund of Qwest.

## **IRC Compensation and Indemnification**

The aggregate compensation paid by the Funds to the IRC for the 2016 calendar year was \$24,000. The compensation consisted of a quarterly retainer of \$2,400 for the Chair and \$1,800 for each of the other members. The compensation was allocated among the Funds in accordance with the Managers expense allocation policy, which has been reviewed and approved by the IRC.

No indemnities were paid to the IRC by the Funds during the period.

The initial compensation of the IRC was set by the Manager. At least annually, the IRC reviews its compensation in a manner consistent with reasonability and good governance practices, giving consideration to the following:

1. the best interest of the Funds;
2. that each Fund must pay its reasonable allocation of the compensation of the IRC from the assets of the Fund;
3. that the compensation paid to the IRC by each Fund should fairly and reasonably reflect the general and specific benefits accruing to the Funds;
4. the number, nature and complexity of the Funds for which the IRC acts, including the commitment of time and energy that is expected from each member;
5. industry best practices, including industry averages and surveys on IRC compensation;
6. the Manager's recommendations, if any; and
7. the IRC's most recent assessment, if any, of its compensation.

## **Conflict of Interest Matters**

The IRC is not aware of any instance in which the Manager acted in a COIM referred to the IRC for which the IRC did not give a positive recommendation. The Manager has an obligation to notify the IRC of any such instance.

The IRC is not aware of any instance in which the Manager acted in a COIM but did not meet a condition imposed by the IRC in its recommendation or approval. The Manager has an obligation to notify the IRC of any such instance.

## **Standing Instructions Approved**

The IRC has approved Standing Instructions, which constitute a written approval or recommendation from the IRC that permits the Manager to proceed with specific action(s) set out in the Standing Instructions on an ongoing basis, without having to refer the COIM or its proposed action to the IRC, provided the Manager complies with the terms and conditions of the Standing Instructions. In each case the Standing Instructions require the Manager to comply with its related policy and procedures and to report periodically to the IRC.

Standing Instruction 1 - Fund Expenses and Allocation

Standing Instruction 2 - Fund Family Trading Information - IRC Members

Standing Instruction 3 - Employee Code of Conduct

Standing Instruction 4 - Related, Connected and Associated Issuers

Standing Instruction 5 – Policy on Trading Securities when Directors, Officers, or Employees are in a Special Relationship with the Issuer

During the year ended December 31, 2016 the IRC, in conjunction with the Manager, reviewed and updated the Standing Instructions as prudent.

## **Qwest Funds Served by the IRC (the “Funds”)**

Qwest Funds Corp., Qwest Energy Canadian Resource Class

Qwest Funds Corp., AlphaDelta Canadian Focused Equity Class (formerly AlphaDelta Canadian Prosperity Class)

Qwest Funds Corp., AlphaDelta Growth of Dividend Income Class

Qwest Funds Corp., AlphaDelta Tactical Growth Class

Qwest 2015 Oil & Gas Flow-Through Limited Partnership

Qwest Energy Flow-Through 2015 Limited Partnership

Probity Mining 2016 Short Duration Flow-Through Limited Partnership

Probity Mining 2016-II Short Duration Flow-Through Limited Partnership