

QE Funds Corp.
Qwest Energy Canadian Resource Class

2008 Semi-Annual Financial Statements

June 30, 2008
(unaudited)

QE Funds Corp.
Qwest Energy Canadian Resource Class

Disclosure of Auditor's Review
June 30, 2008

The accompanying interim financial statements have not been reviewed by the external auditors of the Funds. The external auditors will be auditing the annual financial statements of the Funds in accordance with Canadian generally accepted auditing standards.

QE Funds Corp.
Qwest Energy Canadian Resource Class

Statement of Net Assets
(Unaudited)

As at	June 30, 2008	(Audited) December 31, 2007
ASSETS		
Cash and cash equivalents	\$ 16,079,881	\$ 2,140,654
Prepaid expenses	13,240	7,903
Investments – at fair value (note 2)	89,193,631	29,174,416
	105,286,752	31,322,973
LIABILITIES		
Accounts payable and accrued liabilities	32,708	38,171
Redemption payable	26,550	25,562
Management fee payable (notes 7 & 8)	123,635	84,062
	182,893	147,795
Net assets	\$ 105,103,859	\$ 31,175,178
Number of Series A shares outstanding (note 3)	10,456,677	3,808,149
Net asset value per Series A share (note 9)	\$ 10.05	\$ 8.19

Approved on behalf of the Board of Directors of QE Funds Corp.:

(signed) “Stephen P. McCoach”

Stephen P. McCoach
Director

(signed) “Maurice Levesque”

Maurice Levesque
Director

See notes to accompanying financial statements.

QE Funds Corp.
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Statement of Operations
(Unaudited)

For the six-month period ended June 30,	2008	2007
Investment income		
Interest and other	\$ 42,839	\$ 1,485
Expenses		
Administrative and other	10,138	9,857
Agency fees	85,881	52,311
Audit	25,815	11,707
Custodial fees	7,481	6,696
Filing	12,634	9,309
Legal	27,446	14,450
Management fee (notes 7 & 8)	448,027	153,539
	617,422	257,869
Net investment loss	(574,583)	(256,384)
Change in unrealized appreciation (depreciation) of investments	6,483,881	1,756,810
Realized gain (loss) on sale of investments	(477,735)	(1,758,156)
Commissions (note 6)	(146,236)	(26,486)
Income tax	(883)	-
Increase (decrease) in net assets from operations	\$ 5,284,444	\$ (284,216)
Average number of Series A shares outstanding	3,798,497	1,452,742
Increase (decrease) in net assets from operations per Series A shares	\$ 1.39	\$ (0.20)

See notes to accompanying financial statements.

QE Funds Corp.
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Statement of Changes in Net Assets
(Unaudited)

For the six-month period ended June 30,	2008	2007
Net assets – Beginning of period	\$ 31,175,178	\$ 13,532,838
Increase (decrease) in net assets from operations	5,284,444	(284,216)
Securityholder transactions		
Proceeds from issue of securities	-	27,456
Securities issued for roll-over from limited partnerships (note 1)	76,130,664	37,547,872
Payment for securities redeemed	(7,486,427)	(4,508,290)
	68,644,237	33,067,038
Net assets – End of period	\$ 105,103,859	\$ 46,315,660

See notes to accompanying financial statements.

QE Funds Corp.
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Statement of Cash Flows
(Unaudited)

For the six-month period ended June 30,	2008	2007
Cash flows from operating activities		
Increase (decrease) in net assets from operations	\$ 5,284,444	\$ (284,216)
Decrease in non-cash balances related to operations	29,761	743,502
Realized loss on sale of investments	477,735	1,758,156
Change in unrealized appreciation of investments	(6,483,881)	(1,756,810)
Purchase of investments	(11,102,792)	(391,500)
Proceeds from sale of investments	23,239,351	4,724,759
	11,444,618	4,793,891
Cash flow from financing activities		
Proceeds from issuance of Class A shares	-	27,356
Consideration paid for redemption of Class A Shares	(7,486,427)	(4,508,290)
Cash received on roll-over from limited partnership (note 1)	9,981,036	8,208,109
	2,494,609	3,727,175
Increase in cash	13,939,227	8,521,066
Cash – Beginning of period	2,140,654	1,579,213
Cash – End of period	\$ 16,079,881	\$ 10,100,279
Supplemental cash flow information:		
Income tax paid	\$ 883	\$ -

See notes to accompanying financial statements.

QE Funds Corp.

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Statement of Investment Portfolio

As at June 30, 2008

(Unaudited)

Portfolio of Investments	Number of shares / warrants	Cost \$	Fair value \$	Net assets %
Canadian Equities				
Alternative				
Opel International Inc.	200,000	299,960	140,000	0.13
Energy				
1321713 Alberta Ltd. ⁽¹⁾	1,418,000	171,340	165,906	0.16
Alberta Oilsands Inc.	1,160,000	1,218,000	928,000	0.88
Arsenal Energy Inc.	393,927	311,202	299,385	0.28
Avalon Exploration Ltd. ⁽¹⁾	200,000	430,000	430,000	0.41
Bankers Petroleum Ltd.	400,000	804,000	724,000	0.69
Bayou Bend Petroleum Ltd.	1,000,000	600,000	530,000	0.50
Baytex Energy Trust	80,000	2,338,944	2,782,400	2.65
Bonavista Energy Trust Ltd.	65,000	2,312,000	2,434,250	2.32
Breaker Energy Ltd.	402,300	4,110,005	5,036,796	4.79
Canadian Phoenix Resource Corp.	3,052,446	343,745	396,818	0.38
Canadian Superior Energy Inc.	193,500	851,400	909,450	0.87
Celtic Exploration Ltd.	251,000	4,967,700	4,959,760	4.72
Cirrus Energy Corporation	200,000	900,000	942,000	0.90
Compass Petroleum Ltd. ⁽¹⁾	100,000	612,500	268,000	0.25
Crew Energy Inc.	269,250	4,496,859	4,964,970	4.72
Delavaco Energy Inc. ⁽¹⁾	700,000	1,400,000	1,400,000	1.33
Delphi Energy Corp.	1,491,500	4,073,849	4,578,905	4.36
Eagle Ranch Resources Ltd. ⁽¹⁾	420,000	411,600	361,200	0.34
Encana Corp.	8,500	827,985	788,375	0.75
Fairborne Energy Ltd.	150,000	1,924,500	1,957,500	1.86
First West Petroleum Inc. ⁽¹⁾	500,000	550,000	550,000	0.52
Galleon Energy Inc.	176,450	3,406,533	3,633,106	3.46
HighPine Oil & Gas Ltd.	123,000	1,789,650	1,643,280	1.56
In-Depth Resources Ltd. ⁽¹⁾	350,000	388,500	388,500	0.37
Iteration Energy Ltd.	441,668	3,992,679	3,643,761	3.47
Java Petroleum Corp. ⁽¹⁾	1,447,600	452,240	448,756	0.43
NuVista Energy Ltd.	105,492	2,109,840	1,847,165	1.76
Onefour Energy Ltd. ⁽¹⁾	600,000	204,000	72,000	0.07
Open Range Energy Corp.	400,000	2,459,690	3,184,000	3.03
Penn West Energy Trust	50,500	1,669,444	1,739,725	1.66
Petro Andina Resources Inc.	132,900	1,516,389	1,488,480	1.42
Petrobank Energy and Recourses Ltd.	37,050	1,371,988	1,962,168	1.87
Pienza Petroleum Ltd. ⁽¹⁾	164,700	245,403	245,403	0.23
Profound Energy Inc.	225,000	1,131,750	1,075,500	1.02
Questerre Energy Corp.	135,956	630,836	484,003	0.46
Racing Resources Ltd. ⁽¹⁾	500,000	420,000	420,000	0.40
Ravenwood Energy Corp. ⁽¹⁾	5,970	16,000	16,000	0.02
Saxony Petroleum Inc. ⁽¹⁾	1,196,250	1,934,700	1,710,638	1.63
Solana Resources Limited	318,100	1,806,808	1,797,265	1.71
Storm Exploration Inc.	163,100	2,150,227	3,124,996	2.97
Tango Energy Inc.	927,000	458,865	393,975	0.37
Temple Energy Inc. ⁽¹⁾	300,000	297,000	297,000	0.28
TimberRock Energy Corp. ⁽¹⁾	182,000	196,560	196,560	0.19
Tristar Oil & Gas Ltd.	258,131	4,237,430	5,320,080	5.06
Tusk Energy Corporation	733,450	2,310,368	2,127,005	2.02

⁽¹⁾ private corporation

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(Unaudited)

Portfolio of Investments	Number of shares / warrants	Cost \$	Fair value \$	Net assets %
Canadian Equities				
Energy				
Value Creation Inc. ⁽¹⁾	132,000	725,000	957,000	0.91
Vanguard Exploration Corp. ⁽¹⁾	1,000,000	125,000	125,000	0.12
Vanquish Oil & Gas Corp. ⁽¹⁾	444,444	-	-	0.00
Vecta Energy Corporation ⁽¹⁾	2,300,000	644,000	391,000	0.37
Verenex Energy Inc.	50,000	403,000	405,000	0.39
Vero Energy Inc.	445,441	4,749,968	4,833,035	4.60
West Energy Limited	130,000	505,440	500,500	0.48
Western Zagros Resources Ltd.	138,050	434,856	405,865	0.35
Wilderness Energy Corp. ⁽¹⁾	250,000	375,000	417,500	0.40
		76,814,793	80,701,981	76.78
Mining				
Advanced Exploration Inc.	275,000	522,500	387,750	0.37
Agnico-Eagle Mines Ltd.	20,000	752,200	1,518,400	1.44
Apoquindo Minerals Inc.	90,000	101,369	108,000	0.10
Athabasca Potash Inc.	115,000	1,012,345	879,750	0.84
Centenario Copper Corporation	125,000	731,250	675,000	0.64
Diamonds North Resources Ltd.	407,000	462,051	468,050	0.45
Forum Development Corp.	1,055,000	390,350	385,075	0.37
Full Metal Minerals Ltd.	113,900	284,180	159,460	0.15
Globestar Mining Corp.	250,000	400,000	382,500	0.36
Goldcorp Inc.	17,000	664,628	799,000	0.76
Kinross Gold Corp.	30,000	555,170	722,400	0.69
Lake Share Gold Corp.	39,900	60,648	62,244	0.06
Scorpio Mining Corporation	350,000	474,500	430,500	0.41
		6,411,191	6,978,129	6.64
Services				
Pason Systems Inc.	21,500	284,875	353,460	0.34
Total Canadian Equities		83,810,819	88,173,570	83.89
Canadian Warrants				
Energy				
Aneterra Energy Inc. (November 9, 2008, strike price \$1.10)	147,100	-	309	0.00
Second Wave Petroleum Ltd. (December 31, 2008, strike price \$0.40)	1,375,000	-	36,086	0.03
		-	36,395	0.03

⁽¹⁾ private corporation

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Portfolio of Investments	Number of shares / warrants	Cost \$	Fair value \$	Net assets %
Canadian Warrants				
Mining				
Advanced Exploration Inc. (October 16, 2009, strike price \$2.50)	137,500	-	127,325	0.13
Full Metal Minerals Ltd. (October 25, 2009, strike price \$3.00)	85,000	850	77,850	0.07
Labrador Iran Mines Holdings Limited (December 3, 2009, strike price \$5.00)	50,000	40,000	35,500	0.03
Mega Uranium Ltd. (February 22, 2012, strike price \$7.90)	20,000	-	32,340	0.03
Purepoint Uranium Group Inc. (March 9, 2009, strike price \$2.00)	172,000	-	72	0.00
Solex Resources Corp. (July 31, 2008, strike price \$1.60)	100,000	-	-	0.00
Terra Ventures Inc. (August 31, 2009, strike price \$1.40)	136,500	-	13,310	0.01
U.S. Silver Corporation (December 5, 2009, strike price \$1.25)	200,000	-	16,604	0.02
		<u>40,850</u>	<u>303,001</u>	<u>0.29</u>
Total Canadian warrants		40,850	339,396	0.32
Total Canadian Investment		<u>83,851,669</u>	<u>88,512,966</u>	<u>84.21</u>
Global Equities				
Energy				
Hardy Oil & Gas plc	45,000	685,745	680,665	0.65
Total Global Investment		<u>685,745</u>	<u>680,665</u>	<u>0.65</u>
Total portfolio of investment		<u>84,537,414</u>	89,193,631	84.86
Cash			16,079,881	15.30
Other net liabilities			<u>(169,653)</u>	<u>(0.16)</u>
Net assets			<u>105,103,859</u>	<u>100.00</u>

⁽¹⁾ private corporation

QE Funds Corp.

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Notes to Financial Statements

June 30, 2008

(Unaudited)

1. General

QE Funds Corp. (the "Corporation") is a mutual fund corporation incorporated under the laws of Canada on March 8, 2006. The authorized capital of the Corporation consists of an unlimited number of Class A shares, Class B shares, and special shares. Qwest Energy Canadian Resource Class (the "Fund") is the only class of special shares that have been issued by the Corporation, although the Corporation may offer additional classes of special shares in the future.

The manager of the Fund is Qwest Investment Management Corp. (the "Manager"). The Manager is responsible for providing or arranging for the provision of administrative services required by the Fund.

The fundamental investment objective of the Fund is to provide long-term capital appreciation by investing primarily in equity securities of Canadian companies involved in the energy and natural resource sector.

Each year, the Manager offers for sale a limited number of units in one or more limited partnerships ("Partnerships"). The objective of the Partnerships is to invest in the flow-through securities of resource companies. Investors in the Partnerships are entitled to claim certain deductions and credits for income tax purposes. In the third year following their establishment, the Partnerships transfer net assets to the Fund at values determined under the Partnerships' prospectus and the Partnership is dissolved. The Partnership investors receive shares in the Corporation in exchange for their Partnership units on a pro rata basis on the date of transfer.

The Corporation received the following subscriptions in exchange for net assets transferred to the Corporation on June 19, 2008:

Partnership	Net assets Received	Shares issued
Qwest Energy 2006 Flow-Through Limited Partnership	\$ 45,936,445	4,520,410
Qwest Energy 2006-II Flow-Through Limited Partnership	30,194,219	2,971,285
	<hr/>	<hr/>
	\$ 76,130,664	7,491,695

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of significant accounting policies used by the Corporation:

QE Funds Corp.

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(Unaudited)

2. Significant Accounting Policies (continued)

Adoption of new accounting standards

Effective January 1, 2008, The Corporation adopted CICA Handbook Section 1535, Capital Disclosure, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These sections are effective for annual financial statements relating to fiscal years beginning on or after January 1, 2008. The standards impact the disclosures the Corporation provides but does not affect the Corporation's statement of operations or net assets.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Future Accounting Changes

The Canadian Accounting Standards Board has confirmed that the International Financial Reporting Standards ("IFRS") will replace Canadian generally accepted accounting principles on January 1, 2011. The Corporation monitors the transition to IFRS and is currently evaluating the impact that the adoption of IFRS will have on its financial statements.

Use of estimates

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. Significant areas involving the use of estimates include determining the estimated fair value of private investments and the fair value of warrants. In calculating estimated fair value, the Manager makes maximum use of publicly available market-based inputs.

Investments in publicly traded equity securities

The fair value of equity securities which are traded in an active market is measured using the closing bid price at the period end date. An appropriate discount from the values of an actively traded security is taken for holdings of securities when there is a formal restriction that limits sale of the security.

The amounts at which publicly traded investments could be disposed of currently may differ from carrying value based on closing bid prices, 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.

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2. Significant Accounting Policies (continued)

Investments in privately held equity securities

For financial instruments not traded in an active market, the Corporation establishes fair value by using a valuation technique in order to estimate what the transaction price would have been on the measurement date in an arm's-length transaction motivated by normal business considerations. The initial transaction price is considered to be fair value on the date of the purchase transaction. Adjustments to carrying value are made when there is evidence of a change in the value of an investment as indicated by more recent financing transactions, or an assessment of the financial condition of the investment, based on a review of the operational results, forecasts, and business developments since the investment was made. Management may also utilize comparable public transactions, net assets or industry valuation multiples in the estimation of fair value. Where an investment has a track record of earnings, management may use discounted cash flow models making maximum use of market-based inputs in the estimation of fair value.

The resulting values for non-publicly traded investments may differ from values that would be determined had a ready market existed. In addition, the amounts at which the Corporation's privately-held investments could be disposed of currently may differ from the carrying values assigned, and the differences could be material.

Warrants

Warrants are recorded at their estimated fair value using a recognized valuation model. For private companies, management makes maximum use of publicly available inputs, such as comparable companies with appropriate adjustments to reflect the individual company circumstances to establish volatility and other inputs to the model.

Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits with original maturities of three months or less and are held with a Canadian chartered bank.

Revenue and expense recognition

Dividend income is recognized at the ex-dividend date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the statement of operations and calculated on an average cost basis. Upon disposal of an investment, 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.

Purchases and sales of securities are accounted for on a trade date basis.

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Notes to Financial Statements
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2. Significant Accounting Policies (continued)

Transaction costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of investments, are recorded as an expense in the statement of operations.

Valuation of investments

The Corporation determines the fair value of its investments for purposes of preparing the financial statements by following the requirements in Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, Financial Instruments – Recognition and Measurement, which requires the use of bid prices for securities owned and traded in an active market. Pursuant to National Instrument 81-106, an investment fund must also follow Canadian GAAP when determining its net asset value for all other purposes. To permit further consideration of the impact that Section 3855 may have on the investment fund industry, the Canadian Securities Administrators (the "CSA") have granted exemptive relief from the requirement to compute net asset value in accordance with GAAP for all purposes other than the preparation of financial statements. This exemptive relief will continue until September 30, 2008 or until such time that a permanent solution is made. Accordingly, the net asset value computed by the Corporation for all other purposes follows the historic methods of valuing listed securities at their last traded price. This is referred to as the Trading NAV.

Earnings (loss) per share

Earnings (Loss) per share amounts are determined by dividing the net increase (decrease) in net assets from operations for each series by the weighted average number of shares outstanding during the reporting period for each series.

3. Share transactions

The Fund is divided into Series A, F and O, and the number of shares of each series that may be issued is unlimited. Currently, only Series A shares of the Fund are offered.

Shares of the Fund are only available to certain limited partnerships in exchange for assets which are suitable investments for the fund in all provinces and territories in Canada. Shares may be switched or redeemed at their net asset value per share, on any valuation day. If the shares are redeemed or switched within 90 days of purchase, shareholder may be charged a short-term trading fee of 2% of the value of the shares redeemed.

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3. Share transactions (continued)

The number of Series A shares issued and redeemed at net asset value is summarized as follows:

	For the six- month period ended June 30, 2008	For the year ended December 31, 2007
Share issued and outstanding at beginning of period	3,808,149	1,595,491
Shares issued during the period	7,491,695	4,370,152
Shares redeemed during the period	(843,167)	(2,157,494)
Shares issued and outstanding at end of period	10,456,677	3,808,149

4. Distributions

The Fund may pay annually to shareholders ordinary dividends and capital gains dividends. Ordinary dividends will generally be paid in December and capital gains dividends will generally be paid in February. Dividends may be paid at other times determined by the Manager.

5. Income Taxes

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 33 1/3% tax on taxable dividends received from corporations resident in Canada and to tax at normal corporate rates on other income and net taxable realized capital gains for the year. The special 33 1/3% tax is refundable at the rate of \$1 for every \$3 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.

Temporary differences between the carrying value of assets and liabilities for accounting and income tax purposes give rise to future income tax assets and liabilities. When the market value of a security in the Corporation exceeds its cost base, a future income tax liability arises. The general income tax rules associated with a public corporation also apply to a mutual fund corporation with the exception that income taxes payable or capital gains are refundable on a formula basis when shares are redeemed or capital gains dividends are paid.

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6. Expenses

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

The total brokerage commissions paid by the Fund with respect to security transactions for the period ended June 30, 2008, is \$146,236 (June 30, 2007 - \$26,486). For the period ended June 30, 2008 (2007 - \$nil), there were no soft dollar amounts paid.

7. Management fee

The management fee is calculated at 2.5% per annum of the daily net asset value of the Corporation, paid monthly in arrears. The fees are payable to Qwest Investment Management Corp. ("QIM"), a company having common directors with the Corporation.

8. Related party balances and transactions

During the six-month period ended June 30, 2008, Management fees of \$448,027 (June 30, 2007 - \$ 153,539) were expensed to QIM, of which \$123,635 was payable at June 30, 2008 (December 31, 2007 - \$84,062).

9. Net asset value per share

For financial reporting purposes, the fair values of securities that are traded in active markets are valued at the bid price in accordance with Canadian GAAP (the "GAAP NAV"). For all purposes other than financial reporting, under a temporary exemption granted by the Canadian Securities Administration, the fair value of securities continue to be measured at their closing price on the valuation date, and the average of the bid price and ask price when securities are not traded on the valuation date (the "Trading NAV") (note 2). For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques, rather than the use of valuation techniques by virtue of general practice in the investment fund industry. These changes account for the difference between Trading NAV and GAAP NAV.

A reconciliation of the net asset value per share calculated based on the two different measurements is as follows:

		June 30 2008
Trading NAV	\$	10.03
Difference resulting from the adoption of Section 3855		(0.02)
GAAP NAV	\$	10.05

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10. Financial instruments

Credit risk

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

When the Corporation trades in listed or unlisted securities which are settled for 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 Corporation only transacts with reputable, highly credit-rated brokers.

Liquidity risk

The Corporation invests in early stage energy sector companies which may be publicly available securities but thinly traded or in privately held companies. The resulting values for non-publicly held securities may differ from values that would be realized had a ready market existed.

As the Corporation invests in investments that are not traded in an active market or are thinly traded, the Corporation may be exposed to liquidity risk.

As Qwest Energy is a mutual fund which is open to daily redemptions, management manages liquidity risk using a variety of methods which include placing restrictions on the amounts of privately held securities which may be held by the Corporation.

Currency risk

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Corporation, will fluctuate due to changes in foreign exchange rates. Equities in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the Corporation's functional currency in determining fair value. The Corporation is exposed to currency risk as it has a position denominated in British Pounds.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments such as bonds and cash and cash equivalents. The Corporation is exposed to interest rate risk such that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

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10. Financial instruments (continued)

Market risk

The Corporation's investments are exposed to market risk due to changing market conditions for equities as well as specific industry changes in the energy sector such as changes in commodity prices and level of market demand as well as any changes to the tax environment in which the investee entities operate. The privately held investments may be early stage investments with an unproven track record and unproven mineral reserves. The Manager manages market risks by undertaking due diligence prior to making an investment in an early stage company and by regular ongoing monitoring of the investment performance of the individual investee companies. The Manager also sets thresholds on individual investments to mitigate the risk of any one investment.