



AlphaDelta Tactical Growth Class

Financial Statements
December 31, 2017 and 2016



INDEPENDENT AUDITORS' REPORT
To the Shareholders of
Qwest Funds Corp.
AlphaDelta Tactical Growth Class (the "Fund")

We have audited the accompanying financial statements of the Fund, which comprise the statement of financial position as at December 31, 2017 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, 2017, and 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2017, and the results of its financial performance and its cash flows for the year ended December 31, 2017, in accordance with International Financial Reporting Standards.

Other matter

The financial statements of the Fund for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 28, 2017.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
March 31, 2018
Toronto, Ontario

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AlphaDelta Tactical Growth Class
Statements of Financial Position
As at December 31
(Expressed in Canadian Dollars)

	2017	2016
Assets		
Cash	\$ 128,594	\$ -
Dividend receivable	20,205	7,525
Accounts receivable	15,709	15,000
Due from related parties (Note 8)	5,947	34,337
Investments - at fair value (Note 10)	11,555,722	10,983,582
Prepaid expenses	12,511	17,031
	11,738,688	11,057,475

Liabilities

Bank overdraft	-	6,110
Accounts payable and accrued liabilities	72,481	68,298
Management fees payable (Notes 7 and 8)	15,980	14,852
	88,461	89,260

Net assets attributable to holders of redeemable shares **\$ 11,650,227** **\$ 10,968,215**

Series net assets attributable to holders of redeemable shares

Series A	\$ 2,211,751	\$ 2,069,950
Series F	6,618,576	6,280,870
Series I	2,819,900	2,617,395
	\$ 11,650,227	\$ 10,968,215

Shares outstanding (Note 3)

Series A	198,791	196,401
Series F	584,115	591,343
Series I	245,657	245,172

Net assets attributable to holders of redeemable shares per share (Note 2)

Series A	\$ 11.13	\$ 10.54
Series F	\$ 11.33	\$ 10.62
Series I	\$ 11.48	\$ 10.68

Approved by the Board

Director

Director

AlphaDelta Tactical Growth Class
Statements of Comprehensive Income
For the years ended December 31
(Expressed in Canadian Dollars)

	2017	2016
Income		
Foreign exchange loss on cash	\$ (7,909)	\$ (21,250)
Dividend income	128,281	62,540
Interest income	159	-
Other changes in fair value of investments		
Net realized gain (loss) on sale of investments	412,155	(313,551)
Change in unrealized appreciation of investments	625,634	1,088,797
Total income - net	1,158,320	816,536
Expenses		
Management fee (Notes 7 and 8)	180,901	73,954
Shareholder recordkeeping and fund accounting fees (Note 9)	49,610	33,731
Audit	46,659	33,210
Transaction costs	30,967	13,968
Filing fees	25,314	525
Custodian fees	15,589	18,781
Legal	12,913	5,941
Foreign withholding tax	10,927	6,874
Independent review committee fees	9,527	4,572
Translation fee	7,260	5,263
Tax review	5,087	4,506
Securityholder reports	2,673	1,554
Bank charges	1,102	818
Interest	737	977
News release	-	92
Expense reimbursements (Note 8)	(5,947)	(55,947)
Total expenses	393,319	148,819
Increase in net assets attributable to holders of redeemable shares from operations	\$ 765,001	\$ 667,717
Increase in net assets attributable to holders of redeemable shares from operations - Series A shares	\$ 125,819	\$ 111,484
Increase in net assets attributable to holders of redeemable shares from operations - Series F shares	\$ 436,677	\$ 399,988
Increase in net assets attributable to holders of redeemable shares from operations - Series I shares	\$ 202,505	\$ 156,245
Increase in net assets attributable to holders of redeemable shares from operations per Series A shares (Note 13)	\$ 0.62	\$ 0.67
Increase in net assets attributable to holders of redeemable shares from operations per Series F shares (Note 13)	\$ 0.74	\$ 1.32
Increase in net assets attributable to holders of redeemable shares from operations per Series I shares (Note 13)	\$ 0.83	\$ 0.68

AlphaDelta Tactical Growth Class

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

For the years ended December 31

(Expressed in Canadian Dollars)

	2017	2016
Net assets attributable to holders of redeemable shares at beginning of year		
Series A shares	\$ 2,069,950	\$ 10
Series F shares	6,280,870	-
Series I shares	2,617,395	-
	10,968,215	10
Distributions to investors		
From net investment income - Series A shares	(4,432)	(2,065)
From net investment income - Series F shares	(13,259)	(6,219)
From net investment income - Series I shares	(5,648)	(2,591)
	(23,339)	(10,875)
Net Increase in net assets attributable to holders of redeemable shares from operations		
Series A shares	125,819	111,484
Series F shares	436,677	399,988
Series I shares	202,505	156,245
	765,001	667,717
Shareholder transactions (Note 3)		
Issuance of Series A shares	118,299	2,080,856
Issuance of Series F shares	799,472	6,069,327
Issuance of Series I shares	-	2,461,150
Shares issued on reinvestment of distributions - Series A	4,432	2,065
Shares issued on reinvestment of distributions - Series F	13,259	6,219
Shares issued on reinvestment of distributions - Series I	5,648	2,591
Series A shares redeemed	(102,317)	(122,400)
Series F shares redeemed	(898,443)	(188,445)
	(59,650)	10,311,363
Net increase in net assets attributable to holders of redeemable shares		
	682,012	10,968,205
Net assets attributable to holders of redeemable shares		
End of year	\$ 11,650,227	\$ 10,968,215
Net assets attributable to holders of redeemable shares -		
End of year - Series A shares	\$ 2,211,751	\$ 2,069,950
Net assets attributable to holders of redeemable shares -		
End of year - Series F shares	\$ 6,618,576	\$ 6,280,870
Net assets attributable to holders of redeemable shares -		
End of year - Series I shares	\$ 2,819,900	\$ 2,617,395

AlphaDelta Tactical Growth Class
Statements of Cash Flows
For the years ended December 31
(Expressed in Canadian Dollars)

	2017	2016
Cash flows from operating activities		
Increase in net assets attributable to holders of redeemable shares from operations	\$ 765,001	\$ 667,717
Adjustments to determine net cash used in operating activities		
Change in unrealized appreciation of investments	(625,634)	(1,088,797)
Net realized gain (loss) on sale of investments	(412,155)	313,551
Accounts receivable	(709)	(15,000)
Accounts payable and accrued liabilities	4,183	68,298
Foreign exchange loss on cash	7,909	21,250
Management fees payable	1,128	14,852
Prepaid expenses	4,520	(17,031)
Dividends receivable	(12,680)	(7,525)
Due from related parties	28,390	(34,337)
Purchase of investment securities	(21,137,694)	(14,468,284)
Proceeds from sale of investment securities	21,603,342	4,259,948
Net cash from (used in) operating activities	225,601	(10,285,358)
Cash flow from financing activities		
Payments for Series A shares redeemed	(95,770)	(122,400)
Payments for Series F shares redeemed	(898,443)	(82,598)
Proceeds from issuance of Series A Shares	118,300	1,975,009
Proceeds from issuance of Series F Shares	792,925	6,069,327
Proceeds from issuance of Series I Shares	-	2,461,150
Net cash from (used in) financing activities	(82,988)	10,300,488
Foreign exchange loss on cash	(7,909)	(21,250)
Increase (decrease) in cash during the year	134,704	(6,120)
Cash (Bank overdraft), Beginning of year	(6,110)	10
Cash (Bank overdraft), End of year	\$ 128,594	\$ (6,110)
Supplemental cash flow items are operating in nature		
Interest paid	\$ 737	\$ 596
Interest received	\$ 159	\$ -
Dividends received, net of withholding taxes	\$ 107,837	\$ 48,141

AlphaDelta Tactical Growth Class
Schedule of Investment Portfolio
As at December 31, 2017
(Expressed in Canadian Dollars)

	Number of Shares	Average Cost \$	Fair Value \$	Net Assets %
Canadian Equities				
Financial				
The Bank of Nova Scotia	7,033	488,234	570,517	4.90
US Equities				
Basic Materials				
Daqo New Energy Corp.	1,698	110,959	126,363	1.08
Communications				
Amazon.com Inc.	225	294,645	329,440	2.83
Arista Networks Inc.	858	262,104	253,064	2.17
Cisco Systems Inc.	4,294	172,626	205,904	1.77
Telecom Argentina SA	7,016	266,307	321,759	2.76
Verizon Communications Inc.	2,446	165,674	162,092	1.39
		1,161,356	1,272,259	10.92
Consumer, Cyclical				
Guess? Inc.	14,876	294,064	314,386	2.70
Triton International Ltd/Bermuda	10,820	493,216	507,322	4.35
Visteon Corp.	4,090	545,458	640,802	5.50
		1,332,738	1,462,510	12.55
Consumer, Non-cyclical				
Align Technology Inc.	398	134,139	110,716	0.95
Corcept Therapeutics Inc.	18,672	413,117	422,195	3.62
Green Dot Corp.	11,368	530,633	857,665	7.36
Magellan Health Inc.	610	77,577	73,737	0.63
OraSure Technologies Inc.	17,755	339,570	419,244	3.60
Paylocity Holding Corp.	6,950	412,282	410,358	3.52
Pfizer Inc.	8,575	377,923	388,854	3.34
Sanderson Farms Inc.	1,313	242,490	228,137	1.96
TriNet Group Inc.	1,925	109,661	106,864	0.92
		2,637,392	3,017,770	25.90
Energy				
SolarEdge Technologies Inc.	14,011	519,085	658,694	5.65
Financial				
Cobe Global Markets Inc.	4,687	582,072	731,110	6.28
Stifel Financial Corp.	996	77,544	74,271	0.64
		659,616	805,381	6.92
Industrial				
Caterpillar Inc.	3,240	421,086	639,220	5.49
Cognex Corp.	5,296	367,467	405,527	3.48
General Electric Co.	2,983	113,911	65,171	0.56
Littelfuse Inc.	1,235	254,121	305,873	2.63
TopBuild Corp.	6,965	494,961	660,466	5.67
		1,651,546	2,076,257	17.83
Technology				
HubSpot Inc.	2,873	308,153	317,974	2.73
Mercury Systems Inc.	10,838	525,551	696,777	5.98
Micron Technology Inc.	10,707	446,662	551,220	4.73
		1,280,366	1,565,971	13.44
Total portfolio of investment				
		9,841,292	11,555,722	99.19
Cash		-	128,594	1.10
Other liabilities, net of assets		-	(34,089)	(0.29)
Net assets attributable to holders of redeemable shares			11,650,227	100.00

AlphaDelta Tactical Growth Class
Notes to Financial Statements
December 31, 2017 and 2016
(Expressed in Canadian Dollars)

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, V6C 2T8. 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 operation - the AlphaDelta Canadian Focused Equity Class (the "ADCFE" Class), AlphaDelta Growth of Dividend Income Class (the "ADGDI" Class), AlphaDelta Tactical Growth Class (the "Fund") 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 offers Series A, Series F shares 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 launched on January 1, 2015. The Fund reached the minimum subscription amount and commenced operations on March 31, 2016.

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 Aventine Management Group Inc.

The fundamental investment objective of the Fund is to provide long-term capital appreciation by investing primarily in equity (and equity equivalent) securities of individual companies, as well as exchange trade funds ("ETFs"), listed on securities exchanges in North America.

The financial statements were authorized for issue by the Board of Directors of the Corporation, on March 29, 2018.

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").

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 and Series I using the net asset value ("NAV") of Series A, F 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fair Value Measurement (Cont'd)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 loss on sale of financial investments’ and ‘Change in unrealized appreciation 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 the Manager to make estimates and assumptions that affect the reported amounts of assets, liabilities at the date of the financial statements, and reported amounts of 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Accounting Standards Issued But Not Yet Applied

IFRS 9 - Financial Instruments

The IASB issued the final version of IFRS 9 Financial Instruments which replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Fund is performing an assessment of all aspects of IFRS 9 and plans to adopt the new standard on the required effective date.

Classification and measurement categories under IFRS 9 are amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL). Consideration of the Funds business model and the contractual cash flows associated with the financial instrument is required under IFRS 9 to determine the classification and measurement categories.

The Fund will analyze the contractual cash flow characteristics of financial instruments in more detail before concluding whether financial instruments meet the criteria for FVTPL, FVOCI or amortized cost measurement under IFRS 9.

IFRS 9 also introduces an expected credit loss model for impairment of financial assets measured at amortized cost and debt instruments measured at FVOCI. The impact of this will depend on the classification and measurement of the entities financial instruments.

The Fund has not applied hedge accounting under IAS 39 and will not apply hedge accounting under IFRS 9.

3. SHAREHOLDER TRANSACTIONS

The Fund is divided into Series A, F 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 are available to investors who have fee-based accounts with their dealers for investment advice and other services. Series F shares and Series I shares may only be purchased, switched or redeemed through authorized dealers, and not directly through the Manager. 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.

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

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3. SHAREHOLDER TRANSACTIONS (Cont'd)

	2017	2016
Series A		
Shares issued and outstanding - beginning of year	196,401	1
Shares issued on reinvestment of distribution	393	193
Shares issued during the year	11,014	207,902
Shares redeemed during the year	(9,017)	(11,695)
Share issued and outstanding - end of year	198,791	196,401
Series F		
Shares issued and outstanding - beginning of year	591,343	-
Shares issued on reinvestment of distribution	1,153	576
Shares issued during the year	73,904	609,351
Shares redeemed during the year	(82,285)	(18,584)
Share issued and outstanding - end of year	584,115	591,343
Series I		
Shares issued and outstanding - beginning of year	245,172	-
Shares issued on reinvestment of distribution	485	239
Shares issued during the year	-	244,933
Share issued and outstanding - end of year	245,657	245,172

Classification of Shares

International Accounting Standards (“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 are subordinate to all other classes of shares of the Corporation, including the Fund, and thus the condition in paragraph IAS 32.16A(b) is not met. The Special shares of the Fund are redeemable on demand. As such the special 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 may pay annually to shareholders ordinary dividends and capital gains dividends. Ordinary dividends will generally be paid in December and capital gain dividends will generally be paid in February. Dividends and distributions may be paid at other times as determined by the Manager. In line with the terms of the prospectus, distributions are automatically reinvested in the Fund unless otherwise determined by the Manager.

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Notes to Financial Statements
December 31, 2017 and 2016
(Expressed in Canadian Dollars)

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, 2017, 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, 2017 of approximately \$7,901,770. The non-capital losses expire as follows:

Expiry date		
	2037	\$ 1,090,669
	2036	520,929
	2035	524,234
	2034	389,415
	2033	722,898
		<hr/>
		\$ 3,248,145
		<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 are \$30,967 (2016 - \$13,968). For the years ended December 31, 2017 and 2016, there were no soft dollar amounts paid.

7. MANAGEMENT FEES

The management fee is calculated at 2.5% (2016 - 2.5%) per annum of the daily NAV of Series A shares, 1.5% (2016 - 1.5%) per annum of the daily NAV of Series F shares and 0.75% (2016 - 0.75%) per annum of the daily NAV of Series I shares, plus applicable taxes, and is paid monthly. The fees are payable to the Manager (Notes 1 and 8).

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Notes to Financial Statements
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(Expressed in Canadian Dollars)

8. RELATED PARTY BALANCES AND TRANSACTIONS

Balances and transactions are as follows:

	2017 \$	2016 \$
Qwest Funds Corp., Qwest Energy Canadian Resource Class Reimbursement to QECRC for expenses paid by the Fund	876	4,065
Qwest Investment Fund Management Ltd. Management fee	180,901	73,954
Management fee payable	15,980	14,852
AlphaDelta Management Corp. (note 1) Voluntary reimbursement for Fund expenses	5,947	55,947
Due from related parties	5,947	34,337

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

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.

Included within accounts receivable is an amount of \$156 in respect of sales tax refundable which is to be refunded by the tax authorities through QIFM. In addition, an amount of \$750 was deposited in a trust account held in QIFM's name during the year to cover costs associated with shareholder transactions.

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, 2017 are \$49,610 (2016 - \$33,731).

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, 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.

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10. FAIR VALUE MEASUREMENT (Cont'd)

Financial Instruments at fair value as at December 31, 2017:

	Level 1	Level 2	Level 3	Total
Equities	\$ 11,555,722	\$ -	\$ -	\$ 11,555,722

Financial Instruments at fair value as at December 31, 2016:

	Level 1	Level 2	Level 3	Total
Equities	\$ 10,983,582	\$ -	\$ -	\$ 10,983,582

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 years ended December 31, 2017 and 2016.

The Fund invests in public equity securities all of which are measured at FVTPL.

11. FINANCIAL INSTRUMENTS AND RISK DISCLOSURES

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 fundamental investment objective of the Fund is to provide long-term capital appreciation by investing primarily in equity securities of Canadian and foreign companies.

The Fund will not use derivatives. 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

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11. FINANCIAL INSTRUMENTS AND RISK DISCLOSURES (Cont'd)

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 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, 2017, the Fund's market risk is impacted directly by changes in equity prices. The immediate impact on net assets of a 5% increase or decrease in the fair value of investments assuming all other variables remain constant would be approximately \$578,000 (2016 - \$549,000).

(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.

(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% (2016 - 5%) increase or decrease in the foreign exchange rate which the Fund had exposure to, assuming all other variables remain constant, is detailed in the table below:

	As At December 31, 2017					
	Exposure			Impact on net assets attributable to holders of redeemable shares		
	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
United States Dollar	\$ 43,772	\$ 10,985,205	\$ 11,028,977	\$ 2,189	\$ 549,260	\$ 551,449
% of net assets attributable to holders of redeemable shares	0.4	94.3	94.7	0.0	4.7	4.7

As At December 31, 2016

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11. FINANCIAL INSTRUMENTS AND RISK DISCLOSURES (Cont'd)

	Exposure			Impact on net assets attributable to holders of redeemable shares		
	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
United States Dollar	\$ 4,768	\$ 9,665,510	\$ 9,670,278	\$ 239	\$ 483,275	\$ 483,514
% of net assets attributable to holders of redeemable shares	0.04	88.1	88.1	0.0	4.4	4.4

Credit Risk

The Fund is exposed 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, 2017 and 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:

	2017 %	2016 %
Sector/subgroup		
Consumer, Non-cyclical	25.90	6.05
Industrial	17.82	28.68
Technology	13.44	16.66
Consumer, Cyclical	12.56	12.96
Financial	11.81	15.63
Communications	10.92	5.70
Energy	5.66	1.07
Basic Materials	1.08	11.26
Utilities	-	2.13
Cash	1.10	-
Bank overdraft	-	(0.06)
Other liabilities net of assets	(0.29)	(0.08)
	100.00	100.00

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11. FINANCIAL INSTRUMENTS AND RISK DISCLOSURES (Cont'd)

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 related party balances and 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 year ended December 31, 2017 and the period ended December 31, 2016 are calculated as follows:

	2017	2016
Series A		
Increase in net assets attributable to holders of redeemable shares from operations	\$ 125,819	\$ 111,484
Weighted average shares outstanding during the year	202,134	166,113
Increase in net assets attributable to holders of redeemable shares per share	\$ 0.62	\$ 0.67
Series F		
Increase in net assets attributable to holders of redeemable shares from operations	\$ 436,677	\$ 399,988
Weighted average shares outstanding during the year	593,836	303,968
Increase in net assets attributable to holders of redeemable shares per share	\$ 0.74	\$ 1.32
Series I		
Increase in net assets attributable to holders of redeemable shares from operations	\$ 202,505	\$ 156,245
Weighted average shares outstanding during the year	245,177	231,112
Increase in net assets attributable to holders of redeemable shares per share	\$ 0.83	\$ 0.68