



AlphaDelta Canadian Focused Equity Class
(formerly AlphaDelta Canadian Prosperity Class)

Financial Statements
December 31, 2016 and 2015



March 28, 2017

Independent Auditor's Report

**To the Shareholders of
Qwest Funds Corp.
AlphaDelta Canadian Focused Equity Class (the "Fund")
(formerly AlphaDelta Canadian Prosperity Class)**

We have audited the accompanying financial statements of the Fund, which comprise the statements of financial position as at December 31, 2016 and 2015 and the statements of comprehensive income, changes in net assets attributable to holders of redeemable shares and cash flows for the year ended December 31, 2016 and the period from commencement of operations on March 2, 2015 to December 31, 2015, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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We believe that the audit evidence we have obtained in our audits 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, 2016 and 2015 and its financial performance and its cash flows for the year or period then ended, as applicable, in accordance with International Financial Reporting Standards.

(signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

AlphaDelta Canadian Focused Equity Class

(formerly AlphaDelta Canadian Prosperity Class)

Statements of Financial Position

As at December 31

	2016 \$	2015 \$
Assets		
Cash	1,800,339	112,907
Dividends receivable	15,040	13,838
Subscriptions receivable	-	6,940
Accounts receivable	9,096	-
Due from related parties (note 8)	75,442	22,186
Investments - at fair value (note 10)	6,317,602	5,197,985
Prepaid expenses	17,385	15,662
	<u>8,234,904</u>	<u>5,369,518</u>
Liabilities		
Accounts payable and accrued liabilities	80,540	41,198
Redemption payable	6,688	-
Distribution payable	27	-
Management fees payable (notes 7 and 8)	6,861	7,709
	<u>94,116</u>	<u>48,907</u>
Net assets attributable to holders of redeemable shares	<u>8,140,788</u>	<u>5,320,611</u>
Series net assets attributable to holders of redeemable shares		
Series A	530,919	1,097,434
Series F	860,801	4,223,177
Series G	6,749,068	-
	<u>8,140,788</u>	<u>5,320,611</u>
Shares outstanding (note 3)		
Series A	54,640	122,947
Series F	86,979	469,612
Series G	620,750	-
Net assets attributable to holders of redeemable shares per share (note 2)		
Series A	9.72	8.93
Series F	9.90	8.99
Series G	10.87	-

Approved on behalf of the by 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 Canadian Focused Equity Class

(formerly AlphaDelta Canadian Prosperity Class)

Statements of Comprehensive Income

	Year ended December 31, 2016 \$	Period from commencement of operations on March 2, 2015 to December 31, 2015 \$
Income		
Interest income	9,921	3,764
Early redemption fees	54	1,688
Dividend income	134,435	133,514
Other changes in fair value of investments		
Net realized loss on sale of investments	(58,857)	(465,919)
Change in unrealized appreciation (depreciation) of investment	949,961	(343,202)
Total income - net	<u>1,035,514</u>	<u>(670,155)</u>
Expenses		
Management fee (notes 7 and 8)	90,537	83,268
Shareholder recordkeeping and fund accounting fees (note 9)	76,180	48,853
Audit	44,878	29,686
Legal	28,142	1,500
Transaction costs	22,710	24,713
Filing	14,485	520
Custodial fees	14,591	11,557
Independent review committee fees	7,547	8,768
Translation fee	4,931	5,988
Securityholder reports	4,385	500
Tax review	4,744	2,047
Foreign withholding taxes	1,014	-
Bank charges	923	1,059
News release	530	-
Interest	13	-
Expense reimbursement (note 8)	(133,679)	(98,453)
Total expenses	<u>181,931</u>	<u>120,006</u>
Increase (decrease) in net assets attributable to holders of redeemable shares from operations	<u>853,583</u>	<u>(790,161)</u>
Increase (decrease) in net assets attributable to holders of redeemable shares from operations - Series A shares	51,005	(99,136)
Increase (decrease) in net assets attributable to holders of redeemable shares from operation - Series F shares	158,884	(691,025)
Increase (decrease) in net assets attributable to holders of redeemable shares from operation - Series G shares	643,694	-
Increase (decrease) in net assets attributable to holders of redeemable shares from operations per Series A share (note 13)	0.61	(1.12)
Increase (decrease) in net assets attributable to holders of redeemable shares from operations per Series F share (note 13)	0.47	(1.33)
Increase (decrease) in net assets attributable to holders of redeemable shares from operations per Series G share (note 13)	1.04	-

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

AlphaDelta Canadian Focused Equity Class

(formerly AlphaDelta Canadian Prosperity Class)

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

	Year ended December 31, 2016 \$	Period from commencement of operations on March 2, 2015 to December 31, 2015 \$
Net assets attributable to holders of redeemable shares -		
Beginning of year/period		
Series A shares	1,097,434	-
Series F shares	4,223,177	-
Series G shares	-	-
	5,320,611	-
Distribution to investors		
From net investment income - Series A shares	(8,722)	(23,815)
From net investment income - Series F shares	(14,137)	(96,913)
From net investment income - Series G shares	(111,184)	-
	(134,043)	(120,728)
Increase (decrease) in net assets attributable to holders of redeemable shares		
from operations		
Series A shares	51,005	(99,136)
Series F shares	158,884	(691,025)
Series G shares	643,694	-
	853,583	(790,161)
Shareholder transactions (note 3)		
Shares issued on reinvestment of distributions - Series A shares	8,599	23,016
Shares issued on reinvestment of distributions - Series F shares	13,978	96,913
Shares issued on reinvestment of distributions - Series G shares	111,184	-
Issuance of Series A shares	4,940	1,220,591
Issuance of Series F shares	3,519,525	7,407,580
Issuance of Series G shares	6,501,781	-
Series A shares redeemed	(622,337)	(23,222)
Series F shares redeemed	(7,040,626)	(2,493,378)
Series G shares redeemed	(396,407)	-
	2,100,637	6,231,500
Net increase in net assets attributable to holders of redeemable shares	2,820,177	5,320,611
Net assets attributable to holders of redeemable shares - End of year/period	8,140,788	5,320,611
Net assets attributable to holders of redeemable shares - End of year/period - Series A shares	530,919	1,097,434
Net assets attributable to holders of redeemable shares - End of year/period - Series F shares	860,801	4,223,177
Net assets attributable to holders of redeemable shares - End of year/period - Series G shares	6,749,068	-

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

AlphaDelta Canadian Focused Equity Class

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Statements of Cash Flows

	Year ended December 31, 2016 \$	Period from commencement of operations on March 2, 2015 to December 31, 2015 \$
Cash flows from operating activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations	853,583	(790,161)
Adjustments to determine net cash used in operating activities		
Net realized loss on sale of investments	58,857	465,919
Due from related parties	(53,256)	(22,186)
Accounts receivable	(9,096)	
Management fees payable	(848)	7,709
Prepaid expenses	(1,723)	(15,662)
Dividends receivable	(1,202)	(13,838)
Accounts payable and accrued liabilities	39,342	41,198
Change in unrealized (appreciation) depreciation of investments	(949,961)	343,202
Purchase of investment securities	(5,165,103)	(9,737,246)
Proceeds from sale of investment securities	4,936,590	3,729,341
Net cash used in operating activities	(292,817)	(5,991,724)
Cash flows from financing activities		
Distribution paid in cash for Series A shares	(96)	-
Distribution paid in cash for Series F shares	(159)	-
Payment for Series A shares redeemed	(622,337)	(23,222)
Payment for Series F shares redeemed	(1,118,700)	(2,493,378)
Payment for Series G shares redeemed	(389,719)	-
Proceeds from issuance of Series A shares	4,940	1,220,591
Proceeds from issuance of Series F shares	3,526,465	7,400,640
Proceeds from issuance of Series G shares	579,855	-
Net cash from financing activities	1,980,249	6,104,631
Increase in cash	1,687,432	112,907
Cash - Beginning of year/period	112,907	-
Cash - End of year/period	1,800,339	112,907
Interest received*	9,921	3,764
Dividend received*	132,219	119,676
Interest paid*	13	-

*Supplemental cash flow items are operational in nature

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

AlphaDelta Canadian Focused Equity Class

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Schedule of Investment Portfolio

Ast at December 31, 2016

	Number of shares	Average cost \$	Fair value \$	Net assets %
Canadian equities				
Consumer, Cyclical				
Cara Operations Ltd.	5,500	163,625	137,225	1.69
Leon's Furniture Ltd.	12,380	194,010	223,830	2.74
Richelieu Hardware Ltd.	7,840	170,782	200,390	2.46
Uni-Select Inc.	5,240	162,021	154,528	1.90
		<hr/>	<hr/>	
		690,438	715,973	8.79
		<hr/>	<hr/>	
Consumer, Non-cyclical				
Altus Group Ltd.	11,660	236,448	360,994	4.43
High Liner Foods Inc.	11,940	232,870	238,203	2.93
K-Bro Linen Inc.	3,970	181,914	167,336	2.06
Morneau Shepell Inc.	12,550	220,017	240,835	2.96
		<hr/>	<hr/>	
		871,249	1,007,368	12.38
		<hr/>	<hr/>	
Energy				
Canadian Energy Services & Technology Corp.	31,500	163,590	241,290	2.96
Raging River Exploration Inc.	20,640	194,580	217,958	2.68
ShawCor Ltd.	5,150	179,705	184,576	2.27
Spartan Energy Corp.	63,650	185,045	211,955	2.60
TORC Oil & Gas Ltd.	24,700	200,321	204,269	2.51
		<hr/>	<hr/>	
		923,241	1,060,048	13.02
		<hr/>	<hr/>	
Financial				
Canadian Western Bank	10,810	276,724	327,976	4.03
Currency Exchange International Corp.	4,220	107,945	129,132	1.59
E-L Financial Corp Ltd.	240	154,953	176,388	2.17
Equitable Group Inc.	3,060	179,566	185,008	2.27
First National Financial Corp.	6,710	161,206	180,700	2.22
Guardian Capital Group Ltd.	9,580	181,100	239,979	2.95
Pure Multi-Family REIT LP	14,990	109,498	124,267	1.53
Slate Retail REIT	13,280	183,154	199,864	2.45
		<hr/>	<hr/>	
		1,354,146	1,563,314	19.21
		<hr/>	<hr/>	

AlphaDelta Canadian Focused Equity Class

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Schedule of Investment Portfolio...*continued*

Ast at December 31, 2016

	Number of shares	Average cost \$	Fair value \$	Net assets %
Industrial				
Ag Growth International Inc.	6,020	248,870	316,170	3.88
ATS Automation Tooling Systems Inc.	21,520	235,296	269,430	3.31
DIRTT Environmental Solutions	27,250	148,064	170,858	2.10
Exco Technologies Ltd.	15,030	203,303	162,023	1.99
Winpak Ltd.	6,110	257,880	277,516	3.41
WSP Global Inc.	5,960	248,208	266,352	3.27
		<hr/>	<hr/>	<hr/>
		1,341,621	1,462,349	17.96
Technology				
Computer Modelling Group Ltd.	23,340	245,600	212,627	2.61
Enghouse Systems Ltd.	5,290	284,548	295,923	3.64
		<hr/>	<hr/>	<hr/>
		530,148	508,550	6.25
Total portfolio of investments		<hr/>	<hr/>	<hr/>
		5,710,843	6,317,602	77.61
Cash			1,800,339	22.11
Other net assets			22,847	0.28
			<hr/>	<hr/>
Net assets attributable to holders of redeemable shares			8,140,788	100.00

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

AlphaDelta Canadian Focused Equity Class

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Notes to Financial Statements

December 31, 2016 and 2015

1 General

Qwest Funds Corp. (the “Corporation”) is a mutual fund corporation incorporated under the laws of Canada on March 8, 2006. The address of the Corporation’s registered office is Suite 802, 750 West Pender Street, Vancouver, British Columbia, 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 issue - the AlphaDelta Canadian Focused Equity Class (formerly AlphaDelta Canadian Prosperity Class) (the “Fund”), AlphaDelta Growth of Dividend Income Class (the “ADGDI” Class), AlphaDelta Tactical Growth Class (formerly AlphaDelta Global Value Class) (the “ADTG” Class) and Qwest Energy Canadian Resource Class (the “QECRC” Class); however, the Corporation may offer additional classes of special shares in the future. These financial statements present the financial information of the Fund as a separate reporting entity. If another Class of the Corporation cannot satisfy its obligations, the other classes, including the Fund, may be required to satisfy them using assets attributable to those classes. The Manager believes the risk of such cross-liability is remote. The Fund currently only offers Series A, Series F, Series G and Series I shares. The Corporation’s ultimate controlling party is Qwest Investment Management Corp. (“QIM”) which owns 51% of Class A voting shares and 100% of Class B voting shares of the Corporation. The Fund commenced operations on March 2, 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 Laurus Investment Counsel Inc.

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

2 Summary of significant accounting policies

Basis of preparation

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

AlphaDelta Canadian Focused Equity Class

(formerly AlphaDelta Canadian Prosperity Class)

Notes to Financial Statements

December 31, 2016 and 2015

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

Financial instruments

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

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

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

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is 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 as at the beginning of the period of the transfer.

AlphaDelta Canadian Focused Equity Class

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Notes to Financial Statements

December 31, 2016 and 2015

Investments in publicly traded equity securities

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

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

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).

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 are 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.

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Notes to Financial Statements

December 31, 2016 and 2015

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

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

Critical accounting estimates and judgments

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

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

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about whether or not the business of the Fund is to invest on a total return basis for the purpose of applying the fair value option for financial assets under International Accounting Standards (“IAS”) 39, *Financial Instruments - Recognition and Measurement* (IAS 39). 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.

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.

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Notes to Financial Statements

December 31, 2016 and 2015

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 and Series G shares are available to investors who have fee-based accounts with their dealers for investment advice and other services. Series F 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.

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

	Year ended December 31, 2016	Period from March 2, 2015 to December 31, 2015
Series A		
Shares issued and outstanding - Beginning of year/period	122,947	-
Shares issued during the year/period	535	122,907
Shares issued on reinvestment of distributions	885	2,556
Shares redeemed during the year/period	(69,727)	(2,516)
	<hr/>	<hr/>
Shares issued and outstanding - End of year/period	54,640	122,947
Series F		
Shares issued and outstanding - Beginning of year/period	469,612	-
Shares issued during the year/period	386,670	732,663
Shares issued on reinvestment of distributions	1,412	10,684
Shares redeemed during the year/period	(770,715)	(273,735)
	<hr/>	<hr/>
Shares issued and outstanding - End of year/period	86,979	469,612
Series G		
Shares issued and outstanding - Beginning of year/period	-	-
Shares issued during the year/period	648,085	-
Shares issued on reinvestment of distributions	10,224	-
Shares redeemed during the year/period	(37,559)	-
	<hr/>	<hr/>
Shares issued and outstanding - End of year/period	620,750	-

As at December 31, 2016, there were no Series I shares issued and outstanding (2015 - nil).

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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 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 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 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.

5 Income taxes

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

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

6 Expenses

The Fund is responsible for all charges and expenses incurred in connection with its operations, including regulatory, printing, legal and audit expenses (note 8).

Brokerage commissions paid by the Fund with respect to security transactions for the year ended December 31, 2016 are \$22,710 (December 31, 2015 - \$24,713). For the year ended December 31, 2016 and period ended December 31, 2015, there were no soft dollar amounts paid.

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7 Management fee

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

8 Related party balances and transactions

Balances and transactions are as follows:

	Year ended December 31, 2016 \$	Period from March 2, 2015 to December 31, 2015 \$
Qwest Funds Corp., Qwest Energy Canadian Resource Class Reimbursement to QECRC for expenses paid by the Fund	8,467	5,026
Qwest Investment Fund Management Ltd. ("QIFM") Management fee	90,537	83,268
Management fee payable	6,861	7,709
AlphaDelta Management Corp. (note 1) Voluntary reimbursement for Fund expenses	133,679	98,453
Accounts receivable	75,442	22,186

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

Included within accounts receivable is an amount of \$539 in respect of sales tax receivable which is to be refunded by the tax authorities through QIFM (December 31, 2015 - \$671 payable).

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 % of NAV.

9 Shareholder recordkeeping and fund accounting fees

The Fund has engaged the services of SGGG Fund Services Inc. ("SGGG") and FundSERV Inc. to provide shareholder recordkeeping and fund accounting services. Shareholder recordkeeping and fund accounting fees incurred by the Fund for the year ended December 31, 2016 are \$76,180 (period ended December 31, 2015 - \$48,853).

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10 Fair Value measurement

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

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

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

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

	Financial assets at fair value as at December 31, 2016			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Equities	6,141,214	176,388	-	6,317,602

	Financial assets at fair value as at December 31, 2015			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Equities	5,026,865	171,120	-	5,197,985

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. During the year ended December 31, 2016, there were no transfers between levels of the fair value hierarchy (period ended December 31, 2015 - \$nil).

As at December 31, 2016 E-L Financial Corp Ltd. is classed as level 2 in the fair value hierarchy as it did not trade on the valuation date. The fair value is based on the mid-price at December 31, 2016 which falls within the bid-ask spread.

The Fund invests in public equities all of which are financial assets measured at FVTPL.

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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 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

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, 2016, 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 \$316,000 (December 31, 2015 - \$260,000).

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

The monetary financial assets and liabilities of the Fund are all denominated in Canadian dollars. Consequently, the Fund has no significant direct exposure to currency risk.

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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, 2016 and 2015.

Concentration risk

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

Sector/subgroup	% of net assets	
	2016	As at December 31, 2015
Cash	22.11	2.12
Financial	19.21	19.99
Industrial	17.96	29.49
Energy	13.02	13.57
Consumer, Non-cyclical	12.38	14.09
Consumer, Cyclical	8.79	11.58
Technology	6.25	8.97
Other net assets	0.28	0.19
	<hr/> 100.00	<hr/> 100.00

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.

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12 Capital management

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

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

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

	Year ended December 31, 2016 \$	Period from March 2, 2015 to December 31, 2015 \$
Series A		
Increase (decrease) in net assets attributable to holders of redeemable shares	51,005	(99,136)
Weighted average shares outstanding during the year/period	83,724	88,332
Increase (decrease) in net assets attributable to holders of redeemable shares per share	0.61	(1.12)
Series F		
Increase (decrease) in net assets attributable to holders of redeemable shares	158,884	(691,025)
Weighted average shares outstanding during the year/period	335,315	519,198
Increase (decrease) in net assets attributable to holders of redeemable shares per share	0.47	(1.33)
Series G		
Increase in net assets attributable to holders of redeemable shares	643,694	-
Weighted average shares outstanding during the year/period	616,680	-
Increase in net assets attributable to holders of redeemable shares per share	1.04	-