



AlphaDelta Growth of Dividend Income Class

Financial Statements
December 31, 2017 and 2016



INDEPENDENT AUDITORS' REPORT

To the Shareholders of

Qwest Funds Corp.

AlphaDelta Growth of Dividend Income 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 Growth of Dividend Income Class

Statements of Financial Position

As at December 31

(Expressed in Canadian Dollars)

	2017	2016
Assets		
Cash	\$ 1,038,072	\$ -
Receivable for securities sold	-	23,969
Dividends receivable	24,896	4,220
Subscriptions receivable	425,787	875
Due from related parties (Note 8)	55,569	94,295
Investments - at fair value (Note 10)	16,488,916	2,651,267
Unrealized appreciation of forward contracts - at fair value (Note 10)	62,715	21,525
Prepaid expenses	18,857	17,411
	18,114,812	2,813,562

Liabilities

Bank overdraft	-	1,497
Accounts payable and accrued liabilities	73,512	90,926
Unsettled trades payable	641,326	-
Redemptions payable	32,888	-
Management fees payable (Notes 7 and 8)	8,651	6,880
	756,377	99,303

Net assets attributable to holders of redeemable shares \$ 17,358,435 \$ 2,714,259

Series net assets attributable to holders of redeemable shares

Series A	\$ 2,561,451	\$ 747,235
Series F	1,806,281	676,189
Series G	12,889,662	1,170,870
Series I	101,041	119,965
	\$ 17,358,435	\$ 2,714,259

Shares outstanding (Note 3)

Series A	233,646	74,768
Series F	162,036	66,953
Series G	1,073,881	108,108
Series I	8,210	10,846

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

Series A	\$ 10.96	\$ 9.99
Series F	\$ 11.15	\$ 10.10
Series G	\$ 12.00	\$ 10.83
Series I	\$ 12.31	\$ 11.06

Approved by the Board



Director



Director

AlphaDelta Growth of Dividend Income Class

Statements of Comprehensive Income

For the years ended December 31

(Expressed in Canadian Dollars)

	2017	2016
Income		
Foreign exchange loss on cash	\$ (11,608)	\$ (2,908)
Dividend income	296,036	63,270
Interest Income	286	-
Other changes in fair value of investments		
Net realized gain on sale of investments	127,232	36,363
Net realized gain (loss) on forward contracts	411,431	(29,591)
Change in unrealized appreciation of investments	703,695	317,173
Change in unrealized appreciation of forward contracts	41,190	21,343
Total income - net	1,568,262	405,650
Expenses		
Shareholder recordkeeping and fund accounting fees (Note 9)	77,720	57,328
Management fee (Notes 7 and 8)	63,913	17,381
Custodial fees	43,368	25,670
Audit (Note 9)	41,109	44,518
Foreign withholding taxes	33,157	6,997
Filing fees	26,175	15,050
Legal	17,135	16,699
Independent review committee fees	7,203	2,258
Transaction costs	6,187	784
Translation fee	5,078	5,310
Tax review	4,220	4,343
Securityholder reports	3,730	2,493
Bank charges	1,128	909
Interest	660	72
News release	-	98
Expense reimbursement (Note 8)	(55,569)	(160,838)
Total expenses	275,214	39,072
Increase in net assets attributable to holders of redeemable shares from operations	\$ 1,293,048	\$ 366,578
Increase in net assets attributable to holders of redeemable shares from operations - Series A shares	\$ 232,933	\$ 110,201
Increase in net assets attributable to holders of redeemable shares from operations - Series F shares	\$ 179,172	\$ 135,441
Increase in net assets attributable to holders of redeemable shares from operations - Series G shares	\$ 865,909	\$ 102,276
Increase in net assets attributable to holders of redeemable shares from operations - Series I shares	\$ 15,034	\$ 18,660
Increase in net assets attributable to holders of redeemable shares from operations per Series A shares (Note 13)	\$ 1.28	\$ 1.66
Increase in net assets attributable to holders of redeemable shares from operations per Series F shares (Note 13)	\$ 1.08	\$ 1.63
Increase in net assets attributable to holders of redeemable shares from operations per Series G shares (Note 13)	\$ 1.99	\$ 0.99
Increase in net assets attributable to holders of redeemable shares from operations per Series I shares (Note 13)	\$ 1.49	\$ 2.17

AlphaDelta Growth of Dividend Income 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 -		
Beginning of year		
Series A shares	\$ 747,235	\$ 557,066
Series F shares	676,189	762,646
Series G shares	1,170,870	-
Series I shares	119,965	17,129
	2,714,259	1,336,841
Distributions to investors		
From net investment income - Series A shares	(7,247)	(3,611)
From net investment income - Series F shares	(6,493)	(4,552)
From net investment income - Series G shares	(20,145)	(2,732)
From net investment income - Series I shares	(417)	(531)
Return of capital - Series A shares	(48,410)	(14,065)
Return of capital - Series F shares	(43,376)	(17,732)
Return of capital - Series G shares	(134,571)	(10,642)
Return of capital - Series I shares	(2,783)	(2,070)
	(263,442)	(55,935)
Net increase in net assets attributable to holders of redeemable shares from operations		
Series A shares	232,933	110,201
Series F shares	179,172	135,441
Series G shares	865,909	102,276
Series I shares	15,034	18,660
	1,293,048	366,578
Shareholder transactions (Note 3)		
Issuance of Series A shares	2,032,731	206,969
Issuance of Series F shares	4,148,449	268,550
Issuance of Series G shares	11,561,283	1,071,782
Issuance of Series I shares	22,790	118,176
Shares issued on reinvestment of distributions - Series A	49,681	15,348
Shares issued on reinvestment of distributions - Series F	37,944	12,621
Shares issued on reinvestment of distributions - Series G	97,326	12,186
Shares issued on reinvestment of distributions - Series I	3,199	2,601
Series A shares redeemed	(445,472)	(124,673)
Series F shares redeemed	(3,185,604)	(480,785)
Series G shares redeemed	(651,010)	(2,000)
Series I shares redeemed	(56,747)	(34,000)
	13,614,570	1,066,775
Net increase in net assets attributable to holders of redeemable shares		
	14,644,176	1,377,418
Net assets attributable to holders of redeemable shares		
End of year	\$ 17,358,435	\$ 2,714,259
Net assets attributable to holders of redeemable shares -		
End of year - Series A shares	\$ 2,561,451	\$ 747,235
Net assets attributable to holders of redeemable shares -		
End of year - Series F shares	\$ 1,806,281	\$ 676,189
Net assets attributable to holders of redeemable shares -		
End of year - Series G shares	\$ 12,889,662	\$ 1,170,870
Net assets attributable to holders of redeemable shares -		
End of year - Series I shares	\$ 101,041	\$ 119,965

AlphaDelta Growth of Dividend Income 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	\$ 1,293,048	\$ 366,578
Adjustments to determine net cash used in operating activities		
Change in unrealized appreciation of investments	(703,695)	(317,173)
Change in unrealized appreciation of forward contracts	(41,190)	(21,343)
Net realized gain on sale of investments	(127,232)	(36,363)
Foreign exchange loss on cash	11,608	2,908
Receivable for securities sold	23,969	-
Accounts payable and accrued liabilities	(17,414)	50,206
Dividends receivable	(20,676)	(1,893)
Prepaid expenses	(1,446)	(1,749)
Unsettled trades payable	641,326	-
Management fees payable	1,771	5,619
Due from related parties	38,726	(92,975)
Purchase of investment securities	(14,599,784)	(2,010,399)
Proceeds from sale of investment securities	1,593,062	1,002,955
Net cash used in operating activities	(11,907,927)	(1,053,629)
Cash flow from financing activities		
Distribution paid in cash for Series A shares	(5,975)	(2,328)
Distribution paid in cash for Series F shares	(11,925)	(9,663)
Distribution paid in cash for Series G shares	(57,390)	(1,187)
Payments for Series A shares redeemed	(412,584)	(76,796)
Payments for Series F shares redeemed	(3,185,604)	(274,128)
Payments for Series G shares redeemed	(651,012)	(2,000)
Payments for Series I shares redeemed	(56,747)	(34,000)
Proceeds from issuance of Series A Shares	2,026,189	206,969
Proceeds from issuance of Series F Shares	4,148,449	215,000
Proceeds from issuance of Series G Shares	11,145,033	861,560
Proceeds from issuance of Series I Shares	20,670	117,425
Net cash from (used in) financing activities	12,959,104	1,000,852
Foreign exchange loss on cash	(11,608)	(2,908)
Increase (decrease) in cash during the year	1,039,569	(55,685)
Cash (Bank overdraft), Beginning of year	(1,497)	54,188
Cash (Bank overdraft), End of year	\$ 1,038,072	\$ (1,497)
Supplemental cash flow items are operating in nature		
Interest paid	\$ 660	\$ 72
Interest received	\$ 286	\$ -
Dividends received, net of withholding taxes	\$ 242,204	\$ 54,380

AlphaDelta Growth of Dividend Income 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				
Consumer, Non-cyclical				
Magna International Inc.	4,000	222,922	284,960	1.64
Energy				
Canadian Natural Resources Ltd.	2,000	77,973	89,840	0.52
Enbridge Inc.	11,200	553,599	550,592	3.17
Enbridge Income Fund Holdings Inc.	6,700	203,841	199,727	1.15
Inter Pipeline Ltd.	1,000	22,839	26,030	0.15
Suncor Energy Inc.	1,850	74,407	85,378	0.49
		932,659	951,567	5.48
Financial				
CI Financial Corp.	4,700	127,446	139,919	0.81
Manulife Financial Corp.	18,000	432,174	471,960	2.72
		559,620	611,879	3.53
Utilities				
Brookfield Infrastructure Partners LP	1,110	54,754	62,582	0.36
Brookfield Renewable Energy Partners LP	350	13,447	15,333	0.09
		68,201	77,915	0.45
		1,783,402	1,926,321	11.10
US Equities				
Basic Materials				
Celanese Corp.	510	54,678	68,373	0.39
International Paper Co.	400	25,819	29,016	0.17
LyondellBasell Industries NV	750	83,052	103,590	0.60
Smurfit Kappa Group PLC	1,400	52,398	60,174	0.35
Steel Dynamics Inc.	1,550	68,965	83,698	0.48
		284,912	344,851	1.99
Communications				
America Movil SAB de CV	3,000	55,399	64,415	0.37
China Mobile Ltd.	2,200	139,188	139,207	0.80
Cisco Systems Inc.	6,000	246,635	287,710	1.66
Equinix Inc.	40	21,675	22,697	0.13
j2 Global Inc.	3,650	353,778	342,872	1.98
Nippon Telegraph & Telephone Corp.	3,500	206,854	207,006	1.19
The Interpublic Group of Cos Inc.	3,400	83,354	85,817	0.49
WPP PLC	2,300	278,402	260,777	1.50
		1,385,285	1,410,501	8.12
Consumer, Cyclical				
Best Buy Co. Inc.	500	25,771	42,862	0.25
Brinker International Inc.	4,600	209,806	223,687	1.29
CVS Health Corp.	7,200	680,905	653,544	3.76
Delta Air Lines Inc.	3,400	212,869	238,381	1.37
Foot Locker Inc.	8,000	418,471	469,550	2.71
General Motors Inc.	5,000	242,965	256,597	1.48
Hanesbrands Inc.	12,000	326,323	314,152	1.81
Lowe's Cos Inc.	2,650	258,993	308,356	1.78
Macy's Inc.	16,800	511,934	529,836	3.05
Newell Brands Inc.	5,900	229,506	228,252	1.31
Nissan Motor Co., Ltd.	5,100	128,014	127,065	0.73
PulteGroup Inc.	2,300	64,692	95,747	0.55
Royal Caribbean Cruises Ltd.	1,700	218,472	253,876	1.46
Whirlpool Corp.	2,520	552,329	532,066	3.07
Wyndham Worldwide Corp.	1,000	99,699	145,069	0.84
		4,180,749	4,419,040	25.46

AlphaDelta Growth of Dividend Income Class

Schedule of Investment Portfolio (Cont'd)

As at December 31, 2017

(Expressed in Canadian Dollars)

	Number of Shares	Average Cost \$	Fair Value \$	Net Assets %
Consumer, Non-cyclical				
Abb Vie Inc.	1,900	154,695	230,054	1.33
Amgen Inc.	530	111,025	115,393	0.66
Atlantia SpA	4,500	81,901	88,848	0.51
Bayer AG	600	19,268	23,355	0.13
Bunge Ltd.	2,450	217,121	205,761	1.19
Cardinal Health Inc.	800	72,861	61,368	0.35
Diageo PLC	250	36,805	45,707	0.26
Johnson & Johnson	240	32,556	41,983	0.24
KAR Auction Services Inc.	1,100	62,108	69,562	0.40
Maquarie Infrastructure Corp.	6,600	592,637	530,497	3.06
Pfizer Inc.	4,200	184,775	190,459	1.10
		1,565,752	1,602,987	9.23
Energy				
Andeavor	750	103,775	107,365	0.62
Royal Dutch Shell PLC	1,600	119,799	136,799	0.79
Valero Energy Corp.	1,650	140,979	189,868	1.09
		364,553	434,032	2.50
Financial				
American Tower Corp.	470	78,189	83,953	0.48
Ameriprise Financial Inc.	1,110	175,208	235,516	1.36
AmTrust Financial Services Inc.	34,000	568,712	428,660	2.47
Colony NorthStar Inc.	1,000	18,908	14,285	0.08
CoreSite Realty Corp.	600	75,925	85,562	0.49
Crown Castle International Corp.	720	89,255	100,069	0.58
CyrusOne Inc.	1,050	73,056	78,258	0.45
Digital Realty Trust Inc.	299	44,001	42,638	0.25
Discover Financial Services	2,800	221,323	269,651	1.55
Extra Space Storage Inc.	420	42,332	45,985	0.26
Grupo Financiero Banorte SAB de CV	3,200	119,209	109,619	0.63
Invesco Ltd	5,800	247,205	265,339	1.53
JPMorgan Chase & Co.	1,400	148,766	187,444	1.08
Lazard Ltd	3,750	208,020	246,488	1.42
Legg Mason Inc.	5,200	243,310	273,307	1.57
Lincoln National Corp.	1,500	115,714	144,362	0.83
MetLife Inc.	5,800	356,566	367,147	2.12
Morgan Stanley	4,200	223,952	275,908	1.59
National Health Investors Inc.	230	19,471	21,706	0.13
Omega Healthcare Investors Inc.	3,600	144,149	124,128	0.72
ORIX Corp.	1,200	129,479	127,373	0.73
Prudential Financial Inc.	1,600	211,547	230,328	1.33
Prudential PLC	3,000	173,577	190,730	1.10
QTS Realty Trust Inc.	1,300	88,371	88,151	0.51
Simon Property Group Inc.	380	78,452	81,707	0.47
Societe Generale SA	5,300	69,914	68,745	0.40
Spirit Realty Capital Inc.	2,500	23,224	26,855	0.15
The Blackstone Group LP	8,400	333,945	336,748	1.94
		4,321,780	4,550,662	26.22
Industrial				
HeidelbergCement AG	2,600	67,366	70,231	0.40
Honeywell International Inc.	720	116,891	138,245	0.80
Johnson Controls International plc	3,400	178,180	162,227	0.93
The Boeing Co.	210	38,780	77,538	0.45
		401,217	448,241	2.58

AlphaDelta Growth of Dividend Income Class

Schedule of Investment Portfolio (Cont'd)

As at December 31, 2017

(Expressed in Canadian Dollars)

	Number of Shares	Average Cost \$	Fair Value \$	Net Assets %
Technology				
Analog Devices Inc.	300	26,804	33,440	0.19
Broadcom Ltd	1,650	485,770	530,704	3.06
Intel Corp.	1,200	52,698	69,351	0.40
Lam Research Corp.	670	102,061	154,405	0.89
QUALCOMM Inc.	3,900	283,168	312,597	1.80
Skyworks Solutions Inc.	410	41,706	48,740	0.28
Western Digital Corp.	1,450	152,735	144,379	0.83
		1,144,942	1,293,616	7.45
Utilities				
NextEra Energy Inc.	300	52,478	58,665	0.34
Total portfolio of investment		15,485,070	16,488,916	94.99
Unrealized appreciation of forward contract		-	62,715	0.36
Cash		-	1,038,072	5.98
Other liabilities, net of assets		-	(231,268)	(1.33)
Net assets attributable to holders of redeemable shares			17,358,435	100.00

AlphaDelta Growth of Dividend Income 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 "Fund"), AlphaDelta Tactical Growth Class (the "ADTG" Class) and Qwest Energy Canadian Resource Class (the "QECRC" Class); however, the Corporation may offer additional classes of special shares in the future. These financial statements present the financial information of the Fund as a separate reporting entity. If another Class of the Corporation cannot satisfy its obligations, the other classes, including the Fund, may be required to satisfy them using assets attributable to those classes. The Manager believes the risk of such cross-liability is remote. The Fund currently 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 commenced operations on February 19, 2015.

The Corporation appointed Qwest Investment Fund Management Ltd. (the "Manager"), whose ultimate parent is QIM, as the manager of the Fund. The Manager is responsible for providing portfolio management services to the Fund, and the Manager is authorized to delegate its investment advisory duties to sub-advisors. The Manager has entered into an agreement with AlphaDelta Management Corp. ("ADM"), pursuant to which ADM will assist the Manager in identifying, screening and selecting sub-advisors. ADM shares common directors with the manager. The sub-advisor for this fund is SciVest Capital Management Inc.

The fundamental investment objective of the Fund is to provide long-term capital appreciation by investing primarily in dividend paying securities of companies around the world.

The financial statements were authorized for issue by the Board of Directors of the Corporation, on 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, Series G and Series I using the net asset value ("NAV") of Series A, F, G and I shares.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Fund's policy is to recognize transfers within, into and out of the fair value hierarchy at the beginning of the period of the transfer.

AlphaDelta Growth of Dividend Income Class

Notes to Financial Statements

December 31, 2017 and 2016

(Expressed in Canadian Dollars)

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.

Forward contracts

The Fund may enter into forward contracts to manage its exposure to US dollar exchange fluctuations. Forward contracts are valued based on the difference between the US dollar close price and the forward contract price. The Fund does not utilize forward contracts for trading or speculative purposes.

Cash

Cash consists of cash held with a Canadian chartered bank.

Taxation

The Corporation qualifies as a mutual fund corporation as defined in the Income Tax Act (Canada). A mutual fund corporation is subject to a special 38-1/3% tax on taxable dividends received from corporations resident in Canada and to tax at a normal corporate rate on other income and net taxable realized capital gains for the period. The special 38-1/3% tax is refundable at the rate of \$1 for every \$2.61 of ordinary dividends paid. All the tax on net taxable realized capital gains is refundable on a formula basis when shares are redeemed or capital gains dividends are paid. As a result of these refund mechanisms, the Fund is in effect not taxable with respect to dividends received from corporations resident in Canada and net taxable realized capital gains. The Fund is not taxable as all the Fund's net income for tax purposes and sufficient net capital gains realized in the period, will be distributed to shareholders such that no income tax is payable by the Fund with respect to taxable realized capital gains and dividends received from corporations resident in Canada. Therefore the Fund does not recognize current or deferred income taxes with respect to these types of income.

As of January 1, 2017, conversions of shares between two classes of a mutual fund corporation (including Qwest Funds Corp.) will be treated as a disposition of shares at their fair market value, in order to comply with amendments to the Income Tax Act (Canada).

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

Taxation (Cont'd)

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.

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)

Critical Accounting Estimates and Judgments (Cont'd)

Fair value measurement of derivatives and securities not quoted in an active market

The Fund holds financial instruments that are not quoted in active markets, including forward contracts. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry.

Future Accounting Changes

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.

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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 shares and Series G shares may only be purchased, switched or redeemed through authorized dealers, and not directly through the Manager. Series G shares are only available to investors with accounts with investment advisors that have invested at least \$1,000,000 of client assets in shares of the Fund. Series I shares are available to institutional or other high net worth investors who negotiate and pay management fees directly to the Manager. Series I shares may only be purchased, switched or redeemed through authorized dealers, and not directly through the Manager.

Shares may be redeemed at their NAV per share on any valuation day. If the shares are redeemed or switched within 90 days of purchase, the shareholder may be charged a short-term trading fee of 2% of the value of the shares redeemed.

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

	2017	2016
Series A		
Shares issued and outstanding - Beginning of year	74,768	64,246
Shares issued on reinvestment of distribution	4,751	1,682
Shares issued during the year	196,505	22,429
Shares redeemed during the year	(42,378)	(13,589)
Share issued and outstanding - End of year	233,646	74,768
Series F		
Shares issued and outstanding - Beginning of year	66,953	87,527
Shares issued on reinvestment of distribution	3,595	1,379
Shares issued during the year	396,071	29,111
Shares redeemed during the year	(304,583)	(51,064)
Share issued and outstanding - End of year	162,036	66,953
Series G		
Shares issued and outstanding - Beginning of year	108,108	-
Shares issued on reinvestment of distribution	8,487	1,180
Shares issued during the year	1,014,550	107,116
Shares redeemed during the year	(57,264)	(188)
Share issued and outstanding - End of year	1,073,881	108,108

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3. SHAREHOLDER TRANSACTIONS (Cont'd)

	2017	2016
Series I		
Shares issued and outstanding - Beginning of year	10,846	1,812
Shares issued on reinvestment of distribution	276	257
Shares issued during the year	1,972	12,244
Shares redeemed during the year	(4,884)	(3,467)
<hr/>		
Share issued and outstanding - End of year	8,210	10,846

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 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, 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
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		\$ 3,248,145

AlphaDelta Growth of Dividend Income Class

Notes to Financial Statements

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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 are \$6,187 (2016 - \$784). 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 1.3% (2016 - 1.3%) per annum of the daily NAV of Series A shares, 0.8% (2016 - 0.8%) per annum of the daily NAV of Series F shares and 0.4% (2016 - 0.4%) 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). The management fee charged for Series I is negotiated directly with each investor.

8. RELATED PARTY BALANCES AND TRANSACTIONS

The Manager has retained Heritage Bancorp Ltd. ("Heritage"), a company related to the Manager by common ownership and directors, to perform certain administrative functions on behalf of the Manager.

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	12,927	2,309
Accounts payable	-	483
Qwest Investment Fund Management Ltd.		
Management fee	63,913	17,381
Management fee payable	8,651	6,880
AlphaDelta Management Corp. (Note 1)		
Voluntary reimbursement for Fund expenses	55,569	160,838
Due from related parties	55,569	94,295

All amounts payable are due on demand and non-interest 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 \$3,119 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.

AlphaDelta Growth of Dividend Income Class

Notes to Financial Statements

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9. SHAREHOLDER RECORDKEEPING AND FUND ACCOUNTING FEES

The Fund has engaged the services of SGGG Fund Services Inc. (“SGGG”) and FundSERV Inc. to provide shareholder recordkeeping and fund accounting services. Shareholder recordkeeping and fund accounting fees incurred by the Fund for the year ended are \$77,720 (2016 - \$57,328).

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.

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

	Level 1	Level 2	Level 3	Total
Equities	\$ 16,488,916	\$ -	\$ -	\$ 16,488,916
Forward contracts	-	62,715	-	62,715
	\$ 16,488,916	\$ 62,715	\$ -	\$ 16,551,631

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

	Level 1	Level 2	Level 3	Total
Equities	\$ 2,651,267	\$ -	\$ -	\$ 2,651,267
Forward contracts	-	21,525	-	21,525
	\$ 2,651,267	\$ 21,525	\$ -	\$ 2,672,792

All fair value measurements above are recurring. The carrying values of other financial instruments approximate their fair values due to their short-term nature.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Fund, including Level 3 measurements. The Manager has engaged SGGG to value the net assets of the Fund on a daily basis. SGGG obtains pricing from a third party pricing vendor. The Fund’s overall market positions are monitored on a daily basis by the Manager and are reviewed on a quarterly basis by the Board of Directors. The Manager ensures the accuracy of the calculation of NAV prepared by SGGG by reviewing the NAV calculation on a monthly basis.

The Fund’s equity positions are classified as Level 1 when the security is actively traded and reliable price is observable. Certain of the Fund’s equities do not trade frequently and therefore observable prices may not be available. In such cases, fair value is determined using observable market data (e.g., transactions for similar securities of the same issuer) and the 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.

AlphaDelta Growth of Dividend Income Class

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10. FAIR VALUE MEASUREMENT (Cont'd)

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 enters into foreign exchange forward contracts to reduce its foreign currency exposure. The forward contracts are measured at fair value based on the difference between the US dollar close price and the forward contract price.

Foreign exchange forward contracts as at December 31, 2017:

Settlement date	Currency to be delivered December 31,		Currency to be received December 31,		Contract Price	Appreciation CA\$
	Face Value US\$	2017 CA\$	Face Value CA\$	2017 CA\$		
January 18, 2018	(11,100,000)	(13,897,200)	13,959,915	13,959,915	1.25765	62,715

Foreign exchange forward contracts as at December 31, 2016:

Settlement date	Currency to be delivered December 31,		Currency to be received December 31,		Contract Price	Appreciation CA\$
	Face Value US\$	2016 CA\$	Face Value CA\$	2016 CA\$		
January 27, 2017	(1,750,000)	(2,349,725)	2,371,250	2,371,250	1.35500	21,525

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

	2017	2016
Held for trading	\$ 62,715	\$ 21,525
Fair value through profit or loss	16,488,916	2,651,267
	\$ 16,551,631	\$ 2,672,792

The following table presents the net gain (loss) in the fair value of investments by category for the years ended December 31, 2017 and 2016:

Category	Net Gains (Loss)	
	2017	2016
Financial assets at FVTPL		
Held for trading	\$ 452,621	\$ (8,248)
Fair value through profit or loss	830,927	353,536
	\$ 1,283,548	\$ 345,288

AlphaDelta Growth of Dividend Income Class

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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 dividend paying securities of companies around the world.

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, 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 \$824,000 (2016 - \$133,000).

(b) Interest rate risk

The Fund's interest bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rate on its financial position and cash flows. The substantial majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

(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.

AlphaDelta Growth of Dividend Income Class

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December 31, 2017 and 2016

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

Market Risk (Cont'd)

The Fund's currency risk is impacted directly by changes in foreign exchange rates. The immediate impact on the assets of a 5% increase or decrease in the foreign exchange rate which the Fund had exposure to, assuming all other variables remain constant, is detailed in the table below:

	Exposure			As At December 31, 2017 Impact on net assets attributable to holders of redeemable shares		
	Monetary	Non-monetary	Total	Monetary	Non- monetary	Total
United States Dollar	\$ (13,424,877)*	\$ 14,562,595	\$ 1,137,718	\$ (671,224)	\$ 728,130	\$ 56,886
% of net assets attributable to holders of redeemable shares	(77.3)	83.9	6.6	(3.9)	4.2	0.3

	Exposure			As At December 31, 2016 Impact on net assets attributable to holders of redeemable shares		
	Monetary	Non-monetary	Total	Monetary	Non- monetary	Total
United States Dollar	\$ (2,339,036)*	\$ 2,374,835	\$ 35,799	\$ (116,952)	\$ 118,742	\$ 1,790
% of net assets attributable to holders of redeemable shares	(86.2)	87.5	1.3	(4.3)	4.4	-

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

As at December 31, 2017 the Fund had outstanding currency contracts to sell US\$11,100,000 prior to January 18, 2018 at a rate of CA\$1.2577 per US\$ (2016 - US\$1,750,000 at a rate of CA\$1.3550 per US\$).

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.

AlphaDelta Growth of Dividend Income Class

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December 31, 2017 and 2016

(Expressed in Canadian Dollars)

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

Credit Risk (Cont'd)

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. The Fund is also exposed to counterparty credit risk on forward contracts. The counterparty credit risk for forward contracts is managed by using counterparties with a minimum credit rating from S&P of A. The credit rating of the counterparty to the Fund's forward contracts was A-1 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		
Financial	29.75	29.77
Consumer, Cyclical	27.10	23.01
Consumer, Non-cyclical	9.23	14.36
Communications	8.12	4.37
Energy	7.98	4.49
Technology	7.45	8.75
Industrial	2.58	7.21
Basic Materials	1.99	4.97
Utilities	0.79	0.75
Cash	5.98	-
Bank overdraft	-	(0.05)
Other liabilities net of assets	(1.33)	1.58
Unrealized appreciation of forward contract	0.36	0.79
	100.00	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 related party balances and net assets attributable to holders of redeemable shares which are due on demand.

AlphaDelta Growth of Dividend Income Class

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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 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	\$ 232,933	\$ 110,201
Weighted average shares outstanding during the year	182,316	66,482
Increase in net assets attributable to holders of redeemable shares per share	\$ 1.28	\$ 1.66
Series F		
Increase in net assets attributable to holders of redeemable shares from operations	\$ 179,172	\$ 135,441
Weighted average shares outstanding during the year	166,214	83,219
Increase in net assets attributable to holders of redeemable shares per share	\$ 1.08	\$ 1.63
Series G		
Increase in net assets attributable to holders of redeemable shares from operations	\$ 865,909	\$ 102,276
Weighted average shares outstanding during the year	435,989	103,680
Increase in net assets attributable to holders of redeemable shares per share	\$ 1.99	\$ 0.99
Series I		
Increase in net assets attributable to holders of redeemable shares from operations	\$ 15,034	\$ 18,660
Weighted average shares outstanding during the year	10,060	8,599
Increase in net assets attributable to holders of redeemable shares per share	\$ 1.49	\$ 2.17