



AlphaDelta Tactical Growth Class
(formerly AlphaDelta Global Value Class)

2016 Semi-Annual Financial Statements
(Unaudited)
June 30, 2016

AlphaDelta Tactical Growth Class

(formerly AlphaDelta Global Value Class)

Statement of Financial Position

(Unaudited)

As at

	June 30 2016 \$	December 31, 2015 \$
Assets		
Cash	407,211	10
Dividends receivable	2,590	-
Subscriptions receivable	19,000	-
Due from related parties (note 8)	4,612	-
Investments - at fair value (note 10)	3,305,190	-
Prepaid expenses	242	-
	<u>3,738,845</u>	<u>10</u>
Liabilities		
Accounts payable and accrued liabilities	21,964	-
Unsettled trades payables	131,517	-
Management fees payable (notes 7 and 8)	5,278	-
	<u>158,759</u>	<u>-</u>
Net assets attributable to holder of redeemable share	<u>3,580,086</u>	<u>10</u>
Series net assets attributable to holders of redeemable shares		
Series A	1,414,968	10
Series F	2,165,118	-
	<u>3,580,086</u>	<u>10</u>
Shares outstanding (note 3)		
Series A	145,975	1
Series F	222,816	-
Net assets attributable to holders of redeemable shares per share (note 2)		
Series A	9.69	10
Series F	9.72	-

Approved on behalf of 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 Tactical Growth Class

(formerly AlphaDelta Global Value Class)

Statement of Comprehensive Loss

(Unaudited)

	Six-month period ended June 30, 2016 \$	Six-month period ended June 30, 2015 \$
Income		
Foreign exchange loss on cash	(16,392)	-
Other changes in fair value of investments		
Dividend income	5,384	-
Net realized loss on sale of investments	(24,013)	-
Change in unrealized depreciation of investments	(23,676)	-
Total income - net	(58,697)	-
Expenses		
Management fee (notes 7 and 8)	11,646	-
Audit	9,833	-
Shareholder recordkeeping and fund accounting fees (note 9)	8,804	-
Custodian fees	3,455	-
Transaction costs	2,054	-
Translation fee	1,900	-
Independent review committee fees	1,500	-
Tax review	474	-
Securityholder reports	414	-
Bank charges	404	-
Legal	333	-
Foreign withholding taxes	329	-
Filing fees	183	-
Expenses reimbursements (note 8)	(21,610)	-
Total expenses	19,719	-
Decrease in net assets attributable to holders of redeemable shares from operations	(78,416)	-
Decrease in net assets attributable to holders of redeemable shares from operations - Series A shares	(37,233)	-
Decrease in net assets attributable to holders of redeemable shares from operation - Series F shares	(41,183)	-
Decrease in net assets attributable to holders of redeemable shares from operations per Series A shares (note 13)	(0.31)	-
Decrease in net assets attributable to holders of redeemable shares from operations per Series F shares (note 13)	(0.34)	-

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

AlphaDelta Tactical Growth Class

(formerly AlphaDelta Global Value Class)

Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares (Unaudited)

	Six-month period ended June 30, 2016 \$	Six-month period ended June 30, 2015 \$
Net assets attributable to holders of redeemable shares - Beginning of period		
Series A shares	10	-
Series F shares	-	-
	<hr/>	<hr/>
	10	-
	<hr/>	<hr/>
Decrease in net assets attributable to holders of redeemable shares from operations		
Series A shares	(37,233)	-
Series F shares	(41,183)	-
	<hr/>	<hr/>
	(78,416)	-
	<hr/>	<hr/>
Shareholder transactions (note 3)		
Proceeds from issuance of Series A shares	1,452,191	10
Proceeds from issuance of Series F shares	2,206,301	-
	<hr/>	<hr/>
	3,658,492	10
	<hr/>	<hr/>
Net increase in net assets attributable to holders of redeemable shares	3,580,076	10
	<hr/>	<hr/>
Net assets attributable to holders of redeemable shares - End of period	3,580,086	10
	<hr/>	<hr/>
Net assets attributable to holders of redeemable shares - End of period Series A shares	1,414,968	10
	<hr/>	<hr/>
Net assets attributable to holders of redeemable shares - End of period Series F shares	2,165,118	-

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

AlphaDelta Tactical Growth Class

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Statement of Cash Flows

(Unaudited)

	Six-month period ended June 30, 2016 \$	Six-month period ended June 30, 2015 \$
Cash flows from operating activities		
Decrease in net assets attributable to holders of redeemable shares from operations	(78,416)	-
Adjustments to determine net cash used in operating activities		
Unsettled trades payable	131,517	-
Net realized loss on sale of investments	24,013	-
Change in unrealized depreciation of investments	23,676	-
Accounts payable and accrued liabilities	21,964	-
Foreign exchange loss on cash	16,392	-
Management fees payable	5,278	-
Prepaid expenses	(242)	-
Dividends receivable	(2,590)	-
Due from related parties	(4,612)	-
Proceeds from sale of investment securities	236,561	-
Purchase of investment securities	(3,589,440)	-
Net cash used in operating activities	(3,215,899)	-
Cash flows from financing activities		
Proceeds from issuance of Series A shares	1,433,191	10
Proceeds from issuance of Series F shares	2,206,301	-
Net cash from financing activities	3,639,492	10
Foreign exchange loss on cash	(16,392)	-
Increase in cash	407,201	10
Cash - Beginning of period	10	-
Cash - End of period	407,211	10
Dividends received, net of withholding taxes	2,464	-

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

AlphaDelta Tactical Growth Class

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Schedule of Investment Portfolio

(Unaudited)

As at June 30, 2016

	Number of shares	Average cost \$	Fair value \$	Net assets %
Canadian equities				
Financial				
Royal Bank of Canada	100	7,359	7,637	0.21
Sun Life Financial Inc.	4,450	192,476	188,858	5.28
The Bank of Nova Scotia	2,800	180,464	177,268	4.95
		<hr/>	<hr/>	
		380,299	373,763	10.44
		<hr/>	<hr/>	
US equities				
Basic Materials				
HB Fuller Co.	3,150	184,379	178,989	5.00
The Sherwin-Williams Co.	240	90,663	91,040	2.54
		<hr/>	<hr/>	
		275,042	270,029	7.54
		<hr/>	<hr/>	
Communications				
AT&T Inc.	4,900	254,148	273,490	7.64
Cisco Systems Inc.	1,805	66,942	66,891	1.87
Verizon Communications Inc.	1,961	133,839	141,444	3.95
		<hr/>	<hr/>	
		454,929	481,825	13.46
		<hr/>	<hr/>	
Consumer, Cyclical				
Cabela's Inc.	1,300	86,861	84,061	2.35
The Home Depot Inc.	520	91,919	85,767	2.40
The Toro Co.	800	90,690	91,142	2.55
Whirlpool Corp.	675	153,997	145,293	4.05
		<hr/>	<hr/>	
		423,467	406,263	11.35
		<hr/>	<hr/>	
Consumer, Non-cyclical				
Cardtronics Inc.	3,000	152,237	154,268	4.31
HCA Holdings Inc.	1,440	149,891	143,242	4.00
Pfizer Inc.	1,489	66,951	67,721	1.89
		<hr/>	<hr/>	
		369,079	365,231	10.20
		<hr/>	<hr/>	

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Schedule of Investment Portfolio...*continued*

(Unaudited)

As at June 30, 2016

	Number of shares	Average cost \$	Fair value \$	Net assets %
Industrial				
Belden Inc.	2,270	184,407	177,014	4.94
Berry Plastics Group Inc.	4,000	192,819	200,730	5.61
Carlisle Cos Inc.	1,050	136,473	143,332	4.00
Caterpillar Inc.	687	66,985	67,274	1.88
FedEx Corp.	430	89,909	84,303	2.35
Huntington Ingalls Industries Inc.	1,000	207,418	217,044	6.07
Masco Corp.	2,500	103,041	99,913	2.79
Sanmina Corp.	4,900	174,300	169,689	4.74
Trinseo SA	2,500	155,363	138,632	3.87
US Concrete Inc.	1,400	115,336	110,148	3.08
		<u>1,426,051</u>	<u>1,408,079</u>	<u>39.33</u>
Total portfolio of investments		<u>3,328,867</u>	<u>3,305,190</u>	<u>92.32</u>
Cash			407,211	11.37
Other assets net of liabilities			<u>(132,315)</u>	<u>(3.69)</u>
Net assets attributable to holders of redeemable shares			<u>3,580,086</u>	<u>100.00</u>

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

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Notes to Financial Statements

(Unaudited)

June 30, 2016

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 Prosperity Class (the “ADCP” Class), AlphaDelta Growth of Dividend Income Class (the “ADGDI” Class), AlphaDelta Tactical Growth Class (formerly AlphaDelta Global Value Class) (the “Fund”) and Qwest Energy Canadian Resource Class (the “QECRC” Class); however, the Corporation may offer additional classes of special shares in the future. The Fund currently only offers Series A, Series F and Series I shares. The Corporation’s ultimate controlling party is Qwest Investment Management Corp. (“QIM”) which owns 51% of Class A voting shares and 100% of Class B voting shares of the Corporation. The Fund launched on January 1, 2015 (opening Statement of Financial Position date). The Fund reached the minimum subscription amount on March 31, 2016.

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

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

The financial statements were authorized for issue by the Board of Directors of the Corporation, on August 26, 2016.

2 Summary of significant accounting policies

Basis of preparation

These interim financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board (“IASB”), as applicable to the preparation of interim financial statements including International Accounting Standards (“IAS”) 34, Interim Financial Statements.

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Notes to Financial Statements

(Unaudited)

June 30, 2016

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

Fair value measurement

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

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

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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 and deposits with original maturities of three months or less and is 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 33-1/3% 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 33-1/3% tax is refundable at the rate of \$1 for every \$3 of ordinary dividends paid. All the tax on net taxable realized capital gains is refundable on a formula basis when shares are redeemed or capital gains dividends are paid. 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.

On March 22, 2016, the federal budget announced proposals to amend the Income Tax Act (Canada) so that 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 if the conversion occurs after September 2016. On July 29, 2016, the Department of Finance released draft legislation for consultation that implements this measure and which extends the effective date of this measure from October 1, 2016 to January 1, 2017. Until the proposed amendments become effective, conversions between the Portfolio and other classes within Qwest Funds Corp. will continue to occur on a tax deferred basis.

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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 loss.

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. 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 financial investments’ and ‘Change in unrealized depreciation of investments’ in the statement of comprehensive income.

Decrease in net assets attributable to holders of redeemable shares from operations per share

Decrease in net assets attributable to holders of redeemable shares from operations per share is determined by dividing the 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. 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.

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Notes to Financial Statements

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June 30, 2016

Financial statements reporting entity

If the Corporation cannot pay the expenses attributable to one class using the proportionate share of the Corporation's assets attributable to that class, the Corporation would be required to pay those expenses out of the Fund's proportionate share of the Corporation's assets. A significant judgment made in preparing the financial statements is the determination by management that the risk of such cross class liability is remote and therefore each class may be considered a separate reporting entity.

Future accounting changes

IFRS 9 - Financial Instruments

The final version of IFRS 9 was issued by the IASB in July 2014 and will replace IAS 39. 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.

3 Shareholder transactions

The Fund is divided into Series A, F and I shares and the number of shares of each series that may be issued is unlimited and they are offered in all provinces and territories in Canada. Series A shares are available to all investors and may be purchased, switched or redeemed through authorized dealers. Series F shares are available to investors who have fee-based accounts with their dealers for investment advice and other services. Series F shares may only be purchased, switched or redeemed through authorized dealers, and not directly through the Manager. Series I shares are available to institutional or other high net worth investors who negotiate and pay management fees directly to the Manager. Series I shares may only be purchased, switched or redeemed through authorized dealers, and not directly through the Manager.

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

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Notes to Financial Statements

(Unaudited)

June 30, 2016

The number of Series A and F shares issued and redeemed at NAV for the period ended June 30, 2016 and June 30, 2015 is summarized as follows:

	June 30, 2016 \$	June 30 2015 \$
Series A		
Share issued and outstanding - Beginning of period	1	-
Shares issued during the period	145,974	1
	<hr/>	<hr/>
Shares issued and outstanding - End of period	145,975	1
	<hr/>	<hr/>
Series F		
Share issued and outstanding - Beginning of period	-	-
Shares issued during the period	222,816	-
	<hr/>	<hr/>
Shares issued and outstanding - End of period	222,816	-
	<hr/>	<hr/>

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 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.

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Notes to Financial Statements

(Unaudited)

June 30, 2016

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, 2015, the Corporation has unrecognized non-capital losses of approximately \$2,722,775 available for utilization against taxable income in future years. The Corporation has unrecognized capital losses available at December 31, 2015 of approximately \$8,309,968. The non-capital losses expire as follows:

	\$
2035	524,234
2034	389,415
2033	722,898
2032	<u>1,086,228</u>
	<u>2,722,775</u>

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 period ended June 30, 2016 are \$2,054. For the period ended June 30, 2016, there were no soft dollar amounts paid.

7 Management fee

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

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8 Related party balances and transactions

Balances and transactions are as follows:

	Six-month period ended June 30, 2016 \$
Qwest Funds Corp., Qwest Energy Canadian Resource Class Reimbursement for QECRC expenses paid by the Fund	453
Qwest Investment Fund Management Ltd. Management fee	11,646
Management fee payable	5,278
AlphaDelta Management Corp. (note 1) Voluntary reimbursement for Fund expenses ADM	21,610
Due from related parties	4,612

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 period, 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.

The Fund had issued one share for \$10.00 cash to the Manager as at June 30, 2015.

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 period ended June 30, 2016 are \$8,804.

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(Unaudited)

June 30, 2016

10 Fair value measurement

The following table illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 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 at June 30, 2016			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
Equities	3,305,190	-	-	3,305,190

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

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

The Fund's equity positions are classified as Level 1 when the security is actively traded and reliable price is observable. Certain of the Fund's equities do not trade frequently and therefore observable prices may not be available. In such cases, fair value is determined using observable market data (e.g., transactions for similar securities of the same issuer) and the fair value is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as Level 3. There were no financial instruments that were transferred into or out of Level 1 or 2 during the six-month period ended June 30, 2016.

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

	June 30, 2016 \$
Held for trading	-
Fair value through profit or loss	3,305,190
	<u>3,305,190</u>

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June 30, 2016

The following table presents the net loss on the fair value of investments by category for the period ended June 30, 2016:

	June 30, 2016 \$
Category	
Financial assets at FVTPL	
Held for trading	-
Fair value through profit or loss	(42,305)
	<u>(42,305)</u>
	<u>(42,305)</u>

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 (and equity equivalent) securities of individual companies, as well as ETFs, listed on securities exchanges in North America.

The Fund may invest in ETFs consistent with National Instrument 81-102 - Investment Funds. While ETFs may be used in all market environments, the portfolio advisor expects to more fully utilize ETFs during bear markets (as determined by the portfolio advisor with reference to its tactical models). The Fund will generally not invest in fixed income ETFs with an average term to maturity of more than three years.

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 June 30, 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 \$165,000.

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b) Interest rate risk

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

c) Currency risk

Currency risk is the risk that the value of investments denominated in currencies other than the functional currency of the Fund will fluctuate due to changes in foreign exchange rates. The value of investments denominated in a currency other than Canadian dollars is affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the investment is denominated.

When the value of the Canadian dollar falls in relation to foreign currencies, the value in Canadian dollars of investments denominated in other currencies increases.

The Fund's currency risk is impacted directly by changes in foreign exchange rates. The immediate impact on the assets of a 1% 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:

Currency	As at June 30, 2016					
	Exposure			Impact on net assets attributable to holders of redeemable shares		
	Monetary \$	Non- monetary \$	Total \$	Monetary \$	Non- monetary \$	Total \$
United States Dollar	128,276	2,931,427	3,059,703	1,283	29,314	30,597
% of net assets attributable to holders of redeemable shares	3.6	81.9	85.5	0.0	0.8	0.9

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.

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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 June 30, 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.

	<u>% of net assets</u>
	<u>At June 30,</u>
	<u>2016</u>
	<u>\$</u>
Sector/subgroup	
Industrial	39.33
Communications	13.46
Consumer, Cyclical	11.35
Financial	10.44
Consumer, Non-cyclical	10.20
Cash	11.37
Basic Materials	7.54
Other liabilities net of assets	<u>(3.69)</u>
	<u>100.00</u>

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 Decrease in net assets attributable to redeemable shares per share

Decrease in net assets attributable to redeemable shares per share for the period ended June 30, 2016 are calculated as follows:

	Six-month period ended June 30, 2016 \$
Series A	
Decrease in net assets attributable to holders of redeemable shares	(37,233)
Weighted average units outstanding during the period	118,635
Decrease in net assets attributable to holders of redeemable shares per share	(0.31)
Series F	
Decrease in net assets attributable to holders of redeemable shares	(41,183)
Weighted average units outstanding during the period	121,434
Decrease in net assets attributable to holders of redeemable shares per share	(0.34)