SciVest Capital Management Inc.

AlphaDelta Growth of Dividend Income Class Fund

Investment Policy Statement

SciVest Capital Management Inc. (the "Advisor") implements within the AlphaDelta Growth of Dividend Income Class Fund (the "Fund") an investment strategy called the **SciVest Growth of Dividend Income Strategy** (the **"SGDI Strategy"**). The SGDI Strategy invests primarily in larger capitalization, global, dividend paying, equity securities (including securities of unit trusts, real estate investment trusts and depository receipts) which are expected to grow their dividend payments to investors in the future.

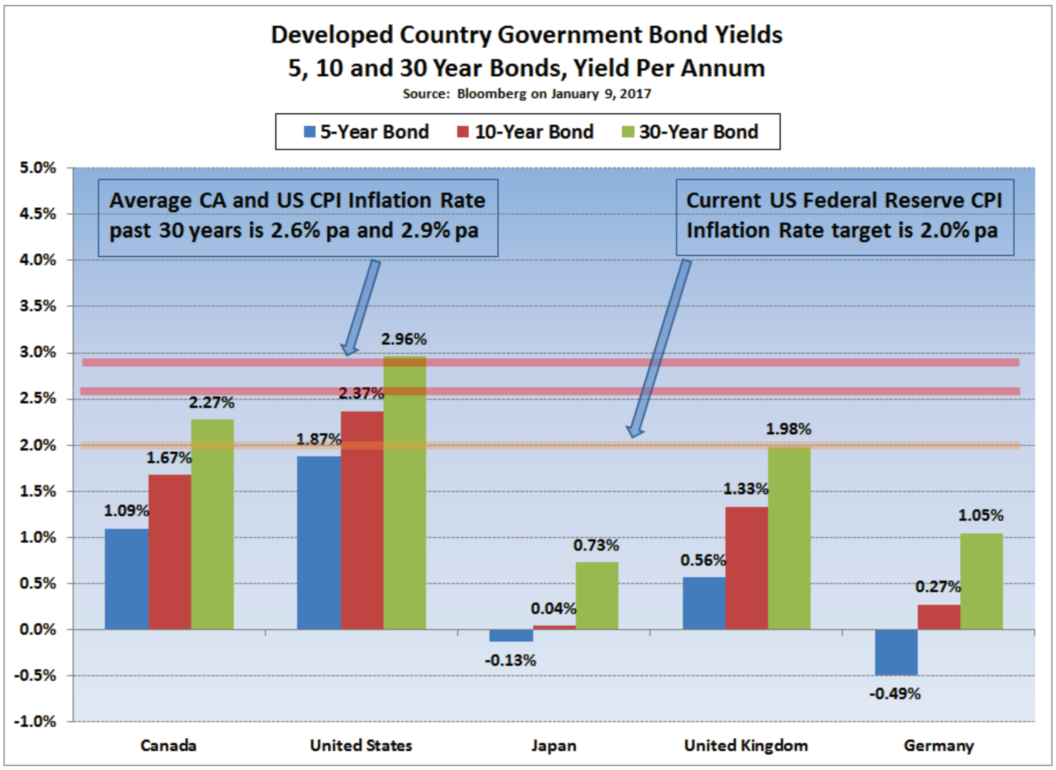
The SGDI Strategy is a single investment strategy which invests primarily within the equity asset class. As such, the SGDI Strategy and thus the Fund is not intended to be a complete investment program, and should be held as part of a larger more diversified investment portfolio consisting of other investment strategies and asset classes.

Background Discussion

Canadians are now expected to live for decades in retirement, and individuals should plan to live well into their 90's. For example, according to the Canada Pension Plan (Actuarial Study No. 7, Table 6 and Table 12), the average 50 year old Canadian male/female will live until 80/84 while the average 65 year old male/female will live until 83/86. These statistics are averages – that is, half (50%) of all 50 year old males/females will live more than another 30/34 years, and half of all 65 year old males/females will live more than another 18/21 years. More specifically, of all 65 year old males/females, 45%/58% will live at least another 20 years, 24%/36% will live at least another 25 years, and 5%/16% will live at least another 30 years. Surprisingly, of all Canadian 65 year olds, more than 1-in-10 will live at least another 30 years. Therefore, depending upon the starting age, individuals preparing for retirement must have a planning horizon of decades.

Many individuals must rely primarily on their investments at the point of retirement to provide income for the rest of their lives. As such, the two greatest challenges faced by these semi-retired and retired individuals in today's market environment are: first, generating a high enough income yield from their investment capital pool to provide a reasonable standard of living without having to consume their initial investment capital; and second, maintaining the purchasing power of both the investment income stream and investment pool used to produce the income stream in the face of inflation over a future time period measured in decades.

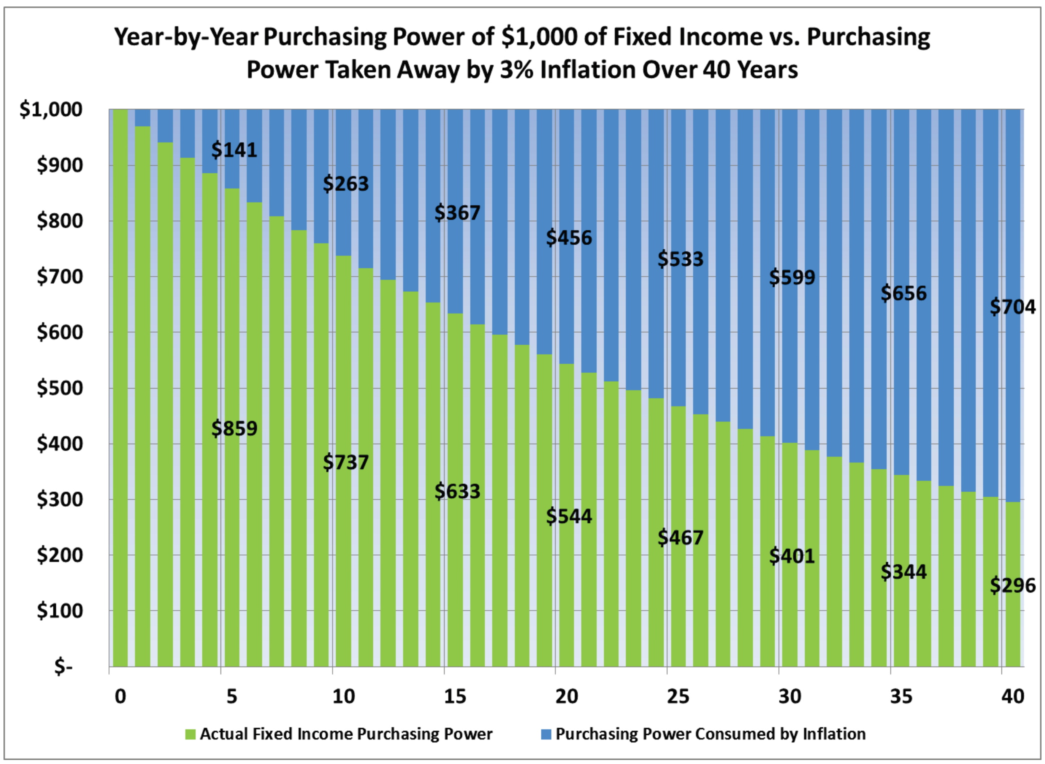
Unfortunately for retirees, we currently live in a low fixed income yield environment with most developed country Government bonds generally yielding well below 3% per annum ("p.a."). In fact, as the chart below shows, the current Government of Canada 5-year bond yield is 1.1% p.a., the 10-year bond yield is 1.7% p.a. and the 30-year bond yield is 2.3% p.a. Most other country's Government bond yields, other than the United States, are even lower than Canada's yields. These are at or near historically low yields, resulting in near historically low income levels for semi-retired and retired investors (let alone the large capital risk inherent in bond prices if and when bond yields begin to rise).



In addition, given developed country demographic shifts towards older populations and deleveraging of excessive debt levels of both the private and public sectors, developed country economies are expected to grow slower in the future than in the past resulting in low returns on most other investment assets such as equities and real estate. As a result, it is more difficult in the current and expected future investment environment than in any memorable period of the past to obtain sufficiently high income yields to sustain a reasonable level of income relative to invested capital.

Nevertheless, within this low yield, low return environment, the greatest enemy to all retired and semi-retired investors is inflation. Inflation erodes both the purchasing power of the retirement investment pool and more importantly the purchasing power of the retirement income that the investment pool produces. The effects of this purchasing power erosion on "fixed" income securities, in particular, can be material over several years and immense over 20 or 30 or even 40 years of semi-retirement or retirement because both income and capital are "fixed" in current dollars into the future.

For example, as the graph below shows, at a 3.0% p.a. "true" rate of inflation (i.e., the annual increases in the actual cost-of-living for semi-retired and retired individuals, as opposed to the widely reported Consumer Price Index), investors experience 14.1% purchasing power erosion after just 5 years; 26.3% purchasing power erosion after only 10 years; 45.6% erosion after 20 years; 59.9% erosion after 30 years; and 70.4% erosion after 40 years. That is, even after as little as 5 years a $1,000 fixed income payment purchases 14.1% less goods than it initially purchased, after 10 years it purchases 26.3% less goods, and by year 23 it purchases less than half (50%) of what it initially purchased.



Note that these material purchasing power erosion factors assume that the future rate of inflation is 3% p.a. It may be lower, or it may be higher. However, some theorize that the "true" rate of inflation for semi-retired and retired individuals is currently closer to 5% p.a. If in the unlikely event that inflation does average 5% p.a., then purchasing power is eroded by 22.6% after just 5 years; 40.1% after 10 years; 64.2% after 20 years; 78.5% after 30 years; and 87.1% after 40 years. Fully half (50%) of purchasing power has disappeared after only 13.5 years at an inflation rate of 5% p.a. Small increases in the "true" rate of inflation can have huge impacts on the purchasing power of fixed income over a number of years.

The only way to counteract this degradation of purchasing power is to deemphasize "fixed" income and to focus on "growing" income, where such growing income ideally grows at a rate at least as high as the true inflation rate. If the "growing" income stream grows at a rate approximately equal to the true inflation rate, then the purchasing power of the income stream will be preserved for as long as the income is required. For example, if you require $50,000 of current income to pay for your current lifestyle living expenses, then income will grow by enough to purchase the equivalent of $50,000 of living expenses today for as long as is required into the future (10, 20, 30, 40 years, etc.).

One of the few investment options available today to produce "growing" income is common stock dividends. With many Global companies refocusing on paying common dividends to investors, there now exists ample Global opportunities to build a diversified portfolio of large capitalization common shares which not only produces a solid current dividend yield of 3.0% to 4.0% p.a., but also provides dividend growth rates of 5% p.a. or higher. Thus, a diversified portfolio of common shares can produce current income yield levels which are currently higher than most developed country Government bonds of any term, where such income is expected to grow at a rate that is at least as high as the inflation rate and thereby can more than preserve income purchasing power indefinitely. The key is to have a "growing" income portfolio, as opposed to a "fixed" income portfolio.

Income growth will also in the long-term produce capital growth of the initial investment pool providing such growing income. This is unlike fixed income investments which return to investors the same nominal amount of capital years later as invested in the first place (e.g., a 10 year $1,000 bond will return just $1,000 in 10 years' time). Thus, the fixed income capital returned to investors has lost the same amount of purchasing power as the fixed income stream it produced, which will be material over any period longer than a few years. For example, at an inflation rate of 3% p.a. indefinitely into the future, $1,000,000 of fixed income capital invested today will have the purchasing power of: $1,000,000 today; $858,734 in 5 years (-14.1%); $737,424 in 10 years (-26.3%); $543,794 in 20 years (-45.6%); $401,007 in 30 years (-59.9%); and $295,712 in 40 years (-70.4%).

Conversely, a focus on "growing" income will in the long-term produce higher nominal investment capital because as dividends grow ultimately price (or capital) is expected to increase in order to maintain an approximately constant income yield (income yield = income/price). For example, if a stock with a 3% current dividend yield is growing its dividend at 8% p.a., then all other things being equal the stock's price should increase by approximately 8% p.a. in order to maintain a 3% p.a. overall current dividend yield (e.g., if this stock's price did not increase, then after 10 years the stock's dividend yield would equal 6.5% p.a. and after 20 years the stock's dividend yield would equal 14.0%). That is, on average over the long-term for a given income yield, price should increase at roughly the same rate as the income is growing to maintain an approximately constant long-term income yield.

Therefore, with “fixed” income investments where both the income and capital are fixed in today’s dollars, retirees will experience significant purchasing power erosion of both their income level and their capital base through time. And, the longer their investment time horizon and the higher the inflation rate, the more material this purchasing power erosion will be. On the other hand, with a focus on “growing” income investments like dividend paying common stocks, investors have the opportunity to maintain or even grow the purchasing power of both their income level and their capital base through time.

Fundamental Investment Objective

The fundamental investment objective of the SGDI Strategy is to provide income and moderate long-term capital appreciation by investing primarily in dividend paying equity securities of companies around the world.

Investment Strategies

The SGDI Strategy invests primarily in larger capitalization, global, dividend paying, equity securities (including securities of unit trusts, real estate investment trusts and depository receipts), with the intent of providing:

(1) a consistent and above market average dividend income yield to the portfolio;
(2) growth in the absolute level of dividend income generated by the portfolio through time; and
(3) moderate long-term capital appreciation of the portfolio.

These investment objectives are stated in order of priority. Importantly, the Advisor believes that by focusing on dividend paying companies which are expected to grow their dividends through time will ultimately result in long-term capital appreciation of the investment portfolio. That is, long-term capital appreciation of the portfolio is a *consequence* of focusing on attractive growth of dividend payment investments.

Firstly, to ensure an above average dividend income yield, the SGDI Strategy holds a diversified investment portfolio of relatively high yielding, high quality, large capitalization, Global, dividend paying common equities (and equivalents) which across the entire portfolio are expected to produce an average gross current dividend yield of 3.0% to 4.0% per annum. Secondly, the SGDI Strategy focuses on and invests in those high quality, Global, dividend paying equities that the Advisor expects to materially grow their dividends in the future, generally representing dividend growth in excess of 5% per annum at the portfolio level over an economic cycle. Thirdly, the Advisor believes that a focus on growing dividend income will in the long-term produce higher investment capital because as dividends grow ultimately price should increase in order to maintain an approximately consistent current income yield (Current Yield = Dividend/Price), thereby generating long-term capital appreciation. The Advisor also believes that this capital appreciation can be further enhanced by tilting the portfolio towards dividend growth stocks of cheaper, higher quality, faster growing companies and by monitoring such holdings for adverse changes in fundamentals.

When making equity purchase decisions for the SGDI Strategy, the Advisor generally considers:

- dividend payment history;
- dividend payment future expectations regarding dividend sustainability and growth;
- applicable dividend withholding taxes;
- earnings, cash-flows, dividends and dividend pay-out ratios, both historical and forward looking, as they relate to a company's ability to continue to pay and grow its dividends;
- stock valuation metrics relative to historical norms, industry peers and company growth, with a strong preference for cheap relative to expensive;
- stock valuation metric and stock price trends, in relation to dividend payments, to aid in determining best position entry points for the long-term;
- the issuer's long-term business model and overall "story";
- a position's relative attractiveness compared to the portfolio's other existing holdings and potential holdings; and
- the overall portfolio-level diversification and risk implications of adding any specific company and its stock to the portfolio.

Securities held within a SGDI Strategy investment portfolio are generally trimmed or liquidated if and when:

- dividend sustainability and/or growth is deemed to be in doubt;
- a dividend decrease is announced or actually occurs;
- stock price is deemed to have risen too much relative to dividend payout, stock valuation metrics and/or company prospects;
- a position weight exceeds 4% of the net asset value of the portfolio or the position weight becomes larger than desired given the risk of the position; and/or
- there exists a significantly better investment opportunity for the portfolio.

Since the primary investment objective of the SGDI Strategy is to provide a consistent and growing dividend income stream to its investors, the SGDI Strategy is almost always near fully invested to maintain its dividend income stream (not including the cash coverage held against the cash-covered put writing program, discussed later in this piece) – regardless of equity market conditions. However, the SGDI Strategy may hold up to 25% in net cash depending upon the availability of investment opportunities or in extreme adverse market environments.

General Investment Parameters

While the SGDI Strategy investment mandate is designed to be sufficiently flexible to take advantage of opportunities as they arise, the SGDI Strategy generally operates with the following principles and guidelines:

- The portfolio invests in publically-listed, liquid, dividend paying, common equity shares (including equivalent unit trusts, real estate investment trusts and depository receipts);
- Forward looking dividend sustainability and growth is the primary investment focus and investment decision driver;
- The portfolio does not pursue any “fixed” income securities such as preferred shares or bonds where “growth” of income cannot be obtained;
- The portfolio has a Global focus investing in companies doing business in Canada, the US and around the World;
- Currently most portfolios are invested in Canadian and US-listed companies, including foreign companies listed as depository receipts in the US;
- The portfolio focuses on large capitalization companies, generally larger than $2 billion in equity market capitalization;
- Portfolio diversification is a prominent risk management and mitigation tool;
- The portfolio is generally broadly diversified generally holding 60 to 100 individual stock holdings, with no individual company generally representing more than 4% of the value of the overall portfolio on a cost basis (depending upon account size, with smaller accounts holding fewer positions with higher relative position sizes);
- As a Canadian resident taxable account, the portfolio generally holds a disproportionally large Canadian content (often 10% to 20%) to take advantage of the preferential tax treatment of Canadian dividends for Canadian resident investors;
- The portfolio is diversified across economic sectors, generally investing no more than 25% of the portfolio in any single sector, and generally holding some weight in the majority of sectors;
- Industry diversification within economic sectors is also an important consideration; and
- While the portfolio will almost always be fully invested to maintain its dividend income stream (not including the cash coverage held against the cash-covered put writing program, discussed later in this piece), it may hold up to 25% in net cash depending upon market environment and investment opportunities.

Turnover and Tax Considerations

In general, the stock positions within the SGDI Strategy are not traded frequently, and in fact the objective with most new stock positions is to hold them for many years. Overall, the Advisor attempts to balance the tax consequence and trade costs of any specific trade against the expected benefits of the trade, within the context of being averse to high turnover.

The Advisor also attempts to tilt the SGDI Strategy portfolio towards minimizing capital gains taxes, income taxes and dividend withholding taxes. That is, the Advisor attempts to maximize the after-tax income and capital returns of the SGDI Strategy portfolio. For example, the Fund is a Canadian resident account, while attracting both dividend income and capital gains taxes, the Fund benefits from the preferential treatment of Canadian sourced dividend income. In addition, different countries of domicile stocks withhold different amounts of dividend withholding taxes (e.g., through the US-Canada tax treaty US dividends attract 15% withholding tax, while UK dividends are withholding tax-free and Swiss dividends attract 35% withholding tax). In sum, the Advisor attempts to tilt the SGDI Strategy investment portfolio towards the most favourable tax position for the portfolio.

Time Horizon

The SGDI Strategy is a long-term investment strategy, holding positions for the long-term.

As an equity-based strategy, the capital value of the SGDI Strategy investment portfolio is subject to the short and medium term risk and volatility of the equity markets. As a result, large near-term capital requirements should not be funded from the SGDI Strategy investment portfolio. On the other hand, the dividend income produced by the SGDI Strategy portfolio is expected to be relatively consistent and reliable, regardless of short-term equity market volatility.

Importantly, the SDGI Strategy is designed to produce ever increasing annual dividend income. That is, it is designed to produce an income stream that in the long-term grows faster than inflation thereby producing an income stream that more than maintains its purchasing power indefinitely into the future (unlike fixed income whose income purchasing power falls every year). In addition, a growing income stream is also expected to produce moderate capital growth that in the long-term which is also expected to grow faster than inflation thereby more than maintaining its purchasing power indefinitely into the future (again unlike fixed income whose capital purchasing power falls every year). In sum, the SGDI Strategy is designed to be a "forever" income strategy – i.e., an investment strategy where, on average, its income and capital grow in real purchasing power terms indefinitely into the future.

Benchmarks

The Advisor is not aware of a widely-publicized benchmark index which is appropriate to benchmark the SDGI Strategy, given the SDGI Strategy's unique objectives and investment strategies. While in the short to medium term the SDGI Strategy portfolio returns will move broadly with large capitalization global equity market indexes (such as the MSCI World Index), the significant differences in the characteristics of the holdings (and importantly the objectives) of the SDGI Strategy portfolio relative to any of the popular benchmarks indexes do not allow for direct comparisons of short to medium term returns. Importantly, since the SDGI Strategy does not attempt to resemble any popular benchmark index, the short to medium term SDGI Strategy portfolio returns may deviate materially from global equity benchmark indexes such as the MSCI World Index.

In the long-term (i.e., over a full economic cycle), the performance of the SDGI Strategy should be judged against its objectives. Specifically, the SDGI Strategy's ability to provide a consistent and above market average income stream which grows at a rate higher than the inflation rate (thereby more than maintaining the income's purchasing power); and the SDGI Strategy's ability to provide moderate long-term capital growth which grows at a rate higher than the inflation rate (thereby more than maintaining the capital's purchasing power).

Risk Factors

As a large capitalization, global equity strategy, the capital value of the SGDI Strategy investment portfolio is subject to the risks and volatility of the global equity markets. That is, the mark-to-market capital value of the SGDI Strategy portfolio will change from day to day, reflecting changes in interest rates, economic conditions, and market and company news. As a result, the mark-to-market value of SGDI Strategy investment portfolio may go up and down, and the value of investments within a client accounts may at any given point in time be more or less than initially invested within it. Please refer to the Fund's Simplified Prospectus for a detailed listing of specific risk factors that may be relevant to the Fund.

Options-Based Market Hedging Program

Since the most important objective of the GDI Strategy is to generate consistent dividend income for its investors, the GDI Strategy portfolio is generally fully invested in dividend paying equities to continuously produce such dividend income, regardless of market conditions.

The Fund participates in the Advisor's "Options-Based Market Hedging Program", whereby the Advisor may in certain extreme market environments, where the Advisor deems it appropriate, implement within the GDI Strategy portfolio options-based portfolio capital protection strategies while at the same time maintaining a near fully invested portfolio of dividend paying stocks. Specifically, the Portfolio Advisor may purchase put options on exchange traded funds of broad equity indexes (such as the S&P 500 Index) to partially hedge the GDI Strategy dividend stock portfolio from large market-wide price corrections. In this manner the GDI Strategy investment portfolio remains fully invested generating its desired dividend income, while at the same time the GDI Strategy portfolio is partially hedged to downside equity market risk. These purchased equity index put options may be paid for in part or in whole by selling (writing) out-of-the-money call options on exchange trade funds of broad equity indexes (such as the S&P 500 Index). The overall effect of this Options-Based Market Hedging Program would be to partially limit large near-term investment capital downside (as a result of the purchased puts options), potentially at the cost of limiting some near-term capital upside (as a result of the written call options, if any).

The Portfolio Advisor has complete discretion in the timing and the implementation of any options-based portfolio capital protection strategies; however, the Portfolio Advisor only anticipates implementing such capital protection strategies very rarely (i.e., once or twice in any given five-year time span) and in extreme market conditions with high potential downside risk.

Currency Hedging Program

Since the GDI Strategy portfolio holds securities denominated in more than one currency, and since the value to the GDI Strategy portfolio is reported in Canadian dollars, the value and returns of the GDI Strategy portfolio (as measured in its Canadian dollar base currency) may be subject to significant currency fluctuations. For example, the GDI Strategy portfolio generally holds at least half of its assets in US dollar denominated stocks, introducing the Canadian dollar base currency GDI Strategy portfolio to CAD/USD foreign exchange rate fluctuations. Since the Canadian dollar based currency portfolio owns US dollar denominated stocks (i.e., also "owns" US dollars relative to Canadian dollars), if the US dollar goes down (up) by x% relative to the Canadian dollar, then the US dollar denominated stocks will go down (up) by x% as measured in Canadian dollars.

The Fund participates in the Advisor's "Currency Hedging Program", whereby the Advisor uses currency futures or forward contracts to partially and passively hedge CAD/USD foreign exchange rates fluctuations within the GDI Strategy portfolio. For example, if the Canadian dollar base currency GDI Strategy portfolio has a 75% exposure to the US dollar equities, the Portfolio Advisor will buy and hold CAD/USD futures/forward contracts (i.e., long CAD, short USD) representing approximately 75% of the value of the GDI Strategy portfolio. In this manner, approximately every dollar lost (made) on currency moves priced into the US dollar equities will be made (lost) on currency moves priced into the futures/forward contracts – that is, currency losses (gains) from the US equities will be offset by gains (losses) from the CAD/USD futures/forward contracts.

Options Writing Income Overlay Program

Once the Fund is of sufficient size, the Fund will participate in the Advisor's "Options Writing Income Overlay Program". The Options Writing Income Overlay Program is an overlay options strategy applied on "top" of the core SGDI Strategy investment portfolio with an objective to moderately enhance the core portfolio's income and capital gains. That is, the Options Writing Income Overlay Program implements two equity options selling (or writing) programs from which the GDI Strategy portfolio receives option premiums ("income").

Specifically, the Options Writing Income Overlay Program implements:

(1) A selective "covered call writing program" whereby generally out-of-the-money call options are written (sold) against select existing individual stock holdings within the GDI Strategy portfolio. In return for the call option premium received on the sale of the option, the SGDI Strategy portfolio is obligated to *sell* the underlying stock from the SGDI Strategy portfolio if on the expiry date of the option the price of the stock is *above* the strike price of the call option. Cover calls are selectively and opportunistically written on stocks within the SGDI Strategy portfolio which the Portfolio Advisor is not averse to selling at a higher price; and

(2) A selective "cash-covered put writing program" whereby generally out-of-the-money put options are written (sold) against cash set-aside within the GDI Strategy portfolio. In return for the put option premium received on the sale of the option, the SGDI Strategy portfolio is obligated to *buy* the underlying stock using the cash set aside within the SGDI Strategy portfolio if on the expiry date of the option the price of the stock is *below* the

strike price of the call option. Puts are selectively and opportunistically written on stocks that the Portfolio Advisor is not averse to buying at a lower price.

On a notional basis, on average through time in "normal" markets, each of the covered call writing program and cash-covered put writing program are generally undertaken on less than 8% of the GDI Strategy portfolio. In volatile markets, the Advisor expects that each of the covered call writing program and cash-covered put writing program may be marginally increased (on a notional basis) to take advantage of high option premiums (i.e., higher income).

Since the GDI Strategy portfolio implements a "cash-covered" put writing program, the Fund holds cash as "cash cover" against the written puts in an amount equal to the notional value of the written puts (to cover the worst-case scenario where the Fund is required to purchase every share of every stock for which it has sold a put option). Beyond the cash coverage for the put writing program, the GDI Strategy is generally near fully invested.

The Options Writing Income Overlay Program's objective is to moderately enhance the core GDI Strategy portfolio's income and capital gains. The Program enhances income through collecting options premiums when selling covered call options and put options. The Program enhances capital gains by being actively opportunistic in terms of which stocks to write options, when to write such options, the strike prices at which the options are written, and periodically when to cover outstanding written options (although the majority of written options are held to expiry).

While the Options Writing Income Overlay Program is expected to moderately enhance the core GDI Strategy portfolio's income and capital gains in the long-term, the Program does increase the turnover of the core GDI Strategy investment portfolio (due to option assignments) thereby increasing trading costs and potentially increasing realized capital gains.

For further information about the AlphaDelta Growth of Dividend Income Class Fund go to www.AlphaDelta.com or contact your AlphaDelta representative directly.

AlphaDelta Management Corp. / Qwest Investment Fund Management Ltd.
750 West Pender Street, Suite 802
Vancouver, BC, V6C 2T8
1.866.602.1142 ext. #1

Portfolio Advisor
SCIVEST CAPITAL MANAGEMENT INC.
JOHN J. SCHMITZ, Ph.D., CFA

Dr. John J. Schmitz has been professionally managing global equity and equity derivative investment portfolios for 20 years, and prior to that he acted as a consultant to investment management firms and funds. John has managed many different types of investment portfolios ranging from long-only mutual funds and pooled fund trusts to market neutral equity, net short equity and long-short equity hedge funds. He has also managed portable alpha strategies, as well as several arbitrage-based and event driven hedge strategies. John's expertise is the portfolio management of global equities and global equity derivatives using both highly sophisticated quantitative models, as well as traditional fundamental methods. John's current professional focus is his firm's global, common equity, growth of dividends, investment strategy which is often implemented with an options writing income generating overlay.

John has held Senior Vice President level portfolio management positions at Financial Concept Group (a subsidiary of Midland Walwyn Inc., and later Merrill Lynch Canada) and Maxxum Fund Management (later Mackenzie Financial, each subsidiaries of Investors Group). However, John is an entrepreneur at heart and since 2002 he has been President and CEO of SciVest Capital Management Inc., a London, Ontario, based registered portfolio management firm which he founded and holds majority ownership. While John has extensive Canadian experience, he also has offshore experience having previously been professionally based in The Bahamas for nine years overseeing Bahamas and Cayman Islands based investment entities, as well as the Canadian operations.

In addition to his professional duties, John is currently an Adjunct Professor (part-time) teaching MBA-level Portfolio Management at the Richard Ivey School of Business at the University of Western Ontario. Previously, he taught a senior-level Investments course for a number of years at the Rotman School of Management at the University of Toronto. John has authored several refereed academic publications and practitioner articles, and has been a presenter at numerous academic and practitioner conferences and events.

John holds a BESc (Mechanical Engineering), a BA (Economics) and a DHS (Honors Economics) from the University of Western Ontario, a MA (Economics) from the University of Toronto, and a PhD (Finance) from the Richard Ivey School of Business at the University of Western Ontario. He also holds the Chartered Financial Analyst (CFA) designation.