



**2014**  
**Annual Report to Security Holders**  
by the  
**Independent Review Committee**  
of the  
**Marquest Group of  
Funds and Marquest  
Mutual Funds Inc.**  
**(collectively, the  
“Funds”)**

(as listed at the end of this report)

March 31, 2015

Dear Investor,

In accordance with National Instrument 81-107 “Independent Review Committee for Investment Funds” (“NI 81-107”), an Independent Review Committee (“IRC”) was established for the Funds in April 2007 by its Manager at that time. Since that time the IRC has functioned in accordance with the applicable securities laws. It is and has been composed of three individuals, each of whom is independent of the Funds, the Manager and each entity related to the Manager.

The IRC is pleased to publish its annual report for you, the funds’ security holders, covering the period from January 1, 2014 to December 31, 2014 (the “Reporting Period”). The IRC met twice during the reporting period.

**Mandate of the IRC**

In accordance with NI 81-107, the mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager may be subject when managing the Funds. The Manager is required under NI 81-107 to identify

potential conflicts of interest inherent in its management of the Funds, develop written policies and procedures guiding its management of those conflicts and request input from the IRC on those written policies and procedures.

When a conflict matter arises, the Manager must refer its proposed course of action in respect of such conflict to the IRC for its review. While certain matters require the IRC’s prior approval, in most cases the IRC will provide a recommendation to the Manager as to whether or not, in the opinion of the IRC, the Manager’s proposed action provides a fair and reasonable result for the Funds. For recurring conflict of interest matters, the IRC can provide the Manager with Standing Instructions (“SIs”) that enable the Manager to proceed with certain matters without having to refer them to the IRC each time for approval, providing the Manager deals with the conflicts in accordance with the SIs.

The IRC is empowered to represent the best interest of the Funds in any matter where the Manager has referred a conflict of interest matter to it. In those cases, it has sought to ensure that the Manager’s proposed course of action represents a fair and reasonable result for the Funds.

### Composition of the IRC

The members of the IRC, and their principal occupations, were as follows:

Name & Municipality of Residence	Occupation	Term of Office	Additional IRC memberships
Chair: John R. Anderson, Toronto, ON	Independent Director	Appointed September 17, 2013  Term: three years commencing April 28, 2011- extended by one year on March 25, 2014 and extended by an additional one year on March 31, 2015	Stone Asset Management Limited Group of Funds since July, 2011  Arrow Capital Management Inc. Group of Funds since October, 2013
William D. Packham, Thornhill, ON	Executive Managing Director of Wealth Management and Life and Health Insurance with Desjardins Group and Co-Chairman of Qtrade Financial Group, a Desjardins affiliate	Appointed September 17, 2013 Term: three years commencing April 28, 2011- extended by one year on March 25, 2014 and extended by an additional one year	

		on March 31, 2015	
Jeremy Zuker, Toronto, ON	Independent Director	Appointed September 17, 2013  Term: three years commencing April 28, 2011- extended by one year on March 25, 2014 and extended by an additional one year on March 31, 2015	

## Compensation and Indemnification

### Review of Compensation

At least annually, the IRC reviews its compensation giving consideration to the following:

- the nature and extent of the workload of each member of the IRC, including the commitment of time and energy expected from each member;
- the number of meetings required by the IRC including special meetings to consider conflict issues brought to the committee;
- best practices, including industry averages and surveys on IRC compensation; and
- the complexity of the conflict issues brought to the IRC.

### Members' Fees

In aggregate the IRC members were paid \$33,000 for the period of January 1, 2014 to December 31, 2014s.

### Indemnities Granted

The Funds and the Manager have provided each IRC Member with a contractual indemnity in keeping with NI 81-107. No payments were paid to the IRC Members pursuant to this indemnity by the Funds or the Manager during the Reporting Period.

## Disclosure of IRC Members' Holdings

As at December 31, 2014, the IRC Members did not beneficially own, directly or indirectly:

- any units in any of the Funds;
- any interests in the Manager; or
- any interests in a company or person that provides services to the Manager or any Fund.

## Recommendations and Approvals

On March 25, 2014, the terms of all 3 IRC members were extended by one year and will now expire on April 28, 2015. The IRC also reviewed and reset their compensation.

On June 9, 2014, the proposal to appoint Marquest Asset Management Inc. as the Portfolio Manager of Marquest Money Market Fund and the Marquest Short Term Income Fund (Corporate Class) was reviewed and approved. Certain other proposals to permit internalization of management on a transitional basis for certain funds was also reviewed and approved, however in the event, there was no need to rely on this approval as all changes were carried out without the need to resort to internal management for a transitional period.

Also on June 9, 2014, the proposed fund mergers between the Marquest International Income Balanced Fund and the Marquest International Balanced Fund into the renamed Marquest Global Balanced Fund, and the fund merger between the Marquest Canadian Balanced Fund (Corporate Class), the Marquest Dow Jones Canada High Dividend 50 Fund (Corporate Class), and the Marquest S&P/TSX Canadian Dividend Aristocrats Fund (Corporate Class) into Marquest Monthly Pay Fund (Corporate Class) were discussed. The IRC concluded that that the fund mergers would provide a fair and reasonable result for the Unitholders of the terminating funds and recommended approval.

## Funds served by the IRC during the Reporting Period

Marquest Canadian Equity Income Fund

### *Marquest Group of Funds*

Marquest Money Market Fund  
Marquest Canadian Bond Fund  
Marquest Canadian Fixed Income Fund  
Marquest Monthly Pay Fund  
Marquest Global Balanced Fund  
Marquest American Dividend Growth Fund  
Marquest Covered Call Canadian Banks Plus Fund  
Marquest Canadian Resource Fund  
Marquest Small Companies Fund

**Marquest Corporate Class Funds Ltd.** consisting of

Marquest Short Term Income Fund(Corporate Class)  
Marquest Monthly Pay Fund (Corporate Class)  
Marquest American Dividend Growth Fund (Corporate Class)  
Marquest Covered Call Canadian Banks Plus Fund (Corporate Class)  
Marquest Canadian Resource Fund (Corporate Class)  
*Marquest Canadian Balanced Fund (Corporate Class)\**  
*Marquest Dow Jones Canada High Dividend 50 Fund (Corporate Class)\**

*Marquest S&P/TSX Canadian Dividend Aristocrats Fund (Corporate Class)\**

\* *no longer in continuous distribution*

***Marquest Mutual Funds Inc.***

MARQUEST MUTUAL FUNDS INC. - Explorer Series Fund

MARQUEST MUTUAL FUNDS INC. - Energy Series Fund

MARQUEST MUTUAL FUNDS INC. - Canadian Flex <sup>TM</sup> Series Fund

MARQUEST MUTUAL FUNDS INC. - Resource Flex <sup>TM</sup> Series Fund

MARQUEST MUTUAL FUNDS INC. - Flex Dividend and Income Growth <sup>TM</sup> Series Fund

This report is available on the Manager's website at <http://www.marquestfunds.ca> or you may request a copy, at no cost to you, by contacting the Marquest Funds at 1 (888) 964 3533 or by email to the Marquest Funds at [clientservices@marquestfunds.ca](mailto:clientservices@marquestfunds.ca). This document and other information about the Marquest Funds are available on [www.sedar.com](http://www.sedar.com).

Yours very truly,

*"John R. Anderson"* (signed)

Chair – Independent Review Committee