



MARQUEST MONEY MARKET FUND

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Marquest Money Market Fund (the "Fund"). You can get a copy of the annual financial statements at your request, and at no cost, from the manager Marquest Asset Management Inc. (the "Manager") by calling 1-888-964-3533, by writing to us at Suite 4420, 161 Bay Street, PO Box 204, Toronto, Ontario, M5J 2S1 or by visiting our website at [www.marquest.ca](http://www.marquest.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

*This report contains forward looking statements. These statements primarily relate to assessments of future economic and market conditions, and the adoption of International Financial Reporting Standards. Such information has been included to assist readers with assessing recent developments in the Fund's operating climate and possible future developments that may affect Fund performance. All forward looking statements are based on management's current beliefs and assumptions which are subject to numerous risks and uncertainties. Statements with respect to future economic and market conditions are based on management's beliefs and assumptions with respect to a range of factors, including market conditions generally and within the sectors in which the Fund's investments operate. While management considers such beliefs and assumptions to be reasonable based on information currently available to it, no assurance can be given that such beliefs and assumptions will prove to be correct. As a result, these forward looking statements would typically include words such as "anticipates, believes, intended or estimated". Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks and uncertainties, including, but not limited to, those associated with economic and market conditions, political stability and other risks identified in the Fund's prospectus. Most of these factors are beyond the control of the Fund and its Manager. Neither the Fund nor its Manager assumes any obligation to update any of the forward looking statements made in this report.*

## **Management Discussion of Fund Performance**

### **Investment Objectives and Strategies**

---

#### *Investment Objectives*

The Fund seeks to produce high interest income while maintaining safety of principal and liquidity by investing in high quality short-term debt securities of Canadian governments and companies, such as treasury bills, bankers' acceptances of major banks and commercial paper.

#### *Investment Strategies*

In order to achieve the Fund's objective, investments are made in securities offering good relative value based on analysis of yield curve. Investments are made in a number of different issuers in order to reduce credit risk, and in securities rated R1 or A or better by Dominion Bond Rating Service or the equivalent ratings used by other rating agencies. Investments are held on an average term to maturity of less than 90 days, although this term is adjusted from time to time to take advantage of actual and anticipated changes in interest rates. The Fund may enter into securities lending transactions.

### **Risks**

---

There are risks associated with investing in the Fund. There have been no changes to the Fund which affected the risks associated with investing in the Fund during the year. Specific risk information can be found in the Fund's prospectus available through our website at [www.marquest.ca](http://www.marquest.ca), or at SEDAR's website [www.sedar.com](http://www.sedar.com).

## ***Results of Operations***

---

### *Net Asset Value (NAV)*

As at December 31, 2014 the Fund's total NAV was \$3,124,834, a decrease of 28.78% since the prior year end (December 2013: \$4,387,814). This change was primarily the result of net unit redemption transactions of \$1,262,980.

During the year, sales and redemptions were as follows: Class A \$2,941,751 and \$4,204,731 respectively (December 2013: \$2,989,890 and \$4,983,579).

### *Investment Portfolio*

The Money Market Fund's return in 2014 was similar to the previous year as the Bank of Canada remained on hold with any interest rate moves. Economic growth began slowly across the world in 2014 and expansionary monetary policies were pursued by the Central Banks of various countries including the Bank of Canada. The US economy finished the year on much stronger footing after solid growth and employment gains in the second half of the year. Money Market yields are now beginning to price in an increase in rates, in the U.S., beginning in the second half of 2015. Despite strong growth in labour indicators, there is a risk that continued softening inflation data combined with the sudden rise in the US dollar could lengthen the Fed's current stance on policy accommodation. In Canada, a sharp drop in oil prices and deteriorating economic data has forced the Bank of Canada to surprisingly cut interest rates by 0.25% in January. Economists are now predicting an additional rate cut in the first half of 2015, which is being reflected by the inverted yield curve for Canadian T-Bills. In the near term, this will put pressure on Money Market rates. If the past is any indication, the Bank of Canada has usually followed the Fed with regards to interest rate tightening and easing. 2015 will most likely mark one of the few times where the policies diverge, however, we expect the current easing cycle to be short lived and the yield curve beginning to steepen later this year and rates should begin to increase by year end. In Europe, the European Central Bank embarked upon an aggressive quantitative easing program which depressed yields even further throughout the EU. This policy is expected to last for several years and will cause investors to migrate from Europe to North America in search of higher yields.

During the year, the Fund's Class A generated returns of 0.79%.

The Fund's sector weightings were reviewed during the year to address subscription levels and asset weightings kept fairly unchanged except accommodating cash inflows and outflows from the Fund. The Fund's strategy has been fairly consistent throughout the year and maximized yield by investing primarily in corporate notes, banker's acceptances, treasury bills, and other commercial paper issued by high quality corporate entities.

### *Fees and Expenses*

The main expenses for each Class of the Fund consists of management fees, operating costs and other fund costs, as applicable, for each Class. Other fund costs include audit, custodian, legal, reporting, independent review committee fees and other expenses. The management expense ratio (MER) is the Fund's total expenses expressed as a percentage of the average NAV of the Fund. The MER for the Fund's Class A was 0.41% (December 2013: 0.44%). The decrease is primarily the result of the Manager (as defined below) choosing to absorb less expense in 2013. Total expenses during the year excluding management fees were \$229,086 (December 2013: \$249,230), with the decrease being the result of a decrease in operating expenses of \$26,393 and legal expenses of \$13,329 partially offset by an increase in audit fees of \$10,196 and custodian fees of \$14,464. As disclosed in the Fund's prospectus, the Manager (as defined below) may voluntarily waive, absorb or pay a portion of the Fund's fees and expenses, at its discretion. During the year the Manager absorbed \$226,110 in expenses of the Fund, so that the total expense actually paid by the Fund was \$15,256.

Management fees are fixed percentages of NAV and typically increase or decrease with movements of NAV. See "Management Fees" and "Related Party Transactions" below for details on management fees.

### *Distributions*

During the year, the Fund paid distributions totalling \$0.08 per Class A unit.

## ***Recent Developments***

---

Global economic growth in 2014 was relatively slow and highly uneven reflecting the divergent monetary policies throughout the world. The US had the strongest economy while Europe remained mired in slow growth. Emerging markets growth rates slowed particularly China where they tightened monetary policy early in the year. Later in the year Europe and China eased their monetary policies which gave hope for a reacceleration and broadening of global growth.

In the second half of the year investors migrated to US dollar investments attracted by relatively strong economic growth and high interest rates relative to other countries. As a result the US dollar rallied strongly. Declining interest rates particularly in Europe set the stage for competitive devaluation of currencies as a tool to accelerate economic growth. As the year drew to a close there were signs that global growth was beginning improve, particularly in Europe. As the year advanced the US economy showed good progress in employment gains and capital spending indicating that their economy was entering the later stages of the economic cycle. By year end the strong US dollar was showing signs that it was beginning to negatively impact US export markets and corporate earnings. The US dollar strength may be the transmission mechanism for a broadening of global growth in 2015.

The decline in commodity markets, particularly weak oil prices was challenging for the Canadian economy in 2014. The strong US dollar was a significant contributor to the weakness in commodities. As a result the S&P/TSX Index significantly underperformed the S&P 500 Index in 2014.

With the improving prospects for global growth and the US economy entering the latter stages of its economic cycle the outlook for the cyclical sectors may improve in 2015. This would be a positive for the Canadian economy and capital markets.

### *Securityholder's equity*

Effective July 17, 2014 the Fund has established Class F units.

### *Change of Portfolio Advisor*

Marquest Asset Management Inc., the manager of Marquest Group of Funds, announced effective on or about July 17, 2014, that it will become the portfolio advisor for the Fund, replacing SEAMARK Asset Management Ltd. ("SEAMARK"), who had acted as sub-advisor.

### *International Financial Reporting Standards*

The changes that impact the Financial Statements and Management Report of Fund Performance for the year ended December 31, 2014 are as follows:

#### *Statement of cash flows*

Under Canadian GAAP, the Fund was exempt from providing a statement of cash flows. IAS 1 requires that a complete set of financial statements include a statement of cash flows for the current and comparative periods, without exception.

#### *Exceptions that are mandated by IFRS 1 First-time adoption of International Reporting Standards*

Estimates – IFRS 1 prohibits use of hindsight to create or revise previous estimates. The estimates the Company previously made under Canadian GAAP have not been revised for application of IFRS.

#### *Classification of Redeemable Units Issued by the Fund*

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32, Financial Instruments: presentation requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been classified as financial liabilities on transition to IFRS.

## ***Recent Developments (continued)***

---

### Revaluation of investments at FVTPL

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions; to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, Fair Value Measurement, which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. For a detailed reconciliation of the line item changes as a result of the adoption of IFRS as at January 1, 2013 and December 31, 2013 please refer to Note 14 of the financial statements.

## ***Related Party Transactions***

---

The Manager of the Fund is responsible for managing all of the Fund's activities, including investment advisory and portfolio management services under a Management Agreement. The Management Agreement is subject to automatic renewal for additional one year terms. The Management Agreement may be terminated during its term if the Manager defaults in its performance of any of its duties or obligations thereunder and the holders pass a resolution at a meeting of holders terminating the Management Agreement as a result of such default. Further, the holders of a Fund may, by resolution passed at a meeting of holders at least 180 days before the end of the initial term or each anniversary thereof, elect not to renew the Management Agreement, whereupon the Management Agreement will not be renewed beyond its existing term. The Manager must give the holders and the Trustee at least 180 days' notice of its intention not to renew a Management Agreement. Management fees are paid by each class at the rates set out under "Management Fees" below.

During the year, \$12,279 in management fees (including HST) was paid to the Manager. The Manager is also the trustee of the Fund and responsible for certain aspects of the day-to-day administration. The Fund reimbursed the Manager for operating costs (including HST) incurred in administering the Fund of approximately \$4,093.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years.

<b>Marquest Money Market Fund (Class A)*</b>					
<b>Net Assets per Unit (\$) <sup>(1)</sup></b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.12	0.12	0.11	0.12	0.07
Total expenses	(0.04)	(0.05)	(0.05)	(0.04)	(0.03)
Realized gains (losses) for the year	-	-	-	-	-
Unrealized gains (losses) for the year	-	-	-	-	-
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.08</b>	<b>0.07</b>	<b>0.06</b>	<b>0.08</b>	<b>0.04</b>
Distributions:					
From income (excluding dividends)	(0.08)	(0.07)	(0.06)	(0.08)	(0.04)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.08)</b>	<b>(0.07)</b>	<b>(0.06)</b>	<b>(0.08)</b>	<b>(0.04)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*\*Class A units were first issued on August 10, 1987.

<b>Ratios and Supplemental Data</b>					
<b>Class A*</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 3,125	\$ 4,388	\$ 6,382	\$ 9,104	\$ 7,639
Number of units outstanding <sup>(1)</sup>	312,482	438,780	638,149	910,380	763,853
Management expense ratio <sup>(2)</sup>	0.41%	0.44%	0.44%	0.34%	0.32%
Management expense ratio before waivers or absorption <sup>(5)</sup>	6.50%	4.92%	3.41%	2.98%	1.65%
Trading expense ratio <sup>(3)</sup>	-	-	-	-	-
Portfolio turnover rate <sup>(4)</sup>	-	-	-	-	-
Net asset value per unit <sup>(1)</sup>	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00

**Notes:**

(1) The information is provided as at December 31st of the year shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(5) Waivers and absorption of certain expenses associated with the Fund are at the Manager's discretion and may be terminated at any time.

\*Class A units were first issued on August 10, 1987.

## Management Fees

---

The Fund is required to pay an annual management fee equal to 0.50% of the average total NAV of Class A units. However, on average, the Fund only pays 0.30% of average total NAV of Class A units to the Manager. This fee is calculated daily and is based on the Fund's ending total NAV per class; cumulative daily totals are then paid on a weekly basis.

Of the management fees paid by the Fund to the Manager for Class A units, approximately 28.72% was used to pay for sales and trailer commissions and 71.28% was for investment advisory and portfolio management services.

## Past Performance

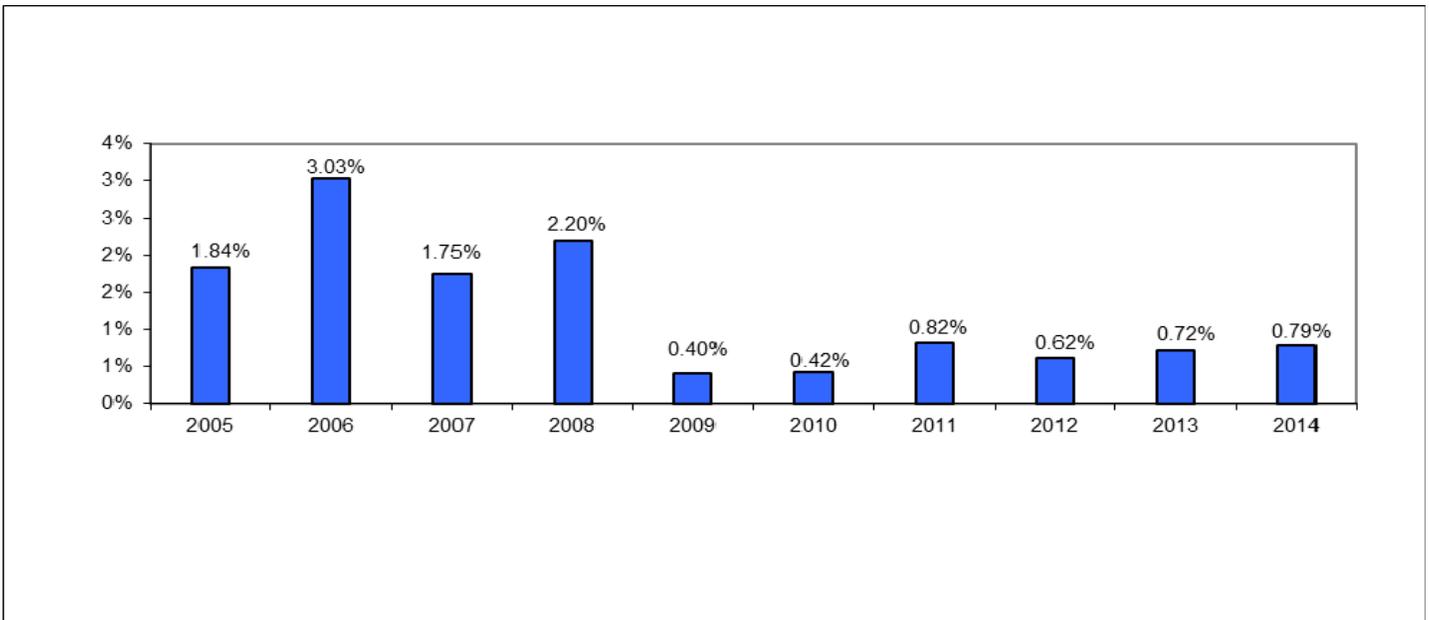
---

The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future. Performance differences between classes of units are mainly attributable to management fees charged to each class.

### Year-by-Year Returns

The following bar chart shows the Fund's annual Class A units performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year as applicable.

#### Class A



\* Inception date for Class A units was August 10, 1987.

## Annual Compound Returns

The table below compares the annual compounded performance of the Class A units of the Fund against the CIBC WM 91 Day Treasury Bill CAD index. This index measures the daily return on a series of investments in current three-month Government of Canada Treasury Bills.

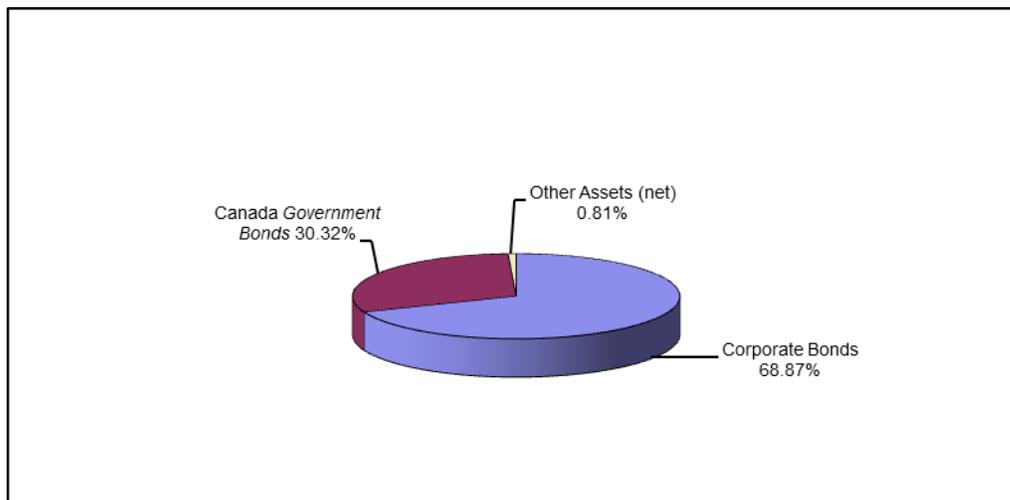
As the index is made up of a group of short-term securities with various durations and terms to maturity, it does not share the same holdings or the same weighted proportions as the Fund and compounded total returns between the two may differ. For greater in-depth discussion regarding the Fund's asset class holdings and performance over the year please see the "Results of Operations – Investment Portfolio" section of the MRFP. Unlike the index, the Fund must report performance net of all accrued fees and expenses, which dilute the actual Fund performance in relative comparison to the benchmark, which does not incur any types of fees/expenses. Generally, the Fund has underperformed the index.

	1 Year %	3 Years %	5 Years %	10 Years %	Since Inception %
Class A	0.8%	0.7%	0.7%	1.4%	4.0%
CIBC WM 91 Day Treasury Bill CAD	0.9%	0.9%	0.8%	1.8%	-

## Summary of Investment Portfolio (as at December 31, 2014)

The pie chart and table below provide information about the investment portfolio of the Fund, including a breakdown of the Fund's portfolio into subgroups and the Top 25 positions held by the Fund as a percentage of NAV. The Fund held less than 25 holdings as at the end of the year.

### Asset Mix



### Top 25 Holdings

1	Government of Canada 0.84% 29/01/2015	17.56%	7	Bank of Montreal 1.69% 23/03/2015	6.40%
2	Enbridge Inc. 2.28% 19/08/2015	12.86%	8	Inter Pipeline Corridor Inc. 1.23% 14/01/2015	6.39%
3	The Toronto-Dominion Bank 1.20% 10/02/2015	12.77%	9	Government of Canada 0.88% 26/02/2015	6.39%
4	Bank of Montreal 3.93% 27/04/2015	11.29%	10	Government of Canada 0.97% 15/01/2015	6.37%
5	Daimler Canada Finance Inc. 1.28% 26/01/2015	9.58%	11	Cash	0.62%
6	National Bank of Canada 1.19% 27/02/2015	9.57%	<b>TOTAL % OF NAV</b>		<b>99.80%</b>

This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund and a quarterly update is available at [www.marquest.ca](http://www.marquest.ca). The weightings of the positions are calculated based on total NAV of the portfolio as at December 31, 2014. The Fund does not hold short positions. The prospectus and other information of Marquest Money Market Fund are available on the internet [www.sedar.com](http://www.sedar.com).

**TORONTO**

161 Bay Street  
Suite 4420, P.O. Box 204  
Toronto, ON M5J 2S1  
Phone 416.777.7350  
Toll Free 1.877.777.1541

**MONTREAL**

1155 Robert-Bourassa Boulevard  
Suite 905  
Montreal, QC H3B 3A7  
Phone 514.227.0666  
Toll Free 1.866.687.9363

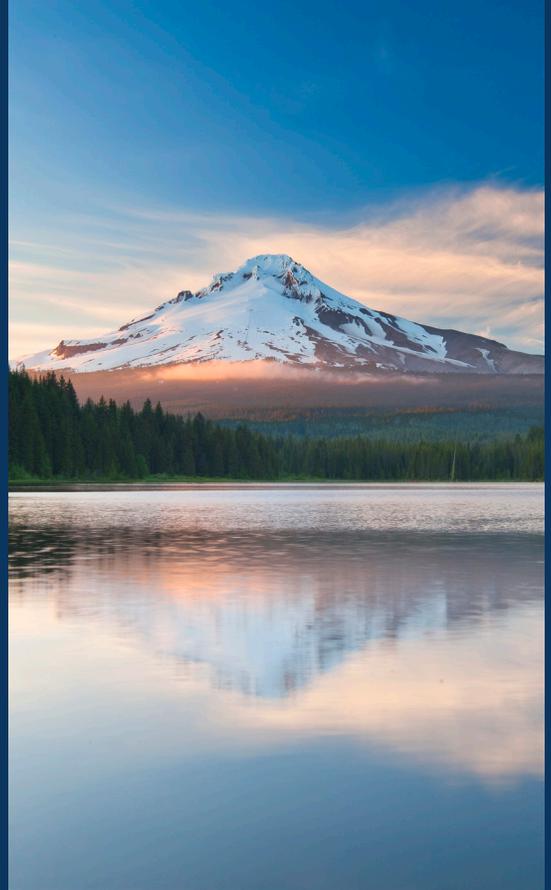
**VANCOUVER**

1055 West Hastings  
Suite 300  
Vancouver, BC V6E 2E9  
Phone 604.895.7281

**CLIENT SERVICES**

Phone 416.365.4077  
Toll free 1.888.964.3533  
[clientservices@marquest.ca](mailto:clientservices@marquest.ca)

[WWW.MARQUEST.CA](http://WWW.MARQUEST.CA)



MARQUEST SHORT TERM INCOME FUND  
(CORPORATE CLASS)

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Marquest Corporate Class Funds Ltd. - Marquest Short Term Income Fund (Corporate Class) (the "Fund"). You can get a copy of the annual financial statements at your request, and at no cost, from the manager Marquest Asset Management Inc. by calling 1-888-964-3533, by writing to us at Suite 4420, 161 Bay Street, PO Box 204, Toronto, Ontario, M5J 2S1 or by visiting our website at [www.marquest.ca](http://www.marquest.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholder may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

*This report contains forward looking statements. These statements primarily relate to assessments of future economic and market conditions, and the adoption of International Financial Reporting Standards. Such information has been included to assist readers with assessing recent developments in the Fund's operating climate and possible future developments that may affect Fund performance. All forward looking statements are based on management's current beliefs and assumptions which are subject to numerous risks and uncertainties. Statements with respect to future economic and market conditions are based on management's beliefs and assumptions with respect to a range of factors, including market conditions generally and within the sectors in which the Fund's investments operate. While management considers such beliefs and assumptions to be reasonable based on information currently available to it, no assurance can be given that such beliefs and assumptions will prove to be correct. As a result, these forward looking statements would typically include words such as "anticipates, believes, intended or estimated". Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks and uncertainties, including, but not limited to, those associated with economic and market conditions, political stability and other risks identified in the Fund's prospectus. Most of these factors are beyond the control of the Fund and its Manager. Neither the Fund nor its Manager assumes any obligation to update any of the forward looking statements made in this report.*

## **Management Discussion of Fund Performance**

### **Investment Objectives and Strategies**

---

#### *Investment Objectives*

The Fund seeks to earn current income consistent with preservation of capital and liquidity. The Fund invests in short term debt securities such as commercial paper, bankers' acceptances, and treasury bills.

#### *Investment Strategies*

In order to achieve the Fund's objective, short term yield curves and interest rates are analyzed and issuers are assessed for credit rating and risks. Generally, investments are made with an average term to maturity of 90 days, with adjustments where advantages can be obtained from changes to interest rates. The Fund may enter into securities lending transactions for additional income opportunities.

### **Risks**

---

There are risks associated with investing in the Fund. There have been no changes to the Fund which affected the risks associated with investing in the Fund during the year. Specific risk information can be found in the Fund's prospectus available through our website at [www.marquest.ca](http://www.marquest.ca) or at SEDAR's website [www.sedar.com](http://www.sedar.com).

### **Results of Operations**

---

#### *Net Asset Value (NAV)*

As at December 31, 2014 the Fund's total NAV was \$1,478,773, an increase of 12.10% since the prior year end (December 2013: \$1,319,156). This change was primarily the result of net share subscription transactions of \$147,535.

During the year, sales and redemptions were as follows: Series A \$863,874 and \$716,339 respectively (December 2013: \$105,869 and \$502,363).

## ***Results of Operations (continued)***

---

### *Investment Portfolio*

The Short Term Income Fund's return in 2014 was similar to the previous year as the Bank of Canada remained on hold with any interest rate moves. Economic growth began slowly across the world in 2014 and expansionary monetary policies were pursued by the Central Banks of various countries including the Bank of Canada. The US economy finished the year on much stronger footing after solid growth and employment gains in the second half of the year. Money Market yields are now beginning to price in an increase in rates, in the U.S., beginning in the second half of 2015. Despite strong growth in labour indicators, there is a risk that continued softening inflation data combined with the sudden rise in the US dollar could lengthen the Fed's current stance on policy accommodation. In Canada, a sharp drop in oil prices and deteriorating economic data has forced the Bank of Canada to surprisingly cut interest rates by 0.25% in January. Economists are now predicting an additional rate cut in the first half of 2015, which is being reflected by the inverted yield curve for Canadian T-Bills. In the near term, this will put pressure on Money Market rates. If the past is any indication, the Bank of Canada has usually followed the Fed with regards to interest rate tightening and easing. 2015 will most likely mark one of the few times where the policies diverge, however, we expect the current easing cycle to be short lived and the yield curve beginning to steepen later this year and rates should begin to increase by year end. In Europe, the European Central Bank embarked upon an aggressive quantitative easing program which depressed yields even further throughout the EU. This policy is expected to last for several years and will cause investors to migrate from Europe to North America in search of higher yields.

During the year, the Fund's Class A units generated returns of 0.79%.

The Fund's sector weightings were reviewed during the year to address subscription levels and asset weightings kept fairly unchanged except accommodating cash inflows and outflows from the Fund. The Fund's strategy has been fairly consistent throughout the year and maximized yield by investing primarily in corporate notes, banker's acceptances, treasury bills, and other commercial paper issued by high quality corporate entities.

### *Fees and Expenses*

The main expenses for each Series of the Fund consists of management fees, operating costs and other fund costs, as applicable, for each Series. Other fund costs include audit, custodian, legal, reporting, independent review committee fees and other expenses. The management expense ratio (MER) is the Fund's total expenses expressed as a percentage of the average NAV of the Fund. The MER for the Fund's Series A shares was 0.44% (December 2013: 0.44%). Total expenses during the year excluding management fees were \$47,252 (December 2013: \$68,230), with the decrease being the result of a decline in operating expense, audit fees, legal fees and independent review committee fees of \$4,430, \$7,846, \$17,458 and \$2,771 respectively. These were partially offset by an increase in custodian fees of \$17,458. As disclosed in the Fund's prospectus, the Manager (as defined below) may voluntarily waive, absorb or pay a portion of the Fund's fees and expenses, at its discretion. During the year the Manager absorbed \$45,698 in expenses of the Fund, so that the total expense paid by the Fund was \$6,211.

Management fees are fixed percentages of NAV and typically increase or decrease with movements of NAV. See "Management Fees" and "Related Party Transactions" below for details on management fees.

### ***Recent Developments***

---

Global economic growth in 2014 was relatively slow and highly uneven reflecting the divergent monetary policies throughout the world. The US had the strongest economy while Europe remained mired in slow growth. Emerging markets growth rates slowed particularly China where they tightened monetary policy early in the year. Later in the year Europe and China eased their monetary policies which gave hope for a reacceleration and broadening of global growth.

In the second half of the year investors migrated to US dollar investments attracted by relatively strong economic growth and high interest rates relative to other countries. As a result the US dollar rallied strongly. Declining interest rates particularly in Europe set the stage for competitive devaluation of currencies as a tool to accelerate economic growth. As the year drew to a close there were signs that global growth was beginning improve, particularly in Europe. As the year advanced the US economy showed good progress in employment gains and capital spending indicating that their economy was entering the later stages of the economic cycle. By year end the strong US dollar was showing signs that it was beginning to negatively impact US export markets and corporate earnings. The US dollar strength may be the transmission mechanism for a broadening of global growth in 2015.

## ***Recent Developments (continued)***

---

The decline in commodity markets, particularly weak oil prices was challenging for the Canadian economy in 2014. The strong US dollar was a significant contributor to the weakness in commodities. As a result the S&P/TSX Index significantly underperformed the S&P 500 Index in 2014.

With the improving prospects for global growth and the US economy entering the latter stages of its economic cycle the outlook for the cyclical sectors may improve in 2015. This would be a positive for the Canadian economy and capital markets.

### *Securityholder's equity*

Effective July 17, 2014 the Fund has established Class F shares.

### *Change of Portfolio Advisor*

Marquest Asset Management Inc., the manager of Marquest Group of Funds, announced effective on or about July 17, 2014, that it will become the portfolio advisor for the Fund, replacing SEAMARK Asset Management Ltd. ("SEAMARK"), who had acted as sub-advisor.

### *International Financial Reporting Standards*

The changes that impact the Financial Statements and Management Report of Fund Performance for the year ended December 31, 2014 are as follows:

#### *Statement of cash flows*

Under Canadian GAAP, the Fund was exempt from providing a statement of cash flows. IAS 1 requires that a complete set of financial statements include a statement of cash flows for the current and comparative periods, without exception.

#### *Exceptions that are mandated by IFRS 1 First-time adoption of International Reporting Standards*

Estimates – IFRS 1 prohibits use of hindsight to create or revise previous estimates. The estimates the Company previously made under Canadian GAAP have not been revised for application of IFRS.

#### *Classification of Redeemable Units Issued by the Fund*

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32, Financial Instruments: presentation requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been classified as financial liabilities on transition to IFRS.

#### *Revaluation of investments at FVTPL*

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions; to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, Fair Value Measurement, which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. For a detailed reconciliation of the line item changes as a result of the adoption of IFRS as at January 1, 2013 and December 31, 2013 please refer to Note 14 of the financial statements.

## Related Party Transactions

The Manager of the Fund is responsible for managing all of the Fund's activities, including investment advisory and portfolio management services under a Management Agreement. The Management Agreement is subject to automatic renewal for additional one year terms. The Management Agreement may be terminated during its term if the Manager defaults in its performance of any of its duties or obligations thereunder and the holders pass a resolution at a meeting of holders terminating the Management Agreement as a result of such default. Further, the holders of a Fund may, by resolution passed at a meeting of holders at least 180 days before the end of the initial term or each anniversary thereof, elect not to renew the Management Agreement, whereupon the Management Agreement will not be renewed beyond its existing term. The Manager must give the holders and the Trustee at least 180 days' notice of its intention not to renew a Management Agreement. Management fees are paid by each series at the rates set out under "Management Fees" below.

During the year, \$4,657 in management fees (including HST) was paid to the Manager. The Fund reimbursed the Manager for operating costs (including HST) incurred in administering the Fund of approximately \$1,555.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. The information is derived from the Fund's audited annual financial statements.

<b>Marquest Short Term Income Fund - Corporate Class (Series A)*</b>					
<b>Net Assets per Share (\$) <sup>(1)</sup></b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>11.43</b>	<b>11.33</b>	<b>11.25</b>	<b>11.16</b>	<b>11.11</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.13	0.14	0.14	0.13	0.08
Total expenses	(0.04)	(0.05)	(0.05)	(0.05)	(0.03)
Realized gains (losses) for the year	-	-	-	-	-
Unrealized gains (losses) for the year	-	-	-	-	-
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.09</b>	<b>0.09</b>	<b>0.09</b>	<b>0.08</b>	<b>0.05</b>
Dividends:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual dividends <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>11.52</b>	<b>11.43</b>	<b>11.33</b>	<b>11.25</b>	<b>11.16</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The net assets per share presented in the financial statements differ from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements. In accordance with securities laws and industry practice, the Fund uses closing reported prices for the purposes of determining net asset value, however the Fund is required to use bid prices (for investment held) and ask price (for investments sold short) for the fair valuation of investments under GAAP in calculating the net asset per share.

(2) Net assets and dividends are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Dividends were paid in cash or re-invested in additional shares of the Fund.

\*Class A shares were first issued on June 25, 2004.

## Financial Highlights (continued)

<b>Ratios and Supplemental Data</b>					
<b>Series A*</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 1,479	\$ 1,319	\$ 1,704	\$ 2,273	\$ 3,051
Number of shares outstanding <sup>(1)</sup>	128,338	115,441	150,324	202,106	273,273
Management expense ratio <sup>(2)</sup>	0.44%	0.44%	0.44%	0.39%	0.29%
Management expense ratio before waivers or absorption <sup>(5)</sup>	7.81%	5.09%	4.52%	3.71%	1.93%
Trading expense ratio <sup>(3)</sup>	-	-	-	-	-
Portfolio turnover rate <sup>(4)</sup>	109.54%	316.38%	70.68%	96.30%	47.13%
Net asset value per share <sup>(1)</sup>	\$ 11.52	\$ 11.43	\$ 11.33	\$ 11.25	\$ 11.16

**Notes:**

(1) The information is provided as at December 31st of the year shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(5) Waivers and absorption of certain expenses associated with the Fund are at the Manager's discretion and may be terminated at any time.

\*Class A shares were first issued on June 25, 2004.

## Management Fees

The Fund is required to pay an annual management fee equal to 0.60% of the average total NAV of Series A shares. During the year the manager chose to charge the Fund a 0.30% management fee. This fee is calculated daily and is based on the Fund's ending total NAV per class; cumulative daily totals are then paid on a weekly basis.

Of the management fees paid by the Fund to the Manager for Series A shares, approximately 70.27% was used to pay for sales and trailer commissions and 29.73% was for investment advisory and portfolio management services.

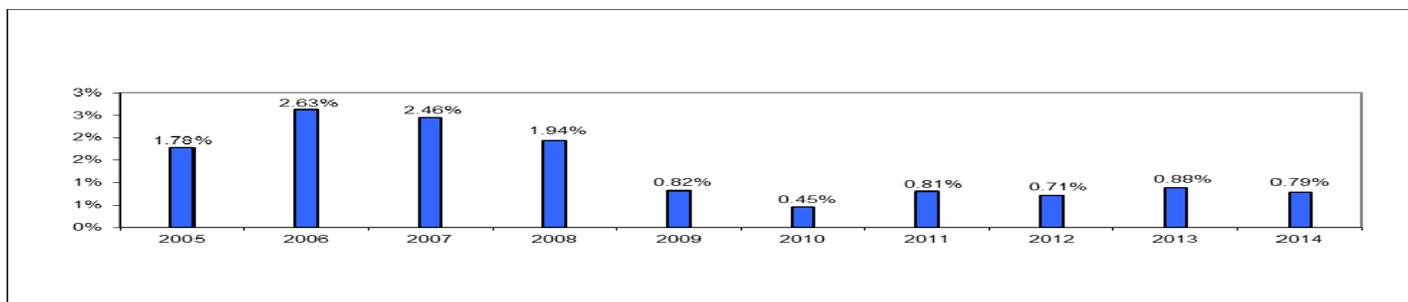
## Past Performance

The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future. Performance differences between series of shares are mainly attributable to management fees charged to each series.

## Year-by-Year Returns

The following bar chart shows the Fund's annual Series A shares performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year as applicable.

### Series A



\* Inception date for Series A shares was June 25, 2004.

## Annual Compound Returns

The table below compares the annual compounded performance of the Fund against the CIBC WM 91 Day Treasury Bill CAD index. The index measures the daily return on a series of investments in current three-month Government of Canada Treasury Bills.

As the index is made up of a group of short term securities with various durations, it does not share the same holdings or in the same weighted proportions as the Fund and compounded total returns between the two may differ. For greater in-depth discussion regarding the Fund's asset class holdings and performance over the year please see the "Results of Operations – Investment Portfolio" section of the MRFP. Unlike the index, the Fund must report performance net of all accrued fees and expenses, which dilute the actual Fund performance in relative comparison to the benchmark, which does not incur any types of fees/expenses. Generally, the Fund has underperformed the index.

	1 Year %	3 Years %	5 Years %	10 Years %	Since Inception %
Class A	0.8%	0.7%	0.7%	1.4%	4.0%
CIBC WM 91 Day Treasury Bill CAD	0.9%	0.9%	0.8%	1.8%	n/a

## Summary of Investment Portfolio (as at December 31, 2014)

The tables below provide information about the investment portfolio of the Fund, including a breakdown of the Fund's portfolio into subgroups and the Top 25 positions held by the Fund as a percentage of NAV. The Fund held less than 25 holdings as at the end of the year.

### Asset Mix

Portfolio Allocation	% of NAV
Corporate Bonds	74.40
Canada Government Bonds	33.71
<b>Total Portfolio</b>	<b>108.11</b>
Cash and Other Assets Less Liabilities	-8.11
<b>Total NAV</b>	<b>100.00</b>

### Top 25 Holdings

1	Government of Canada 0.87% 29/01/2015	13.51%	7	National Bank of Canada 1.19% 27/02/2015	10.11%
2	The Toronto-Dominion Bank 1.20% 10/02/2015	13.49%	8	Bank of Montreal 1.69% 23/03/2015	6.77%
3	Government of Canada 0.96% 15/01/2015	13.45%	9	Government of Canada 0.87% 26/02/2015	6.75%
4	Bank of Montreal 3.93% 27/04/2015	10.22%	10	Daimler Canada Finance Inc. 1.25% 15/01/2015	6.74%
5	Enbridge Inc. 2.28% 19/08/2015	10.19%	11	National Bank of Canada 1.18% 27/01/2015	6.74%
6	Daimler Canada Finance Inc. 1.28% 26/01/2015	10.12%	12	Cash	4.24%

*This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund and a quarterly update is available at [www.marquest.ca](http://www.marquest.ca). The weightings of the positions are calculated based on total NAV of the portfolio as at December 31, 2014. The Fund does not hold short positions. The prospectus and other information of Marquest Short Term Income Fund (Corporate Class) are available on the internet [www.sedar.com](http://www.sedar.com).*

**TORONTO**

161 Bay Street  
Suite 4420, P.O. Box 204  
Toronto, ON M5J 2S1  
Phone 416.777.7350  
Toll Free 1.877.777.1541

**MONTREAL**

1155 Robert-Bourassa Boulevard  
Suite 905  
Montreal, QC H3B 3A7  
Phone 514.227.0666  
Toll Free 1.866.687.9363

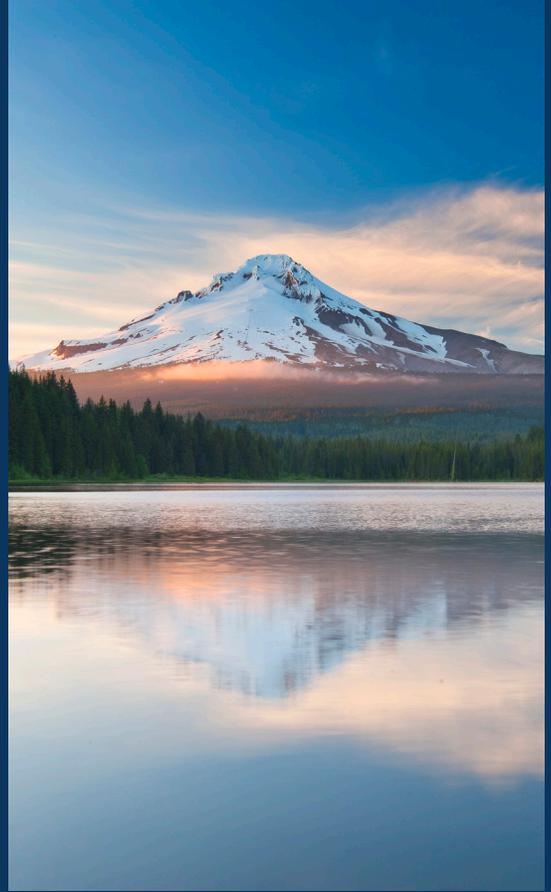
**VANCOUVER**

1055 West Hastings  
Suite 300  
Vancouver, BC V6E 2E9  
Phone 604.895.7281

**CLIENT SERVICES**

Phone 416.365.4077  
Toll free 1.888.964.3533  
[clientservices@marquest.ca](mailto:clientservices@marquest.ca)

[WWW.MARQUEST.CA](http://WWW.MARQUEST.CA)



MARQUEST CANADIAN BOND FUND

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Marquest Canadian Bond Fund (the "Fund"). You can get a copy of the annual financial statements at your request, and at no cost, from the manager Marquest Asset Management Inc. (the "Manager") by calling toll-free 1-888-964-3533, by writing to us at Suite 4420, 161 Bay Street, PO Box 204, Toronto, Ontario, M5J 2S1 or by visiting our website at [www.marquest.ca](http://www.marquest.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

*This report contains forward looking statements. These statements primarily relate to assessments of future economic and market conditions, and the adoption of International Financial Reporting Standards. Such information has been included to assist readers with assessing recent developments in the Fund's operating climate and possible future developments that may affect Fund performance. All forward looking statements are based on management's current beliefs and assumptions which are subject to numerous risks and uncertainties. Statements with respect to future economic and market conditions are based on management's beliefs and assumptions with respect to a range of factors, including market conditions generally and within the sectors in which the Fund's investments operate. While management considers such beliefs and assumptions to be reasonable based on information currently available to it, no assurance can be given that such beliefs and assumptions will prove to be correct. Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks and uncertainties, including, but not limited to, those associated with economic and market conditions, political stability and other risks identified in the Fund's prospectus. Most of these factors are beyond the control of the Fund and its Manager. Neither the Fund nor its Manager assumes any obligation to update any of the forward looking statements made in this report.*

## **Management Discussion of Fund Performance**

### ***Investment Objectives and Strategies***

---

#### *Investment Objectives*

The Fund seeks to provide income by investing primarily in fixed income securities of Canadian governments and companies.

#### *Investment Strategies*

In order to achieve the Fund's objective, investments are made based on analysis of the yield curve to identify securities offering good relative value. The Fund invests only in securities rated BBB (low) or better by Dominion Bond Rating Service or the equivalent ratings used by other rating agencies and will typically maintain a minimum of 25% invested in government bonds.

### ***Risks***

---

There are risks associated with investing in the Fund. There have been no changes to the Fund which affected the risks associated with investing in the Fund during the year. Specific risk information can be found in the Fund's prospectus available through our website at [www.marquest.ca](http://www.marquest.ca), or at SEDAR's website [www.sedar.com](http://www.sedar.com).

### ***Results of Operations***

---

#### *Net Asset Value (NAV)*

As at December 31, 2014 the Fund's total NAV was \$4,077,075, a decrease of 38.46% since the prior year end (December 2013: \$6,624,643). This change was primarily the result of net unit redemption transactions of \$2,651,039.

During the year, sales and redemptions were as follows: Class A \$341,660 and \$2,842,787 respectively (December 2013: \$757,108 and \$3,148,830); Class F \$44,098 and \$194,010 respectively (December 2013: \$169,341 and \$441,935).

*Investment Portfolio*

The first half of 2014 witnessed a weak first quarter followed by a quiet second one in terms of economic data due to adverse winter conditions and global geopolitical concerns. While the market was digesting soft numbers from the first quarter, indications for second quarter economic data, with the exception of a couple surprises, were more optimistic. The Eurozone, Japan and many others continued to flush the markets with liquidity by keeping their expansionary monetary policy intact. As a response to the slightly negative GDP growth (excluding Germany) in the Eurozone, the European Central Bank actually reduced the deposit rate to negative while telegraphing upcoming unconventional measures as the circumstances called for. The Federal Reserve (Fed) transitioned its guidance from threshold-based to qualitative. Although Chairperson Yellen had to backpedal in her statement indicating that the rate hikes could be expected 6 months following the end of the process of removing stimulus. If the Fed continues as planned, the end of QE3 is expected in the fall of 2014 which would place the start of tightening in the spring of 2015 at the earliest. The Canadian economy had experienced a slowing down in exports and consumer spending. Although the weak labour market has been an added drag for the first half of the year, there was also good news including the first quarterly goods trade surplus in 3 years. There was a surprise on the inflation front with the rate jumping to 2.3% in May. Although Governor Poloz of the Bank of Canada (BoC) has been downplaying the inflation factor, it seems that the higher numbers could cause the BoC to remove the dovish language from their guidance. Yields curves in both countries were down around 50 bps while mostly flattening on the long ends for the first 6 months of the year. The fourth quarter was much like the rest of the year with yields falling on the back of developing global events and supportive central bankers, despite strengthening of the US economy. Q4 returns, according to the ever-lengthening FTSE TMX Universe Index (now with a modified duration of 7.4 years, from 6.7 years last January), were 2.70% bringing the annual return to 8.79%. Provincials led, returning 3.90% for the quarter and 12.18% for the year according to the provincial index. Credit spreads widened in the final quarter, resulting in corporate bond underperformance, with returns of 1.87% in the quarter and 7.58% for the year, according to the corporate index. The best performing assets for the quarter and year were long governments at 5.69% and 17.88% respectively; long corporates returned only 3.78% and 16.12% for the same periods.

The catalyst for Q4's bond market rally was further deterioration of European economic prospects fuelling expectations for more European Central Bank QE and the collapse of oil prices. On-going problems in Western Europe – high unemployment and political instability in some countries, combined with problems in Eastern Europe (Russia) – weak energy prices and a falling ruble, to foment a decline in sovereign bond yields. Ten year Bunds ended the year at 0.54%, and even 10-year Spanish bonds fell below similar term Treasuries: 1.60% versus 2.17%. Crude Oil (WTI) prices fell (off a cliff) in Q4, dropping from \$89.39 (WTI) to \$53.27, reducing inflation expectations as shown by the spread between 10-year nominal and real bonds: 1.45% and 1.7% in Canada and the US respectively. The US economy continued to produce exceptional results in the second half of 2015, with Q3's GDP revision coming in at a lofty 5.5% annualised, stoked by strong consumer spending.

Employment gains continued to be positive, averaging 267,000 over the last six months and 282,000 in the first two months of Q4. The US housing market was encouraging, although somewhat uneven; with both existing and new home sales trending higher and housing starts eclipsing 1 million on an annualised rate. The Canadian economy's performance was more modest, with Q3 growth coming in at 2.3% annualised. The key drivers of the Canadian economy – housing and the energy sector, both slowed in Q4, with lower energy prices impacting both, and affordability also catching up with homebuyers. The Canadian export sector was a valuable counterbalance, although slowing in December, benefitting from the weak Canadian dollar and a buoyant US economy.

With corporate spreads weakening, the portfolio opportunistically increased positions in the consumer, communications and pipelines via a reduction in shorter-dated bank debt. We took advantage of a number of relative value opportunities in various industries (utilities, financials). The portfolio also participated in a number of new issues which came to market with attractive spread concessions and other short-term trading opportunities. The overall shorter duration and yield curve bias of the portfolio was maintained.

During the year, the Fund's Class A and F units generated returns of 4.39% and 4.54% respectively.

*Class Termination*

Effective June 16, 2014 the Class I and O were no longer available for subscriptions.

## **Results of Operations (continued)**

---

### *Fees and Expenses*

The main expenses for each Class of the Fund consists of management fees, operating costs and other fund costs, as applicable, for each Class. Other fund costs include audit, custodian, legal, reporting and independent review committee fees and other expenses. The management expense ratio (MER) is the Fund's total expenses expressed as a percentage of the average NAV of the Fund. The MER for the Fund's Class A and F units was 1.62% (December 2013: 1.64%) and 1.00% (December 2013: 1.00%) respectively. The decrease for class A is primarily due to the change in the "HST blended rate" for 2014. The "HST blended rate" is a calculation of the GST and HST rates which is applied to the Fund annually and is based on the provincial residency of the fund's unit holders as of September 30 of each year. New annual HST blended rates are then applied on January 1st of the following year. Total expenses during the year excluding management fees were \$132,850 (December 2013: \$178,802), with the decrease being the result of a decrease in operating expense of \$40,461 and legal fees of \$15,683. As disclosed in the Fund's prospectus, the Manager (as defined below) may voluntarily waive, absorb or pay a portion of the Fund's fees and expenses, at its discretion. During the year the Manager absorbed \$102,930 in expenses of the Fund, so that the total expenses actually paid by the Fund were \$84,632.

Management fees are fixed percentages of NAV and typically increase or decrease with movements of NAV. See "Management Fees" and "Related Party Transactions" below for details on management fees.

### *Distributions*

During the year, the Fund's Class A and F units paid distributions totalling \$0.24 per unit.

### **Recent Developments**

---

The start to the year for the Canadian bond market can only be described as extraordinary: the Bank of Canada lowered interest rates, surprising everyone and taking the dollar down another 4.3 cents; Canadian real yields dropped further into negative territory all the way up to 15-years; and nominal long term yields fell below 2%. Global bond markets were no less amazing: the ECB finally announced its formal QE program to begin in March; 11 central banks (besides the Bank of Canada) lowered interest rates with nominal yields falling negative for some of the highest rated European sovereigns and even some related premium grade corporate credits.

The Canadian Universe index returned 4.63% for January, the highest monthly return since February 1995 (when the Universe yield to maturity fell about 90 bps to 8.40%), consistent with the fall in yields, but juiced by the lengthened duration of the index – now at 7.6 years. Long bonds were the clear winner during the month, with 30-year government of Canada's returning 12.8%, despite the low average monthly yield to maturity of 2.11% – outside of program specific long bond activity (e.g. insurers and pension funds), this part of the market can only be viewed as a playground for speculative capital gains and eventual losses. The Canadian yield curve steepened, pricing in an additional rate cut this year, while the US yield curve flattened, still pricing Fed tightening. Long bond yields in both markets continued to benefit from foreign flows seeking safety and yield pickup, particularly in the Treasury market.

Our take on the bond market is that economic fundamentals are playing a distant second to central bank activity, which is unprecedented. In a world of high debt levels, deflation, and depreciating currencies, central banks have taken over from elected officials as guardians of the economy and are more than willing to undertake aggressive policy action. The Bank of Canada joined the chorus, despite having previously convinced investors they were focused on inflation, yet satisfied to look through short term shocks. However, the significant problem with excessive central bank intervention is the distortion of market behaviour and the impairment of prices as a mechanism to convey information beyond such action. Not surprisingly, bond markets are increasingly traded on expectations of central bank actions which, since the adoption of QE policies, have migrated out the yield curve; valuation has become largely irrelevant.

It is our belief that Canadian nominal yields can only persist below the level of inflation and some term premium if market participants expect inflation to go even lower or if real yields have a reason to remain negative. On both accounts we find it hard to see a rational argument for nominal yields to stay at such low levels. Admittedly, the near term impact of the sharp decline in oil prices has been a fall in overall inflation. However, medium term, lower gas prices, a severely devalued loonie and lower bond yields should ensure that core inflation does not suffer a commensurate decline. As for real yields, absent a recession and additional QE programs, it is improbable that Canadian real yields remain negative beyond short term interest rates.

## ***Recent Developments (continued)***

---

We note that there are researchers, such as those from the New York Fed, suggesting that term premiums, or the additional yield received for the uncertainty of longer term investments, have declined. Lower term premiums mean investors are not rewarded with the same yield increment for risking longer term investments as they would have in the past. In other words, we may have to get used to flatter yield curves. We suggest that as long as QE and the by-products of QE (i.e. bloated central bank balance sheets and significantly reduced volumes of tradable debt) are in evidence, lower term premiums may in fact be a feature of developed bond markets.

### *Securityholder Equity.*

Effective June 16, 2014 Class I and O units were no longer offered for sale.

### *Change of Portfolio Advisor*

Marquest Asset Management Inc., the manager of Marquest Group of Funds, announced effective on or about July 17, 2014, that Lorica Investment Counsel Inc. would become the portfolio advisor for the Fund, replacing SEAMARK Asset Management Ltd. ("SEAMARK"), who had acted as sub-advisor.

### *International Financial Reporting Standards*

The changes that impact the Financial Statements and Management Report of Fund Performance for the year ended December 31, 2014 are as follows:

#### Statement of cash flows

Under Canadian GAAP, the Fund was exempt from providing a statement of cash flows. IAS 1 requires that a complete set of financial statements include a statement of cash flows for the current and comparative periods, without exception.

#### Exceptions that are mandated by IFRS 1 First-time adoption of International Reporting Standards

Estimates – IFRS 1 prohibits use of hindsight to create or revise previous estimates. The estimates the Company previously made under Canadian GAAP have not been revised for application of IFRS.

#### Classification of Redeemable Units Issued by the Fund

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32, Financial Instruments: presentation, requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been classified as financial liabilities on transition to IFRS.

#### Revaluation of investments at FVTPL

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions, to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, Fair Value Measurement, which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. For a detailed reconciliation of the line item changes as a result of the adoption of IFRS as at January 1, 2013 and December 31, 2013 please refer to Note 14 of the financial statements.

## Related Party Transactions

The Manager of the Fund has engaged Lorica Investment Counsel Inc. as the portfolio sub-advisor for the Fund, at its own cost.

The Manager of the Fund is responsible for managing all of the Fund's activities, including investment advisory and portfolio management services under a Management Agreement. The Management Agreement is subject to automatic renewal for additional one year terms. The Management Agreement may be terminated during its term if the Manager defaults in its performance of any of its duties or obligations thereunder and the holders pass a resolution at a meeting of holders terminating the Management Agreement as a result of such default. Further, the holders of a Fund may, by resolution passed at a meeting of holders at least 180 days before the end of the initial term or each anniversary thereof, elect not to renew the Management Agreement, whereupon the Management Agreement will not be renewed beyond its existing term. The Manager must give the holders and the Trustee at least 180 days' notice of its intention not to renew a Management Agreement. Management fees are paid by each class at the rates set out under "Management Fees" below.

During the year, \$54,712 in management fees (including HST) was paid to the Manager. The Manager is also the trustee of the Fund and responsible for certain aspects of the day-to-day administration. The Fund reimbursed the Manager for operating costs (including HST) incurred in administering the Fund of approximately \$29,848.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. The information is derived from the Fund's audited annual financial statements.

<b>Marquest Canadian Bond Fund (Class A)*</b>					
<b>Net Assets per Unit (\$) <sup>(1)</sup></b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>4.59</b>	<b>4.96</b>	<b>5.05</b>	<b>4.99</b>	<b>5.00</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.18	0.20	0.21	0.23	0.23
Total expenses	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
Realized gains (losses) for the year	0.03	(0.07)	0.19	0.02	0.08
Unrealized gains (losses) for the year	0.19	(0.18)	(0.14)	0.10	0.02
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.32</b>	<b>(0.13)</b>	<b>0.18</b>	<b>0.27</b>	<b>0.25</b>
Distributions:					
From income (excluding dividends)	(0.10)	(0.13)	(0.14)	(0.16)	(0.17)
From dividends	-	-	-	-	-
From capital gains	(0.03)	-	(0.14)	(0.01)	-
Return of capital	(0.11)	(0.11)	(0.00)	(0.07)	(0.07)
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.24)</b>	<b>(0.24)</b>	<b>(0.28)</b>	<b>(0.24)</b>	<b>(0.24)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>4.66</b>	<b>4.59</b>	<b>4.95</b>	<b>5.05</b>	<b>4.99</b>

Notes:

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*Class A units were first issued on June 4, 1998.

**Financial Highlights (continued)**

<b>Marquest Canadian Bond Fund (Class F)*</b>					
<b>Net Assets per Unit (\$) <sup>(1)</sup></b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>4.88</b>	<b>5.22</b>	<b>5.26</b>	<b>5.16</b>	<b>5.13</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.19	0.21	0.22	0.24	0.24
Total expenses	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
Realized gains (losses) for the year	0.03	(0.07)	0.19	0.03	0.05
Unrealized gains (losses) for the year	0.20	(0.20)	(0.14)	0.12	0.03
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.37</b>	<b>(0.11)</b>	<b>0.22</b>	<b>0.34</b>	<b>0.27</b>
Distributions:					
From income (excluding dividends)	(0.16)	(0.12)	(0.13)	(0.16)	(0.24)
From dividends	-	-	-	-	-
From capital gains	(0.04)	-	(0.13)	(0.01)	-
Return of capital	(0.04)	(0.12)	(0.02)	(0.07)	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.24)</b>	<b>(0.24)</b>	<b>(0.28)</b>	<b>(0.24)</b>	<b>(0.24)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>5.00</b>	<b>4.88</b>	<b>5.21</b>	<b>5.26</b>	<b>5.16</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*Class F units were first issued on February 7, 2006.

<b>Ratios and Supplemental Data</b>					
<b>Class A*</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 3,343	\$ 5,759	\$ 8,693	\$ 10,254	\$ 12,131
Number of units outstanding <sup>(1)</sup>	717,140	1,254,087	1,754,079	2,027,747	2,426,104
Management expense ratio <sup>(2)</sup>	1.62%	1.64%	1.65%	1.69%	1.63%
Management expense ratio before waivers or absorption <sup>(5)</sup>	3.60%	3.36%	3.20%	3.19%	2.34%
Trading expense ratio <sup>(3)</sup>	-	-	-	-	-
Portfolio turnover rate <sup>(4)</sup>	131.04%	49.27%	134.35%	67.78%	82.24%
Net asset value per unit <sup>(1)</sup>	\$ 4.66	\$ 4.59	\$ 4.96	\$ 5.06	\$ 5.00
<b>Class F**</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 735	\$ 866	\$ 1,217	\$ 1,190	\$ 1,510
Number of units outstanding <sup>(1)</sup>	146,965	177,478	233,386	225,645	292,012
Management expense ratio <sup>(2)</sup>	1.00%	1.00%	1.00%	1.01%	0.99%
Management expense ratio before waivers or absorption <sup>(5)</sup>	2.21%	2.05%	1.94%	1.92%	1.41%
Trading expense ratio <sup>(3)</sup>	-	-	-	-	-
Portfolio turnover rate <sup>(4)</sup>	131.04%	49.27%	134.35%	67.78%	82.24%
Net asset value per unit <sup>(1)</sup>	\$ 5.00	\$ 4.88	\$ 5.22	\$ 5.27	\$ 5.17

**Notes:**

(1) The information is provided as at December 31st of the year shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(5) Waivers and absorption of certain expenses associated with the Fund are at the Manager's discretion and may be terminated at any time.

\*Class A units were first issued on June 4, 1998.

\*\*Class F units were first issued on February 7, 2006.

## Management Fees

---

The Fund pays an annual management fee equal to 1.00% of the average total NAV of Class A units and 0.40% of the average total NAV of Class F units to the Manager. This fee is calculated daily and is based on the Fund's ending total NAV per class; cumulative daily totals are then paid on a weekly basis.

Of the management fees paid by the Fund to the Manager for Class A units, approximately 39.91% was used to pay for sales and trailer commissions and 60.09% was for investment advisory and portfolio management services.

Of the management fees paid by the Fund to the Manager for Class F units, approximately 0.00% was used to pay for sales and trailer commissions and 100.00% was for investment advisory and portfolio management services. No sales and trailer commissions are paid in respect of Class F units.

## Past Performance

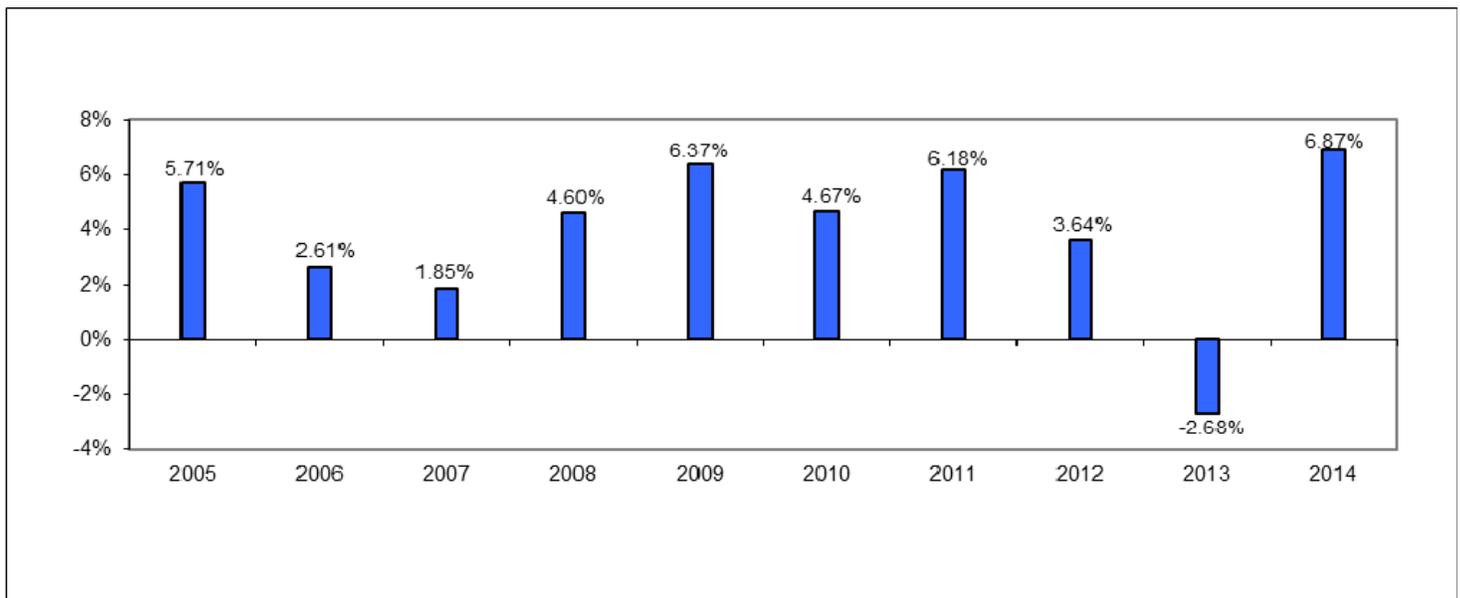
---

The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future. Performance differences between classes of units are mainly attributable to management fees charged to each class.

### Year-by-Year Returns

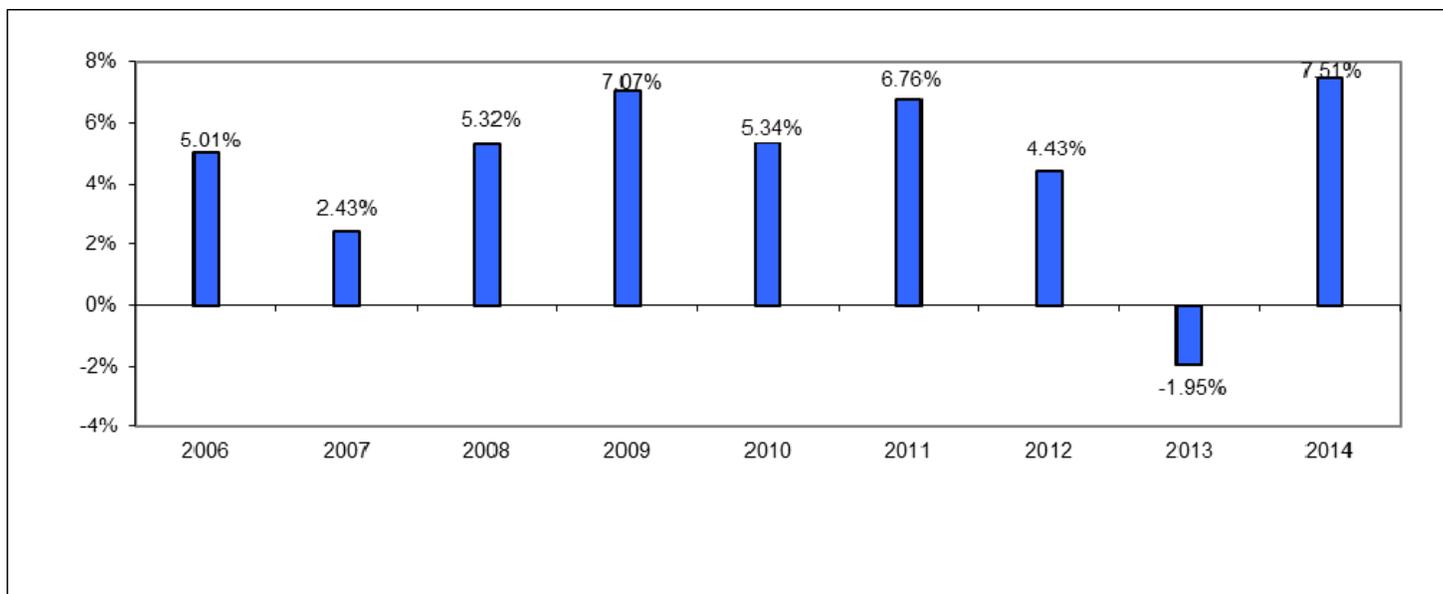
The following bar charts show the Fund's annual Class A and Class F unit's performance for each of the years shown, and illustrate how the Fund's performance has changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year as applicable.

#### Class A



\* Inception date for Class A units was June 4, 1998.

**Class F**



\* Inception date for Class F units was February 7, 2006.

**Annual Compound Returns**

The table below compares the annual compounded performance of the Class A and F units of the Fund against the ML Canada Broad Market TR CAD index. This index encompasses a broad selection of hundreds of Canadian corporate and government bonds. It includes short, medium and long-term bonds and is a benchmark for fixed incomes from varying sectors.

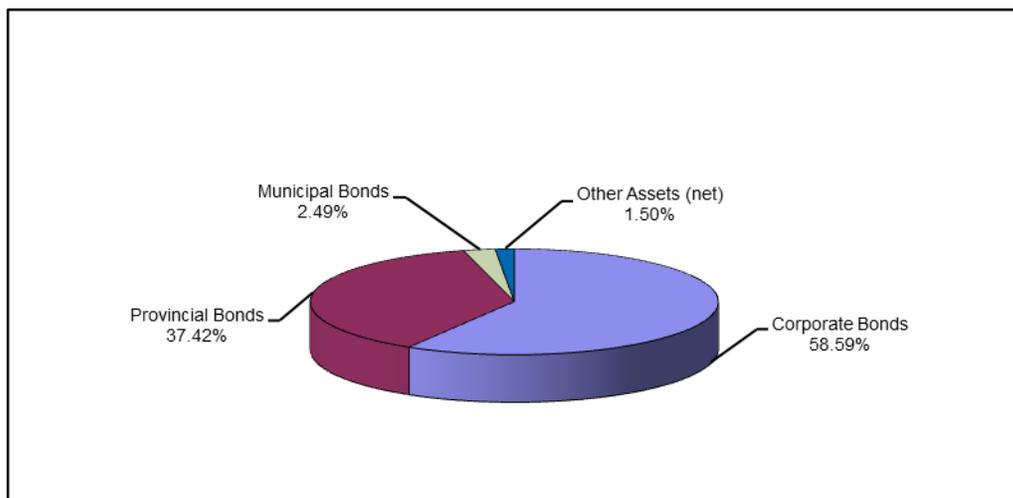
As the index is made up of groups of fixed income securities from various duration periods and market capitalizations, it does not share the same holdings or the same weighted proportions as the Fund and compounded total returns figures between the two may differ. For greater in-depth discussion regarding the Fund's asset class holdings and performance over the year please see the "Results of Operations – Investment Portfolio" section of the MRFP. Unlike the index, the Fund must report performance net of all accrued fees and expenses, which dilute the actual Fund performance in relative comparison to the benchmark, which does not incur any types of fees/expenses. Generally, the Fund has underperformed the index.

	1 Year %	3 Years %	5 Years %	10 Years %	Since Inception %
<b>Class A</b>	6.9%	2.5%	3.7%	3.9%	4.2%
<b>ML Canada Broad Market TR CAD</b>	9.1%	3.7%	5.6%	5.4%	5.9%
<b>Class F</b>	7.5%	3.3%	4.4%	-	4.7%
<b>ML Canada Broad Market TR CAD</b>	9.1%	3.7%	5.6%	-	5.4%

## Summary of Investment Portfolio (as at December 31, 2014)

The pie chart and table below provide information about the investment portfolio of the Fund, including a breakdown of the Fund's portfolio into subgroups and the Top 25 positions held by the Fund as a percentage of NAV.

### Asset Mix



### Top 25 Holdings

1	Province of Ontario	2.10%	08/09/2019	13.95%	13	Loblaw Companies Ltd.	3.75%	12/03/2019	3.91%
2	Province of Ontario	4.20%	08/03/2018	9.31%	14	TELUS Corp.	3.20%	05/04/2021	3.88%
3	Financement-Quebec	2.45%	01/12/2019	5.68%	15	Canadian Western Bank	3.05%	18/01/2017	3.76%
4	FortisBC Inc.	4.00%	28/10/2044	5.40%	16	OMERS Realty Corp.	3.36%	05/06/2023	3.58%
5	Province of Ontario	4.00%	02/06/2021	5.05%	17	Glacier Credit Card Trust	2.57%	20/09/2019	3.48%
6	Enbridge Income Fund	3.95%	19/11/2024	5.03%	18	Royal Bank of Canada	2.77%	11/12/2018	2.52%
7	Thomson Reuters Corp.	3.31%	12/11/2021	4.98%	19	Municipal Finance Authority of British Columbia	2.05%	02/06/2019	2.49%
8	Saputo Inc.	2.65%	26/11/2019	4.96%	20	Province of Nova Scotia	4.40%	01/06/2042	2.19%
9	Manufacturers Life Insurance Co.	2.64%	15/01/2025	4.94%	21	Province of Quebec	6.25%	01/06/2032	1.24%
10	Bell Canada	4.40%	16/03/2018	4.20%	22	Cash			0.94%
11	Sun Life Financial Inc.	4.38%	02/03/2022	4.02%					
12	TransCanada PipeLines Ltd.	5.10%	11/01/2017	3.92%					
						<b>TOTAL % OF NAV</b>			<b>99.43%</b>

*This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund and a monthly update is available at [www.marquest.ca](http://www.marquest.ca). The weightings of the positions are calculated based on total NAV of the portfolio as at December 31, 2014. The Fund does not hold short positions. The prospectus and other information of Marquest Canadian Bond Fund are available on the internet [www.sedar.com](http://www.sedar.com).*

**TORONTO**

161 Bay Street  
Suite 4420, P.O. Box 204  
Toronto, ON M5J 2S1  
Phone 416.777.7350  
Toll Free 1.877.777.1541

**MONTREAL**

1155 Robert-Bourassa Boulevard  
Suite 905  
Montreal, QC H3B 3A7  
Phone 514.227.0666  
Toll Free 1.866.687.9363

**VANCOUVER**

1055 West Hastings  
Suite 300  
Vancouver, BC V6E 2E9  
Phone 604.895.7281

**CLIENT SERVICES**

Phone 416.365.4077  
Toll free 1.888.964.3533  
[clientservices@marquest.ca](mailto:clientservices@marquest.ca)

[WWW.MARQUEST.CA](http://WWW.MARQUEST.CA)



MARQUEST MONTHLY PAY FUND

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Marquest Monthly Pay Fund (the "Fund"). You can get a copy of the annual financial statements at your request, and at no cost, from the manager Marquest Asset Management Inc. by calling 1-888-964-3533, by writing to us at Suite 4420, 161 Bay Street, PO Box 204, Toronto, Ontario, M5J 2S1 or by visiting our website at [www.marquest.ca](http://www.marquest.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

*This report contains forward looking statements. These statements primarily relate to assessments of future economic and market conditions, and the adoption of International Financial Reporting Standards. Such information has been included to assist readers with assessing recent developments in the Fund's operating climate and possible future developments that may affect Fund performance. All forward looking statements are based on management's current beliefs and assumptions which are subject to numerous risks and uncertainties. Statements with respect to future economic and market conditions are based on management's beliefs and assumptions with respect to a range of factors, including market conditions generally and within the sectors in which the Fund's investments operate. While management considers such beliefs and assumptions to be reasonable based on information currently available to it, no assurance can be given that such beliefs and assumptions will prove to be correct. As a result, these forward looking statements would typically include words such as "anticipates, believes, intended or estimated". Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks and uncertainties, including, but not limited to, those associated with economic and market conditions, political stability and other risks identified in the Fund's prospectus. Most of these factors are beyond the control of the Fund and its Manager. Neither the Fund nor its Manager assumes any obligation to update any of the forward looking statements made in this report.*

## **Management Discussion of Fund Performance**

### **Investment Objectives and Strategies**

---

#### *Investment Objectives*

The Fund seeks to provide high investment returns by investing primarily in income producing securities such as income trusts, bonds, common and preferred shares.

#### *Investment Strategies*

In order to achieve the Fund's objective, in respect of the equity component of the Fund's portfolio (including income trusts), investments are made based on an analysis of financial information of each potential investment to identify undervalued companies with improving fundamentals and high potential for price appreciation. Other factors, including economic data, are used to identify business cycle trends. The Fund may invest up to 49% of net assets in foreign securities, may write covered calls and puts (secured by cash) to enhance income and may use derivatives and invest in other mutual funds. In respect of the fixed income component of the Fund's portfolio, investments are made based on an analysis of the yield curve to identify securities offering good relative value.

### **Risks**

---

There are risks associated with investing in the Fund. There have been no changes to the Fund which affected the risks associated with investing in the Fund during the year. Specific risk information can be found in the Fund's prospectus available through our website at [www.marquest.ca](http://www.marquest.ca), or at SEDAR's website [www.sedar.com](http://www.sedar.com).

## ***Results of Operations***

---

### *Net Asset Value (NAV)*

As at December 31, 2014 the Fund's total NAV was \$201,255,024, a decrease of 4.98% since the prior year end (December 2013: \$211,812,788). This change was the result of distribution to unit-holders of \$35,983,878 partially offset net unit subscription transactions of \$23,724,972.

Sales and redemptions during the year were as follows: Class A \$70,685,551 and \$45,620,491 respectively (December 2013: \$60,662,849 and \$53,560,238); Class F \$1,565,572 and \$3,558,606 respectively (December 2013: \$3,183,921 and \$5,357,235); Class T8 \$132,782 and \$1,569,886 respectively (December 2013: \$845,608 and \$151,153); Class AA \$5,291,157 and \$3,317,742 respectively (December, 2013: \$5,559,551 and \$258,009); Class F-AA \$230,892 and \$114,257 respectively (December 2013: \$66,702 and \$0).

### *Investment Portfolio*

In the first half of 2014, the S&P/TSX Total Return Index was up 12.9 percent. The biggest gains were seen in the Energy, Materials, Information Technology, and Industrials sectors, the worst performing sectors were Health Care and Telecom. However due to relative weightings of the various industry groups the biggest contributors to the upside were Energy, Financial Services, and Industrials. The Marquest Monthly Pay Fund also appreciated during this period. The Fund was well positioned to take advantage of some of these market conditions through strong sector holdings in Energy and Financial Services. The Fund was underweight the market in Information Technology.

During the year, the Fund's Class A, Class AA, Class F, Class F-AA units generated returns of -0.44%, 1.69%, 2.35% and 2.97% respectively.

The Fund's sector weightings were reviewed during the year and asset weighting changes were made in light of continued economic growth in North American economies. Weightings were increased in financials, industrials, consumer discretionary, materials and utilities. Weightings in the energy, real estate investment trust and telecommunication sector were reduced to facilitate this move. Of the Fund holdings, Precious Metals, Utilities and Energy were the strongest performers during the period. Energy and Financial Services were the largest positive contributors to the performance of the Fund during the period. Weak returns in the Materials sector tempered the performance of the Fund. See "Summary of Investment Portfolio – Asset Mix" for a breakdown of the Fund's portfolio investments by sector.

### *Fees and Expenses*

The main expenses for each Class of the Fund consists of management fees, operating costs and other fund costs, as applicable, for each Class. Other fund costs include audit, custodian, legal, reporting and independent review committee fees and other expenses. The management expense ratio (MER) is the Fund's total expenses expressed as a percentage of the average NAV of the Fund. The MER for the Fund's Class A, AA, F, F-AA and T8 units was 3.31% (December 2013: 3.29%), 2.52% (December 2013: 3.60%), 1.95% (December 2013: 1.93%), 1.30% (December 2013: 2.39%) and 3.14% (December 2013: 3.21%) respectively. Class AA and F-AA were first issued on June 30, 2013. The minor change for Class A, F and T8 is primarily due to the change in the "HST blended rate" for 2014. The "HST blended rate" is a calculation of the GST and HST rates which is applied to the Fund annually and is based on the provincial residency of the fund's unit holders as of September 30 of each year. New annual HST blended rates are then applied on January 1st of the following year. Total expenses during the year excluding management fees were \$2,595,103 (December 2013:\$2,762,726), with the decrease being the result of a decrease in operation expense and unitholder reporting cost of \$483,207 and \$16,613 respectively. These were partially offset by an increase in audit fees, transaction costs, custodian fees and legal fees of \$206,580, \$67,901, \$30,091 and \$34,466 respectively. As disclosed in the Fund's prospectus, the Manager (as defined below) may voluntarily waive, absorb or pay a portion of the Fund's fees and expenses, at its discretion. During the year total expense paid by the Fund was \$7,187,788.

Management fees are fixed percentages of NAV and typically increase or decrease with movements of NAV. See "Management Fees" and "Related Party Transactions" below for details on management fees.

### *Distributions*

During the year, the Fund paid distributions totalling \$0.90, \$0.90, \$0.90, \$0.90 and \$0.45 per Class A, Class F, Class F-AA, Class AA and Class T8 respectively.

## ***Results of Operations (continued)***

---

### *Class A and Class T8 Merger*

Effective September 5, 2014, the A Class of the Fund completed the Merger with the T8 class of the Fund. The merger was subject to, and received, both regulatory approval and shareholder approval at a shareholder meeting held on July 7, 2014. The assets of Class T8 were transferred at the values determined in accordance with the Prospectus and Annual Information Form for the Fund. The Independent Review Committee reviewed the Merger and concluded that it did not create any conflict issues that were not been adequately addressed and achieved a fair and reasonable result.

### *Class I, O and T8 Termination*

Effective June 16, 2014, the class I, O and T8 were no longer available for subscriptions.

## ***Recent Developments***

---

The performance of Canadian stock markets, and thus the Fund, is linked to the Canadian and global economies. Generally, equity markets rise in anticipation of economic expansion and decline when recession is feared or is upon us.

Brutal winter weather pressured the US economy early in the year. Combined with a shift of Easter out of the first quarter into the second, US GDP declined unexpectedly, relieving interest rate fears. Quiescence reigned over investors as both equities and bonds moved higher and VIX, a measure of investor concern, moved lower.

In the first half of 2014 ultra-low interest rates and ample liquidity have led to a period of exceptionally low volatility. Markets have reacted with calm to news of Russia annexing Crimea, ISIS taking over large parts of Iraq, and Israel fighting with Hamas in Gaza. Long term valuation measures are relatively high in virtually every asset class. While this has helped to provide economic stability and enable modest growth in most of the world, it raises the probability that returns for most assets could be mediocre over the intermediate future.

M&A activity is picking up especially in the pharmaceutical sector and the first whiffs of inflation are in the air. Otherwise there are few signs of exuberance. This is a reluctant bubble. In this environment, markets could yet run significantly higher as investors ignore risk as they search for somewhere to invest their money.

### *International Financial Reporting Standards*

The changes that impact the Financial Statements and Management Report of Fund Performance for the year ended December 31, 2014 are as follows:

#### *Statement of cash flows*

Under Canadian GAAP, the Fund was exempt from providing a statement of cash flows. IAS 1 requires that a complete set of financial statements include a statement of cash flows for the current and comparative periods, without exception.

#### *Exceptions that are mandated by IFRS 1 First-time adoption of International Reporting Standards*

Estimates – IFRS 1 prohibits use of hindsight to create or revise previous estimates. The estimates the Company previously made under Canadian GAAP have not been revised for application of IFRS.

#### *Classification of Redeemable Units Issued by the Fund*

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32, Financial Instruments: presentation, requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been classified as financial liabilities on transition to IFRS.

## ***Recent Developments (continued)***

---

### Revaluation of investments at FVTPL

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions, to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, Fair Value Measurement, which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. For a detailed reconciliation of the line item changes as a result of the adoption of IFRS as at January 1, 2013 and December 31, 2013 please refer to Note 14 of the financial statements.

## ***Related Party Transactions***

---

The Manager of the Fund has engaged Cassels Investment Management Inc. as the portfolio sub-advisor for the Fund, at its own cost, effective April 17, 2014.

The Manager of the Fund is responsible for managing all of the Fund's activities, including investment advisory and portfolio management services under a Management Agreement. The Management Agreement is subject to automatic renewal for additional one year terms. The Management Agreement may be terminated during its term if the Manager defaults in its performance of any of its duties or obligations thereunder and the holders pass a resolution at a meeting of holders terminating the Management Agreement as a result of such default. Further, the holders of a Fund may, by resolution passed at a meeting of holders at least 180 days before the end of the initial term or each anniversary thereof, elect not to renew the Management Agreement, whereupon the Management Agreement will not be renewed beyond its existing term. The Manager must give the holders and the Trustee at least 180 days' notice of its intention not to renew a Management Agreement. Management fees are paid by each class at the rates set out under "Management Fees" below.

During the year, \$4,592,686 in management fees (including HST) was paid to the Manager. The Manager is also the trustee of the Fund and responsible for certain aspects of the day-to-day administration. The Fund reimbursed the Manager for operating costs (including HST) incurred in administering the Fund of approximately \$2,305,898.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. The information is derived from the Fund's audited annual financial statements.

<b>Marquest Monthly Pay Fund (Class A)*</b>					
<b>Net Assets per Unit (\$) <sup>(1)</sup></b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>5.43</b>	<b>5.63</b>	<b>6.17</b>	<b>7.41</b>	<b>6.93</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.20	0.25	0.27	0.30	0.36
Total expenses	(0.18)	(0.18)	(0.20)	(0.22)	(0.22)
Realized gains (losses) for the year	(0.13)	0.20	(0.13)	0.19	0.25
Unrealized gains (losses) for the year	0.15	0.44	0.40	(0.80)	1.09
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.04</b>	<b>0.71</b>	<b>0.34</b>	<b>(0.53)</b>	<b>1.48</b>
Distributions:					
From income (excluding dividends)	-	(0.03)	(0.04)	-	-
From dividends	-	-	-	-	(0.12)
From capital gains	-	(0.03)	-	-	-
Return of capital	(0.90)	(0.84)	(0.86)	(0.90)	(0.78)
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.90)</b>	<b>(0.90)</b>	<b>(0.90)</b>	<b>(0.90)</b>	<b>(0.90)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>4.61</b>	<b>5.43</b>	<b>5.62</b>	<b>6.17</b>	<b>7.41</b>

Notes:

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*Class A units were first issued on June 24, 2003.

<b>Marquest Monthly Pay Fund (Class AA)*</b>		
<b>Net Assets per Unit (\$) <sup>(1)</sup></b>		
	<b>2014</b>	<b>2013</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>16.21</b>	<b>15.00</b>
<b>Increase (decrease) from operations:</b>		
Total revenue	0.62	0.27
Total expenses	(0.43)	(0.25)
Realized gains (losses) for the year	(0.44)	0.25
Unrealized gains (losses) for the year	0.26	1.56
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.01</b>	<b>1.83</b>
Distributions:		
From income (excluding dividends)	-	(0.24)
From dividends	-	-
From capital gains	-	-
Return of capital	(0.90)	(0.06)
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.90)</b>	<b>(0.30)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>15.60</b>	<b>16.21</b>

Notes:

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*Class AA units were first issued on July 31, 2013 at \$15.00.

**Financial Highlights (continued)**

<b>Marquest Monthly Pay Fund (Class F)*</b>					
<b>Net Assets per Unit (\$) <sup>(1)</sup></b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>6.24</b>	<b>6.25</b>	<b>6.66</b>	<b>7.82</b>	<b>7.19</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.23	0.28	0.29	0.32	0.37
Total expenses	(0.12)	(0.12)	(0.13)	(0.14)	(0.14)
Realized gains (losses) for the year	(0.15)	0.23	(0.14)	0.23	0.14
Unrealized gains (losses) for the year	0.17	0.44	0.44	(0.68)	1.10
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.13</b>	<b>0.83</b>	<b>0.46</b>	<b>(0.27)</b>	<b>1.47</b>
Distributions:					
From income (excluding dividends)	-	(0.08)	(0.06)	-	(0.19)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	(0.90)	(0.82)	(0.84)	(0.90)	(0.71)
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.90)</b>	<b>(0.90)</b>	<b>(0.90)</b>	<b>(0.90)</b>	<b>(0.90)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>5.50</b>	<b>6.24</b>	<b>6.24</b>	<b>6.66</b>	<b>7.82</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*Class F units were first issued on February 7, 2006.

<b>Marquest Monthly Pay Fund (Class F-AA)*</b>		
<b>Net Assets per Unit (\$) <sup>(1)</sup></b>		
	<b>2014</b>	<b>2013</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>16.15</b>	<b>15.00</b>
<b>Increase (decrease) from operations:</b>		
Total revenue	0.63	0.29
Total expenses	(0.22)	(0.16)
Realized gains (losses) for the year	(0.48)	0.26
Unrealized gains (losses) for the year	0.62	1.39
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.55</b>	<b>1.78</b>
Distributions:		
From income (excluding dividends)	-	(0.37)
From dividends	-	-
From capital gains	-	-
Return of capital	(0.90)	(0.01)
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.90)</b>	<b>(0.38)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>15.74</b>	<b>16.15</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*Class F-AA units were first issued on July 31, 2013 at \$15.00.

**Financial Highlights (continued)**

<b>Marquest Monthly Pay Fund (Class T8)*</b>			
<b>Net Assets per Unit (\$) <sup>(1)</sup></b>			
	<b>2014</b>	<b>2013</b>	<b>2012</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>10.60</b>	<b>10.05</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>			
Total revenue	0.30	0.46	0.19
Total expenses	(0.25)	(0.33)	(0.17)
Realized gains (losses) for the year	(0.08)	0.37	(0.21)
Unrealized gains (losses) for the year	1.10	0.87	0.65
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>1.07</b>	<b>1.37</b>	<b>0.46</b>
Distributions:			
From income (excluding dividends)	-	(0.01)	-
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	(0.80)	(0.79)	(0.34)
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.80)</b>	<b>(0.80)</b>	<b>(0.34)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>-</b>	<b>10.60</b>	<b>10.03</b>

Notes:

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*Class T8 units were first issued on September 18, 2012 at \$10.00 and were merged into Class A on September 5, 2014.

**Financial Highlights (continued)**

<b>Ratios and Supplemental Data</b>					
<b>Class A*</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 189,240	\$ 197,361	\$ 196,815	\$ 196,844	\$ 108,710
Number of units outstanding <sup>(1)</sup>	41,087,920	36,314,171	34,979,740	31,851,888	14,662,276
Management expense ratio <sup>(2)</sup>	3.31%	3.29%	3.30%	3.30%	3.24%
Management expense ratio before waivers or absorption <sup>(5)</sup>	3.31%	3.43%	3.38%	3.39%	3.24%
Trading expense ratio <sup>(3)</sup>	0.13%	-	-	0.23%	0.22%
Portfolio turnover rate <sup>(4)</sup>	45.30%	24.50%	30.64%	42.17%	40.93%
Net asset value per unit <sup>(1)</sup>	\$ 4.61	\$ 5.43	\$ 5.63	\$ 6.18	\$ 7.41
<b>Class AA**</b>	<b>2014</b>	<b>2013</b>			
Total net asset value (000's) <sup>(1)</sup>	\$ 7,140	\$ 5,492			
Number of units outstanding <sup>(1)</sup>	457,769	338,915			
Management expense ratio <sup>(2)</sup>	2.52%	3.60%			
Management expense ratio before waivers or absorption <sup>(5)</sup>	2.52%	3.76%			
Trading expense ratio <sup>(3)</sup>	0.13%	-			
Portfolio turnover rate <sup>(4)</sup>	45.30%	24.50%			
Net asset value per unit <sup>(1)</sup>	\$ 15.60	\$ 16.21			
<b>Class F***</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 4,694	\$ 7,521	\$ 9,770	\$ 9,012	\$ 5,084
Number of units outstanding <sup>(1)</sup>	853,220	1,204,643	1,561,908	1,351,001	649,141
Management expense ratio <sup>(2)</sup>	1.95%	1.93%	1.92%	1.91%	1.89%
Management expense ratio before waivers or absorption <sup>(5)</sup>	1.95%	2.02%	1.97%	1.97%	1.89%
Trading expense ratio <sup>(3)</sup>	0.13%	-	-	0.23%	0.22%
Portfolio turnover rate <sup>(4)</sup>	45.30%	24.50%	30.64%	42.17%	40.93%
Net asset value per unit <sup>(1)</sup>	\$ 5.50	\$ 6.24	\$ 6.25	\$ 6.67	\$ 7.83
<b>Class F-AA****</b>	<b>2014</b>	<b>2013</b>			
Total net asset value (000's) <sup>(1)</sup>	\$ 182	\$ 69			
Number of units outstanding <sup>(1)</sup>	11,538	4,288			
Management expense ratio <sup>(2)</sup>	1.30%	2.39%			
Management expense ratio before waivers or absorption <sup>(5)</sup>	1.30%	2.49%			
Trading expense ratio <sup>(3)</sup>	0.13%	-			
Portfolio turnover rate <sup>(4)</sup>	45.30%	24.50%			
Net asset value per unit <sup>(1)</sup>	\$ 15.74	\$ 16.15			
<b>Class T8*****</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>		
Total net asset value (000's) <sup>(1)</sup>	\$ -	\$ 1,370	\$ 612		
Number of units outstanding <sup>(1)</sup>	-	129,190	60,942		
Management expense ratio <sup>(2)</sup>	3.14%	3.21%	3.38%		
Management expense ratio before waivers or absorption <sup>(5)</sup>	3.14%	3.35%	3.46%		
Trading expense ratio <sup>(3)</sup>	0.13%	-	-		
Portfolio turnover rate <sup>(4)</sup>	45.30%	24.50%	30.64%		
Net asset value per unit <sup>(1)</sup>	\$ -	\$ 10.60	\$ 10.05		

**Notes:**

(1) The information is provided as at December 31st of the year shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(5) Waivers and absorption of certain expenses associated with the Fund are at the Manager's discretion and may be terminated at any time.

\*Class A units were first issued on June 24, 2003.

\*\*Class AA units were first issued on July 31, 2013.

\*\*\*Class F units were first issued on February 7, 2006.

\*\*\*\*Class F-AA units were first issued on July 31, 2013.

\*\*\*\*\*Class T8 units were first issued on September 18, 2012.

## Management Fees

The Fund pays an annual management fee equal to 2.00% of the average total NAV of Class A and AA units and 0.75% of the average total NAV of Class F and F-AA units to the Manager. This fee is calculated daily and is based on the Fund's ending total NAV per class; cumulative daily totals are then paid on a weekly basis.

Of the management fees paid by the Fund to the Manager for Class A units, approximately 70.92% was used to pay for sales and trailer commissions and 29.08% was for investment advisory portfolio management services.

Of the management fees paid by the Fund to the Manager for Class F units, 100.00% was for investment advisory and portfolio management services. No sales and trailer commissions are paid in respect of Class F units.

Of the management fees paid by the Fund to the Manager for Class AA units, approximately 55.33% was used to pay for sales and trailer commissions and 44.67% was for investment advisory and portfolio management services.

Of the management fees paid by the Fund to the Manager for Class F-AA units, 100.00% was for investment advisory and portfolio management services. No sales and trailer commissions are paid in respect of Class F units.

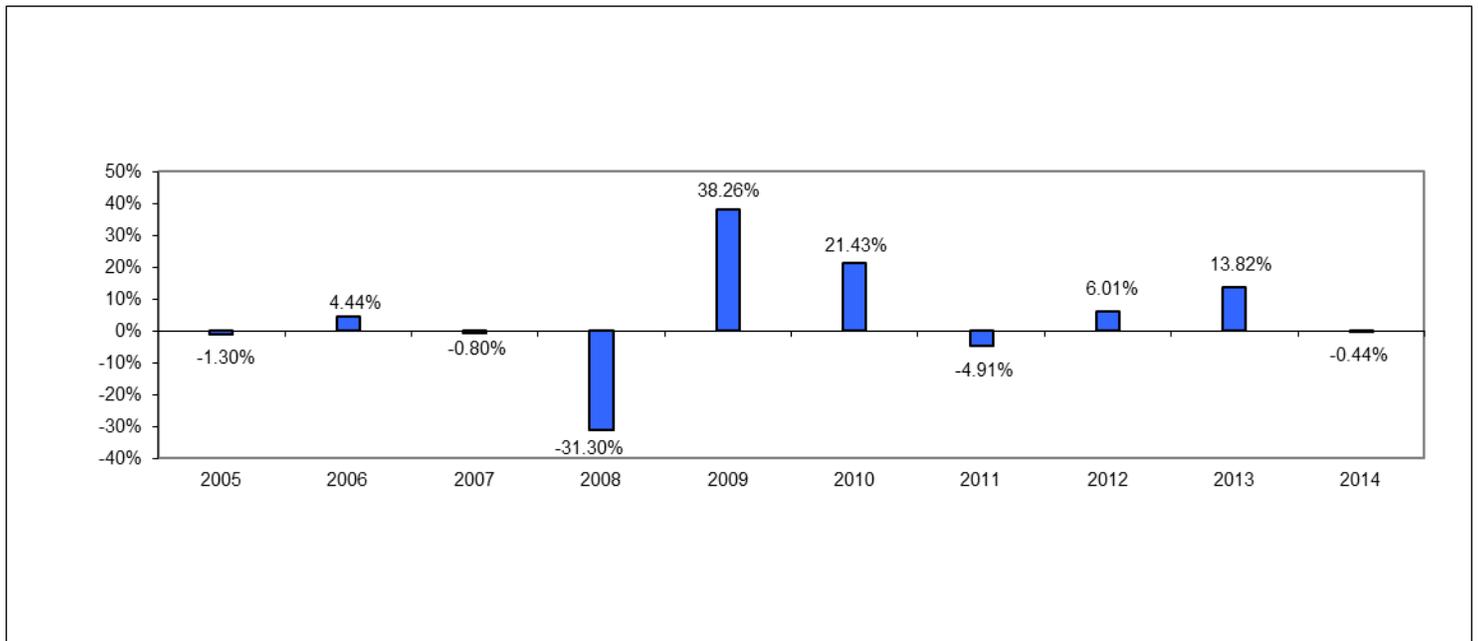
## Past Performance

The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future. Performance differences between classes of units are mainly attributable to management fees charged to each class.

### Year-by-Year Returns

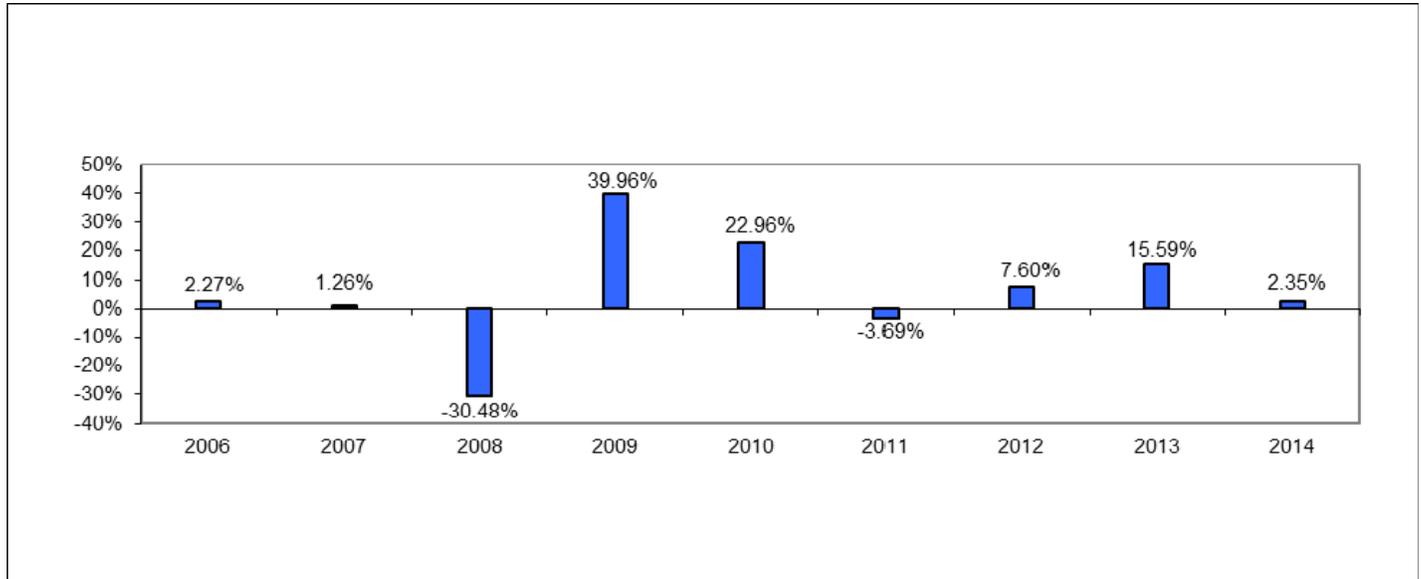
The following bar charts show the Fund's annual Class A and Class F units performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year as applicable.

#### Class A



\* Inception date for Class A units was June 24, 2003.

**Class F**

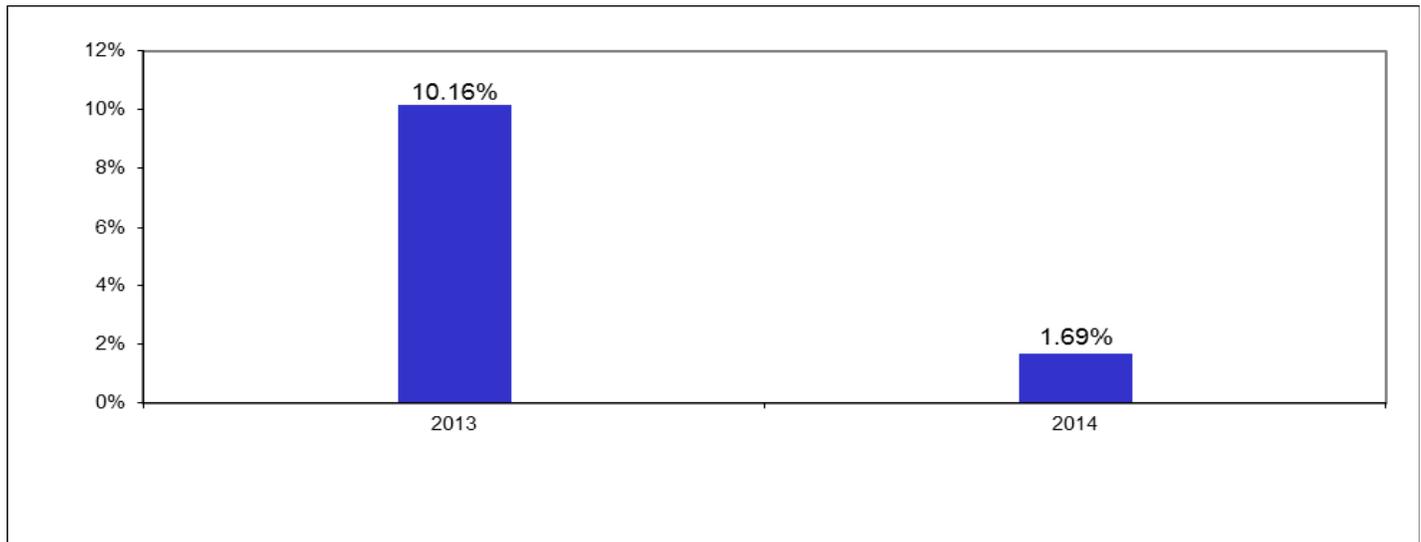


\* Inception date for Class F units was February 7, 2006.

**Class T8**

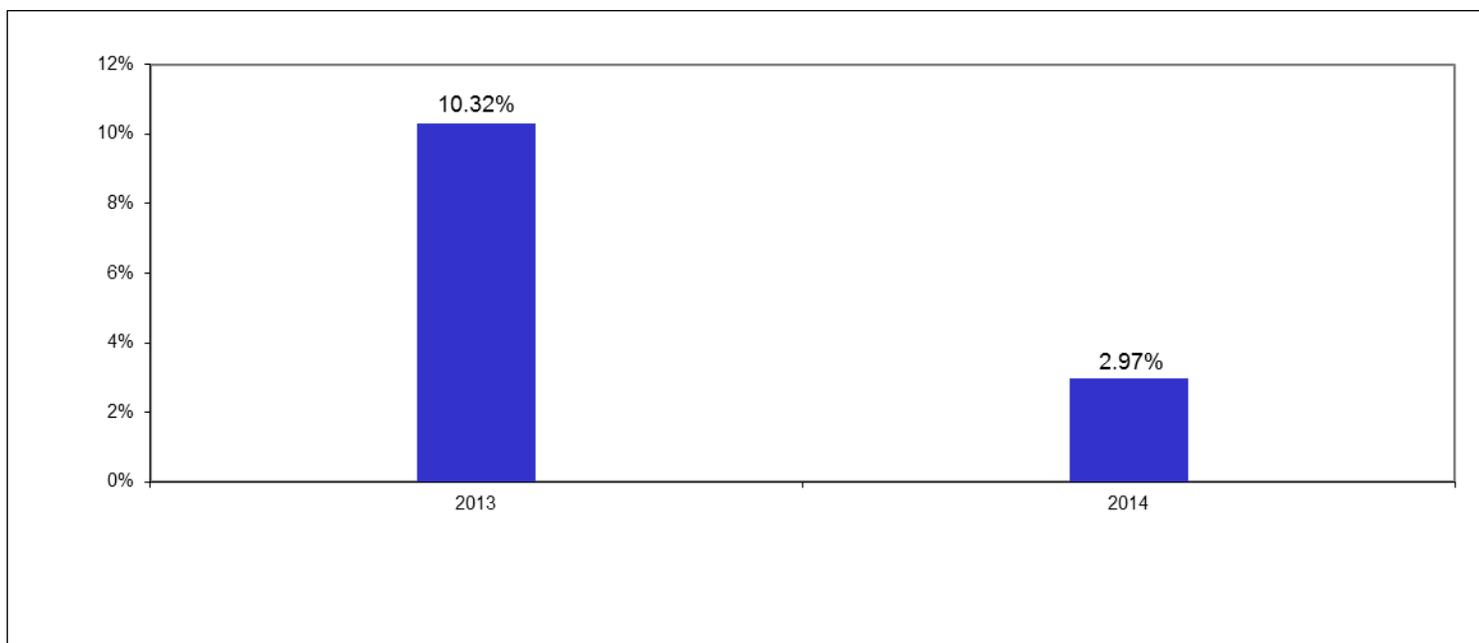
Class T8 units were merged into the Fund's Class A units on September 5, 2014 and are no longer available for sale.

**Class AA**



\* Inception date for Class AA units was June 30, 2013.

**Class F-AA**



\* Inception date for Class F-AA units was June 30, 2013.

**Annual Compound Returns**

The table below compares the annual compounded performance of the Class A, AA, F and F-AA units of the Fund against the S&P/TSX Composite TR. This index is a market capitalization weighted, total return index comprising of stocks within the S&P/TSX Completion Index. It is calculated in Canadian dollars and is comprised of stock (equity) prices of small and mid-sized capitalized companies. It encompasses a broad spectrum of economic sectors and is a benchmark that is designed to measure equity market performance in Canadian markets. For performance purposes, the index assumes the reinvestment of all dividends.

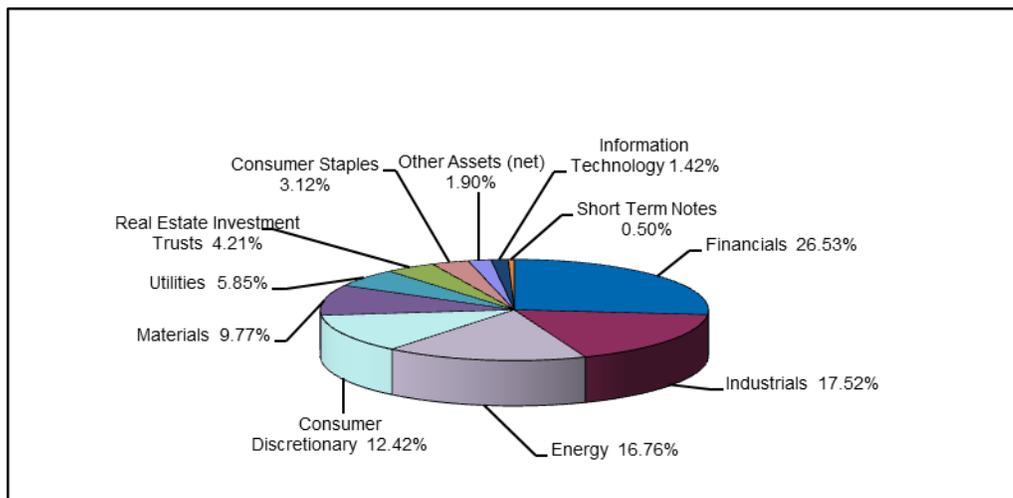
As the index is made up of a group of securities from various asset classes and market capitalizations, they do not share the same holdings or the same weighted proportions as the Fund and compounded total returns between the two may differ. For greater in-depth discussion regarding the Fund's asset class holdings and performance over the year please see the "Results of Operations – Investment Portfolio" section of the MRFP. Unlike the index, the Fund must report performance net of all accrued fees and expenses, which dilute the actual Fund performance in relative comparison to the benchmarks, which does not incur any types of fees/expenses. Generally, the Fund has underperformed the index except for the Class F units "5 year" and Class AA and F-AA "Since Inception" performance periods.

	1 Year %	3 Years %	5 Years %	10 Years %	Since Inception %
<b>Class A</b>	-0.4%	6.3%	6.8%	3.1%	5.4%
<b>S&amp;P/TSX Composite TR</b>	10.6%	10.2%	7.5%	7.6%	9.7%
<b>Class AA</b>	1.7%	-	-	-	8.0%
<b>S&amp;P/TSX Composite TR</b>	10.6%	-	-	-	5.0%
<b>Class F</b>	2.4%	8.4%	8.6%	-	4.8%
<b>S&amp;P/TSX Composite TR</b>	10.6%	10.2%	7.5%	-	5.4%
<b>Class F-AA</b>	3.0%	-	-	-	9.0%
<b>S&amp;P/TSX Composite TR</b>	10.6%	-	-	-	5.0%

## Summary of Investment Portfolio (as at December 31, 2014)

The pie chart and table below provide information about the investment portfolio of the Fund, including a breakdown of the Fund's portfolio into subgroups and the Top 25 positions held by the Fund as a percentage of NAV.

### Asset Mix



### Top 25 Holdings

1	Royal Bank of Canada	6.19%	14	Inter Pipeline Ltd.	2.23%
2	Bank of Nova Scotia	6.09%	15	Manulife Financial Corp.	2.20%
3	The Toronto-Dominion Bank	5.96%	16	Cameco Corp.	2.13%
4	Canadian National Railway Co.	3.98%	17	AG Growth International Inc.	2.11%
5	Saputo Inc.	3.12%	18	Pembina Pipeline Corp.	2.10%
6	Brookfield Asset Management Inc.	2.89%	19	Magna International Inc.	1.88%
7	Great-West Lifeco Inc.	2.84%	20	Thomson Reuters Corp.	1.86%
8	Cineplex Inc.	2.78%	21	TransForce Inc.	1.84%
9	Restaurant Brands International Inc.	2.65%	22	Brookfield Infrastructure Partners LP	1.84%
10	Enbridge Inc.	2.52%	23	Davis & Henderson Income Corp.	1.82%
11	West Fraser Timber Co., Ltd.	2.48%	24	Cash	1.71%
12	PulteGroup Inc.	2.47%	25	AltaGas Ltd.	1.62%
13	Algonquin Power & Utilities Corp.	2.39%		<b>TOTAL % OF NAV</b>	<b>69.70%</b>

*This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund and a quarterly update is available at [www.marquest.ca](http://www.marquest.ca). The weightings of the positions are calculated based on total NAV of the portfolio as at December 31, 2014. The Fund does not hold short positions. The prospectus and other information of Marquest Monthly Pay Fund are available on the internet [www.sedar.com](http://www.sedar.com).*

**TORONTO**

161 Bay Street  
Suite 4420, P.O. Box 204  
Toronto, ON M5J 2S1  
Phone 416.777.7350  
Toll Free 1.877.777.1541

**MONTREAL**

1155 Robert-Bourassa Boulevard  
Suite 905  
Montreal, QC H3B 3A7  
Phone 514.227.0666  
Toll Free 1.866.687.9363

**VANCOUVER**

1055 West Hastings  
Suite 300  
Vancouver, BC V6E 2E9  
Phone 604.895.7281

**CLIENT SERVICES**

Phone 416.365.4077  
Toll free 1.888.964.3533  
[clientservices@marquest.ca](mailto:clientservices@marquest.ca)

[WWW.MARQUEST.CA](http://WWW.MARQUEST.CA)



MARQUEST MONTHLY PAY FUND  
(CORPORATE CLASS)

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Marquest Corporate Class Funds Ltd. - Marquest Monthly Pay Fund (Corporate Class). You can get a copy of the annual financial statements at your request, and at no cost, from the manager Marquest Asset Management Inc. by calling 1-888-964-3533, by writing to us at Suite 4420, 161 Bay Street, PO Box 204, Toronto, Ontario, M5J 2S1 or by visiting our website at [www.marquest.ca](http://www.marquest.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

*This report contains forward looking statements. These statements primarily relate to assessments of future economic and market conditions, and the adoption of International Financial Reporting Standards. Such information has been included to assist readers with assessing recent developments in the Fund's operating climate and possible future developments that may affect Fund performance. All forward looking statements are based on management's current beliefs and assumptions which are subject to numerous risks and uncertainties. Statements with respect to future economic and market conditions are based on management's beliefs and assumptions with respect to a range of factors, including market conditions generally and within the sectors in which the Fund's investments operate. While management considers such beliefs and assumptions to be reasonable based on information currently available to it, no assurance can be given that such beliefs and assumptions will prove to be correct. As a result, these forward looking statements would typically include words such as "anticipates, believes, intended or estimated". Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks and uncertainties, including, but not limited to, those associated with economic and market conditions, political stability and other risks identified in the Fund's prospectus. Most of these factors are beyond the control of the Fund and its Manager. Neither the Fund nor its Manager assumes any obligation to update any of the forward looking statements made in this report.*

## **Management Discussion of Fund Performance**

### **Investment Objectives and Strategies**

---

#### *Investment Objectives*

The Fund seeks to provide high investment returns by investing primarily in income producing securities such as income trusts, bonds, common and preferred shares. To achieve this objective, the Fund invests solely in Class F units of the Marquest Monthly Pay Fund. The Fund and the Marquest Monthly Pay Fund have consistent investment objectives and are both managed by the same manager.

#### *Investment Strategies*

The Fund invests solely in Class F units of the Marquest Monthly Pay Fund.

### **Risks**

---

There are risks associated with investing in the Fund. There have been no changes to the Fund which affected the risks associated with investing in the Fund during the year. Specific risk information can be found in the Fund's prospectus available through our website at [www.marquest.ca](http://www.marquest.ca), or at SEDAR's website [www.sedar.com](http://www.sedar.com).

### **Results of Operations**

---

#### *Net Asset Value (NAV)*

As at December 31, 2014 the Fund's total NAV was \$1,615,291, a decrease of 37.68% since the prior year end (December 2013: \$2,591,816). This change was primarily the result of net share redemption transactions of \$688,657 and distribution to unitholders of \$295,161.

During the year, sales and redemptions were as follows: Series A \$1,678,633 and \$784,166 respectively (December 2013: \$470,531 and \$577,396); Series F \$10,139 and \$41,246 respectively (December 2013: \$28,294 and \$1,515,749); Series T8 \$16,476 and \$1,554,354 respectively (December 2013: \$129,838 and \$165,082) and Series T-F8 \$0 and \$14,139 respectively (December 2013: \$558,070 and \$896,717). Series T8 and T-F8 were merged into Series A and F respectively on September 5, 2014 and are no longer available for sale.

## ***Results of Operations (continued)***

---

### *Investment Portfolio*

In the first half of 2014, the S&P/TSX Total Return Index was up 12.9 percent. The biggest gains were seen in the Energy, Materials, Information Technology, and Industrials sectors, the worst performing sectors were Health Care and Telecom. However due to relative weightings of the various industry groups the biggest contributors to the upside were Energy, Financial Services, and Industrials. The Underlying fund, Marquest Monthly Pay Fund also appreciated during this period. The Underlying Fund was well positioned to take advantage of some of these market conditions through strong sector holdings in Energy and Financial Services. The Underlying Fund was underweight the market in Information Technology.

During the year, the Fund's Series A and F shares generated returns of -0.78% and 0.61% respectively.

The Underlying Fund's sector weightings were reviewed during the year and asset weighting changes were made in light of continued economic growth in North American economies. The Underlying funds weightings were increased in financials, industrials, consumer discretionary, materials and utilities. Weightings in the energy, real estate investment trust and telecommunication sector were reduced to facilitate this move. Of the Underlying Fund holdings, Precious Metals, Utilities and Energy were the strongest performers during the period. Energy and Financial Services were the largest positive contributors to the performance of the Underlying Fund during the period. Weak returns in the Materials sector tempered the performance of the Underlying Fund. See "Summary of Investment Portfolio – Asset Mix" for a breakdown of the Underlying Fund's portfolio investments by sector.

### *Fees and Expenses*

The main expenses for each Series of the Fund consists of management fees, operating costs and other fund costs, as applicable, for each Series. Other fund costs include audit, custodian, legal, reporting and independent review committee fees and other expenses. The management expense ratio (MER) is the Fund's plus the allocation of the proportional expenses of the underlying Funds total expenses expressed as a percentage of the average NAV of the Fund. The MER for the Fund's Series A, F, T8 and T-F8 shares was 3.84% (December 2013: 5.39%), 2.39% (December 2013: 2.20%), 4.44% (December 2013: 5.41%) and 3.11% (December 2013: 2.26%) respectively. Total expenses during the year excluding management fees were \$82,522 (December 2013:\$86,498), with the decrease being the result of a decrease in operating expenses, legal fees and independent review committee fees of \$10,099, \$17,139 and \$2,771 respectively. These were partially offset by an increase in audit fees of \$5,854 and custodian fees of \$20,719. As disclosed in the Fund's prospectus, the Manager may voluntarily waive, absorb or pay a portion of the Fund's fees and expenses, at its discretion. During the year the Manager absorbed \$69,523 in expenses of the Fund, so that the total expenses actually paid by the Fund were \$44,812.

Management fees are fixed percentages of NAV and typically increase or decrease with movements of NAV. See "Management Fees" and "Related Party Transactions" below for details on management fees.

### *Distributions*

During the year, the Fund paid distributions totalling \$1.32, \$1.41, \$0.54 and \$0.54 per Series A, F, T8 and T-F8 share respectively.

### *Series A, F, T8 and Series T-F8 Merger*

Effective September 5, 2014, the A and F series of the Fund completed the Merger with the T8 and T-F8 series of the Fund. The merger was subject to, and received, both regulatory approval and unitholder approval at a unitholder meeting held on July 7, 2014. The assets of Series T8 and T-F8 were transferred at the values determined in accordance with the Prospectus and Annual Information Form for the Fund. The Independent Review Committee reviewed the Merger and concluded that it did not create any conflict issues that were not been adequately addressed and achieved a fair and reasonable result.

### *Series I, O, T8 and T-F8 Termination*

Effective June 16, 2014 the series I, O, T8 and T-F8 were no longer available for subscriptions.

## ***Recent Developments***

---

The performance of Canadian stock markets, and thus the Fund, is linked to the Canadian and global economies. Generally, equity markets rise in anticipation of economic expansion and decline when recession is feared or is upon us.

Brutal winter weather pressured the US economy early in the year. Combined with a shift of Easter out of the first quarter into the second, US GDP declined unexpectedly, relieving interest rate fears. Quiescence reigned over investors as both equities and bonds moved higher and VIX, a measure of investor concern, moved lower.

In the first half of 2014 ultra-low interest rates and ample liquidity have led to a period of exceptionally low volatility. Markets have reacted with calm to news of Russia annexing Crimea, ISIS taking over large parts of Iraq, and Israel fighting with Hamas in Gaza. Long term valuation measures are relatively high in virtually every asset class. While this has helped to provide economic stability and enable modest growth in most of the world, it raises the probability that returns for most assets could be mediocre over the intermediate future.

M&A activity is picking up especially in the pharmaceutical sector and the first whiffs of inflation are in the air. Otherwise there are few signs of exuberance. This is a reluctant bubble. In this environment, markets could yet run significantly higher as investors ignore risk as they search for somewhere to invest their money.

*Securityholders equity*

### *International Financial Reporting Standards*

The changes that impact the Financial Statements and Management Report of Fund Performance for the year ended December 31, 2014 are as follows:

#### Statement of cash flows

Under Canadian GAAP, the Fund was exempt from providing a statement of cash flows. IAS 1 requires that a complete set of financial statements include a statement of cash flows for the current and comparative periods, without exception.

#### Exceptions that are mandated by IFRS 1 First-time adoption of International Reporting Standards

Estimates – IFRS 1 prohibits use of hindsight to create or revise previous estimates. The estimates the Company previously made under Canadian GAAP have not been revised for application of IFRS.

#### Classification of Redeemable Units Issued by the Fund

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32, Financial Instruments: presentation requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been classified as financial liabilities on transition to IFRS.

#### Revaluation of investments at FVTPL

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions; to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, Fair Value Measurement, which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. For a detailed reconciliation of the line item changes as a result of the adoption of IFRS as at January 1, 2013 and December 31, 2013 please refer to Note 14 of the financial statements.

## Related Party Transactions

The Manager of the Fund has engaged Cassels Investment Management Inc. as the portfolio sub-advisor for the Fund, at its own cost, effective April 17, 2014.

The Fund invests solely in Class F units of the Underlying Fund. As a result, the Fund does not pay management fees on its assets that it invests in the Underlying Fund that would duplicate a fee payable by the Underlying Fund for the same service. The Fund will also not pay any sales fees or redemptions fees with respect to its purchase or redemptions of securities of the Underlying Fund. The rates set out under "Management Fees" below indicate the management fee directly borne by the Fund.

The Manager of the Fund is responsible for managing all of the Fund's activities, including investment advisory and portfolio management services under a Management Agreement. The Management Agreement is subject to automatic renewal for additional one year terms. The Management Agreement may be terminated during its term if the Manager defaults in its performance of any of its duties or obligations thereunder and the holders pass a resolution at a meeting of holders terminating the Management Agreement as a result of such default.

Further, the holders of a Fund may, by resolution passed at a meeting of holders at least 180 days before the end of the initial term or each anniversary thereof, elect not to renew the Management Agreement, whereupon the Management Agreement will not be renewed beyond its existing term. The Manager must give the holders and the Trustee at least 180 days' notice of its intention not to renew a Management Agreement. Management fees are paid by each series at the rates set out under "Management Fees" below.

During the year, \$31,813 in management fees (including HST) was paid to the Manager. The Fund reimbursed the Manager for operating costs (including HST) incurred in administering the Fund of approximately \$12,998.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past 3 years. The information is derived from the Fund's audited annual financial statements.

<b>Marquest Monthly Pay Fund - Corporate Class (Series A)*</b>				
<b>Net Assets per Share (\$) <sup>(1)</sup></b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>11.29</b>	<b>10.16</b>	<b>9.56</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	-	0.13	1.10	0.59
Total expenses	(0.22)	(0.36)	(0.19)	(0.03)
Realized gains (losses) for the year	(0.77)	(2.48)	(0.19)	(0.06)
Unrealized gains (losses) for the year	(0.01)	3.68	(0.10)	(0.95)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(1.00)</b>	<b>0.97</b>	<b>0.62</b>	<b>(0.45)</b>
Distributions:				
From income (excluding dividends)	-	-	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	(1.32)	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(1.32)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>10.01</b>	<b>11.29</b>	<b>10.16</b>	<b>9.56</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\*Series A shares were first issued on June 30, 2011 at \$10.00.

**Financial Highlights (continued)**
**Marquest Monthly Pay Fund - Corporate Class (Series F)\***
**Net Assets per Share (\$) <sup>(1)</sup>**

	2014	2013	2012	2011
Net assets, beginning of the year <sup>(2)</sup>	11.61	10.32	9.59	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	-	0.10	1.05	0.45
Total expenses	(0.06)	(0.08)	(0.06)	(0.01)
Realized gains (losses) for the year	(0.42)	(0.68)	(0.19)	(0.03)
Unrealized gains (losses) for the year	0.80	1.92	0.05	0.06
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.32</b>	<b>1.26</b>	<b>0.85</b>	<b>0.47</b>
Distributions:				
From income (excluding dividends)	-	-	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	(1.41)	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(1.41)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>10.41</b>	<b>11.61</b>	<b>10.32</b>	<b>9.59</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\*Series F shares were first issued on September 16, 2011 at \$10.00.

**Marquest Monthly Pay Fund - Corporate Class (Series T8)\***
**Net Assets per Share (\$) <sup>(1)</sup>**

	2014	2013	2012	2011
Net assets, beginning of the year <sup>(2)</sup>	10.03	9.80	9.92	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	-	0.12	1.12	0.69
Total expenses	(0.13)	(0.34)	(0.19)	(0.07)
Realized gains (losses) for the year	(0.02)	(2.24)	(0.19)	(0.01)
Unrealized gains (losses) for the year	1.07	3.50	(0.27)	(0.06)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.92</b>	<b>1.04</b>	<b>0.47</b>	<b>0.55</b>
Distributions:				
From income (excluding dividends)	-	-	(0.19)	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	(0.54)	(0.80)	(0.54)	(0.34)
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.54)</b>	<b>(0.80)</b>	<b>(0.73)</b>	<b>(0.34)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>-</b>	<b>10.03</b>	<b>9.80</b>	<b>9.92</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\*Series T shares were first issued on August 11, 2011 at \$10.00. Series T was renamed Series T8 effective June 30, 2012.

**Financial Highlights (continued)**

<b>Marquest Monthly Pay Fund - Corporate Class (Series T- F8)*</b>			
<b>Net Assets per Share (\$) <sup>(1)</sup></b>			
	<b>2014</b>	<b>2013</b>	<b>2012</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>10.42</b>	<b>9.93</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>			
Total revenue	-	0.12	1.24
Total expenses	(0.04)	(0.06)	(0.05)
Realized gains (losses) for the year	(0.02)	(1.82)	(0.08)
Unrealized gains (losses) for the year	1.01	2.02	(1.32)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.95</b>	<b>0.26</b>	<b>(0.21)</b>
Distributions:			
From income (excluding dividends)	-	-	(0.19)
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	(0.54)	(0.80)	(0.54)
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.54)</b>	<b>(0.80)</b>	<b>(0.73)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>-</b>	<b>10.42</b>	<b>9.93</b>

Notes:

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\*\*Series T-F shares were first issued on January 30, 2012 at \$10.00. Series T-F was renamed Series T-F8 effective June 30, 2012.

**Financial Highlights (continued)**

<b>Ratios and Supplemental Data</b>				
<b>Series A*</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 1,589	\$ 1,032	\$ 1,031	\$ 230
Number of shares outstanding <sup>(1)</sup>	158,699	91,469	101,491	24,106
Management expense ratio <sup>(2)</sup>	3.84%	5.39%	3.89%	3.48%
Management expense ratio before waivers or absorption <sup>(5)</sup>	6.81%	6.29%	6.25%	9.15%
Trading expense ratio <sup>(3)</sup>	-	-	-	-
Portfolio turnover rate <sup>(4)</sup>	24.76%	47.90%	38.98%	218.06%
Net asset value per share <sup>(1)</sup>	\$ 10.01	\$ 11.29	\$ 10.16	\$ 9.56
<b>Series F**</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 26	\$ 60	\$ 1,495	\$ 2,544
Number of shares outstanding <sup>(1)</sup>	2,503	5,136	144,770	265,372
Management expense ratio <sup>(2)</sup>	2.39%	2.20%	2.50%	0.93%
Management expense ratio before waivers or absorption <sup>(5)</sup>	4.23%	2.57%	4.03%	2.44%
Trading expense ratio <sup>(3)</sup>	-	-	-	-
Portfolio turnover rate <sup>(4)</sup>	24.76%	47.90%	38.98%	218.06%
Net asset value per share <sup>(1)</sup>	\$ 10.41	\$ 11.61	\$ 10.32	\$ 9.59
<b>Series T8***</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total net asset value (000's) <sup>(1)</sup>	\$ -	\$ 1,486	\$ 1,486	\$ 872
Number of units outstanding <sup>(1)</sup>	-	148,106	151,731	87,873
Management expense ratio <sup>(2)</sup>	4.44%	5.41%	3.81%	2.22%
Management expense ratio before waivers or absorption	7.86%	6.31%	6.12%	5.86%
Trading expense ratio <sup>(3)</sup>	-	-	-	-
Portfolio turnover rate <sup>(4)</sup>	24.76%	47.90%	38.98%	-
Net asset value per share <sup>(1)</sup>	\$ -	\$ 10.03	\$ 9.80	\$ 9.92
<b>Series T-F8****</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	
Total net asset value (000's) <sup>(1)</sup>	\$ -	\$ 14	\$ 365	
Number of units outstanding <sup>(1)</sup>	-	1,314	36,816	
Management expense ratio <sup>(2)</sup>	3.11%	2.26%	2.46%	
Management expense ratio before waivers or absorption	5.50%	2.63%	3.64%	
Trading expense ratio <sup>(3)</sup>	-	-	-	
Portfolio turnover rate <sup>(4)</sup>	24.76%	47.90%	38.98%	
Net asset value per share <sup>(1)</sup>	\$ -	\$ 10.42	\$ 9.93	

**Notes:**

(1) The information is provided as at December 31st of the year shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(5) Waivers and absorption of certain expenses associated with the Fund are at the Manager's discretion and may be terminated at any time.

\*Series A shares were first issued on June 30, 2011.

\*\*Series F shares were first issued on September 16, 2011.

\*\*\*Series T shares were first issued on August 11, 2011. Series T was renamed Series T8 effective June 30, 2012.

\*\*\*\*Series T-F shares were first issued on January 30, 2012. Series T-F was renamed Series T-F8 effective June 30, 2012.

## Management Fees

---

The Fund pays an annual management fee equal to 2.00% of the average total NAV of Series A shares, 0.75% of the average total NAV for Series F. This fee is calculated daily and is based on the Fund's ending total NAV per series; cumulative daily totals are then paid on a weekly basis.

Of the management fees paid by the Fund to the Manager for Series A shares, approximately 70.76% was used to pay for sales and trailer commissions and 29.24% was for investment advisory and portfolio management services.

Of the management fees paid by the Fund to the Manager for Series F shares, 100.00% was for investment advisory and portfolio management services. No sales and trailer commissions are paid in respect of Series F shares.

## Past Performance

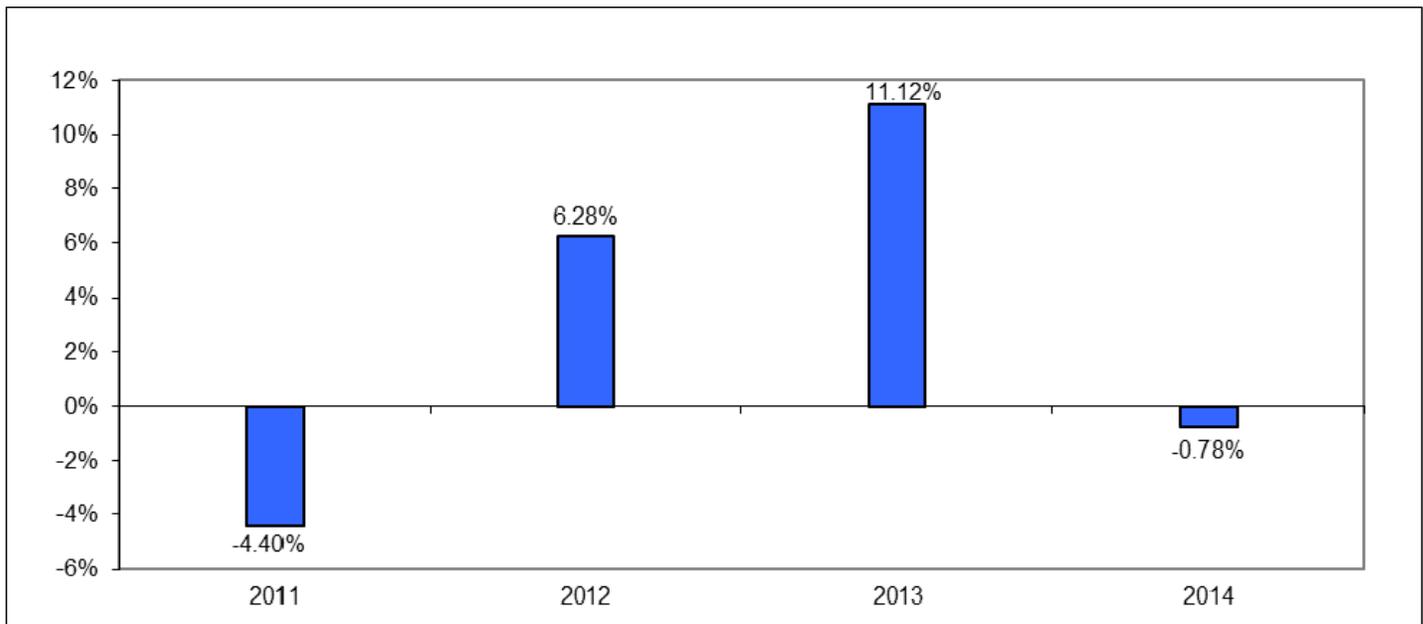
---

The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future. Performance differences between series of shares are mainly attributable to management fees charged to each series.

### Year-by-Year Returns

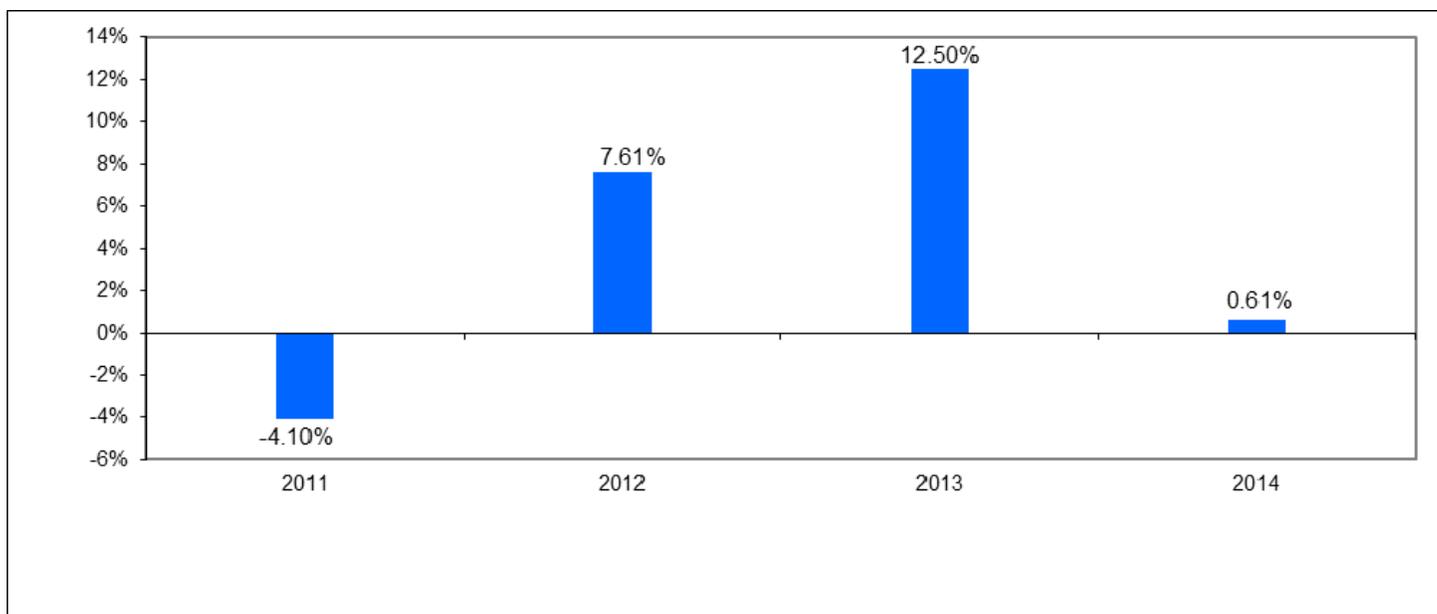
The following bar chart shows the Fund's annual Series A, F, T8 and Series T-F8 performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year as applicable.

#### Series A



\* Inception date for Series A shares was June 30, 2011.

Series F



\* Inception date for Series F shares was September 16, 2011.

Series T8

Series T8 shares were merged into the Fund's Series A shares on September 5, 2014 and are no longer available for sale.

Series T-F8

Series T-F8 shares were merged into the Fund's Series F shares on September 5, 2014 and are no longer available for sale.

Annual Compound Returns

The table below compares the annual compounded performance of the Series A and F shares of the Fund against the S&P/TSX Composite TR,. This is a market capitalization weighted, total return index comprising of all stocks within the S&P/TSX Completion Index. It is calculated in Canadian dollars and is comprised of stock (equity) prices of small and mid-sized capitalized companies. It encompasses a broad spectrum of economic sectors and is a benchmark that is designed to measure equity market performance in Canadian markets. For performance purposes, the index assumes the reinvestment of all dividends.

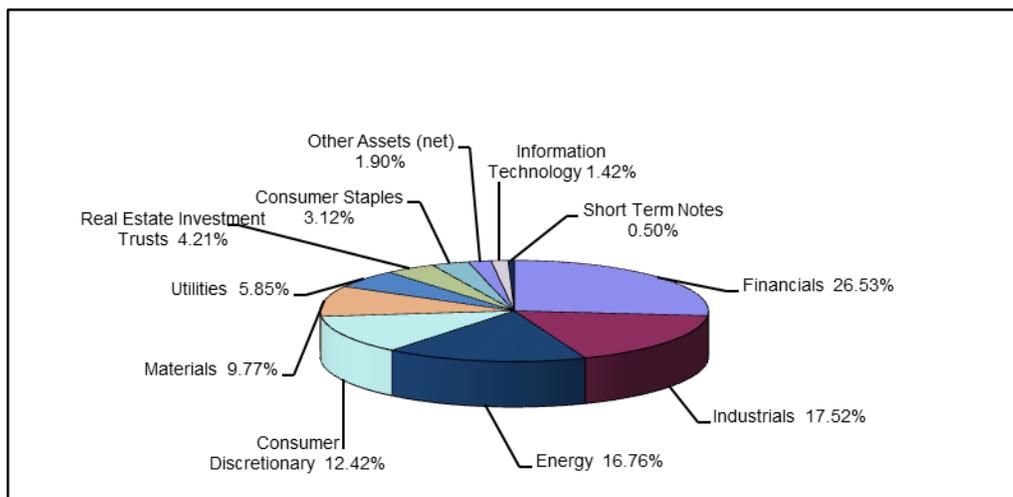
As the index is made up of a group of securities from various asset classes and market capitalizations, they do not share the same holdings or the same weighted proportions as the Underlying Fund and compounded total returns between the two may differ. For greater in-depth discussion regarding the Fund's asset class holdings and performance over the year please see the "Results of Operations – Investment Portfolio" section of the MRFP. Unlike the index, the Fund must report performance net of all accrued fees and expenses, which dilute the actual Fund performance in relative comparison to the benchmarks, which does not incur any types of fees/expenses. The Fund generally underperformed the index.

	1 Year %	3 Years %	5 Years %	10 Years %	Since Inception %
Series A	-0.8%	5.4%	-	-	3.3%
S&P/TSX Composite TR	10.6%	10.2%	-	-	14.5%
Series F	0.6%	6.8%	-	-	4.5%
S&P/TSX Composite TR	10.6%	10.2%	-	-	14.5%

## Summary of Investment Portfolio (as at December 31, 2014)

The pie chart and table below provide information about the investment portfolio of the Fund, including a breakdown of the Fund's portfolio into subgroups and the Top 25 positions held by the Fund as a percentage of NAV.

### Asset Mix



### Top 25 Holdings

1	Royal Bank of Canada	6.19%	14	Inter Pipeline Ltd.	2.23%
2	Bank of Nova Scotia	6.09%	15	Manulife Financial Corp.	2.20%
3	The Toronto-Dominion Bank	5.96%	16	Cameco Corp.	2.13%
4	Canadian National Railway Co.	3.98%	17	AG Growth International Inc.	2.11%
5	Saputo Inc.	3.12%	18	Pembina Pipeline Corp.	2.10%
6	Brookfield Asset Management Inc.	2.89%	19	Magna International Inc.	1.88%
7	Great-West Lifeco Inc.	2.84%	20	Thomson Reuters Corp.	1.86%
8	Cineplex Inc.	2.78%	21	TransForce Inc.	1.84%
9	Restaurant Brands International Inc.	2.65%	22	Brookfield Infrastructure Partners LP	1.84%
10	Enbridge Inc.	2.52%	23	Davis & Henderson Income Corp.	1.82%
11	West Fraser Timber Co., Ltd.	2.48%	24	Cash	1.71%
12	PulteGroup Inc.	2.47%	25	AltaGas Ltd.	1.62%
13	Algonquin Power & Utilities Corp.	2.39%		<b>TOTAL % OF NAV</b>	<b>69.70%</b>

*This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund and a quarterly update is available at [www.marquest.ca](http://www.marquest.ca). The sole investment of the Fund is Class F units of the Marquest Monthly Pay Fund. The holdings indicated in the Summary of Investment Portfolio and Top 25 Holdings represent the holdings of the Marquest Monthly Pay Fund. The weightings of the positions are calculated based on total NAV of the portfolio as at December 31, 2014. The Fund does not hold short positions. The prospectus and other information of Marquest Monthly Pay Fund (Corporate Class) and Marquest Monthly Pay Fund are available on the internet [www.sedar.com](http://www.sedar.com).*

**TORONTO**

161 Bay Street  
Suite 4420, P.O. Box 204  
Toronto, ON M5J 2S1  
Phone 416.777.7350  
Toll Free 1.877.777.1541

**MONTREAL**

1155 Robert-Bourassa Boulevard  
Suite 905  
Montreal, QC H3B 3A7  
Phone 514.227.0666  
Toll Free 1.866.687.9363

**VANCOUVER**

1055 West Hastings  
Suite 300  
Vancouver, BC V6E 2E9  
Phone 604.895.7281

**CLIENT SERVICES**

Phone 416.365.4077  
Toll free 1.888.964.3533  
[clientservices@marquest.ca](mailto:clientservices@marquest.ca)

[WWW.MARQUEST.CA](http://WWW.MARQUEST.CA)



MARQUEST GLOBAL BALANCED FUND

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Marquest Global Balanced Fund [formerly Marquest Tax Deferred Income Fund] (the "Fund"). You can get a copy of the annual financial statements at your request, and at no cost, from the manager Marquest Asset Management Inc. by calling 1-888-964-3533, by writing to us at Suite 4420, 161 Bay Street, PO Box 204, Toronto, Ontario, M5J 2S1 or by visiting our website at [www.marquest.ca](http://www.marquest.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

*This report contains forward looking statements. These statements primarily relate to assessments of future economic and market conditions, and the adoption of International Financial Reporting Standards. Such information has been included to assist readers with assessing recent developments in the Fund's operating climate and possible future developments that may affect Fund performance. All forward looking statements are based on management's current beliefs and assumptions which are subject to numerous risks and uncertainties. Statements with respect to future economic and market conditions are based on management's beliefs and assumptions with respect to a range of factors, including market conditions generally and within the sectors in which the Fund's investments operate. While management considers such beliefs and assumptions to be reasonable based on information currently available to it, no assurance can be given that such beliefs and assumptions will prove to be correct. As a result, these forward looking statements would typically include words such as "anticipates, believes, intended or estimated". Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks and uncertainties, including, but not limited to, those associated with economic and market conditions, political stability and other risks identified in the Fund's prospectus. Most of these factors are beyond the control of the Fund and its Manager. Neither the Fund nor its Manager assumes any obligation to update any of the forward looking statements made in this report.*

## **Management Discussion of Fund Performance**

### **Investment Objectives and Strategies**

---

#### *Investment Objectives*

The investment objective of the Fund is to provide investors with a tax efficient stream of monthly cash distributions consisting mostly of capital return and capital gains; and to preserve and enhance the net asset value ("NAV") of the Fund against inflation through capital appreciation, primarily through the purchase a diversified pool of global large capitalization dividend-yielding equity securities and fixed income securities.

#### *Investment Strategies*

The Fund's investment approach is to purchase global large capitalization dividend-yielding equity securities and fixed income securities. The Fund may use derivatives for hedging and non-hedging purposes. The Fund may not make investments in foreign entities that are not permitted under the *Income Tax Act* (Canada) ("Tax Act") or invest in securities which are not a "Canadian security" under the Tax Act. The Fund may hold money market instruments or cash.

### **Risks**

---

There are risks associated with investing in the Fund. There have been no changes to the Fund which affected the risks associated with investing in the Fund during the year. Specific risk information can be found in the Fund's prospectus available through our website at [www.marquest.ca](http://www.marquest.ca) or at SEDAR's website [www.sedar.com](http://www.sedar.com).

### **Results of Operations**

---

#### *Net Asset Value (NAV)*

As at December 31, 2014 the Fund's total NAV was \$15,717,278, an increase of 17.51% since the prior year end (December 2013: \$13,374,737). This change was primarily the result of income from derivatives of \$4,908,943 and the Fund's mergers with Marquest International Income Balanced Fund and Marquest International Balanced fund (the "Merger") which increased NAV by \$4,355,468. These were partially offset by net unrealized loss on investment of \$3,993,161, net unit redemption of \$1,993,225 and distribution to unitholders of \$870,382. As a result of the Mergers, the Fund issued a total of 174,787 Class A units and 4,638 Class F units with a net asset value of \$3,130,437 and \$92,489 respectively for Marquest International Income Balanced Fund a total of 60,150 Class A units and 1,178 Class F units with a net asset value of \$1,077,192 and \$23,489 respectively for Marquest International Balanced Fund.

## ***Results of Operations (continued)***

---

During the year, sales and redemptions were as follows: Class A \$5,696,411 and \$3,455,387 respectively (December 2013: \$2,862,963 and \$2,267,747); Class F \$374,229 and \$88,442 respectively (December 2013: \$29,327 and \$16,617); Class T8 \$1,590 and \$166,158 respectively (December 2013: \$15,000 and \$0).

### *Investment Portfolio*

The total return in the MSCI World Index was 6.9 percent (in C\$) in the first half of 2014. The best performing sector in the Index was Energy utilities. The weakest sector was Consumer Discretionary. The global equities portfolio held Keyera (up 26.1 percent), Pembina Pipelines (up 25.3 percent), Statoil (up 30.7 percent), Schlumberger (up 28.9 percent) and Arc Resources (up 11.6 percent) in the Energy sector. However, Energy was a smaller weighting in the portfolio than Consumer Discretionary, which was the Fund's biggest sector weighting. In the global equities portion of the portfolio, the largest contributors to performance were: Roche (up 7.9 percent in C\$), Magna (up 33.1 percent in C\$) and Disney (up 10.5 percent in C\$). The performance of the global equities portion of the portfolio was hampered by the share price performance of Diageo (down 4.6 percent in C\$), Westshore Terminals (down 4.0 percent in C\$) and Whirlpool (down 11.8 percent).

In the fixed income world, many expected bond market pressure to fuel a great rotation of capital out of fixed income into equities. It didn't happen. Instead interest rates have moved steadily lower in the first half of 2014 providing a tail wind for investment returns across the board.

The high yield market produced a positive return of 5.6 percent (in US\$) in the first half, exceeding most strategists' expectation for the entire year. Typically high yield rallies see performance led by lower-quality, CCC credits, but this has not been the case so far this year. While CCC's are strong, up 6.1%, higher-quality, BB's are up almost as much, rising 6.0%. This bifurcated result comes from credit strength boosting riskier bonds, and declining interest rates driving the safer bonds.

The Fund's sector weightings were reviewed during the year and asset weighting increases were made in International Equities and weightings in Canadian equities were reduced.

During the year, the Fund's Class A and F generated returns of 6.55% and 7.70% respectively.

### *Fees and Expenses*

The main expenses for each Class of the Fund consists of management fees, operating costs and other fund costs, as applicable, for each Class. Other fund costs include audit, custodian, legal, reporting, independent review committee fees and other expenses.

The Fund paid a fee under the "forward contracts" agreement which is the greater of \$75,000 and 0.35% on the net asset value of the Fund and a fee of 0.25% on the net asset value of the forward contract. Both fees are calculated daily; cumulative totals are then paid on a monthly basis. The Forward contract was terminated on July 29, 2014.

The management expense ratio (MER) is the Fund's expenses expressed as a percentage of the average NAV of the Fund. The MER for the Fund's Class A, F and T8 units was 3.41% (December 2013: 3.57%), 2.43% (December 2013: 2.50%) and 3.49% (December 2013: 3.48%) respectively. The decrease is primarily the result of the Manager (as defined below) choosing to absorb less expense in 2013. Class T8 units were merged into Class A units on September 5, 2014. Total expenses during the year excluding management fees were \$271,284 (December 2013: \$289,545) with the decrease being the result of a decline in legal fees of \$14,754 and forward agreement fees of \$37,793. These were partially offset by an increase in custodian fees of \$22,525, transaction costs of \$7,015 and withholding taxes of \$5,538. As disclosed in the Fund's prospectus, the Manager may voluntarily waive, absorb or pay a portion of the Fund's fees and expenses, at its discretion. During the year the Manager absorbed \$28,824 in expenses of the Fund, so that the total expenses actually paid by the Fund were \$557,832.

Management fees are fixed percentages of NAV and typically increase or decrease with movements of NAV. See "Management Fees" and "Related Party Transactions" below for details on management fees.

## ***Results of Operations (continued)***

---

### *Distributions*

During the year, the Fund paid distributions totalling \$1.08 , \$1.08 and \$0.80 per Class A, Class F and Class T8 units respectively.

### *Class A and Class T8 Merger*

Effective September 5, 2014, the A class of the Fund completed the Merger with the T8 class of the Fund. The merger was subject to, and received, both regulatory approval and unitholder approval at a unitholder meeting held on July 7, 2014. The assets of Class T8 were transferred at the values determined in accordance with the Prospectus and Annual Information Form for the Fund. The Independent Review Committee reviewed the Merger and concluded that it did not create any conflict issues that were not been adequately addressed and achieved a fair and reasonable result.

### *Class I, O and T8 Termination*

Effective June 16, 2014 the class I , O and T8 were no longer available for subscriptions.

### *Forward contract*

On July 29, 2014 The Fund closed its forward contract and sold the reference securities. The Fund received \$10,912,088 and realized gains of \$5,013,410. Post the close of the contract the total returns of the Fund are no longer linked to the returns of the Marquest Tax Deferred Income Trust Pool.

## ***Recent Developments***

---

Brutal winter weather pressured the US economy early in the year. Combined with a shift of Easter out of the first quarter into the second, US GDP declined unexpectedly, relieving interest rate fears. Quiescence reigned over investors as both equities and bonds moved higher and VIX, a measure of investor concern, moved lower.

In the first half of 2014 ultra low interest rates and ample liquidity have led to a period of exceptionally low volatility. Markets have reacted with calm to news of Russia annexing Crimea, ISIS taking over large parts of Iraq, and Israel fighting with Hamas in Gaza. Long term valuation measures are relatively high in virtually every asset class. While this has helped to provide economic stability and enable modest growth in most of the world, it raises the probability that returns for most assets could be mediocre over the intermediate future.

M&A activity is picking up especially in the pharmaceutical sector and the first whiffs of inflation are in the air. Otherwise there are few signs of exuberance. This is a reluctant bubble. In this environment, markets could yet run significantly higher as investors ignore risk as they search for somewhere to invest their money.

### *International Financial Reporting Standards*

The changes that impact the Financial Statements and Management Report of Fund Performance for the year ended December 31, 2014 are as follows:

#### *Statement of cash flows*

Under Canadian GAAP, the Fund was exempt from providing a statement of cash flows. IAS 1 requires that a complete set of financial statements include a statement of cash flows for the current and comparative periods, without exception.

#### *Exceptions that are mandated by IFRS 1 First-time adoption of International Reporting Standards*

Estimates – IFRS 1 prohibits use of hindsight to create or revise previous estimates. The estimates the Company previously made under Canadian GAAP have not been revised for application of IFRS.

#### *Classification of Redeemable Units Issued by the Fund*

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32, Financial Instruments: presentation requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been classified as financial liabilities on transition to IFRS.

## ***Recent Developments (continued)***

---

### Revaluation of investments at FVTPL

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions; to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, Fair Value Measurement, which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. For a detailed reconciliation of the line item changes as a result of the adoption of IFRS as at January 1, 2013 and December 31, 2013 please refer to Note 14 of the financial statements.

## ***Related Party Transactions***

---

The Manager of the Fund has engaged Cassels Investment Management Inc. as the portfolio sub-advisor for the Fund, at its own cost.

The Manager of the Fund is responsible for managing all of the Fund's activities, including investment advisory and portfolio management services under a Management Agreement. The Management Agreement is subject to automatic renewal for additional one year terms. The Management Agreement may be terminated during its term if the Manager defaults in its performance of any of its duties or obligations thereunder and the holders pass a resolution at a meeting of holders terminating the Management Agreement as a result of such default. Further, the holders of a Fund may, by resolution passed at a meeting of holders at least 180 days before the end of the initial term or each anniversary thereof, elect not to renew the Management Agreement, whereupon the Management Agreement will not be renewed beyond its existing term. The Manager must give the holders and the Trustee at least 180 days' notice of its intention not to renew a Management Agreement. Management fees are paid by each class at the rates set out under "Management Fees" below.

During the year, \$315,372 in management fees (including HST) was paid to the Manager. The Manager is also the trustee of the Fund and responsible for certain aspects of the day-to-day administration. The Fund reimbursed the Manager for operating costs (including HST) incurred in administering the Fund of approximately \$158,444.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. The information is derived from the Fund's audited annual financial statements.

<b>Marquest Global Balanced Fund (Class A)*</b>					
<b>Net Assets per Unit (\$) <sup>(1)</sup></b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>17.41</b>	<b>15.45</b>	<b>15.52</b>	<b>15.78</b>	<b>15.19</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	6.41	0.12	0.10	2.35	0.24
Total expenses	(0.71)	(0.70)	(0.66)	(0.60)	(0.58)
Realized gains (losses) for the year	0.28	1.46	2.55	-	1.37
Unrealized gains (losses) for the year	(4.97)	2.09	(1.03)	(0.94)	0.64
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>1.01</b>	<b>2.97</b>	<b>0.96</b>	<b>0.81</b>	<b>1.67</b>
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	(1.08)	(1.08)	(1.08)	(1.08)	(1.08)
<b>Total annual distributions <sup>(3)</sup></b>	<b>(1.08)</b>	<b>(1.08)</b>	<b>(1.08)</b>	<b>(1.08)</b>	<b>(1.08)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>17.45</b>	<b>17.41</b>	<b>15.42</b>	<b>15.52</b>	<b>15.78</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*Class A units were first issued on October 31, 2006.

<b>Marquest Global Balanced Fund (Class F)*</b>					
<b>Net Assets per Unit (\$) <sup>(1)</sup></b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>19.16</b>	<b>16.72</b>	<b>16.55</b>	<b>16.59</b>	<b>15.73</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	6.90	0.15	0.44	2.47	0.37
Total expenses	(0.56)	(0.58)	(0.49)	(0.46)	(0.43)
Realized gains (losses) for the year	0.34	1.54	1.36	0.08	1.43
Unrealized gains (losses) for the year	(5.22)	2.42	(0.20)	(1.01)	0.60
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>1.46</b>	<b>3.53</b>	<b>1.11</b>	<b>1.08</b>	<b>1.97</b>
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	(1.08)	(1.08)	(1.08)	(1.08)	(1.08)
<b>Total annual distributions <sup>(3)</sup></b>	<b>(1.08)</b>	<b>(1.08)</b>	<b>(1.08)</b>	<b>(1.08)</b>	<b>(1.08)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>19.53</b>	<b>19.16</b>	<b>16.69</b>	<b>16.55</b>	<b>16.59</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*Class F units were first issued on September 7, 2006.

**Financial Highlights (continued)**

<b>Marquest Global Balanced Fund (Class T8)*</b>			
<b>Net Assets per Unit (\$) <sup>(1)</sup></b>			
	<b>2014</b>	<b>2013</b>	<b>2012</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>11.20</b>	<b>10.02</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>			
Total revenue	2.09	0.08	(1.29)
Total expenses	(0.32)	(0.44)	(0.25)
Realized gains (losses) for the year	0.21	0.92	1.14
Unrealized gains (losses) for the year	(1.19)	1.41	0.70
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.79</b>	<b>1.97</b>	<b>0.30</b>
Distributions:			
From income (excluding dividends)	-	-	-
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	(0.80)	(0.80)	(0.20)
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.80)</b>	<b>(0.80)</b>	<b>(0.20)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>-</b>	<b>11.20</b>	<b>10.00</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*Class T8 units were first issued on October 11, 2012 at \$10.00.

**Financial Highlights (continued)**

<b>Ratios and Supplemental Data</b>					
<b>Class A*</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 13,912	\$ 11,724	\$ 9,790	\$ 9,620	\$ 8,948
Number of units outstanding <sup>(1)</sup>	797,342	673,233	633,810	618,681	566,456
Management expense ratio <sup>(2)</sup>	3.41%	3.57%	3.41%	3.39%	3.73%
Management expense ratio before waivers or absorption <sup>(5)</sup>	3.62%	3.68%	3.69%	3.59%	3.86%
Trading expense ratio <sup>(3)</sup>	0.05%	-	0.01%	0.02%	0.02%
Portfolio turnover rate <sup>(4)</sup>	120.71%	32.48%	19.53%	51.86%	55.22%
Net asset value per unit <sup>(1)</sup>	\$ 17.45	\$ 17.41	\$ 15.45	\$ 15.55	\$ 15.80
<b>Class F**</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 1,806	\$ 1,489	\$ 1,287	\$ 5,024	\$ 5,747
Number of units outstanding <sup>(1)</sup>	92,436	77,733	76,999	303,029	346,152
Management expense ratio <sup>(2)</sup>	2.43%	2.50%	2.35%	2.34%	2.68%
Management expense ratio before waivers or absorption <sup>(5)</sup>	2.58%	2.58%	2.54%	2.48%	2.78%
Trading expense ratio <sup>(3)</sup>	0.05%	-	0.01%	0.02%	0.02%
Portfolio turnover rate <sup>(4)</sup>	120.71%	32.48%	19.53%	51.86%	55.22%
Net asset value per unit <sup>(1)</sup>	\$ 19.53	\$ 19.16	\$ 16.72	\$ 16.58	\$ 16.60
<b>Class T8***</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>		
Total net asset value (000's) <sup>(1)</sup>	\$ -	\$ 161	\$ 129		
Number of units outstanding <sup>(1)</sup>	-	14,381	12,910		
Management expense ratio <sup>(2)</sup>	3.49%	3.48%	3.33%		
Management expense ratio before waivers or absorption <sup>(5)</sup>	3.70%	3.59%	3.60%		
Trading expense ratio <sup>(3)</sup>	0.05%	-	0.01%		
Portfolio turnover rate <sup>(4)</sup>	120.71%	32.48%	19.53%		
Net asset value per unit <sup>(1)</sup>	\$ -	\$ 11.20	\$ 10.02		

**Notes**

(1) The information is provided as at December 31st of the year shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(5) Waivers and absorption of certain expenses associated with the Fund are at the Manager's discretion and may be terminated at any time.

\*Class A units were first issued on October 31, 2006.

\*\*Class F units were first issued on September 7, 2006.

\*\*\*Class T8 units were first issued on October 11, 2012.

## Management Fees

---

The Fund pays an annual management fee equal to 2.10% of the average total NAV of Class A and T8 units and 1.10% of the average total NAV of Class F units to the Manager. This fee is calculated daily and is based on the Fund's ending total NAV per class; cumulative daily totals are then paid on a weekly basis.

Of the management fees paid by the Fund to the Manager for Class A units, approximately 45.91% was used to pay for sales and trailer commissions and 54.09% was for investment advisory and portfolio management services.

Of the management fees paid by the Fund to the Manager for Class F units, approximately 0.00% was used to pay for sales and trailer commissions and 100.00% was for investment advisory and portfolio management services. No sales and trailer commissions are paid in respect of Class F units.

## Past Performance

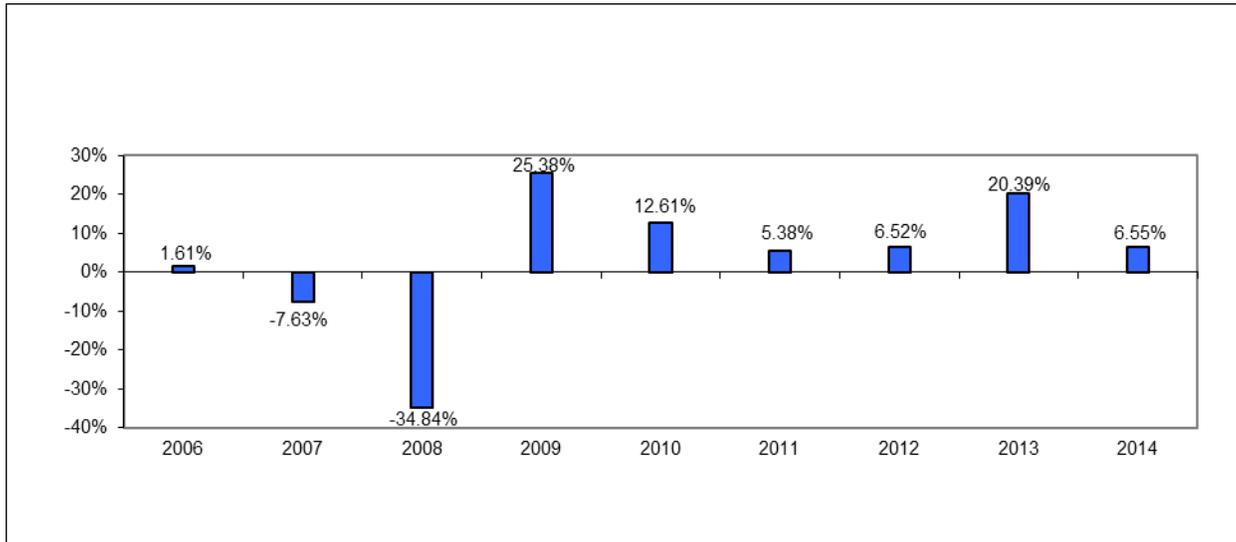
---

The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future. Performance differences between classes of units are mainly attributable to management fees charged to each class.

### Year-by-Year Returns

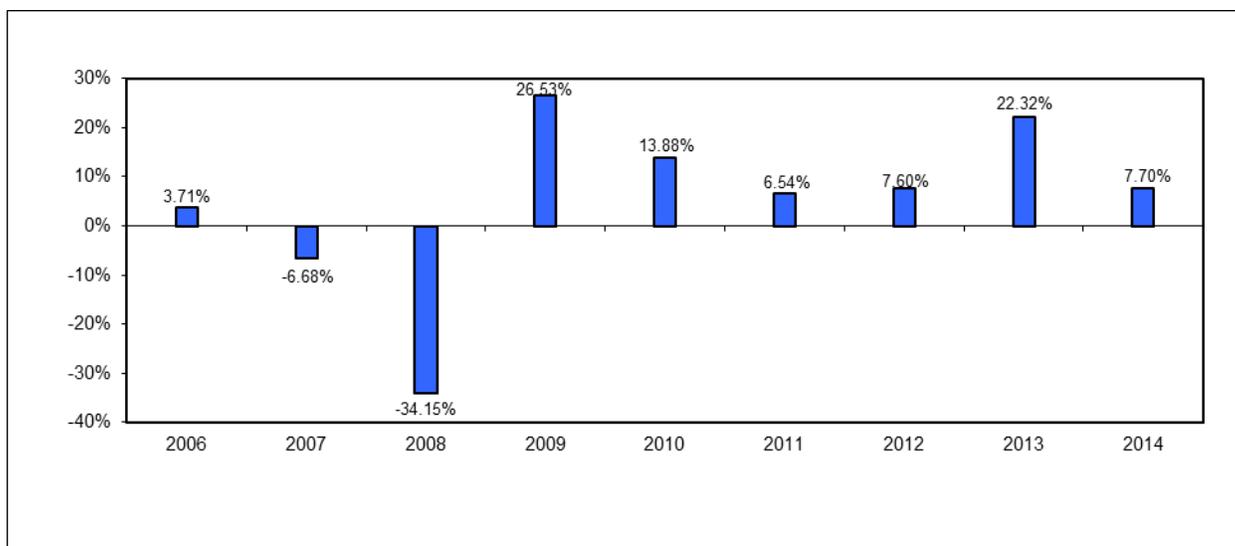
The following bar charts show the Fund's annual Class A and Class F unit's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year as applicable.

#### Class A



\* Inception date for Class A units was September 7, 2006.

**Class F**



\* Inception date for Class F units was September 7, 2006.

**Class T8**

Class T8 was merged into Class A on September 5, 2014 and no longer available for sale.

**Annual Compound Returns**

The table below compares the annual compounded return of the Class A and F units of the Fund against the Morningstar CAN Bal Global Agg CAD index. This index encompasses a broad selection of Canadian corporate and government bonds, Canadian small and mid- size capitalized companies and International large and mid-size capitalized companies.

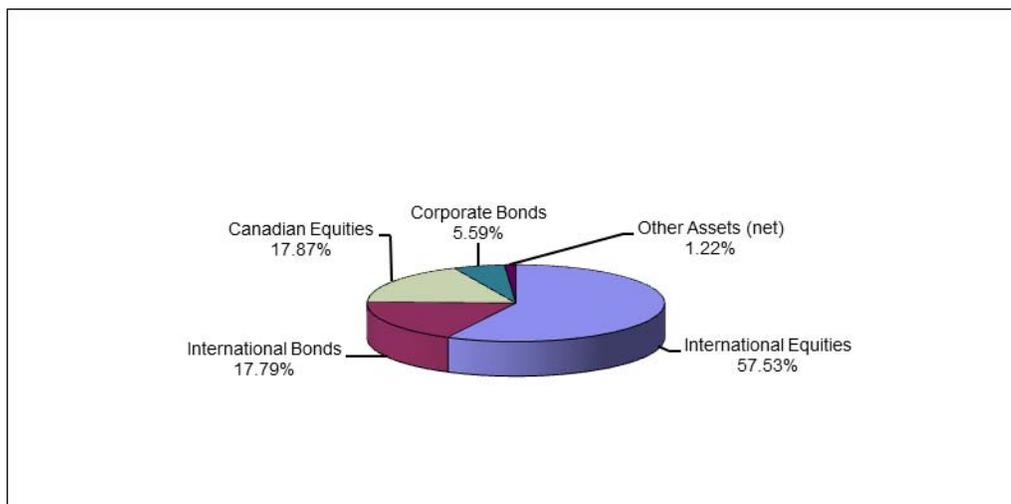
As the index is made up of groups of securities from market capitalizations, it does not share the same holdings or the same weighted proportions as the Fund and compounded total returns figures between the two may differ. For greater in-depth discussion regarding the Fund’s asset class holdings and performance over the year please see the “Results of Operations – Investment Portfolio” section of the MRFP. Unlike the index, the Fund must report performance net of all accrued fees and expenses, which dilute the actual Fund performance in relative comparison to the benchmark, which does not incur any types of fees/expenses. Generally, the Fund has underperformed the index except for Class F unit for the “5 year” performance period.

	1 Year %	3 Years %	5 Years %	10 Years %	Since Inception %
<b>Class A</b>	6.6%	11.0%	10.2%	-	2.7%
<b>Morningstar CAN Bal Global Agg CAD</b>	12.9%	16.1%	11.0%	-	6.1%
<b>Class F</b>	7.7%	12.2%	11.4%	-	4.0%
<b>Morningstar CAN Bal Global Agg CAD</b>	12.9%	16.1%	11.0%	-	6.1%

## Summary of Investment Portfolio (as at December 31, 2014)

The pie chart and table below provide information about the investment portfolio of the Fund, including a breakdown of the Fund's portfolio into subgroups and the Top 25 positions held by the Fund as a percentage of NAV.

### Asset Mix



### Top 25 Holdings

1	UnitedHealth Group Inc.	3.72%	14	The Toronto-Dominion Bank	2.03%
2	Johnson & Johnson	3.54%	15	L Brands Inc. 7.60% 15/07/2037	2.03%
3	Walt Disney Co.	3.47%	16	Tata Motors Ltd.	2.03%
4	Wells Fargo & Co.	3.43%	17	Pembina Pipeline Corp.	2.01%
5	Home Depot Inc.	3.40%	18	Schlumberger Ltd.	1.95%
6	Comcast Corp.	2.78%	19	Alaris Royalty Corp.	1.91%
7	Pfizer Inc.	2.75%	20	Roche Holding AG	1.90%
8	Magna International Inc.	2.72%	21	General Electric Co.	1.88%
9	Whirlpool Corp.	2.71%	22	LyondellBasell Industries NV	1.76%
10	Abbvie Inc.	2.56%	23	Volkswagen AG	1.75%
11	Time Warner Inc.	2.52%	24	Diageo PLC	1.68%
12	Keyera Corp.	2.37%	25	Siemens AG	1.65%
13	Banco Santander SA	2.23%		<b>TOTAL % OF NAV</b>	<b>60.78%</b>

*This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund and a quarterly update is available at [www.marquest.ca](http://www.marquest.ca). The holdings indicated in the Summary of Investment Portfolio and Top 25 Holdings represent a combination of the holdings of the Fund and its exposure to holdings of the Pool. Equity positions held by the Fund, which are subject to forward share purchase contracts, are not disclosed. The weightings of the positions are calculated based on total NAV of the portfolio as at December 31, 2014. The Fund does not hold short positions. The prospectus and other information of Marquest Tax Deferred Income Fund and the Pool are available on the internet [www.sedar.com](http://www.sedar.com).*

**TORONTO**

161 Bay Street  
Suite 4420, P.O. Box 204  
Toronto, ON M5J 2S1  
Phone 416.777.7350  
Toll Free 1.877.777.1541

**MONTREAL**

1155 Robert-Bourassa Boulevard  
Suite 905  
Montreal, QC H3B 3A7  
Phone 514.227.0666  
Toll Free 1.866.687.9363

**VANCOUVER**

1055 West Hastings  
Suite 300  
Vancouver, BC V6E 2E9  
Phone 604.895.7281

**CLIENT SERVICES**

Phone 416.365.4077  
Toll free 1.888.964.3533  
[clientservices@marquest.ca](mailto:clientservices@marquest.ca)

[WWW.MARQUEST.CA](http://WWW.MARQUEST.CA)



MARQUEST AMERICAN DIVIDEND  
GROWTH FUND

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Marquest American Dividend Growth Fund (the "Fund"). You can get a copy of the annual financial statements at your request, and at no cost, from the manager Marquest Asset Management Inc. by calling 1-888-964-3533, by writing to us at Suite 4420, 161 Bay Street, PO Box 204, Toronto, Ontario, M5J 2S1 or by visiting our website at [www.marquest.ca](http://www.marquest.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

*This report contains forward looking statements. These statements primarily relate to assessments of future economic and market conditions, and the adoption of International Financial Reporting Standards. Such information has been included to assist readers with assessing recent developments in the Fund's operating climate and possible future developments that may affect Fund performance. All forward looking statements are based on management's current beliefs and assumptions which are subject to numerous risks and uncertainties. Statements with respect to future economic and market conditions are based on management's beliefs and assumptions with respect to a range of factors, including market conditions generally and within the sectors in which the Fund's investments operate. While management considers such beliefs and assumptions to be reasonable based on information currently available to it, no assurance can be given that such beliefs and assumptions will prove to be correct. As a result, these forward looking statements would typically include words such as "anticipates, believes, intended or estimated". Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks and uncertainties, including, but not limited to, those associated with economic and market conditions, political stability and other risks identified in the Fund's prospectus. Most of these factors are beyond the control of the Fund and its Manager. Neither the Fund nor its Manager assumes any obligation to update any of the forward looking statements made in this report.*

## **Management Discussion of Fund Performance**

### **Investment Objectives and Strategies**

---

#### *Investment Objectives*

The Fund primarily seeks long term capital appreciation, which means increasing net asset value (NAV).

#### *Investment Strategies*

In order to achieve the Fund's objective, investments will be made in a portfolio of securities whose returns, over time, are expected to exceed the S&P 500 Index on a total return basis, primarily in large cap equity securities listed on a U.S. stock exchange selected based on a bottom-up, fundamental approach for selection of issuers with durable growth prospects. Investments will be made in companies when their current market price represents value relative to their long-term potential, and so long as it continues to offer attractive return potential.

The Fund may, from time to time, hold part of its assets in cash reserves or short-term fixed income investments as a result of a lack of attractive investment opportunities or to facilitate cash flows.

### **Risks**

---

There are risks associated with investing in the Fund. There have been no changes to the Fund which affected the risks associated with investing in the Fund during the year. Specific risk information can be found in the Fund's prospectus available through our website at [www.marquest.ca](http://www.marquest.ca) or at SEDAR's website [www.sedar.com](http://www.sedar.com).

### **Results of Operations**

---

#### *Net Asset Value (NAV)*

The Fund was launched on July 17, 2014. The Fund issued 15,000 Class F units for proceeds of \$150,000 on the initial seeding date of July 17, 2014.

As at December 31, 2014 the Fund's total NAV was \$772,565 an increase of 415.04% since the initial seeding of the fund. This change was primarily the result of net unit subscription transactions of \$743,729.

During the year, sales and redemptions were as follows: Class A \$888,764 and \$155,045 respectively and Class F \$163,173 and \$153,163 respectively.

## ***Results of Operations (continued)***

---

### *Investment Portfolio*

Overall the markets were up from 2013, with the biggest gains seen in the information technology and consumer discretionary sectors. The Fund was well positioned to take advantage of some of these market conditions through strong sector holdings in information technology and health care. During the reporting period, significant weakness occurred in commodities. Overseas growth continued to lag the U.S. markets. American consumer confidence has responded positively to the additional stimulus created by cheap energy. For the multinational companies in our portfolio the strength of the US dollar is a significant headwind for 2015. So the favorable domestic outlook is muted by currency.

The Fund is positioned to capture more durable growth of earnings and dividends over the longer term. At year end the Fund had a dividend yield of 2.8% which should function as an anchor for stable returns in the future. Companies have room to implement more dividend increases. The good news is that dividend payouts ratio of the companies should continue to increase from an average 30% back towards their long term average of 50%. This should help to drive the performance of the Fund over the long term.

The Fund deployed cash into the market throughout the year and consequently sector weightings were increased in consumer discretionary, industrials, financials and information technology. The sector weighting in materials was decreased. Of the sectors held by the Fund, the information technology, health care and financials sectors were the strongest performers during the year, and were the largest factors in the performance of the Fund during the year. Weak returns in materials, energy and industrials tempered the performance of the Fund.

### *Fees and Expenses*

The main expenses for each Class of the Fund consists of management fees, operating costs and other fund costs, as applicable, for each Class. Other fund costs include audit, custodian, legal, reporting, independent review committee fees and other expenses. The management expense ratio (MER) is the Fund's total expenses expressed as a percentage of the average NAV of the Fund. The MER for the Fund's Class A and F units was 2.33%, 0.23% and respectively. Total expenses during the year excluding management fees were \$48,610. As disclosed in the Fund's prospectus, the Manager may voluntarily waive, absorb or pay a portion of the Fund's fees and expenses, at its discretion. During the year the Manager absorbed \$46,472 in expenses of the Fund, so that the total expenses actually paid by the Fund were \$5,144.

Management fees are fixed percentages of NAV and typically increase or decrease with movements of NAV. See "Management Fees" and "Related Party Transactions" below for details on management fees.

### *Distributions*

During the year, the Fund Class A and F units paid distributions totalling \$0.18.

### ***Recent Developments***

---

During the reporting period, world economic growth continued to falter and the US economy to advance on a relative basis. The acceleration of weakness in commodities with particular respect to cheaper energy prices has become a short-term domestic stimulus for the US consumer. On a more negative note, recent US Dollar strength is a headwind for earnings growth in US multinationals. Also, low interest rates and increased popularity have probably contributed to higher valuations for US equities.

While we do consider the economy in the context of our investments, we are primarily investors in companies. We believe we are better able to analyze and predict the long-term performance of our portfolio companies than what the economy is going to do in the next quarter or year. In this vein, we don't expect any 'top down' strategic changes in the fund, but we continue to apply our investment approach to focus on great companies with attractive return prospects.

## Related Party Transactions

The Manager of the Fund has engaged SEAMARK Asset Management Ltd. as the portfolio sub-advisor for the Fund, at its own cost.

The Manager of the Fund is responsible for managing all of the Fund's activities, including investment advisory and portfolio management services under a Management Agreement. The Management Agreement is subject to automatic renewal for additional one year terms. The Management Agreement may be terminated during its term if the Manager defaults in its performance of any of its duties or obligations thereunder and the holders pass a resolution at a meeting of holders terminating the Management Agreement as a result of such default. Further, the holders of a Fund may, by resolution passed at a meeting of holders at least 180 days before the end of the initial term or each anniversary thereof, elect not to renew the Management Agreement, whereupon the Management Agreement will not be renewed beyond its existing term. The Manager must give the holders and the Trustee at least 180 days' notice of its intention not to renew a Management Agreement. Management fees are paid by each class at the rates set out under "Management Fees" below.

During the year, \$3,006 in management fees (including HST) was paid to the Manager. The Fund reimbursed the Manager for operating costs (including HST) incurred in administering the Fund of approximately \$760.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the most recent year. The information is derived from the Fund's audited annual financial statements.

<b>Marquest American Dividend Growth Fund (Class A)*</b>	
<b>Net Assets per Share (\$) <sup>(1)</sup></b>	
	<b>2014</b>
Net assets, beginning of the period <sup>(2)</sup>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	0.12
Total expenses	(0.10)
Realized gains (losses) for the year	0.04
Unrealized gains (losses) for the year	0.58
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.64</b>
Distributions:	
From income (excluding dividends)	(0.02)
From dividends	-
From capital gains	(0.04)
Return of capital	(0.12)
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.18)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>10.60</b>

Notes:

(1) This information is derived from the Fund's audited annual financial statements. The Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*Class A units were first issued on July 17, 2014 at \$10.00.

**Financial Highlights (continued)**

**Marquest American Dividend Growth Fund Class F\***  
**Net Assets per Share (\$) <sup>(1)</sup>**

	<b>2014</b>
Net assets, beginning of the period <sup>(2)</sup>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	0.07
Total expenses	(0.01)
Realized gains (losses) for the year	0.01
Unrealized gains (losses) for the year	0.62
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.69</b>
Distributions:	
From income (excluding dividends)	(0.01)
From dividends	-
From capital gains	(0.01)
Return of capital	(0.16)
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.18)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>10.66</b>

Notes:

(1) This information is derived from the Fund's audited annual financial statements. The Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*Class F units were first issued on July 17, 2014 at \$10.00.

**Ratios and Supplemental Data**

<b>Class A*</b>	<b>2014</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 759
Number of units outstanding <sup>(1)</sup>	71,592
Management expense ratio <sup>(2)</sup>	2.33%
Management expense ratio before waivers or absorption <sup>(5)</sup>	30.66%
Trading expense ratio <sup>(3)</sup>	0.12%
Portfolio turnover rate <sup>(4)</sup>	139.42%
Net asset value per unit <sup>(1)</sup>	\$ 10.60
<b>Class F**</b>	<b>2014</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 13
Number of units outstanding <sup>(1)</sup>	1,264
Management expense ratio <sup>(2)</sup>	0.23%
Management expense ratio before waivers or absorption	3.04%
Trading expense ratio <sup>(3)</sup>	0.12%
Portfolio turnover rate <sup>(4)</sup>	139.42%
Net asset value per unit <sup>(1)</sup>	\$ 10.66

Notes:

(1) The information is provided as at December 31st of the year shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(5) Waivers and absorption of certain expenses associated with the Fund are at the Manager's discretion and may be terminated at any time.

\*Class A units were first issued on July 17, 2014.

\*\*Class F units were first issued on July 17, 2014.

## Management Fees

---

The Fund pays an annual management fee equal to 2.00% of the average total NAV of Class A and 1.00% of the average total NAV of Class F units to the Manager. This fee is calculated daily and is based on the Fund's ending total NAV per class; cumulative daily totals are then paid on a weekly basis.

Of the management fees paid by the Fund to the Manager for Class A units, approximately 40.70% was used to pay for sales and trailer commissions and 59.30% was for investment advisory and portfolio management services.

Of the management fees paid by the Fund to the Manager for Class F units, 100.00% was for investment advisory and portfolio management services. No sales and trailer commissions are paid in respect of Class F units.

## Past Performance

---

In accordance with National Instrument 81-106, performance data for the Fund will be shown after the Fund has been operational for at least 12 consecutive months.

## Annual Compound Returns

---

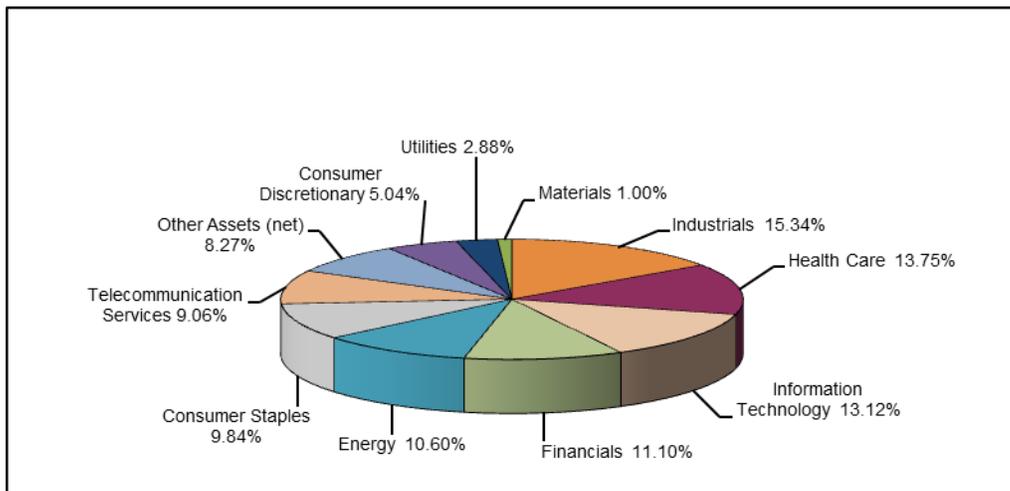
In accordance with National Instrument 81-106, performance data for the Fund will be shown after the Fund has been operational for at least 12 consecutive months.

## Summary of Investment Portfolio (as at December 31, 2014)

---

The pie chart and table below provide information about the investment portfolio of the Fund, including a breakdown of the Fund's portfolio into subgroups and the Top 25 positions held by the Fund as a percentage of NAV.

### Asset Mix



## Summary of Investment Portfolio (as at December 31, 2014) (continued)

### Top 25 Holdings

1	Cash	9.91%	14	Cisco Systems Inc.	2.81%
2	Kraft Foods Group Inc.	3.62%	15	Chewon Corp.	2.78%
3	Verizon Communications Inc.	3.44%	16	Caterpillar Inc.	2.74%
4	Procter & Gamble Co.	3.14%	17	Bristol-Myers Squibb Co.	2.70%
5	General Mills Inc.	3.08%	18	AT&T Inc.	2.69%
6	Target Corp.	3.07%	19	Waste Management Inc.	2.69%
7	JPMorgan Chase & Co.	3.05%	20	Schlumberger Ltd.	2.69%
8	Baxter International Inc.	2.97%	21	Pfizer Inc.	2.69%
9	Viacom Inc.	2.93%	22	State Street Corp.	2.65%
10	Apple Inc.	2.90%	23	ConocoPhillips	2.59%
11	Merck & Co Inc.	2.89%	24	Deere & Co.	2.59%
12	Duke Energy Corp.	2.88%	25	EMC Corp.	2.56%
13	Wells Fargo & Co.	2.88%		<b>TOTAL % OF NAV</b>	<b>78.94%</b>

*This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund and a quarterly update is available at [www.marquest.ca](http://www.marquest.ca). The weightings of the positions are calculated based on total NAV of the portfolio as at December 31, 2014. The Fund does not hold short positions. The prospectus and other information of Marquest American Dividend Growth Fund (Corporate Class) are available on the internet [www.sedar.com](http://www.sedar.com).*

**TORONTO**

161 Bay Street  
Suite 4420, P.O. Box 204  
Toronto, ON M5J 2S1  
Phone 416.777.7350  
Toll Free 1.877.777.1541

**MONTREAL**

1155 Robert-Bourassa Boulevard  
Suite 905  
Montreal, QC H3B 3A7  
Phone 514.227.0666  
Toll Free 1.866.687.9363

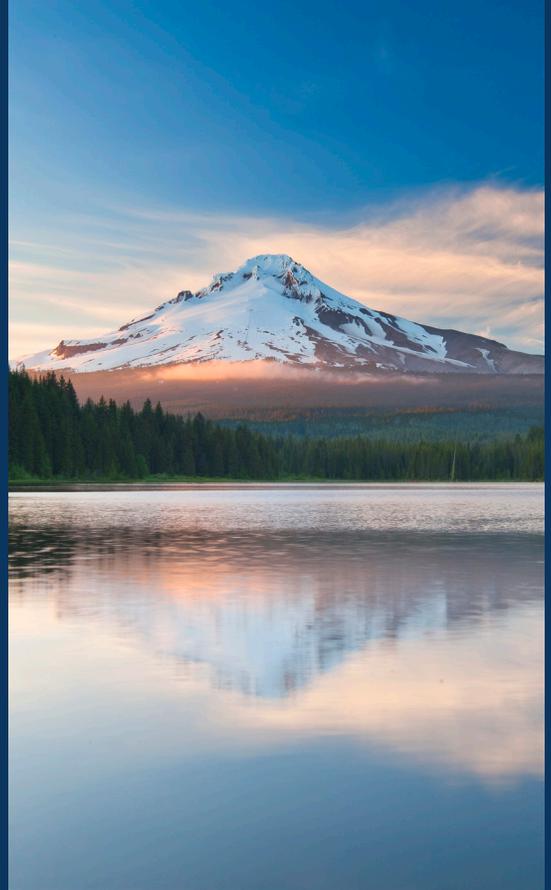
**VANCOUVER**

1055 West Hastings  
Suite 300  
Vancouver, BC V6E 2E9  
Phone 604.895.7281

**CLIENT SERVICES**

Phone 416.365.4077  
Toll free 1.888.964.3533  
[clientservices@marquest.ca](mailto:clientservices@marquest.ca)

[WWW.MARQUEST.CA](http://WWW.MARQUEST.CA)



MARQUEST AMERICAN DIVIDEND  
GROWTH FUND (CORPORATE CLASS)

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Marquest Corporate Class Funds Ltd. - Marquest American Dividend Growth Fund (Corporate Class) (the "Fund"). You can get a copy of the annual financial statements at your request, and at no cost, from the manager Marquest Asset Management Inc. by calling 1-888-964-3533, by writing to us at Suite 4420, 161 Bay Street, PO Box 204, Toronto, Ontario, M5J 2S1 or by visiting our website at [www.marquest.ca](http://www.marquest.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

*This report contains forward looking statements. These statements primarily relate to assessments of future economic and market conditions, and the adoption of International Financial Reporting Standards. Such information has been included to assist readers with assessing recent developments in the Fund's operating climate and possible future developments that may affect Fund performance. All forward looking statements are based on management's current beliefs and assumptions which are subject to numerous risks and uncertainties. Statements with respect to future economic and market conditions are based on management's beliefs and assumptions with respect to a range of factors, including market conditions generally and within the sectors in which the Fund's investments operate. While management considers such beliefs and assumptions to be reasonable based on information currently available to it, no assurance can be given that such beliefs and assumptions will prove to be correct. As a result, these forward looking statements would typically include words such as "anticipates, believes, intended or estimated". Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks and uncertainties, including, but not limited to, those associated with economic and market conditions, political stability and other risks identified in the Fund's prospectus. Most of these factors are beyond the control of the Fund and its Manager. Neither the Fund nor its Manager assumes any obligation to update any of the forward looking statements made in this report.*

## **Management Discussion of Fund Performance**

### **Investment Objectives and Strategies**

---

#### *Investment Objectives*

The Fund primarily seeks long term capital appreciation, which means increasing net asset value (NAV).

#### *Investment Strategies*

In order to achieve the Fund's objective, investments will be made in a portfolio of securities whose returns, over time, are expected to exceed the S&P 500 Index on a total return basis, primarily in large cap equity securities listed on a U.S. stock exchange selected based on a bottom-up, fundamental approach for selection of issuers with durable growth prospects. Investments will be made in companies when their current market price represents value relative to their long-term potential, and so long as it continues to offer attractive return potential.

The Fund may, from time to time, hold part of its assets in cash reserves or short-term fixed income investments as a result of a lack of attractive investment opportunities or to facilitate cash flows.

### **Risks**

---

There are risks associated with investing in the Fund. There have been no changes to the Fund which affected the risks associated with investing in the Fund during the year. Specific risk information can be found in the Fund's prospectus available through our website at [www.marquest.ca](http://www.marquest.ca) or at SEDAR's website [www.sedar.com](http://www.sedar.com).

### **Results of Operations**

---

#### *Net Asset Value (NAV)*

As at December 31, 2014 the Fund's total NAV was \$3,772,241, a decrease of 15.32% since the prior year end (December 2013: \$4,454,903). This change was the result of net share redemption transactions of \$1,235,940 partially offset by unrealized appreciation on investments of \$299,936 and net realized gain on sale of investment of \$296,474.

During the year, sales and redemptions were as follows: Series A \$1,302,961 and \$1,475,900 respectively (December 2013: \$2,601,334 and \$631,191); Series F \$93,996 and \$244,198 respectively (December 2013: \$605,210 and \$93,574) and Series T8 \$58,752 and \$971,551 respectively (December 2013: \$606,009 and \$74,123). Series T8 were merged into Series A on September 5, 2014 and are no longer available for sale.

*Investment Portfolio*

Overall the markets were up from 2013, with the biggest gains seen in the information technology and consumer discretionary sectors. The Fund was well positioned to take advantage of some of these market conditions through strong sector holdings in information technology and health care. During the reporting period, significant weakness occurred in commodities. Overseas growth continued to lag the U.S. markets. American consumer confidence has responded positively to the additional stimulus created by cheap energy. For the multinational companies in our portfolio the strength of the US dollar is a significant headwind for 2015. So the favorable domestic outlook is muted by currency.

The Fund is positioned to capture more durable growth of earnings and dividends over the longer term. At year end the Fund had a dividend yield of 2.8% which should function as an anchor for stable returns in the future. Companies have room to implement more dividend increases. The good news is that dividend payouts ratios of the companies should continue to increase from an average 30% back towards their long term average of 50%. This should help to drive the performance of the Fund over the long term.

During the year, the Fund's Class A and F shares generated returns of 16.55% and 17.87% respectively.

The Fund deployed cash into the market throughout the year and consequently sector weightings were increased in consumer discretionary, industrials, financials and information technology. The sector weighting in materials was decreased. Of the sectors held by the Fund, the information technology, health care and financials sectors were the strongest performers during the year, and were the largest factors in the performance of the Fund during the year. Weak returns in materials, energy and industrials tempered the performance of the Fund.

*Fees and Expenses*

The main expenses for each Series of the Fund consists of management fees, operating costs and other fund costs, as applicable, for each Series. Other fund costs include audit, custodian, legal, reporting and independent review committee fees and other expenses. The management expense ratio (MER) is the Fund's total expenses expressed as a percentage of the average NAV of the Fund. The MER for the Fund's Series A, F and T8 shares was 2.71% (December 2013: 4.34%), 1.60% (December 2013: 3.58%) and 2.63% (December 2013: 4.31%) respectively. The decrease is primarily the result of the Manager (as defined below) choosing to absorb less expense in 2013. Total expenses during the period excluding management fees were \$94,522 (December 2013: 108,030). As disclosed in the Fund's prospectus, the Manager may voluntarily waive, absorb or pay a portion of the Fund's fees and expenses, at its discretion. During the year the Manager absorbed \$55,674 in expenses of the Fund, so that the total expenses actually paid by the Fund were \$117,962.

Management fees are fixed percentages of NAV and typically increase or decrease with movements of NAV. See "Management Fees" and "Related Party Transactions" below for details on management fees.

*Distributions*

During the year, the Fund paid distributions totalling \$0.54 per Series T8 share.

*Series A and Series T8 Merger*

Effective September 5, 2014, the A series of the Fund completed the Merger with the T8 series of the Fund. The merger was subject to, and received, both regulatory approval and unitholder approval at a unitholder meeting held on July 7, 2014. The assets of Series T8 were transferred at the values determined in accordance with the Prospectus and Annual Information Form for the Fund. The Independent Review Committee reviewed the Merger and concluded that it did not create any conflict issues that were not been adequately addressed and achieved a fair and reasonable result.

*Series Termination*

Effective June 16, 2014 the series T8, I and O were no longer available for subscriptions.

## ***Recent Developments***

---

During the reporting period, world economic growth continued to falter and the US economy to advance on a relative basis. The acceleration of weakness in commodities with particular respect to cheaper energy prices has become a short-term domestic stimulus for the US consumer. On a more negative note, recent US Dollar strength is a headwind for earnings growth in US multinationals. Also, low interest rates and increased popularity have probably contributed to higher valuations for US equities.

While we do consider the economy in the context of our investments, we are primarily investors in companies. We believe we are better able to analyze and predict the long-term performance of our portfolio companies than what the economy is going to do in the next quarter or year. In this vein, we don't expect any 'top down' strategic changes in the fund, but we continue to apply our investment approach to focus on great companies with attractive return prospects.

### *International Financial Reporting Standards*

The changes that impact the Financial Statements and Management Report of Fund Performance for the year ended December 31, 2014 are as follows:

#### Statement of Cash Flows

Under Canadian GAAP, the Fund was exempt from providing a statement of cash flows. IAS 1 requires that a complete set of financial statements include a statement of cash flows for the current and comparative periods, without exception.

#### Exceptions that are Mandated by IFRS 1 First-time Adoption of International Reporting Standards

Estimates – IFRS 1 prohibits use of hindsight to create or revise previous estimates. The estimates the Company previously made under Canadian GAAP have not been revised for application of IFRS.

#### Classification of Redeemable Shares Issued by the Fund

Under Canadian GAAP, the Fund accounted for its redeemable shares as equity. Under IFRS, IAS 32, Financial Instruments: presentation requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been classified as financial liabilities on transition to IFRS.

#### Revaluation of Investments at FVTPL

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions; to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, Fair Value Measurement, which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. For a detailed reconciliation of the line item changes as a result of the adoption of IFRS as at January 1, 2013 and December 31, 2013 please refer to Note 14 of the financial statements.

## Related Party Transactions

The Manager of the Fund has engaged SEAMARK Asset Management Ltd. as the portfolio sub-advisor for the Fund, at its own cost.

The Manager of the Fund is responsible for managing all of the Fund's activities, including investment advisory and portfolio management services under a Management Agreement. The Management Agreement is subject to automatic renewal for additional one year terms. The Management Agreement may be terminated during its term if the Manager defaults in its performance of any of its duties or obligations thereunder and the holders pass a resolution at a meeting of holders terminating the Management Agreement as a result of such default. Further, the holders of a Fund may, by resolution passed at a meeting of holders at least 180 days before the end of the initial term or each anniversary thereof, elect not to renew the Management Agreement, whereupon the Management Agreement will not be renewed beyond its existing term. The Manager must give the holders and the Trustee at least 180 days' notice of its intention not to renew a Management Agreement. Management fees are paid by each series at the rates set out under "Management Fees" below.

During the year, \$79,114 in management fees (including HST) was paid to the Manager. The Fund reimbursed the Manager for operating costs (including HST) incurred in administering the Fund of approximately \$21,195.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. The information is derived from the Fund's audited annual financial statements.

<b>Marquest American Dividend Growth Fund - Corporate Class (Series A)*</b>					
<b>Net Assets per Share (\$) <sup>(1)</sup></b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>14.32</b>	<b>11.59</b>	<b>10.70</b>	<b>11.08</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.44	0.28	0.20	0.19	0.06
Total expenses	(0.48)	(0.59)	(0.31)	(0.25)	-
Realized gains (losses) for the year	1.21	0.19	0.26	0.13	0.10
Unrealized gains (losses) for the year	1.20	2.42	0.91	(0.70)	0.97
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>2.37</b>	<b>2.30</b>	<b>1.06</b>	<b>(0.63)</b>	<b>1.13</b>
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>16.69</b>	<b>14.32</b>	<b>11.59</b>	<b>10.70</b>	<b>11.08</b>

Notes:

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\*Series A shares were first issued on July 22, 2010.

**Financial Highlights (continued)**

<b>Marquest American Dividend Growth Fund - Corporate Class Series F*</b>				
<b>Net Assets per Share (\$) <sup>(1)</sup></b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>14.55</b>	<b>11.65</b>	<b>10.74</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	0.44	0.29	0.10	0.13
Total expenses	(0.29)	(0.49)	(0.13)	(0.01)
Realized gains (losses) for the year	1.20	0.16	0.15	0.20
Unrealized gains (losses) for the year	1.15	2.25	0.78	(1.21)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>2.50</b>	<b>2.21</b>	<b>0.90</b>	<b>(0.89)</b>
Distributions:				
From income (excluding dividends)	-	-	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>17.15</b>	<b>14.55</b>	<b>11.65</b>	<b>10.74</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\*Series F shares were first issued on January 26, 2011 at \$10.00.

<b>Marquest American Dividend Growth Fund - Corporate Class Series T8*</b>				
<b>Net Assets per Share (\$) <sup>(1)</sup></b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>11.23</b>	<b>9.79</b>	<b>10.00</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	0.23	0.22	0.08	0.08
Total expenses	(0.24)	(0.47)	(0.13)	(0.13)
Realized gains (losses) for the year	0.42	0.16	0.18	0.18
Unrealized gains (losses) for the year	0.46	2.00	0.14	0.14
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.87</b>	<b>1.91</b>	<b>0.27</b>	<b>0.27</b>
Distributions:				
From income (excluding dividends)	-	-	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	(0.40)
Return of capital	(0.54)	(0.80)	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.54)</b>	<b>(0.80)</b>	<b>(0.40)</b>	<b>(0.40)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>-</b>	<b>11.23</b>	<b>9.79</b>	<b>9.79</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\*Series T8 shares were first issued on July 20, 2012 at \$10.00.

**Financial Highlights (continued)**

<b>Ratios and Supplemental Data</b>					
<b>Series A*</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 3,189	\$ 2,918	\$ 636	\$ 1,346	\$ 198
Number of shares outstanding <sup>(1)</sup>	191,044	203,761	54,835	125,759	17,834
Management expense ratio <sup>(2)</sup>	2.71%	4.34%	2.64%	2.42%	-
Management expense ratio before waivers or absorption <sup>(5)</sup>	4.21%	5.61%	9.93%	11.55%	-
Trading expense ratio <sup>(3)</sup>	0.03%	0.03%	0.07%	0.09%	0.12%
Portfolio turnover rate <sup>(4)</sup>	16.51%	13.21%	68.05%	72.31%	18.46%
Net asset value per share <sup>(1)</sup>	\$ 16.69	\$ 14.32	\$ 11.59	\$ 10.70	\$ 11.08
<b>Series F**</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 584	\$ 648	\$ 84	\$ 11	\$ -
Number of shares outstanding <sup>(1)</sup>	34,035	44,502	7,249	1,007	-
Management expense ratio <sup>(2)</sup>	1.60%	3.58%	1.62%	0.08%	-
Management expense ratio before waivers or absorption	2.49%	4.62%	6.08%	0.38%	-
Trading expense ratio <sup>(3)</sup>	0.03%	0.03%	0.07%	0.09%	-
Portfolio turnover rate <sup>(4)</sup>	16.51%	13.21%	68.05%	72.31%	-
Net asset value per share <sup>(1)</sup>	\$ 17.15	\$ 14.55	\$ 11.65	\$ 10.75	\$ -
<b>Series T8***</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>		
Total net asset value (000's) <sup>(1)</sup>	\$ -	\$ 889	\$ 293		
Number of shares outstanding <sup>(1)</sup>	-	79,209	29,945		
Management expense ratio <sup>(2)</sup>	2.63%	4.31%	2.69%		
Management expense ratio before waivers or absorption	4.09%	5.56%	10.11%		
Trading expense ratio <sup>(3)</sup>	0.03%	0.03%	0.07%		
Portfolio turnover rate <sup>(4)</sup>	16.51%	13.21%	68.05%		
Net asset value per unit <sup>(1)</sup>	\$ -	\$ 11.23	\$ 9.79		

**Notes:**

(1) The information is provided as at December 31st of the year shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(5) Waivers and absorption of certain expenses associated with the Fund are at the Manager's discretion and may be terminated at any time.

\*Series A shares were first issued on July 22, 2010.

\*\*Series F shares were first issued on January 26, 2011.

\*\*\*Series T8 shares were first issued on July 20, 2012.

## Management Fees

---

The Fund pays an annual management fee equal to 2.00% of the average total NAV of Series A and 1.00% of the average total NAV of Series F shares to the Manager. This fee is calculated daily and is based on the Fund's ending total NAV per series; cumulative daily totals are then paid on a weekly basis.

Of the management fees paid by the Fund to the Manager for Series A shares, approximately 42.90% was used to pay for sales and trailer commissions and 57.10% was for investment advisory and portfolio management services.

Of the management fees paid by the Fund to the Manager for Series F shares, 100.00% was for investment advisory and portfolio management services. No sales and trailer commissions are paid in respect of Series F shares.

## Past Performance

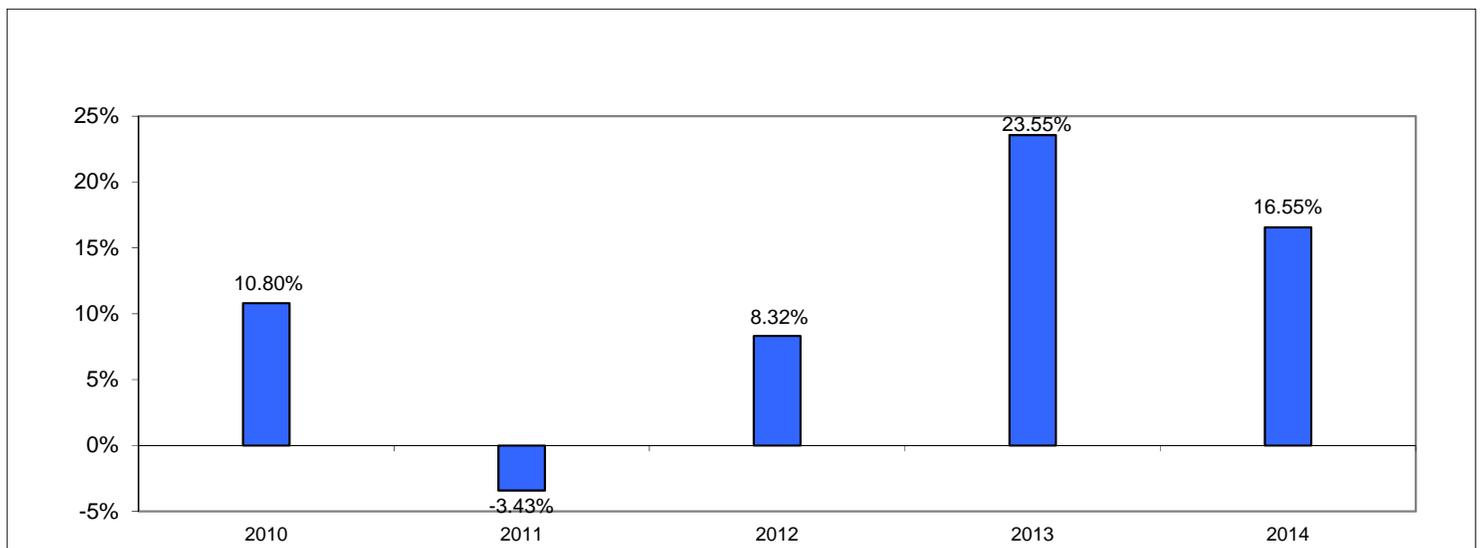
---

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future. Performance differences between classes of shares are mainly attributable to management fees charged to each class.

### Year-by-Year Returns

The following bar charts show the Fund's annual Class A, F and T8 performance for each of the periods shown, and illustrate how the Fund's performance has changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year or interim period, as applicable.

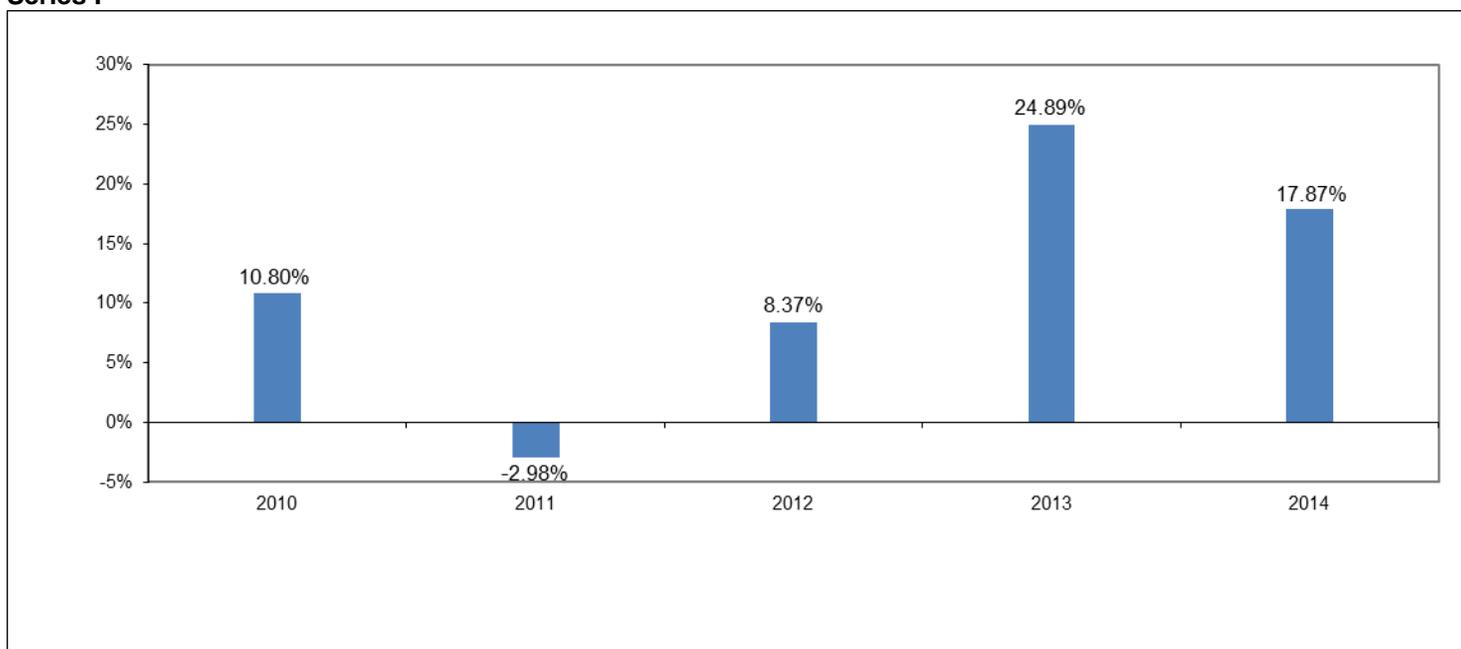
#### Series A



\*Inception date for Series A shares was July 22, 2010.

## Past Performance (continued)

### Series F



\*Inception date for Series F shares was July 22, 2010.

### Series T8

Series T8 shares were merged into the Fund's Class A shares on September 5, 2014 and are no longer available for sale.

### Annual Compound Returns

The table below compares the annual compounded return of the Series A and F shares of the Fund against the S&P 500 Composite Total Return index. This is a market capitalization weighted, total return index comprising of all stocks within the S&P 500 Composite Total Return index. It is calculated in Canadian dollars and is comprised of stock (equity) prices of large capitalized U.S. companies. For performance purposes, the index assumes the reinvestment of all dividends.

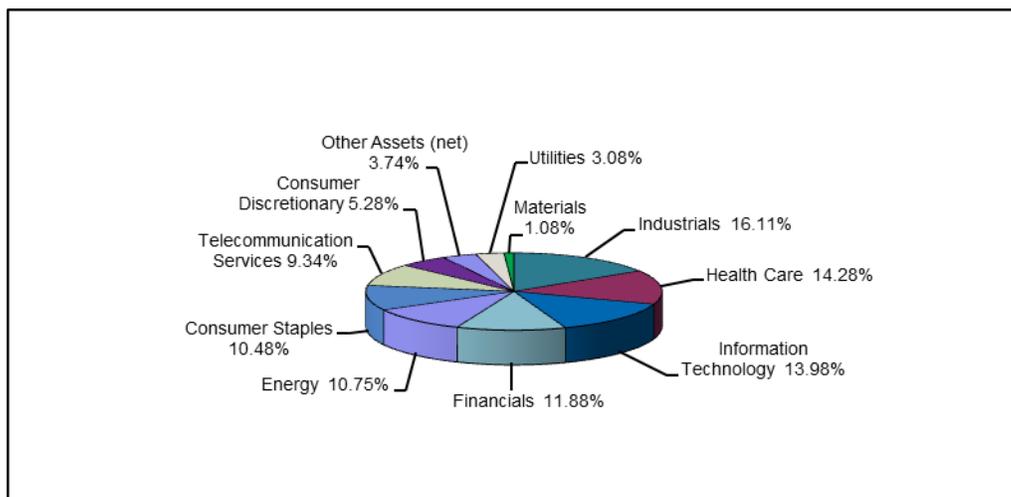
As the index is made up of groups of fixed income securities from various duration periods and market capitalizations, it does not share the same holdings or the same weighted proportions as the Fund and compounded total returns figures between the two may differ. For greater in-depth discussion regarding the Fund's asset class holdings and performance over the year please see the "Results of Operations – Investment Portfolio" section of the MRFP. Unlike the index, the Fund must report performance net of all accrued fees and expenses, which dilute the actual Fund performance in relative comparison to the benchmark, which does not incur any types of fees/expenses. Generally, the Fund has outperformed the index in the 1 year period and underperformed the index in all other periods.

	1 Year %	3 Years %	5 Years %	10 Years %	Since Inception %
Series A	16.6%	16.0%	-	-	12.2%
S&P 500 Composite Total Return Index	13.7%	20.4%	-	-	18.4%
Series F	17.9%	16.9%	-	-	12.9%
S&P 500 Composite Total Return Index	13.7%	20.4%	-	-	18.4%

## Summary of Investment Portfolio (as at December 31, 2014)

The pie chart and table below provide information about the investment portfolio of the Fund, including a breakdown of the Fund's portfolio into subgroups and the Top 25 positions held by the Fund as a percentage of NAV.

### Asset Mix



### Top 25 Holdings

1	Cash	4.03%	14	Bristol-Myers Squibb Co.	2.90%
2	Kraft Foods Group Inc.	3.85%	15	State Street Corp.	2.89%
3	Verizon Communications Inc.	3.45%	16	AT&T Inc.	2.89%
4	Procter & Gamble Co.	3.36%	17	Pfizer Inc.	2.87%
5	General Mills Inc.	3.27%	18	Waste Management Inc.	2.84%
6	JPMorgan Chase & Co.	3.27%	19	Caterpillar Inc.	2.81%
7	Target Corp.	3.26%	20	Merck & Co Inc.	2.79%
8	Baxter International Inc.	3.15%	21	Chevron Corp.	2.76%
9	Duke Energy Corp.	3.08%	22	EMC Corp.	2.74%
10	Apple Inc.	3.05%	23	QUALCOMM Inc.	2.74%
11	Wells Fargo & Co.	3.03%	24	El Du Pont de Nemours & Co.	2.72%
12	Viacom Inc.	3.00%	25	Deere & Co.	2.72%
13	Cisco Systems Inc.	2.99%		<b>TOTAL % OF NAV</b>	<b>76.46%</b>

*This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund and a quarterly update is available at [www.marquest.ca](http://www.marquest.ca). The weightings of the positions are calculated based on total NAV of the portfolio as at December 31, 2014. The Fund does not hold short positions. The prospectus and other information of Marquest American Dividend Growth Fund (Corporate Class) are available on the internet [www.sedar.com](http://www.sedar.com).*

**TORONTO**

161 Bay Street  
Suite 4420, P.O. Box 204  
Toronto, ON M5J 2S1  
Phone 416.777.7350  
Toll Free 1.877.777.1541

**MONTREAL**

1155 Robert-Bourassa Boulevard  
Suite 905  
Montreal, QC H3B 3A7  
Phone 514.227.0666  
Toll Free 1.866.687.9363

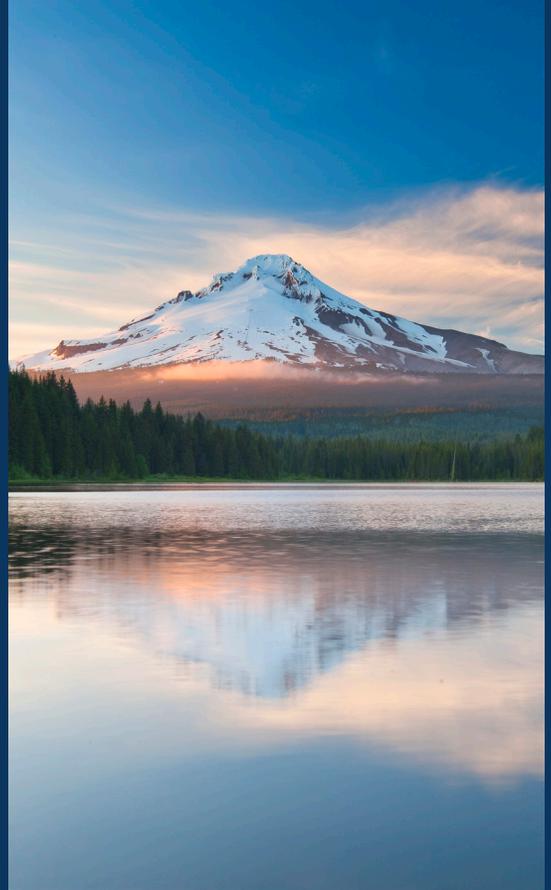
**VANCOUVER**

1055 West Hastings  
Suite 300  
Vancouver, BC V6E 2E9  
Phone 604.895.7281

**CLIENT SERVICES**

Phone 416.365.4077  
Toll free 1.888.964.3533  
[clientservices@marquest.ca](mailto:clientservices@marquest.ca)

[WWW.MARQUEST.CA](http://WWW.MARQUEST.CA)



MARQUEST COVERED CALL CANADIAN  
BANKS PLUS FUND

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of Marquest Covered Call Canadian Banks Plus Fund. You can get a copy of the annual financial statements at your request, and at no cost, from the manager Marquest Asset Management Inc. by calling 1-888-964-3533, by writing to us at Suite 4420, 161 Bay Street, PO Box 204, Toronto, Ontario, M5J 2S1 or by visiting our website at [www.marquest.ca](http://www.marquest.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

*This report contains forward looking statements. These statements primarily relate to assessments of future economic and market conditions, and the adoption of International Financial Reporting Standards. Such information has been included to assist readers with assessing recent developments in the Fund's operating climate and possible future developments that may affect Fund performance. All forward looking statements are based on management's current beliefs and assumptions which are subject to numerous risks and uncertainties. Statements with respect to future economic and market conditions are based on management's beliefs and assumptions with respect to a range of factors, including market conditions generally and within the sectors in which the Fund's investments operate. While management considers such beliefs and assumptions to be reasonable based on information currently available to it, no assurance can be given that such beliefs and assumptions will prove to be correct. As a result, these forward looking statements would typically include words such as "anticipates, believes, intended or estimated". Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks and uncertainties, including, but not limited to, those associated with economic and market conditions, political stability and other risks identified in the Fund's prospectus. Most of these factors are beyond the control of the Fund and its Manager. Neither the Fund nor its Manager assumes any obligation to update any of the forward looking statements made in this report.*

## **Management Discussion of Fund Performance**

### **Investment Objectives and Strategies**

---

#### *Investment Objectives*

The Fund's objective is to receive dividend and option premium income and seek long term capital appreciation by investing in dividend paying securities in the Canadian financial sector and employing a covered call option writing strategy on certain of those securities.

#### *Investment Strategies*

In order to achieve the Fund's objective, the Fund expects to invest in a concentrated portfolio of ten or more dividend paying Canadian financial sector equity securities, the majority of which are commercial banks whose businesses consist of commercial lending operations, small and medium enterprise corporate lending, retail banking and wealth management. In order to supplement the current income received from dividends paid on the Fund's equity investments and mitigate some of the downside risk which would otherwise be experienced, the Fund will write covered call options on equity securities owned from time to time. The amount of covered call options sold by the Fund may vary.

A modified equal weight investment strategy will generally be used with each security allocated a fixed weight and rebalanced on a quarterly basis. The fixed weight of some securities is expected to be allocated half the fixed weight of other securities.

From time to time, instead of investing directly in certain Canadian financial sector equity securities, the Fund may purchase Exchange Traded Products (ETPs), in accordance with applicable securities laws, that themselves invest in these securities.

A portion of the Fund may be held in cash or cash equivalent securities in order to facilitate cash flows, provide a means of settling covered calls, or provide a reserve pending future investment in equity securities.

### **Risks**

---

There are risks associated with investing in the Fund. There have been no changes to the Fund which affected the risks associated with investing in the Fund during the year. Specific risk information can be found in the Fund's prospectus available through our website at [www.marquest.ca](http://www.marquest.ca), or at SEDAR's website [www.sedar.com](http://www.sedar.com).

## ***Results of Operations***

---

### *Net Asset Value (NAV)*

The Fund was launched on July 17, 2014. The Fund issued 15,000 Class F units for proceeds of \$150,000 on the initial seeding date of July 17, 2014.

As at December 31, 2014 the Fund's total NAV was \$421,069, an increase of 180.71% since the initial seeding of the fund. This change was primarily the result of net unit subscription transactions of \$427,361.

During the year, sales and redemptions were as follows: Class A \$341,861 and \$60,149 respectively, Class F \$302,012 and \$156,363 respectively.

### *Investment Portfolio*

North American markets made strong gains in 2014 as outlook for the economy steadily improved, especially in the United States. The S&P/TSX Total Return Index gained 10.55% in 2014. The breadth of gains in markets was robust. The best performing sectors were Consumer Staples, Information Technology, Health Care and Consumer Discretionary. Materials and Energy sectors were the weakest groups. The Canadian financial sector posted healthy gains during 2014 which can be evidenced by a return of 9.76% in the S&P/TSX Financials index.

The Fund was launched in August and generated returns of 0.92%. During the same period, the S&P/TSX Financials index posted a return of 0.68%.

The fund was well positioned to take advantage of these market conditions through its concentration in the Financials Index. If there was one common theme that ran through world stock markets this year, it was the surge in volatility. A general increase in volatility is beneficial to covered call strategies due to the increase in premiums received from writing options. After such a strong run-up in this sector over the past few years, we see a period of consolidation and possibly a slight pullback in the near term. These conditions should bode quite favourably for the fund since covered call strategies perform very well in range bound and moderately bullish markets. As a result of the option writing strategy, the net annual distribution in 2014 to investors was \$0.24 and \$0.26 for Class A and F respectively.

### *Fees and Expenses*

The main expenses for each Class of the Fund consists of management fees, operating costs and other fund costs, as applicable, for each Class. Other fund costs include audit, custodian, legal, reporting, independent review committee fees and other expenses. The management expense ratio (MER) is the Fund's total expenses expressed as a percentage of the average NAV of the Fund. The MER for the Fund's Class A and F units was 0.78% and 0.16%. Total expenses during the year excluding management fees were \$44,351. As disclosed in the Fund's prospectus, the Manager may voluntarily waive, absorb or pay a portion of the Fund's fees and expenses, at its discretion. During the year the Manager absorbed \$43,872 in expenses of the Fund, so that the total expenses actually paid by the Fund were \$1,019.

## ***Recent Developments***

---

Global economic growth in 2014 was relatively slow and highly uneven reflecting the divergent monetary policies throughout the world. The US had the strongest economy while Europe remained mired in slow growth. Emerging markets growth rates slowed particularly China where they tightened monetary policy early in the year. Later in the year Europe and China eased their monetary policies which gave hope for a reacceleration and broadening of global growth.

In the second half of the year investors migrated to US dollar investments attracted by relatively strong economic growth and high interest rates relative to other countries. As a result the US dollar rallied strongly. Declining interest rates particularly in Europe set the stage for competitive devaluation of currencies as a tool to accelerate economic growth. As the year drew to a close there were signs that global growth was beginning improve, particularly in Europe. As the year advanced the US economy showed good progress in employment gains and capital spending indicating that their economy was entering the later stages of the economic cycle. By year end the strong US dollar was showing signs that it was beginning to negatively impact US export markets and corporate earnings. The US dollar strength may be the transmission mechanism for a broadening of global growth in 2015.

The decline in commodity markets, particularly weak oil prices was challenging for the Canadian economy in 2014. The strong US dollar was a significant contributor to the weakness in commodities. As a result the S&P/TSX Index significantly underperformed the S&P 500 Index in 2014.

With the improving prospects for global growth and the US economy entering the latter stages of its economic cycle the outlook for the cyclical sectors may improve in 2015. This would be a positive for the Canadian economy and capital markets.

## ***Related Party Transactions***

---

The Manager of the Fund is responsible for managing all of the Fund's activities, including investment advisory and portfolio management services under a Management Agreement. The Management Agreement is subject to automatic renewal for additional one year terms. The Management Agreement may be terminated during its term if the Manager defaults in its performance of any of its duties or obligations thereunder and the holders pass a resolution at a meeting of holders terminating the Management Agreement as a result of such default. Further, the holders of a Fund may, by resolution passed at a meeting of holders at least 180 days before the end of the initial term or each anniversary thereof, elect not to renew the Management Agreement, whereupon the Management Agreement will not be renewed beyond its existing term. The Manager must give the holders and the Trustee at least 180 days' notice of its intention not to renew a Management Agreement. Management fees are paid by each class at the rates set out under "Management Fees" below.

During the year, \$540 in management fees (including HST) was paid to the Manager. The Manager is also the trustee of the Fund and responsible for certain aspects of the day-to-day administration. The Fund reimbursed the Manager for operating costs (including HST) incurred in administering the Fund of approximately \$80.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since inception. The information is derived from the Fund's audited annual financial statements.

<b>Marquest Covered Call Canadian Banks Plus Fund (Class A)*</b>	
<b>Net Assets per Share (\$) <sup>(1)</sup></b>	
	<b>2014</b>
Net assets, beginning of the period <sup>(2)</sup>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	0.19
Total expenses	(0.04)
Realized gains (losses) for the year	0.03
Unrealized gains (losses) for the year	(0.15)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.03</b>
Distributions:	
From income (excluding dividends)	-
From dividends	(0.06)
From capital gains	(0.18)
Return of capital	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.24)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>9.64</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*Class A units were first issued on September 16, 2014 at \$10.00.

<b>Marquest Covered Call Canadian Banks Plus Fund (Class F)*</b>	
<b>Net Assets per Share (\$) <sup>(1)</sup></b>	
	<b>2014</b>
Net assets, beginning of the period <sup>(2)</sup>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	0.23
Total expenses	(0.01)
Realized gains (losses) for the year	0.05
Unrealized gains (losses) for the year	(0.08)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.19</b>
Distributions:	
From income (excluding dividends)	-
From dividends	(0.08)
From capital gains	(0.18)
Return of capital	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.26)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>9.83</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*Class F units were first issued on August 15, 2014 at \$10.00.

## Financial Highlights (continued)

<b>Ratios and Supplemental Data</b>	
<b>Class A*</b>	<b>2014</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 276
Number of units outstanding <sup>(1)</sup>	28,634
Management expense ratio <sup>(2)</sup>	0.78%
Management expense ratio before waivers or absorption <sup>(5)</sup>	55.88%
Trading expense ratio <sup>(3)</sup>	0.12%
Portfolio turnover rate <sup>(4)</sup>	244.11%
Net asset value per unit <sup>(1)</sup>	\$ 9.64
<b>Class F**</b>	<b>2014</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 145
Number of units outstanding <sup>(1)</sup>	14,744
Management expense ratio <sup>(2)</sup>	0.16%
Management expense ratio before waivers or absorption	11.81%
Trading expense ratio <sup>(3)</sup>	0.12%
Portfolio turnover rate <sup>(4)</sup>	244.11%
Net asset value per unit <sup>(1)</sup>	\$ 9.83

**Notes:**

(1) The information is provided as at December 31st of the year shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(5) Waivers and absorption of certain expenses associated with the Fund are at the Manager's discretion and may be terminated at any time.

\*Class A units were first issued on September 9, 2014.

\*\*Class F units were first issued on August 15, 2014.

## Management Fees

The Fund pays an annual management fee equal to 1.65% of the average total NAV of Class A units, 0.65% of the average total NAV of Class F units to the Manager. This fee is calculated daily and is based on the Fund's ending total NAV per class; cumulative daily totals are then paid on a weekly basis.

Of the management fees paid by the Fund to the Manager for Class A units, approximately 100.0% was used to pay for sales and trailer commissions and 0.00% was for portfolio management services.

Of the management fees paid by the Fund to the Manager for Class F units, 100.00% was for investment advisory and portfolio management services. No sales and trailer commissions are paid in respect of Class F units.

## Past Performance

In accordance with National Instrument 81-106, performance data for the Fund will be shown after the Fund has been operational for at least 12 consecutive months. The Fund was first offered July 17, 2014.

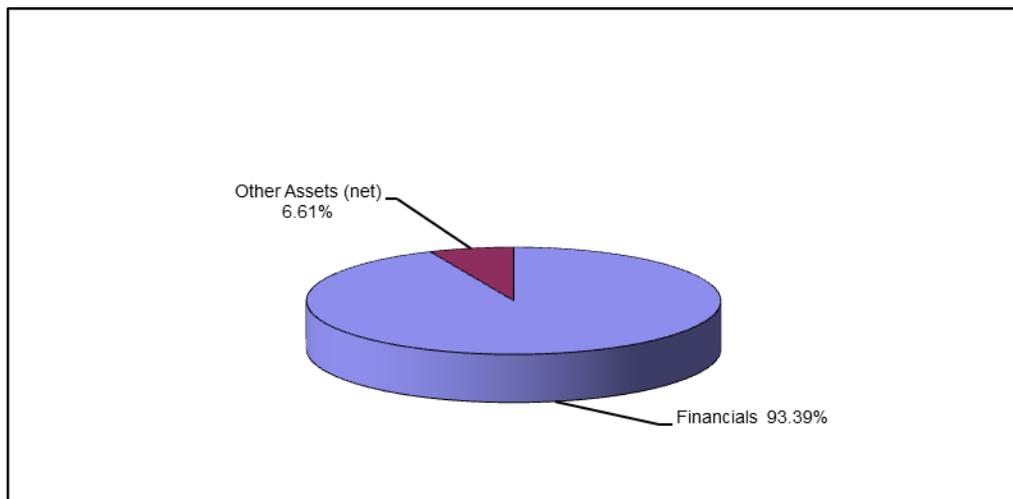
## Annual Compound Returns

In accordance with National Instrument 81-106, performance data for the Fund will be shown after the Fund has been operational for at least 12 consecutive months. The Fund was first offered July 17, 2014.

## Summary of Investment Portfolio (as at December 31, 2014)

The pie chart and table below provide information about the investment portfolio of the Fund, including a breakdown of the Fund's portfolio into subgroups and the Top 25 positions held by the Fund as a percentage of NAV. The Fund held 15 holdings at the end of the period.

### Asset Mix



### Top 25 Holdings

1	Bank of Montreal	9.29%	9	Intact Financial Corp.	4.76%
2	The Toronto-Dominion Bank	9.28%	10	Great-West Lifeco Inc.	4.75%
3	National Bank of Canada	9.24%	11	Canadian Western Bank	4.74%
4	Canadian Imperial Bank of Commerce	9.22%	12	Manulife Financial Corp.	4.74%
5	Royal Bank of Canada	9.22%	13	Industrial Alliance Insurance & Financial Services Inc.	4.72%
6	Bank of Nova Scotia	9.18%	14	Sun Life Financial Inc.	4.71%
7	Fairfax Financial Holdings Ltd.	4.77%	15	Cash	2.43%
8	Power Financial Corp.	4.76%		<b>TOTAL % OF NAV</b>	<b>95.81%</b>

*This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund and a quarterly update is available at [www.maquest.ca](http://www.maquest.ca). The weightings of the positions are calculated based on total NAV of the portfolio as at December 31, 2014. The Fund does not hold short positions. The prospectus and other information of Marquest Covered Call Canadian Banks Plus Fund are available on the internet [www.sedar.com](http://www.sedar.com).*

**TORONTO**

161 Bay Street  
Suite 4420, P.O. Box 204  
Toronto, ON M5J 2S1  
Phone 416.777.7350  
Toll Free 1.877.777.1541

**MONTREAL**

1155 Robert-Bourassa Boulevard  
Suite 905  
Montreal, QC H3B 3A7  
Phone 514.227.0666  
Toll Free 1.866.687.9363

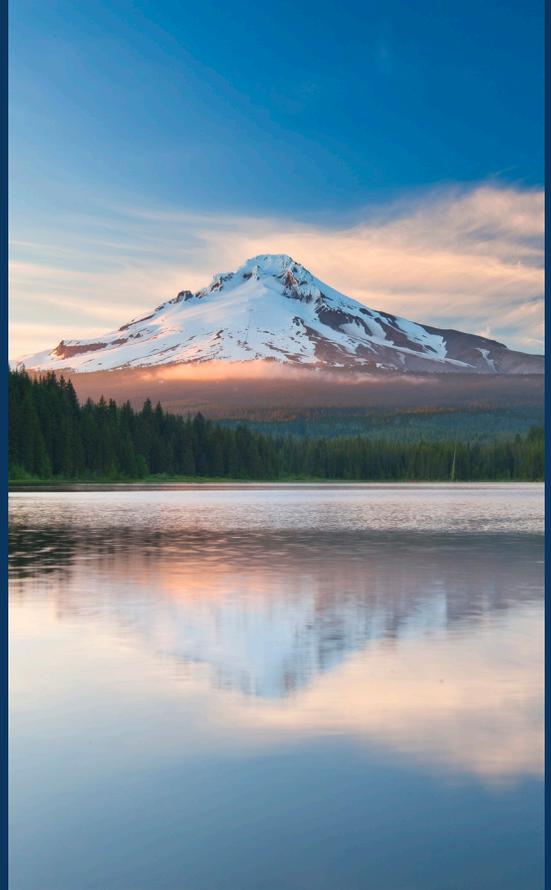
**VANCOUVER**

1055 West Hastings  
Suite 300  
Vancouver, BC V6E 2E9  
Phone 604.895.7281

**CLIENT SERVICES**

Phone 416.365.4077  
Toll free 1.888.964.3533  
[clientservices@marquest.ca](mailto:clientservices@marquest.ca)

[WWW.MARQUEST.CA](http://WWW.MARQUEST.CA)



MARQUEST COVERED CALL CANADIAN  
BANKS PLUS FUND (CORPORATE CLASS)

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Marquest Corporate Class Funds Ltd. - Marquest Covered Call Canadian Banks Plus Fund (Corporate Class). You can get a copy of the annual financial statements at your request, and at no cost, from the manager Marquest Asset Management Inc. by calling 1-888-964-3533, by writing to us at Suite 4420, 161 Bay Street, PO Box 204, Toronto, Ontario, M5J 2S1 or by visiting our website at [www.marquest.ca](http://www.marquest.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

*This report contains forward looking statements. These statements primarily relate to assessments of future economic and market conditions, and the adoption of International Financial Reporting Standards. Such information has been included to assist readers with assessing recent developments in the Fund's operating climate and possible future developments that may affect Fund performance. All forward looking statements are based on management's current beliefs and assumptions which are subject to numerous risks and uncertainties. Statements with respect to future economic and market conditions are based on management's beliefs and assumptions with respect to a range of factors, including market conditions generally and within the sectors in which the Fund's investments operate. While management considers such beliefs and assumptions to be reasonable based on information currently available to it, no assurance can be given that such beliefs and assumptions will prove to be correct. As a result, these forward looking statements would typically include words such as "anticipates, believes, intended or estimated". Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks and uncertainties, including, but not limited to, those associated with economic and market conditions, political stability and other risks identified in the Fund's prospectus. Most of these factors are beyond the control of the Fund and its Manager. Neither the Fund nor its Manager assumes any obligation to update any of the forward looking statements made in this report.*

## **Management Discussion of Fund Performance**

### **Investment Objectives and Strategies**

---

#### *Investment Objectives*

The Fund's objective is to receive dividend and option premium income and seek long term capital appreciation by investing in dividend paying securities in the Canadian financial sector and employing a covered call option writing strategy on certain of those securities.

#### *Investment Strategies*

In order to achieve the Fund's objective, the Fund expects to invest in a concentrated portfolio of ten or more dividend paying Canadian financial sector equity securities, the majority of which are commercial banks whose businesses consist of commercial lending operations, small and medium enterprise corporate lending, retail banking and wealth management. In order to supplement the current income received from dividends paid on the Fund's equity investments and mitigate some of the downside risk which would otherwise be experienced, the Fund will write covered call options on equity securities owned from time to time. The amount of covered call options sold by the Fund may vary.

A modified equal weight investment strategy will generally be used with each security allocated a fixed weight and rebalanced on a quarterly basis. The fixed weight of some securities is expected to be allocated half the fixed weight of other securities.

From time to time, instead of investing directly in certain Canadian financial sector equity securities, the Fund may purchase Exchange Traded Products (ETPs), in accordance with applicable securities laws, that themselves invest in these securities.

A portion of the Fund may be held in cash or cash equivalent securities in order to facilitate cash flows, provide a means of settling covered calls, or provide a reserve pending future investment in equity securities.

### **Risks**

---

There are risks associated with investing in the Fund. There have been no changes to the Fund which affected the risks associated with investing in the Fund during the year. Specific risk information can be found in the Fund's prospectus available through our website at [www.marquest.ca](http://www.marquest.ca), or at SEDAR's website [www.sedar.com](http://www.sedar.com).

## ***Results of Operations***

---

### *Net Asset Value (NAV)*

As at December 31, 2014 the Fund's total NAV was \$7,349,943, an increase of 23.89% since the prior year end (December 2013: \$5,932,716). This change was the result of net share subscription transactions of \$1,705,981 and net realized gain on sale of investments of \$548,132, these were partially offset by distributions to shareholders of \$872,884.

During the year, sales and redemptions were as follows: Series A \$2,805,836 and \$1,271,636 respectively (December 2013: \$2,686,001 and \$807,125), Series F \$299,575 and \$127,794 respectively (December 2013: \$160,276 and \$24,006).

### *Investment Portfolio*

North American markets made strong gains in 2014 as outlook for the economy steadily improved, especially in the United States. The S&P/TSX Total Return Index gained 10.55% in 2014. The breadth of gains in markets was robust. The best performing sectors were Consumer Staples, Information Technology, Health Care and Consumer Discretionary. Materials and Energy sectors were the weakest groups. The Canadian financial sector posted healthy gains during 2014 which can be evidenced by a return of 9.76% in the S&P/TSX Financials index.

During the year, the Fund's Series A and F shares generated returns of 8.12% and 9.29% respectively.

The fund was well positioned to take advantage of these market conditions through its concentration in the Financials Index. If there was one common theme that ran through world stock markets this year, it was the surge in volatility. A general increase in volatility is beneficial to covered call strategies due to the increase in premiums received from writing options. After such a strong run-up in this sector over the past few years, we see a period of consolidation and possibly a slight pullback in the near term. These conditions should bode quite favourably for the fund since covered call strategies perform very well in range bound and moderately bullish markets. As a result of the option writing strategy, the net annual distribution per unit in 2014 to investors in the Series A and F shares were \$1.34 and \$1.46 respectively.

### *Fees and Expenses*

The main expenses for each Series of the Fund consists of management fees, operating costs and other fund costs, as applicable, for each Series. Other fund costs include audit, custodian, legal, reporting, independent review committee fees and other expenses. The management expense ratio (MER) is the Fund's total expenses expressed as a percentage of the average NAV of the Fund. The MER for the Fund's Series A and F shares was 2.07% (December 2013: 3.96%) and 0.93% (December 2013: 2.80%). The decrease is primarily the result of the Manager (as defined below) choosing to absorb less expense in 2013. Total expenses during the year excluding management fees were \$235,894 (December 2013: \$197,321), with the increase being the result of an increase in operating expenses of \$11,703 and custodian fees of \$34,042 partially offset by a decrease in legal fees of \$14,319. As disclosed in the Fund's prospectus, the Manager may voluntarily waive, absorb or pay a portion of the Fund's fees and expenses, at its discretion. During the year the Manager absorbed \$204,283 in expenses of the Fund, so that the total expenses actually paid by the Fund were \$158,032.

## ***Recent Developments***

---

Global economic growth in 2014 was relatively slow and highly uneven reflecting the divergent monetary policies throughout the world. The US had the strongest economy while Europe remained mired in slow growth. Emerging markets growth rates slowed particularly China where they tightened monetary policy early in the year. Later in the year Europe and China eased their monetary policies which gave hope for a reacceleration and broadening of global growth.

In the second half of the year investors migrated to US dollar investments attracted by relatively strong economic growth and high interest rates relative to other countries. As a result the US dollar rallied strongly. Declining interest rates particularly in Europe set the stage for competitive devaluation of currencies as a tool to accelerate economic growth. As the year drew to a close there were signs that global growth was beginning improve, particularly in Europe. As the year advanced the US economy showed good progress in employment gains and capital spending indicating that their economy was entering the later stages of the economic cycle. By year end the strong US dollar was showing signs that it was beginning to negatively impact US export markets and corporate earnings. The US dollar strength may be the transmission mechanism for a broadening of global growth in 2015.

## ***Recent Developments (continued)***

---

The decline in commodity markets, particularly weak oil prices was challenging for the Canadian economy in 2014. The strong US dollar was a significant contributor to the weakness in commodities. As a result the S&P/TSX Index significantly underperformed the S&P 500 Index in 2014.

With the improving prospects for global growth and the US economy entering the latter stages of its economic cycle the outlook for the cyclical sectors may improve in 2015. This would be a positive for the Canadian economy and capital markets.

### *Securityholders equity*

Effective June 16, 2014 Series I and O shares were no longer offered for sale.

### *International Financial Reporting Standards*

The changes that impact the Financial Statements and Management Report of Fund Performance for the year ended December 31, 2014 are as follows:

#### Statement of cash flows

Under Canadian GAAP, the Fund was exempt from providing a statement of cash flows. IAS 1 requires that a complete set of financial statements include a statement of cash flows for the current and comparative periods, without exception.

#### Exceptions that are mandated by IFRS 1 First-time adoption of International Reporting Standards

Estimates – IFRS 1 prohibits use of hindsight to create or revise previous estimates. The estimates the Company previously made under Canadian GAAP have not been revised for application of IFRS.

#### Classification of Redeemable Units Issued by the Fund

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32, Financial Instruments: presentation requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been classified as financial liabilities on transition to IFRS.

#### Revaluation of investments at FVTPL

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions; to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, Fair Value Measurement, which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. For a detailed reconciliation of the line item changes as a result of the adoption of IFRS as at January 1, 2013 and December 31, 2013 please refer to Note 14 of the financial statements.

## Related Party Transactions

The Manager of the Fund is responsible for managing all of the Fund's activities, including investment advisory and portfolio management services under a Management Agreement. The Management Agreement is subject to automatic renewal for additional one year terms. The Management Agreement may be terminated during its term if the Manager defaults in its performance of any of its duties or obligations thereunder and the holders pass a resolution at a meeting of holders terminating the Management Agreement as a result of such default. Further, the holders of a Fund may, by resolution passed at a meeting of holders at least 180 days before the end of the initial term or each anniversary thereof, elect not to renew the Management Agreement, whereupon the Management Agreement will not be renewed beyond its existing term. The Manager must give the holders and the Trustee at least 180 days' notice of its intention not to renew a Management Agreement. Management fees are paid by each class at the rates set out under "Management Fees" below.

During the year, \$126,422 in management fees (including HST) was paid to the Manager. The Manager is also the trustee of the Fund and responsible for certain aspects of the day-to-day administration. The Fund reimbursed the Manager for operating costs (including HST) incurred in administering the Fund of approximately \$15,807.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since inception.

<b>Marquest Covered Call Canadian Banks Plus Fund - Corporate Class (Series A)*</b>				
<b>Net Assets per Share (\$) <sup>(1)</sup></b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>10.95</b>	<b>10.59</b>	<b>10.10</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	0.68	0.71	0.60	0.08
Total expenses	(0.26)	(0.46)	(0.23)	-
Realized gains (losses) for the year	0.87	1.35	0.30	0.05
Unrealized gains (losses) for the year	(0.37)	0.17	0.77	0.29
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.92</b>	<b>1.77</b>	<b>1.44</b>	<b>0.42</b>
Distributions:				
From income (excluding dividends)	-	-	-	-
From dividends	(0.14)	(0.13)	(0.18)	(0.08)
From capital gains	(1.20)	(1.27)	(0.20)	(0.05)
Return of capital	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(1.34)</b>	<b>(1.40)</b>	<b>(0.38)</b>	<b>(0.13)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>10.48</b>	<b>10.95</b>	<b>10.58</b>	<b>10.10</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\*Series A shares were first issued on November 10, 2011 at \$10.00.

**Financial Highlights (continued)**

<b>Marquest Covered Call Canadian Banks Plus Fund - Corporate Class (Series F)*</b>				
<b>Net Assets per Share (\$) <sup>(1)</sup></b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>11.01</b>	<b>10.62</b>	<b>10.10</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	0.68	0.70	0.57	0.06
Total expenses	(0.12)	(0.33)	(0.10)	-
Realized gains (losses) for the year	0.88	1.39	0.32	0.04
Unrealized gains (losses) for the year	(0.41)	0.28	0.20	1.32
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>1.03</b>	<b>2.04</b>	<b>0.99</b>	<b>1.42</b>
Distributions:				
From income (excluding dividends)	-	-	-	-
From dividends	(0.23)	(0.15)	(0.27)	(0.51)
From capital gains	(1.23)	(1.35)	(0.20)	(0.30)
Return of capital	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(1.46)</b>	<b>(1.50)</b>	<b>(0.47)</b>	<b>(0.81)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>10.55</b>	<b>11.01</b>	<b>10.60</b>	<b>10.10</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\*Series F shares were first issued on November 10, 2011 at \$ 10.00.

<b>Ratios and Supplemental Data</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Series A*</b>				
Total net asset value (000's) <sup>(1)</sup>	\$ 6,969	\$ 5,707	\$ 3,709	\$ 448
Number of shares outstanding <sup>(1)</sup>	665,223	521,270	350,174	44,289
Management expense ratio <sup>(2)</sup>	2.07%	3.96%	2.02%	-
Management expense ratio before waivers or absorption <sup>(5)</sup>	5.04%	5.64%	8.21%	-
Trading expense ratio <sup>(3)</sup>	0.22%	0.16%	0.24%	0.06%
Portfolio turnover rate <sup>(4)</sup>	239.71%	232.86%	179.23%	63.13%
Net asset value per share <sup>(1)</sup>	\$ 10.48	\$ 10.95	\$ 10.59	\$ 10.11
<b>Series F*</b>				
Total net asset value (000's) <sup>(1)</sup>	\$ 381	\$ 226	\$ 91	\$ 28
Number of shares outstanding <sup>(1)</sup>	36,140	20,498	8,543	2,744
Management expense ratio <sup>(2)</sup>	0.93%	2.80%	0.88%	-
Management expense ratio before waivers or absorption <sup>(5)</sup>	2.27%	3.98%	3.58%	-
Trading expense ratio <sup>(3)</sup>	0.22%	0.16%	0.24%	0.06%
Portfolio turnover rate <sup>(4)</sup>	239.71%	232.86%	179.23%	63.13%
Net asset value per share <sup>(1)</sup>	\$ 10.55	\$ 11.01	\$ 10.62	\$ 10.11

**Notes:**

(1) The information is provided as at December 31st of the year shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(5) Waivers and absorption of certain expenses associated with the Fund are at the Manager's discretion and may be terminated at any time.

\*The Fund was established on November 10, 2011.

## Management Fees

---

The Fund pays an annual management fee equal to 1.65% of the average total NAV of Series A shares, 0.65% of the average total NAV of Series F shares to the Manager. This fee is calculated daily and is based on the Fund's ending total NAV per series; cumulative daily totals are then paid on a weekly basis.

Of the management fees paid by the Fund to the Manager for Series A shares, approximately 66.77% was used to pay for sales and trailer commissions and 33.23% was for portfolio management services.

Of the management fees paid by the Fund to the Manager for Series F shares, 100.00% was for investment advisory and portfolio management services. No sales and trailer commissions are paid in respect of Series F shares.

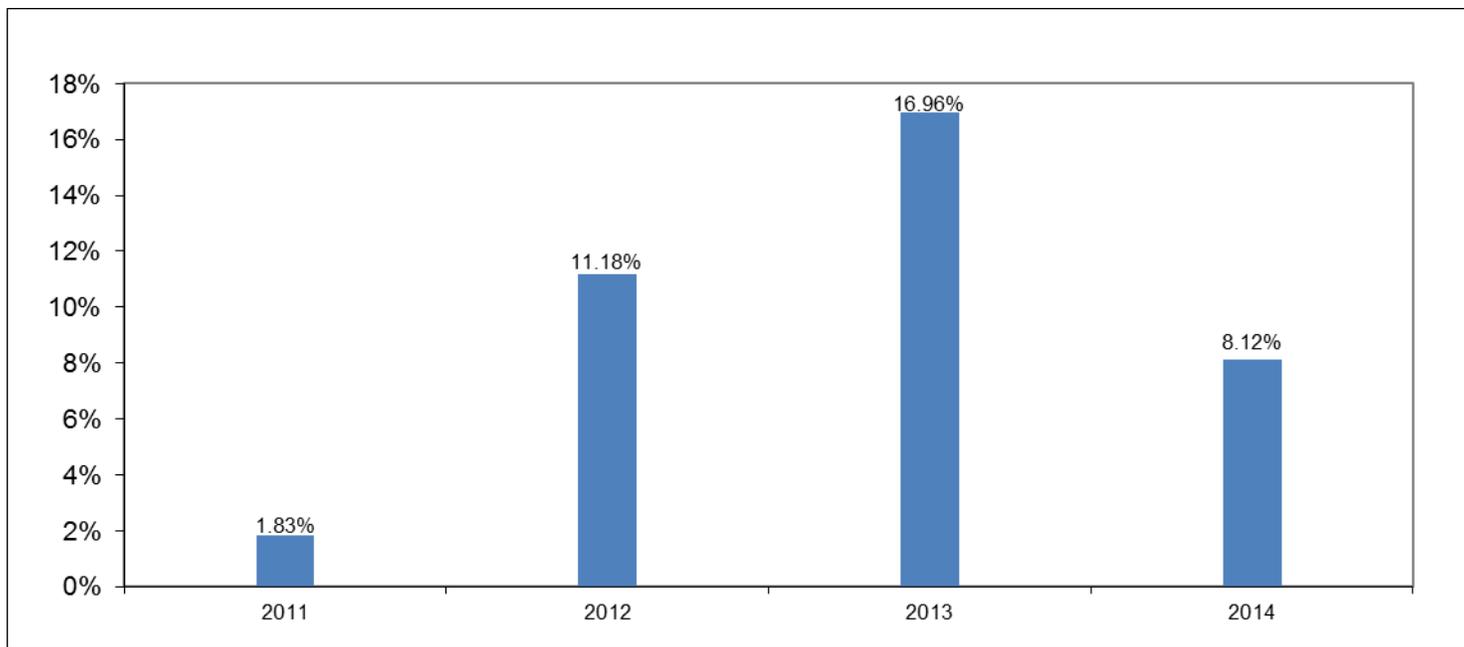
## Past Performance

---

The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future. Performance differences between series of shares are mainly attributable to management fees charged to each series.

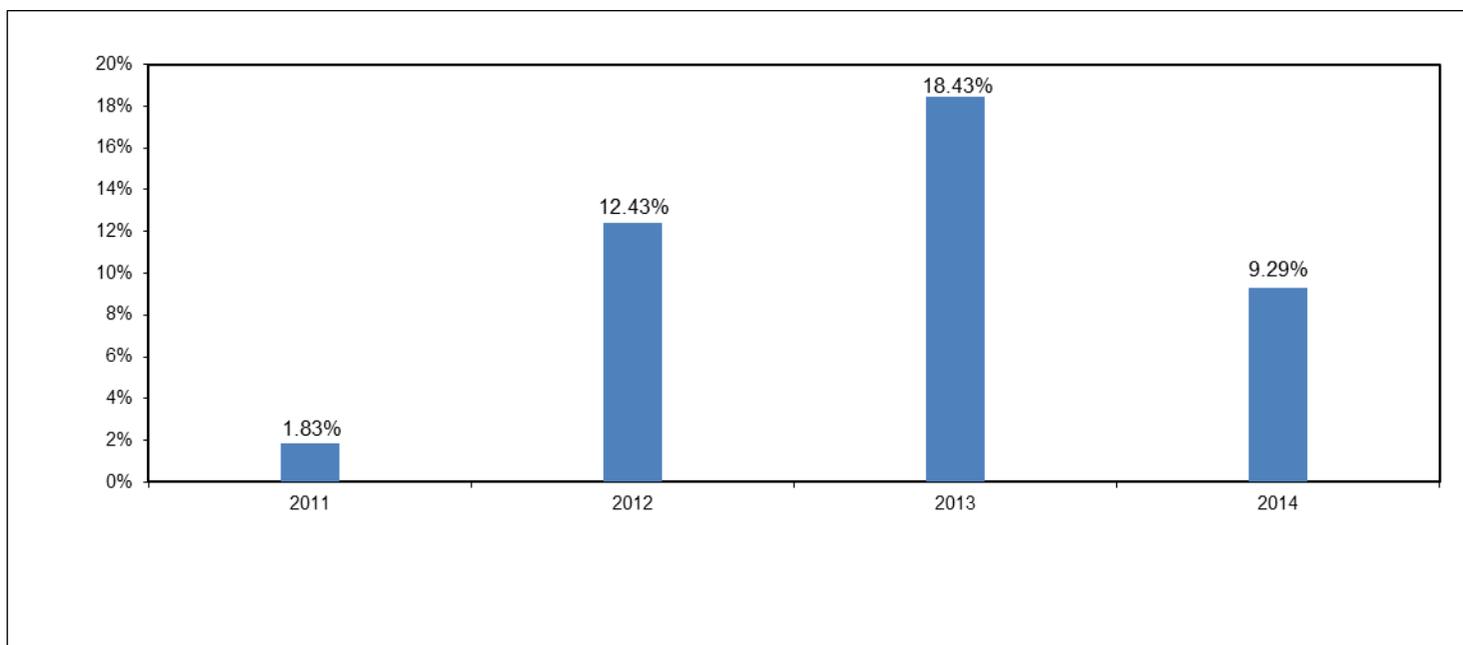
### Year-by-Year Returns

The following bar chart shows the Fund's annual Series A and Series F performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year as applicable.



\* Inception date for Series A shares was November 10, 2011

Series F



\* Inception date for Series F shares was November 10, 2011.

Annual Compound Returns

The table below compares the annual compounded performance of the Fund against the S&P/TSX Financial Index. This index encompasses a broad selection of large Canadian companies in financial services, real estate investment trust and insurance companies. It is calculated in Canadian dollars and assumes the reinvestment of all dividends.

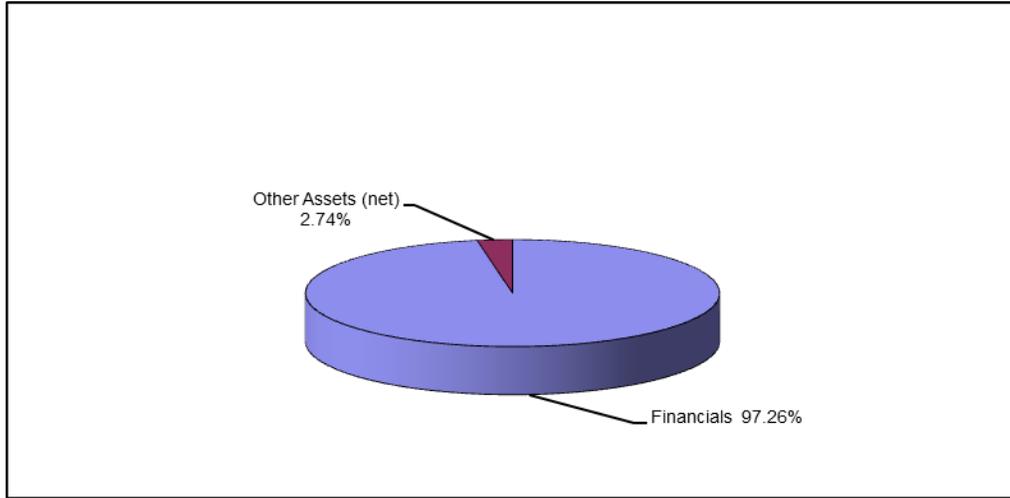
As the index is made up of securities within the financial services sector, it does not share the same holdings or the same weighted proportions as the Fund and compounded total returns between the two may differ. For greater in-depth discussion regarding the Fund's asset class holdings and performance over the year please see the "Results of Operations – Investment Portfolio" section of the MRFP. Unlike the index, the Fund must report performance net of all accrued fees and expenses, which dilute the actual Fund performance in relative comparison to the benchmark, which does not incur any types of fees/expenses. Generally, the Fund has underperformed the index.

	1 Year %	3 Years %	5 Years %	10 Years %	Since Inception %
Series A	8.1%	12.0%	-	-	12.1%
S&P/TSX Financial	13.8%	18.2%	-	-	16.7%
Series F	9.3%	13.3%	-	-	13.3%
S&P/TSX Financial	13.8%	18.2%	-	-	16.7%

## Summary of Investment Portfolio (as at December 31, 2014)

The pie chart and table below provide information about the investment portfolio of the Fund, including a breakdown of the Fund's portfolio into subgroups and the Top 25 positions held by the Fund as a percentage of NAV. The Fund held 15 holdings at the end of the year.

### Asset Mix



### Top 25 Holdings

1	Bank of Montreal	9.86%	9	Power Financial Corp.	5.29%
2	The Toronto-Dominion Bank	9.51%	10	Great-West Lifeco Inc.	5.24%
3	Royal Bank of Canada	9.47%	11	Manulife Financial Corp.	5.18%
4	Canadian Imperial Bank of Commerce	9.27%	12	Sun Life Financial Inc.	5.06%
5	Bank of Nova Scotia	9.20%	13	Industrial Alliance Insurance & Financial Services Inc.	4.99%
6	National Bank of Canada	9.02%	14	Canadian Western Bank	4.44%
7	Fairfax Financial Holdings Ltd.	5.43%	15	Cash	3.84%
8	Intact Financial Corp.	5.30%			

*This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund and a quarterly update is available at [www.maquest.ca](http://www.maquest.ca). The weightings of the positions are calculated based on total NAV of the portfolio as at December 31, 2014. The Fund does not hold short positions. The prospectus and other information of Marquest Covered Call Canadian Banks Plus Fund (Corporate Class) are available on the internet [www.sedar.com](http://www.sedar.com).*

**TORONTO**

161 Bay Street  
Suite 4420, P.O. Box 204  
Toronto, ON M5J 2S1  
Phone 416.777.7350  
Toll Free 1.877.777.1541

**MONTREAL**

1155 Robert-Bourassa Boulevard  
Suite 905  
Montreal, QC H3B 3A7  
Phone 514.227.0666  
Toll Free 1.866.687.9363

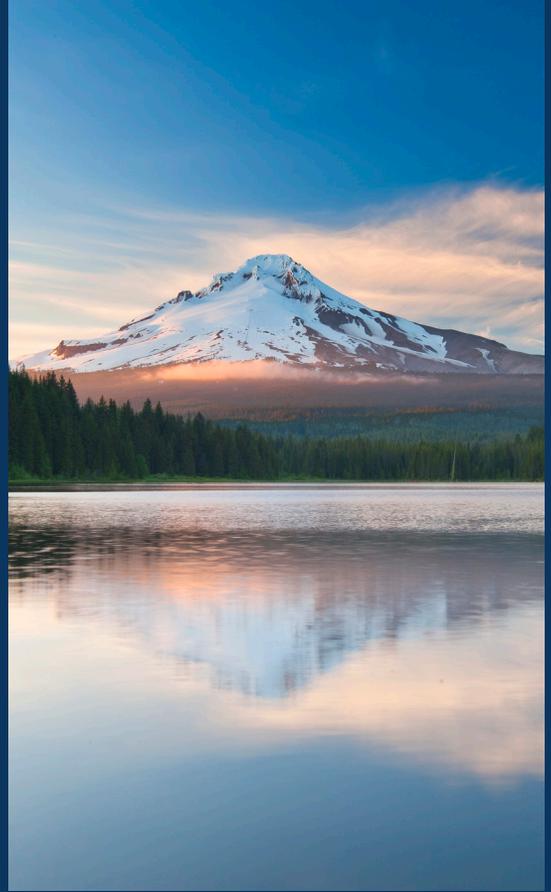
**VANCOUVER**

1055 West Hastings  
Suite 300  
Vancouver, BC V6E 2E9  
Phone 604.895.7281

**CLIENT SERVICES**

Phone 416.365.4077  
Toll free 1.888.964.3533  
[clientservices@marquest.ca](mailto:clientservices@marquest.ca)

[WWW.MARQUEST.CA](http://WWW.MARQUEST.CA)



MARQUEST SMALL COMPANIES FUND

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Marquest Small Companies Fund (the "Fund"). You can get a copy of the annual financial statements at your request, and at no cost, from the manager Marquest Asset Management Inc. by calling 1-888-964-3533, by writing to us at Suite 4420, 161 Bay Street, PO Box 204, Toronto, Ontario, M5J 2S1 or by visiting our website at [www.marquest.ca](http://www.marquest.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

*This report contains forward looking statements. These statements primarily relate to assessments of future economic and market conditions, and the adoption of International Financial Reporting Standards. Such information has been included to assist readers with assessing recent developments in the Fund's operating climate and possible future developments that may affect Fund performance. All forward looking statements are based on management's current beliefs and assumptions which are subject to numerous risks and uncertainties. Statements with respect to future economic and market conditions are based on management's beliefs and assumptions with respect to a range of factors, including market conditions generally and within the sectors in which the Fund's investments operate. While management considers such beliefs and assumptions to be reasonable based on information currently available to it, no assurance can be given that such beliefs and assumptions will prove to be correct. As a result, these forward looking statements would typically include words such as "anticipates, believes, intended or estimated". Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks and uncertainties, including, but not limited to, those associated with economic and market conditions, political stability and other risks identified in the Fund's prospectus. Most of these factors are beyond the control of the Fund and its Manager. Neither the Fund nor its Manager assumes any obligation to update any of the forward looking statements made in this report.*

## **Management Discussion of Fund Performance**

### **Investment Objectives and Strategies**

---

#### *Investment Objectives*

The Fund seeks to provide maximum long-term capital growth by investing primarily inequity securities of Canadian companies, with an emphasis on small and micro capitalization companies. Investor approval is required for any change to the investment objective.

#### *Investment Strategies*

In order to achieve the Fund's objective, investments will be made by identifying undervalued companies with high potential for price appreciation. The Fund tends to significantly overweight exposure to industry sectors that demonstrate the strongest growth potential without exposing the Fund to unreasonable levels of risk. The Fund will engage in active trading with higher portfolio turnover rates and may invest in unlisted securities. The Fund may also invest up to 49% of the Fund's net assets in foreign securities and may purchase derivatives, invest in other mutual funds and enter into securities lending transactions.

### **Risks**

---

There are risks associated with investing in the Fund. There have been no changes to the Fund which affected the risks associated with investing in the Fund during the year. Specific risk information can be found in the Fund's prospectus available through our website at [www.marquest.ca](http://www.marquest.ca) or at SEDAR's website [www.sedar.com](http://www.sedar.com).

### **Results of Operations**

---

#### *Net Asset Value (NAV)*

As at December 31, 2014 the Fund's total NAV was \$3,018,288, a decrease of 35.87% since the prior year end (December 2013: \$4,706,873). This change was the result of net unit redemption transactions of \$1,901,914.

Sales and redemptions during the period were as follows: Class A \$115,920 and \$1,980,747 respectively (December 2013: \$242,443 and \$3,219,763); Class F \$1,233 and \$38,320 respectively (December 2013: \$14,800 and \$105,886).

Class I and O are no longer available for sale.

## ***Results of Operations***

---

### *Investment Portfolio*

Following a relatively strong returns in the early months of 2014 the small cap sectors of the Canadian market had a significant correction witnessed by the S&P/TSX SmallCap Index declining 18.5% in the second half of the year. The full year return for this index was -5.2% significantly underperforming the S&P/TSX Composite Index.

For 2014 the Fund's Class A and F units generated returns of 4.73% and 6.08% respectfully.

In the third quarter of the year the Manager raised significant cash positions in the Fund in order to protect capital. At year end the Fund held 43.7% of its assets in short term securities awaiting deployment to selective opportunities in the market place. The major sectors held in the Fund during the year were Information Technology and Health Care representing 20.2% and 12.35% of the Fund respectively at year end

### *Fees and Expenses*

The main expenses for each Class of the Fund consists of management fees, operating costs and other fund costs, as applicable, for each Class. Other fund costs include audit, custodian, legal, reporting, independent review committee fees and other expenses. The management expense ratio (MER) is the Fund's total expenses expressed as a percentage of the average NAV of the Fund. The MER for the Fund's Class A and F units was 3.54% (December 2013: 4.09%) and 2.23% (December 2013: 2.60%) respectively. The decrease is primarily the result of the Manager (as defined below) choosing to absorb less expenses in 2013. Total expenses during the year excluding management fees were \$162,714 (December 2013: \$185,982), with the decrease being the result of a decline in operating expense, audit fees, legal fees and independent review committee fees of \$24,958, \$14,176, \$17,040 and \$2,771 respectively. These were partially offset by an increase in custodian fees of \$18,381 and transaction costs of \$17,718. As disclosed in the Fund's prospectus, the Manager may voluntarily waive, absorb or pay a portion of the Fund's fees and expenses, at its discretion. During the year the Manager absorbed \$50,031 in expenses of the Fund, so that the total expenses actually paid by the Fund were \$215,440.

Management fees are fixed percentages of NAV and typically increase or decrease with movements of NAV. See "Management Fees" and "Related Party Transactions" below for details on management fees.

### *Class Termination*

Effective June 16, 2014 the Class I and O were no longer available for subscriptions.

## ***Recent Developments***

---

Global economic growth in 2014 was relatively slow and highly uneven reflecting the divergent monetary policies throughout the world. The US had the strongest economy while Europe remained mired in slow growth. Emerging markets growth rates slowed particularly China where they tightened monetary policy early in the year. Later in the year Europe and China eased their monetary policies which gave hope for a reacceleration and broadening of global growth.

In the second half of the year investors migrated to US dollar investments attracted by relatively strong economic growth and high interest rates relative to other countries. As a result the US dollar rallied strongly. Declining interest rates particularly in Europe set the stage for competitive devaluation of currencies as a tool to accelerate economic growth. As the year drew to a close there were signs that global growth was beginning improve, particularly in Europe. As the year advanced the US economy showed good progress in employment gains and capital spending indicating that their economy was entering the later stages of the economic cycle. By year end the strong US dollar was showing signs that it was beginning to negatively impact US export markets and corporate earnings. The US dollar strength may be the transmission mechanism for a broadening of global growth in 2015.

The decline in commodity markets, particularly weak oil prices was challenging for the Canadian economy in 2014. The strong US dollar was a significant contributor to the weakness in commodities. As a result the S&P/TSX Index significantly underperformed the S&P 500 Index in 2014.

With the improving prospects for global growth and the US economy entering the latter stages of its economic cycle the outlook for the cyclical sectors may improve in 2015. This would be a positive for the Canadian economy and capital markets.

## ***Recent Developments (continued)***

---

### *International Financial Reporting Standards*

The changes that impact the Financial Statements and Management Report of Fund Performance for the year ended December 31, 2014 are as follows:

#### Statement of cash flows

Under Canadian GAAP, the Fund was exempt from providing a statement of cash flows. IAS 1 requires that a complete set of financial statements include a statement of cash flows for the current and comparative periods, without exception.

#### Exceptions that are mandated by IFRS 1 First-time adoption of International Reporting Standards

Estimates – IFRS 1 prohibits use of hindsight to create or revise previous estimates. The estimates the Company previously made under Canadian GAAP have not been revised for application of IFRS.

#### Classification of Redeemable Units Issued by the Fund

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32, Financial Instruments: presentation requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been classified as financial liabilities on transition to IFRS.

#### Revaluation of investments at FVTPL

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions; to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, Fair Value Measurement, which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. For a detailed reconciliation of the line item changes as a result of the adoption of IFRS as at January 1, 2013 and December 31, 2013 please refer to Note 14 of the financial statements.

## ***Related Party Transactions***

---

The Manager of the Fund is responsible for managing all of the Fund's activities, including investment advisory and portfolio management services under a Management Agreement. The Management Agreement is subject to automatic renewal for additional one year terms. The Management Agreement may be terminated during its term if the Manager defaults in its performance of any of its duties or obligations thereunder and the holders pass a resolution at a meeting of holders terminating the Management Agreement as a result of such default. Further, the holders of a Fund may, by resolution passed at a meeting of holders at least 180 days before the end of the initial term or each anniversary thereof, elect not to renew the Management Agreement, whereupon the Management Agreement will not be renewed beyond its existing term. The Manager must give the holders and the Trustee at least 180 days' notice of its intention not to renew a Management Agreement. Management fees are paid by each class at the rates set out under "Management Fees" below.

During the year, \$102,757 in management fees (including HST) was paid to the Manager. The Manager is also the trustee of the Fund and responsible for certain aspects of the day-to-day administration. The Fund reimbursed the Manager for operating costs (including HST) incurred in administering the Fund of approximately \$30,959.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. The information is derived from the Fund's audited annual financial statements.

<b>Marquest Small Companies Fund (Class A)*</b>					
<b>Net Assets per Unit (\$) <sup>(1)</sup></b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>10.67</b>	<b>11.56</b>	<b>14.27</b>	<b>17.49</b>	<b>12.56</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.06	0.09	0.06	0.02	0.20
Total expenses	(0.63)	(0.58)	(0.56)	(0.74)	(0.46)
Realized gains (losses) for the year	0.57	(6.17)	(2.39)	2.74	0.78
Unrealized gains (losses) for the year	0.61	5.73	0.22	(4.16)	3.78
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.61</b>	<b>(0.93)</b>	<b>(2.67)</b>	<b>(2.14)</b>	<b>4.30</b>
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>11.30</b>	<b>10.67</b>	<b>11.23</b>	<b>14.27</b>	<b>17.49</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*Class A units were first issued on September 27, 2004.

**Financial Highlights (continued)**

<b>Marquest Small Companies Fund (Class F)*</b>					
<b>Net Assets per Unit (\$) <sup>(1)</sup></b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>11.89</b>	<b>12.71</b>	<b>15.48</b>	<b>18.71</b>	<b>13.27</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.06	0.09	0.06	0.01	0.20
Total expenses	(0.45)	(0.40)	(0.38)	(0.51)	(0.30)
Realized gains (losses) for the year	(0.85)	(6.88)	(2.37)	4.68	0.83
Unrealized gains (losses) for the year	3.06	6.08	(0.15)	(3.77)	4.08
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>1.82</b>	<b>(1.11)</b>	<b>(2.84)</b>	<b>0.41</b>	<b>4.81</b>
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>12.74</b>	<b>11.89</b>	<b>12.34</b>	<b>15.48</b>	<b>18.71</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*Class F units were first issued on February 7, 2006.

<b>Ratios and Supplemental Data</b>					
<b>Class A*</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 3,004	\$ 4,658	\$ 8,144	\$ 16,047	\$ 28,076
Number of units outstanding <sup>(1)</sup>	265,893	436,470	704,563	1,079,296	1,598,624
Management expense ratio <sup>(2)</sup>	3.54%	4.09%	3.56%	3.88%	3.50%
Management expense ratio before waivers or absorption <sup>(5)</sup>	4.87%	4.70%	4.14%	4.02%	3.50%
Trading expense ratio <sup>(3)</sup>	2.16%	1.03%	3.13%	0.89%	0.75%
Portfolio turnover rate <sup>(4)</sup>	156.19%	61.08%	16.57%	64.26%	64.75%
Net asset value per unit <sup>(1)</sup>	\$ 11.30	\$ 10.67	\$ 11.56	\$ 14.87	\$ 17.56
<b>Class F**</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 14	\$ 48	\$ 147	\$ 293	\$ 861
Number of units outstanding <sup>(1)</sup>	1,124	4,078	11,553	18,181	45,817
Management expense ratio <sup>(2)</sup>	2.23%	2.60%	2.22%	2.55%	2.17%
Management expense ratio before waivers or absorption <sup>(5)</sup>	3.06%	2.98%	2.58%	2.64%	2.17%
Trading expense ratio <sup>(3)</sup>	2.16%	1.03%	3.13%	0.89%	0.75%
Portfolio turnover rate <sup>(4)</sup>	156.19%	61.08%	16.57%	64.26%	64.75%
Net asset value per unit <sup>(1)</sup>	\$ 12.74	\$ 11.89	\$ 12.71	\$ 16.12	\$ 18.79

**Notes:**

(1) The information is provided as at December 31st of the year shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(5) Waivers and absorption of certain expenses associated with the Fund are at the Manager's discretion and may be terminated at any time.

\*Class A units were first issued on September 27, 2004.

\*\*Class F units were first issued on February 7, 2006.

## Management Fees

---

The Fund pays an annual fee equal to 2.50% of the average total NAV of Class A units and 1.25% of the average total NAV of Class F units to the Manager. This fee is calculated daily and is based on the Fund's ending total NAV per class; cumulative daily totals are then paid on a weekly basis.

Of the management fees paid by the Fund to the Manager for Class A units, approximately 32.14% was used to pay for sales and trailer commissions and 67.86% was for investment advisory and portfolio management services.

Of the management fees paid by the Fund to the Manager for Class F units, 100.00% was for investment advisory and portfolio management services. No sales and trailer commissions are paid in respect of Class F units.

## Past Performance

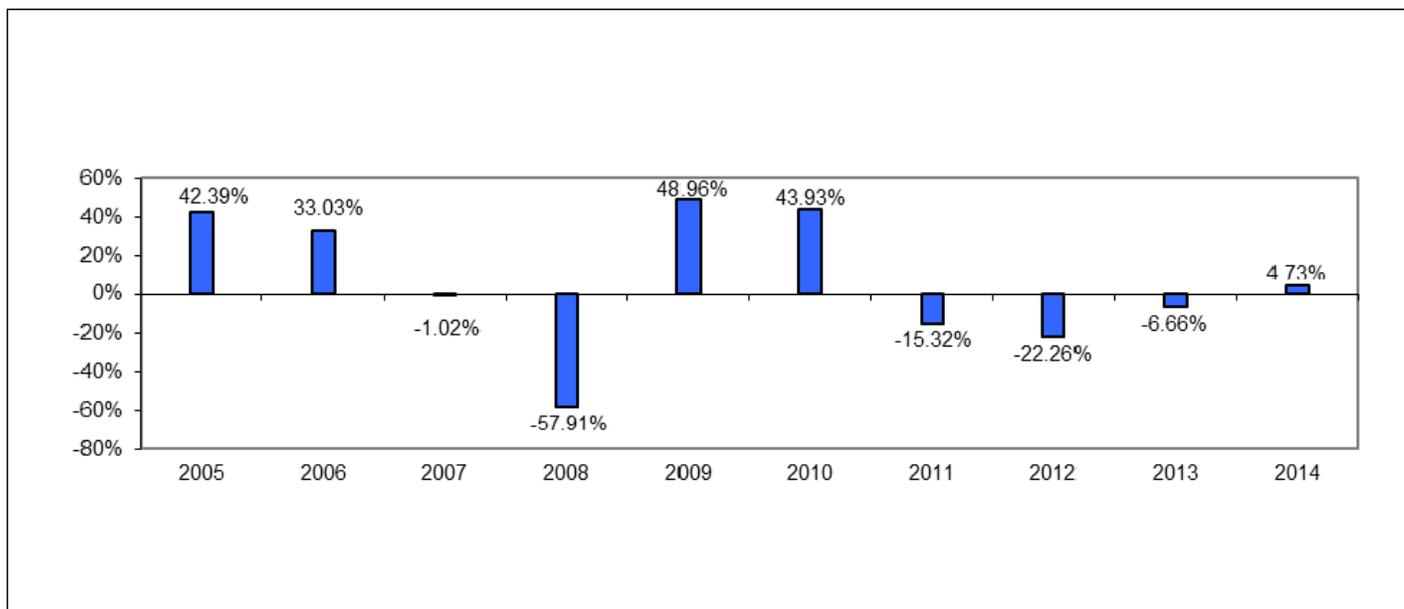
---

The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future. Performance differences between classes of units are mainly attributable to management fees charged to each class.

### Year-by-Year Returns

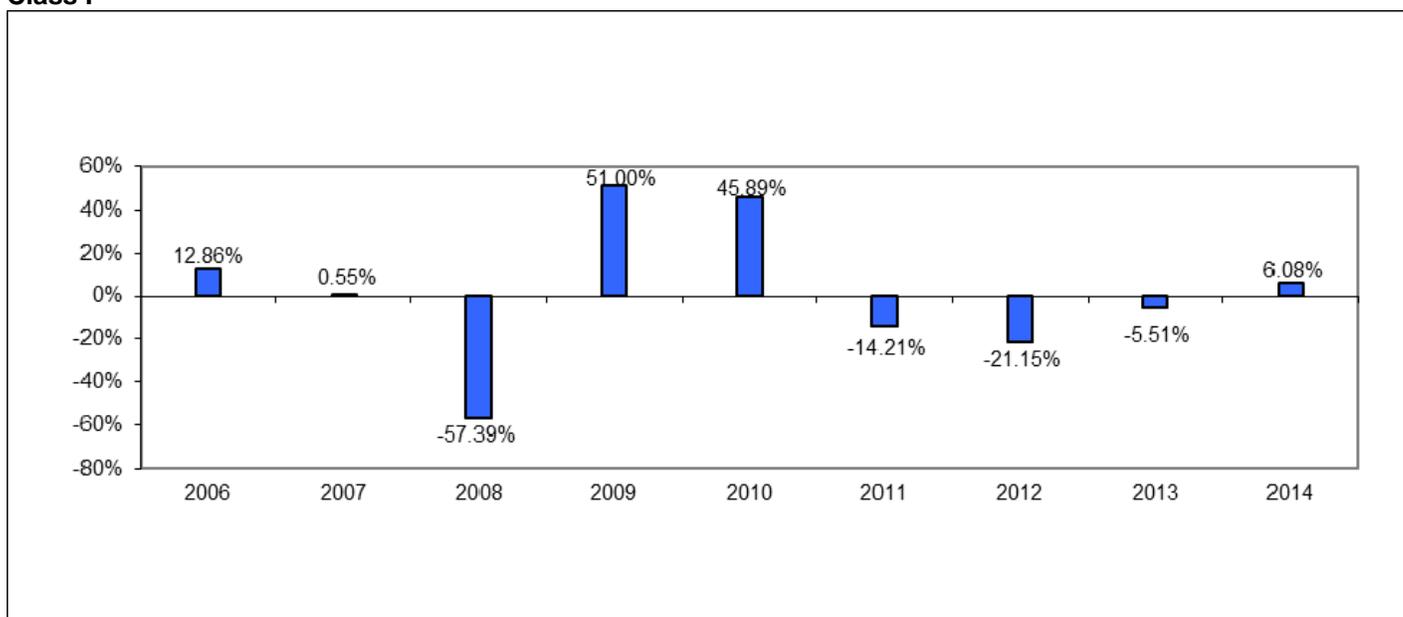
The following bar charts show the Fund's annual Class A and Class F unit's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year as applicable.

#### Class A



\* Inception date for Class A units was September 27, 2004.

**Class F**



\* Inception date for Class F units was February 7, 2006.

**Annual Compound Returns**

The table below compares the annual compounded return of the Class A and F units of the Fund against the S&P/TSX Completion TR CAD index. This is a market capitalization weighted, total return index comprising of all stocks within the S&P/TSX Composite Index. It is calculated in Canadian dollars and is comprised of stock (equity) prices of small and mid-sized capitalized companies. It encompasses a broad spectrum of economic sectors and is a benchmark that is designed to measure equity market performance in Canadian markets. For performance purposes, the index assumes the reinvestment of all dividends.

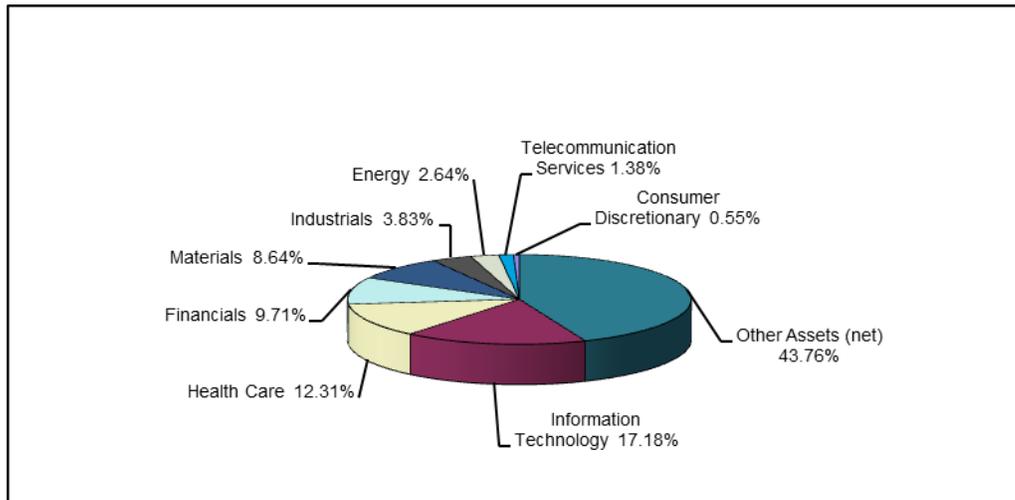
As the index is made up of a group of securities from various asset classes and market capitalizations, it does not share the same holdings or the same weighted proportions as the Fund and compounded total returns between the two may differ. For greater in-depth discussion regarding the Fund's asset class holdings and performance over the year please see the "Results of Operations – Investment Portfolio" section of the MRFP. Unlike the index, the Fund must report performance net of all accrued fees and expenses, which dilute the actual Fund performance in relative comparison to the benchmark, which does not incur any types of fees/expenses. Generally, the Fund has underperformed the index except for the Class F units "1 year" performance period.

	1 Year %	3 Years %	5 Years %	10 Years %	Since Inception %
<b>Class A</b>	4.7%	-8.8%	-1.5%	0.9%	2.4%
<b>S&amp;P/TSX Completion TR CAD</b>	5.7%	7.5%	8.3%	7.1%	7.9%
<b>Class F</b>	6.1%	-7.5%	-0.2%	-	-3.6%
<b>S&amp;P/TSX Completion TR CAD</b>	5.7%	7.5%	8.3%	-	5.0%

## Summary of Investment Portfolio (as at December 31, 2014)

The pie chart and table below provide information about the investment portfolio of the Fund, including a breakdown of the Fund's portfolio into subgroups and the Top 25 positions held by the Fund as a percentage of NAV.

### Asset Mix



### Top 25 Holdings

1	Cash	41.64%	14	ProMetic Life Sciences Inc.	2.19%
2	Currency Exchange International Corp.	5.41%	15	Revive Therapeutics Ltd.	2.14%
3	Cordillera Gold Ltd.	4.97%	16	Smart Employee Benefits Inc.	2.05%
4	Constellation Software Inc.	3.06%	17	QHR Corp.	1.87%
5	Valeant Pharmaceuticals International Inc.	2.96%	18	Terra Firma Capital Corp.	1.86%
6	VersaPay Corp.	2.92%	19	Opsens Inc.	1.70%
7	Engagement Labs Inc.	2.56%	20	Sphere 3D Corporation	1.49%
8	Aptose Biosciences Inc.	2.55%	21	Frankly Inc.	1.34%
9	Gluskin Sheff + Associates Inc.	2.44%	22	Bluemetrix Environmental Inc.	1.06%
10	Fission Uranium Corp.	2.40%	23	Echoworx Corporation	0.95%
11	Nemaska Lithium Inc.	2.39%	24	Eurocontrol Technics Group Inc.	0.95%
12	Slyce Inc.	2.27%	25	Desiree Resources Inc.	0.66%
13	Patient Home Monitoring Corp.	2.22%		<b>TOTAL % OF NAV</b>	<b>96.05%</b>

*This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund and a monthly update is available at [www.marquest.com](http://www.marquest.com). The weightings of the positions are calculated based on total NAV of the portfolio as at December 31, 2014. The Fund does not hold short positions. The prospectus and other information of Marquest Small Companies Fund are available on the internet [www.sedar.com](http://www.sedar.com).*

**TORONTO**

161 Bay Street  
Suite 4420, P.O. Box 204  
Toronto, ON M5J 2S1  
Phone 416.777.7350  
Toll Free 1.877.777.1541

**MONTREAL**

1155 Robert-Bourassa Boulevard  
Suite 905  
Montreal, QC H3B 3A7  
Phone 514.227.0666  
Toll Free 1.866.687.9363

**VANCOUVER**

1055 West Hastings  
Suite 300  
Vancouver, BC V6E 2E9  
Phone 604.895.7281

**CLIENT SERVICES**

Phone 416.365.4077  
Toll free 1.888.964.3533  
[clientservices@marquest.ca](mailto:clientservices@marquest.ca)

[WWW.MARQUEST.CA](http://WWW.MARQUEST.CA)



MARQUEST CANADIAN RESOURCE FUND

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Marquest Canadian Resource Fund (the "Fund"). You can get a copy of the annual financial statements at your request, and at no cost, from the manager Marquest Asset Management Inc. by calling 1-888-964-3533, by writing to us at Suite 4420, 161 Bay Street, Po Box 204, Toronto, Ontario, M5J 2S1 or by visiting our website at [www.marquest.ca](http://www.marquest.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

*This report contains forward looking statements. These statements primarily relate to assessments of future economic and market conditions, and the adoption of International Financial Reporting Standards. Such information has been included to assist readers with assessing recent developments in the Fund's operating climate and possible future developments that may affect Fund performance. All forward looking statements are based on management's current beliefs and assumptions which are subject to numerous risks and uncertainties. Statements with respect to future economic and market conditions are based on management's beliefs and assumptions with respect to a range of factors, including market conditions generally and within the sectors in which the Fund's investments operate. While management considers such beliefs and assumptions to be reasonable based on information currently available to it, no assurance can be given that such beliefs and assumptions will prove to be correct. As a result, these forward looking statements would typically include words such as "anticipates, believes, intended or estimated". Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks and uncertainties, including, but not limited to, those associated with economic and market conditions, political stability and other risks identified in the Fund's prospectus. Most of these factors are beyond the control of the Fund and its Manager. Neither the Fund nor its Manager assumes any obligation to update any of the forward looking statements made in this report.*

## **Management Discussion of Fund Performance**

### **Investment Objectives and Strategies**

---

#### *Investment Objectives*

The Fund seeks long-term capital growth by investing primarily in a diversified portfolio of equity securities of Canadian resource companies.

#### *Investment Strategies*

In order to achieve the Fund's objective, investments are made based on analysis of financial information of each potential investment to identify under-valued companies with improving fundamentals and high potential for price appreciation. The Fund tends to overweight exposure to industry sectors that demonstrate the strongest potential without exposing the Fund to unreasonable levels of risk. The Fund may invest up to 49% of the Fund's net assets in foreign securities and may purchase derivatives, invest in other mutual funds and enter into securities lending transactions.

### **Risks**

---

There are risks associated with investing in the Fund. There have been no changes to the Fund which affected the risks associated with investing in the Fund during the year. Specific risk information can be found in the Fund's prospectus available through our website at [www.marquest.ca](http://www.marquest.ca), or at SEDAR's website [www.sedar.com](http://www.sedar.com).

### **Results of Operations**

---

#### *Net Asset Value (NAV)*

As at December 31, 2014 the Fund's total NAV was \$3,408,800, a decrease of 53.03% since the prior year end (December \$7,257,388). This change was the result of net unit redemption transactions of \$1,894,990 and net realized loss on investment of \$2,447,219, these were partially offset by net unrealized appreciation on investments of \$819,898.

During the year, sales and redemptions were as follows: Class A \$99,378 and \$316,956 respectively (December 2013: \$92,948 and \$607,810); Class F \$7,735,254 and \$9,410,141 respectively (December 2013: \$18,350,105 and \$16,875,211); and Class I \$0 and \$2,525 respectively (December 2013: \$1,910 and \$0).

The Class I units were fully redeemed on January 23, 2014.

## ***Results of Operations (continued)***

---

Marquest Canadian Resource Fund (Corporate Class) (the "Corporate Fund") has the same investment objective as the Fund and holds only Class F units of the Fund. Sales and redemptions of Class F units of the Fund are attributable to the rollover of each of Matrix 2012 - I FT National Class and Matrix 2012 - I FT Quebec Class into the Corporate Fund and the exchange by the Corporate Fund of the Roll Over Funds' assets for Class F units of the Fund. For more details please see the "Related Party Transactions" section of the MRFP.

### *Investment Portfolio*

2014 was a challenging year for the Canadian resource sector, particularly the smaller cap area. Slow growth in the global economy combined with a strong US dollar put considerable pressure on commodity prices. The resource indexes significantly underperformed the S&P/TSX Composite Index during the year, especially in the second half of the year.

2014 returns for the Fund's Class A and F units generated returns of -31.76% and -31.05% respectively.

Major sectors held in the Fund during the year were Base Metals, Precious Metals and Oil and Gas representing 33.58%, 21.60% and 18.87% of the Fund respectively at year end. During the year the Manager raised significant cash positions as part of our strategy to manage the challenging environment for resource investing. At year end the Fund held 27.20% in short term securities awaiting timely deployment in selective opportunities in the resource markets.

### *Fees and Expenses*

The main expenses for each Class of the Fund consists of management fees, operating costs and other fund costs, as applicable, for each Class. Other fund costs include audit, custodian, legal, reporting, independent review committee fees and other expenses. The management expense ratio (MER) is the Fund's total expenses expressed as a percentage of the average NAV of the Fund. The MER for the Fund's Class A and F and I units was 2.61% (December 2013: 2.95%) and 1.56% (December 2013: 1.96%) and 0.41% (December 2013: 1.53%) respectively. The decrease is primarily the result of the Manager (as defined below) choosing to absorb less expense in 2013. Total expenses during the year excluding management fees were \$308,360 (December 2013: \$429,421), with the decrease being the result of a decline in operating expenses of \$42,014 and transaction costs of \$58,347. As disclosed in the Fund's prospectus, the Manager may voluntarily waive, absorb or pay a portion of the Fund's fees and expenses, at its discretion. During the year the Manager absorbed \$47,436 in expenses of the Fund, so that the total expenses actually paid by the Fund were \$349,171.

Management fees are fixed percentages of NAV and typically increase or decrease with movements of NAV. See "Management Fees" and "Related Party Transactions" below for details on management fees.

### *Class Termination*

Effective June 16, 2014 the Class I and O were no longer available for subscriptions.

## ***Recent Developments***

---

Global economic growth in 2014 was relatively slow and highly uneven reflecting the divergent monetary policies throughout the world. The US had the strongest economy while Europe remained mired in slow growth. Emerging markets growth rates slowed particularly China where they tightened monetary policy early in the year. Later in the year Europe and China eased their monetary policies which gave hope for a reacceleration and broadening of global growth.

In the second half of the year investors migrated to US dollar investments attracted by relatively strong economic growth and high interest rates relative to other countries. As a result the US dollar rallied strongly. Declining interest rates particularly in Europe set the stage for competitive devaluation of currencies as a tool to accelerate economic growth. As the year drew to a close there were signs that global growth was beginning improve, particularly in Europe. As the year advanced the US economy showed good progress in employment gains and capital spending indicating that their economy was entering the later stages of the economic cycle. By year end the strong US dollar was showing signs that it was beginning to negatively impact US export markets and corporate earnings. The US dollar strength may be the transmission mechanism for a broadening of global growth in 2015.

## ***Recent Developments (continued)***

---

The decline in commodity markets, particularly weak oil prices was challenging for the Canadian economy in 2014. The strong US dollar was a significant contributor to the weakness in commodities. As a result the S&P/TSX Index significantly underperformed the S&P 500 Index in 2014.

With the improving prospects for global growth and the US economy entering the latter stages of its economic cycle the outlook for the cyclical sectors may improve in 2015. This would be a positive for the Canadian economy and capital markets.

### ***International Financial Reporting Standards***

The changes that impact the Financial Statements and Management Report of Fund Performance for the year ended December 31, 2014 are as follows:

#### **Statement of cash flows**

Under Canadian GAAP, the Fund was exempt from providing a statement of cash flows. IAS 1 requires that a complete set of financial statements include a statement of cash flows for the current and comparative periods, without exception.

#### **Exceptions that are mandated by IFRS 1 First-time adoption of International Reporting Standards**

Estimates – IFRS 1 prohibits use of hindsight to create or revise previous estimates. The estimates the Company previously made under Canadian GAAP have not been revised for application of IFRS.

#### **Classification of Redeemable Units Issued by the Fund**

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32, Financial Instruments: presentation requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been classified as financial liabilities on transition to IFRS.

#### **Revaluation of investments at FVTPL**

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions; to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, Fair Value Measurement, which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. For a detailed reconciliation of the line item changes as a result of the adoption of IFRS as at January 1, 2013 and December 31, 2013 please refer to Note 14 of the financial statements.

## ***Related Party Transactions***

---

The Manager of the Fund is responsible for managing all of the Fund's activities, including investment advisory and portfolio management services under a Management Agreement. The Management Agreement is subject to automatic renewal for additional one year terms. The Management Agreement may be terminated during its term if the Manager defaults in its performance of any of its duties or obligations thereunder and the holders pass a resolution at a meeting of holders terminating the Management Agreement as a result of such default. Further, the holders of a Fund may, by resolution passed at a meeting of holders at least 180 days before the end of the initial term or each anniversary thereof, elect not to renew the Management Agreement, whereupon the Management Agreement will not be renewed beyond its existing term. The Manager must give the holders and the Trustee at least 180 days' notice of its intention not to renew a Management Agreement. Management fees are paid by each class at the rates set out under "Management Fees" below.

## Related Party Transactions (continued)

During the year, \$88,247 in management fees (including HST) was paid to the Manager. The Manager is also the trustee of the Fund and responsible for certain aspects of the day-to-day administration. The Fund reimbursed the Manager for operating costs (including HST) incurred in administering the Fund of approximately \$28,262.

All portfolio acquisitions of the Rollover Funds by the Fund are approved by the Fund's Independent Review Committee via standing instructions. During the year, the Fund acquired the portfolios of the Rollover Funds in exchange for the issuance of Class F units of the Fund to Marquest Canadian Resource Fund (Corporate Class). The fair value of net assets acquired from the Rollover Funds was \$1,179,589 and \$5,451,548 respectively. The number of Class F units issued by the Fund for each of the Rollover Funds transactions was 214,471 and 991,191 respectively.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. The information is derived from the Fund's audited annual financial statements.

<b>Marquest Canadian Resource Fund (Class A)*</b>					
<b>Net Assets per Unit (\$) <sup>(1)</sup></b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>6.80</b>	<b>12.16</b>	<b>15.93</b>	<b>27.12</b>	<b>19.81</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.02	0.04	0.05	0.01	0.05
Total expenses	(0.53)	(0.57)	(1.37)	(0.70)	(0.62)
Realized gains (losses) for the year	(2.64)	(5.05)	(4.03)	0.59	5.31
Unrealized gains (losses) for the year	1.34	0.02	1.45	(12.15)	(0.66)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(1.81)</b>	<b>(5.56)</b>	<b>(3.90)</b>	<b>(12.25)</b>	<b>4.08</b>
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>4.64</b>	<b>6.80</b>	<b>12.04</b>	<b>15.93</b>	<b>27.12</b>

Notes:

(1) This information is derived from the Fund's audited annual and unaudited interim financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*Class A units were first issued on June 24, 2002.

**Financial Highlights (continued)**

<b>Marquest Canadian Resource Fund (Class F)*</b>					
<b>Net Assets per Unit (\$) <sup>(1)</sup></b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>7.31</b>	<b>12.97</b>	<b>16.78</b>	<b>28.40</b>	<b>20.48</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.02	0.04	0.05	0.01	0.04
Total expenses	(0.34)	(0.39)	(0.86)	(0.47)	(0.41)
Realized gains (losses) for the year	(2.54)	(4.79)	(4.57)	0.90	3.93
Unrealized gains (losses) for the year	0.79	(0.40)	1.15	(11.72)	2.16
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(2.07)</b>	<b>(5.54)</b>	<b>(4.23)</b>	<b>(11.28)</b>	<b>5.72</b>
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>5.04</b>	<b>7.31</b>	<b>12.84</b>	<b>16.78</b>	<b>28.40</b>

**Notes:**

(1) This information is derived from the Fund's audited annual and unaudited interim financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*Class F units were first issued on February 7, 2006.

<b>Marquest Canadian Resource Fund (Class I)*</b>					
<b>Net Assets per Unit (\$) <sup>(1)</sup></b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>10.35</b>	<b>18.20</b>	<b>23.46</b>	<b>39.05</b>	<b>28.03</b>
<b>Increase (decrease) from operations:</b>					
Total revenue		0.06	0.07	0.02	0.07
Total expenses	(0.12)	(0.39)	(0.74)	(0.45)	(0.40)
Realized gains (losses) for the year	(17.94)	(5.81)	(5.71)	0.17	1.86
Unrealized gains (losses) for the year	23.04	(0.46)	0.84	(15.08)	3.34
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>4.98</b>	<b>(6.60)</b>	<b>(5.54)</b>	<b>(15.34)</b>	<b>4.87</b>
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>-</b>	<b>10.35</b>	<b>18.03</b>	<b>23.46</b>	<b>39.05</b>

**Notes:**

(1) This information is derived from the Fund's audited annual and unaudited interim financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

\*Class I units were first issued on July 7, 2008.

## Financial Highlights (continued)

<b>Ratios and Supplemental Data</b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Class A*</b>					
Total net asset value (000's) <sup>(1)</sup>	\$ 384	\$ 781	\$ 2,021	\$ 3,334	\$ 7,323
Number of units outstanding <sup>(1)</sup>	82,663	114,855	166,202	204,147	266,505
Management expense ratio <sup>(2)</sup>	2.61%	2.95%	2.58%	3.04%	2.96%
Management expense ratio before waivers or absorption <sup>(5)</sup>	3.66%	3.35%	3.41%	3.04%	2.96%
Trading expense ratio <sup>(3)</sup>	3.23%	2.27%	4.61%	4.27%	3.61%
Portfolio turnover rate <sup>(4)</sup>	291.25%	349.45%	733.97%	387.54%	427.60%
Net asset value per unit <sup>(1)</sup>	\$ 4.64	\$ 6.80	\$ 12.16	\$ 16.33	\$ 27.48
<b>Class F**</b>					
Total net asset value (000's) <sup>(1)</sup>	\$ 3,025	\$ 6,474	\$ 11,684	\$ 21,077	\$ 53,946
Number of units outstanding <sup>(1)</sup>	600,598	885,456	900,992	1,225,171	1,874,884
Management expense ratio <sup>(2)</sup>	1.56%	1.96%	1.52%	1.96%	1.91%
Management expense ratio before waivers or absorption <sup>(5)</sup>	2.18%	2.22%	2.01%	1.96%	1.91%
Trading expense ratio <sup>(3)</sup>	3.23%	2.27%	4.61%	4.27%	3.61%
Portfolio turnover rate <sup>(4)</sup>	291.25%	349.45%	733.97%	387.54%	427.60%
Net asset value per unit <sup>(1)</sup>	\$ 5.04	\$ 7.31	\$ 12.97	\$ 17.20	\$ 28.77
<b>Class I***</b>					
Total net asset value (000's) <sup>(1)</sup>	\$ -	\$ 2	\$ 2	\$ 2	\$ 3
Number of units outstanding <sup>(1)</sup>	-	240	95	89	81
Management expense ratio <sup>(2)</sup>	0.41%	1.53%	0.95%	1.35%	1.38%
Management expense ratio before waivers or absorption <sup>(5)</sup>	0.57%	1.74%	1.25%	1.35%	1.38%
Trading expense ratio <sup>(3)</sup>	3.23%	2.27%	4.61%	4.27%	3.61%
Portfolio turnover rate <sup>(4)</sup>	291.25%	349.45%	733.97%	387.54%	427.60%
Net asset value per unit <sup>(1)</sup>	\$ -	\$ 10.35	\$ 18.20	\$ 24.05	\$ 39.69

**Notes:**

(1) The information is provided as at December 31st of the year shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(5) Waivers and absorption of certain expenses associated with the Fund are at the Manager's discretion and may be terminated at any time.

\*Class A units were first issued on June 24, 2002.

\*\*Class F units were first issued on February 7, 2006.

\*\*\* Class I units were first issued on July 07, 2008.

## Management Fees

The Fund pays an annual management fee equal to 2.00% of the average total NAV of Class A units and 1.00% of the average total NAV of Class F units to the Manager. This fee is calculated daily and is based on the Fund's ending total NAV per class; cumulative daily totals are then paid on a weekly basis.

Of the management fees paid by the Fund to the Manager for Class A units, approximately 43.45% was used to pay for sales and trailer commissions and 56.55% was for investment advisory and portfolio management services.

Of the management fees paid by the Fund to the Manager for Class F units, 100.00% was for investment advisory and portfolio management services. No sales and trailer commissions are paid in respect of Class F units.

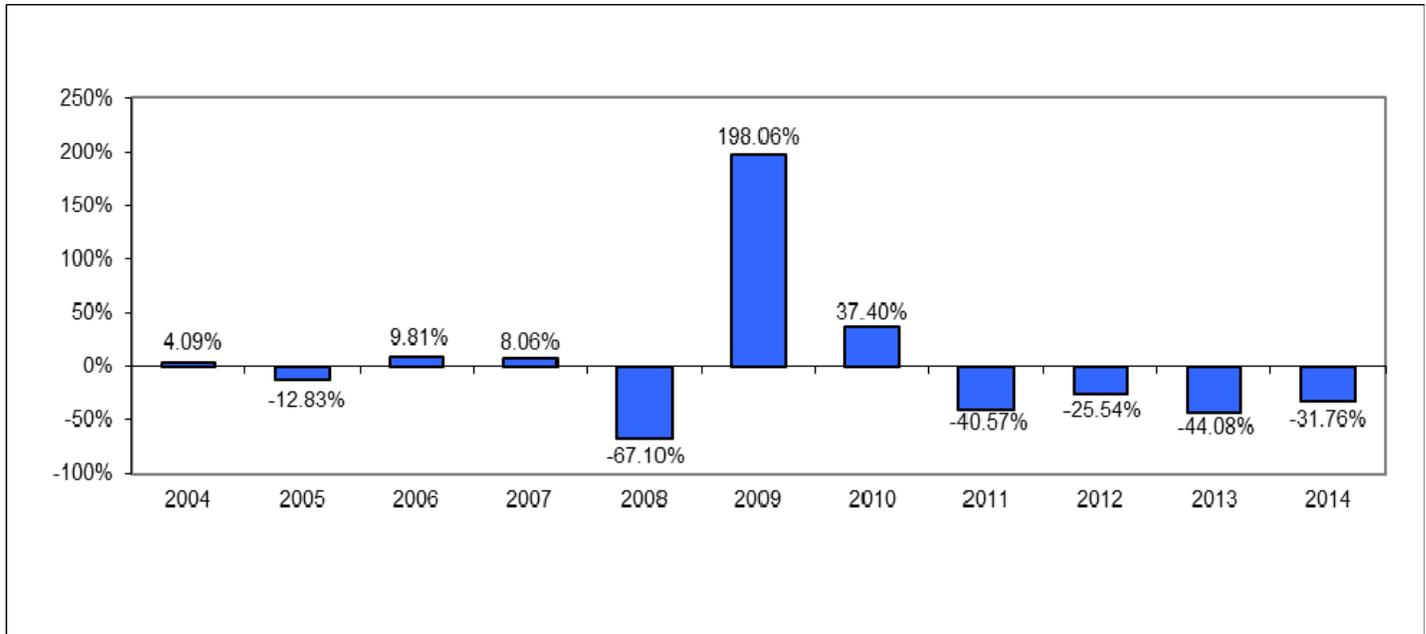
## Past Performance

The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future. Performance differences between classes of units are mainly attributable to management fees charged to each class.

### Year-by-Year Returns

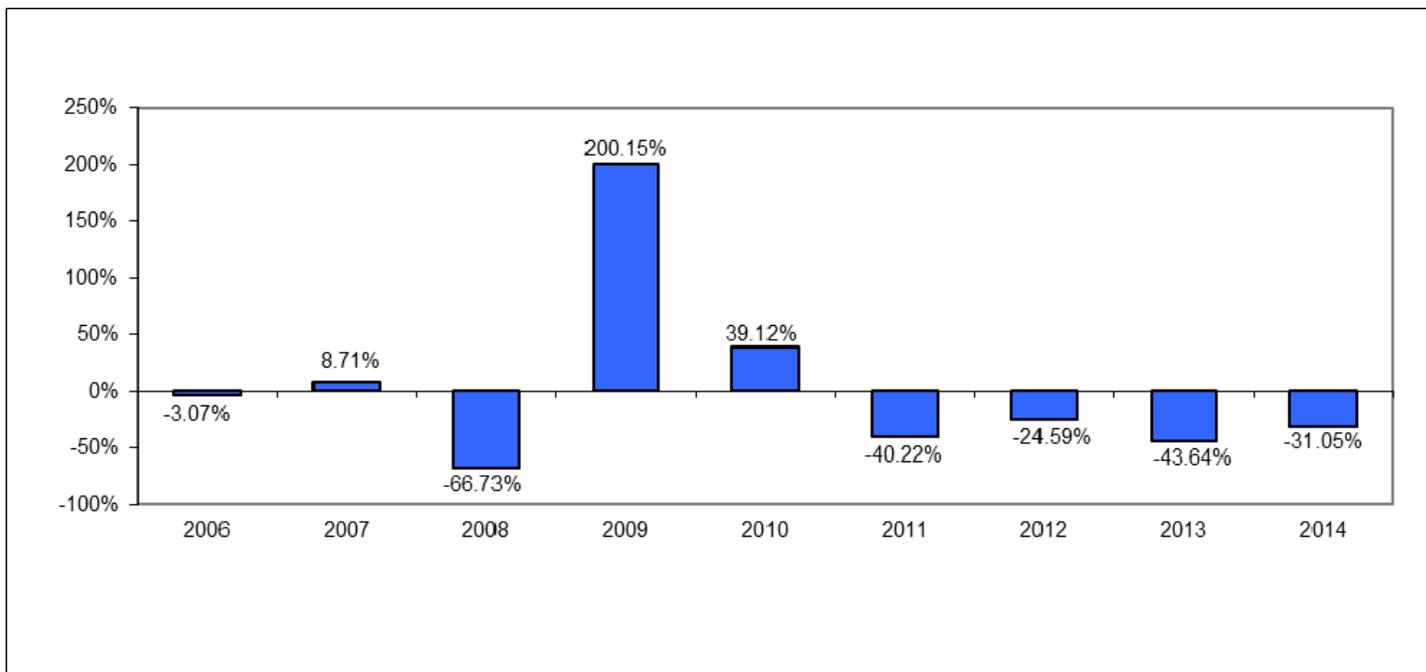
The following bar charts show the Fund's annual Class A, Class F and Class I unit's performance for each of the years shown, and illustrate how the Fund's performance has changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year as applicable.

#### Class A



\* Inception date for Class A units was June 24, 2002.

#### Class F



\* Inception date for Class F units was February 7, 2006.

## Past Performance (continued)

### Class I

The Class I units were fully redeemed on January 23, 2014.

### Annual Compound Returns

The table below compares the annual compounded return of the Class A and F units of the Fund against the Morningstar Canadian Resource Equity index. This index is composed of resource related sectors, industries and sub-industries of the S&P/TSX composite index. These are the energy, paper and forest products, aluminums, diversified metals and mining, gold and precious metals and minerals sub-industries. Individual sector and industry weights are represented in the same proportions as they are in the S&P/TSX Composite Index and thus can vary from month to month. For performance purposes, the index assumes the reinvestment of all dividends.

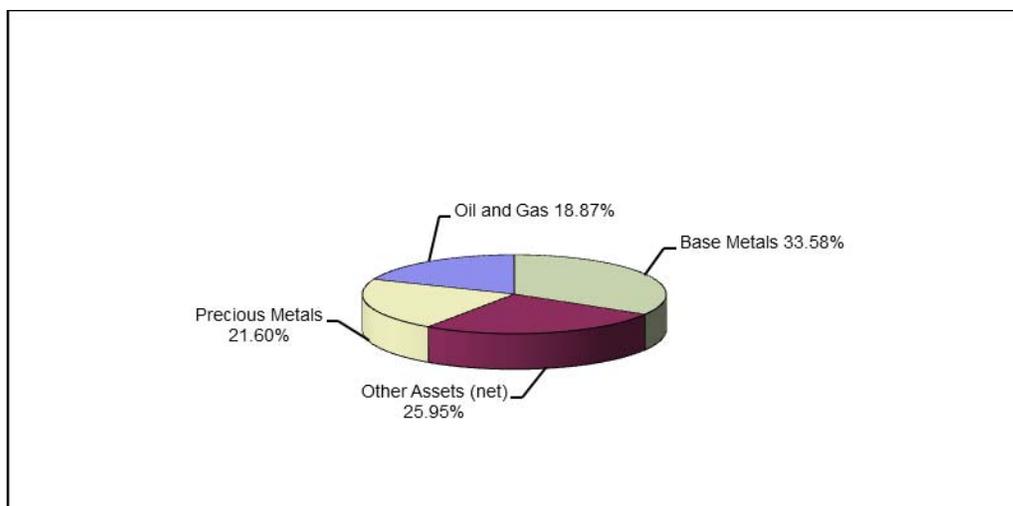
As the index is made up of a group of securities from various resource asset classes and market capitalizations, it does not share the same holdings or the same weighted proportions as the Fund and compounded total returns between the two may differ. For greater in-depth discussion regarding the Fund's asset class holdings and performance over the year please see the "Results of Operations – Investment Portfolio" section of the MRFP. Unlike the index, the Fund must report performance net of all accrued fees and expenses, which dilute the actual Fund performance in relative comparison to the benchmark, which does not incur any types of fees/expenses. Generally, the Fund has underperformed the index.

	1 Year %	3 Years %	5 Years %	10 Years %	Since Inception %
<b>Class A</b>	-31.8%	-34.3%	-25.3%	-13.4%	-3.2%
<b>Morningstar Canadian Resource Equity</b>	-5.9%	-5.1%	-2.5%	4.5%	6.2%
<b>Class F</b>	-31.1%	-33.6%	-24.6%	-	-14.2%
<b>Morningstar Canadian Resource Equity</b>	-5.9%	-5.1%	-2.5%	-	7.2%

### Summary of Investment Portfolio (as at December 31, 2014)

The pie chart and table below provide information about the investment portfolio of the Fund, including a breakdown of the Fund's portfolio into subgroups and the Top 25 positions held by the Fund as a percentage of NAV.

### Asset Mix



## Summary of Investment Portfolio (as at December 31, 2014) (continued)

### Top 25 Holdings

1	Cash	27.21%	14	Canada Zinc Metals Corp.	3.12%
2	Cordillera Gold Ltd.	8.80%	15	Horizonte Minerals PLC	1.95%
3	Integra Gold Corp.	6.59%	16	Xmet Inc.	1.75%
4	Fission Uranium Corp.	5.07%	17	NexGen Energy Ltd.	1.56%
5	Spartan Energy Corp.	4.74%	18	Prima Diamond Corp.	1.08%
6	Nemaska Lithium Inc.	4.22%	19	Great Prairie Energy Services Inc.	1.06%
7	Canyon Services Group Inc.	4.01%	20	Chibougamau Independent Mines Inc.	0.99%
8	Falco Resources Ltd.	3.88%	21	Rallyemont Energy Inc.	0.96%
9	Talon Metals Corp.	3.75%	22	Triaxon Oil Corp.	0.95%
10	Royal Nickel Corp.	3.61%	23	Andora Energy Corp.	0.94%
11	Argex Titanium Inc.	3.47%	24	Gespeg Copper Resources Inc.	0.87%
12	Uranium Participation Corp.	3.44%	25	Macusani Yellowcake Inc.	0.76%
13	Cameco Corp.	3.32%		<b>TOTAL % OF NAV</b>	<b>98.10%</b>

*This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund and a quarterly update is available at [www.marquest.ca](http://www.marquest.ca). The weightings of the positions are calculated based on total NAV of the portfolio as at December 31, 2014. The Fund does not hold short positions. The prospectus and other information of Marquest Canadian Resource Fund are available on the internet [www.sedar.com](http://www.sedar.com).*

**TORONTO**

161 Bay Street  
Suite 4420, P.O. Box 204  
Toronto, ON M5J 2S1  
Phone 416.777.7350  
Toll Free 1.877.777.1541

**MONTREAL**

1155 Robert-Bourassa Boulevard  
Suite 905  
Montreal, QC H3B 3A7  
Phone 514.227.0666  
Toll Free 1.866.687.9363

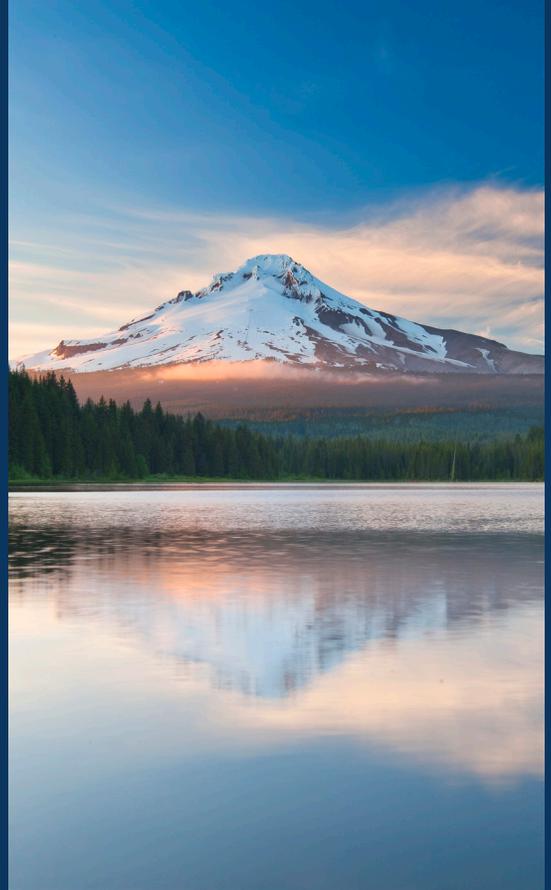
**VANCOUVER**

1055 West Hastings  
Suite 300  
Vancouver, BC V6E 2E9  
Phone 604.895.7281

**CLIENT SERVICES**

Phone 416.365.4077  
Toll free 1.888.964.3533  
[clientservices@marquest.ca](mailto:clientservices@marquest.ca)

[WWW.MARQUEST.CA](http://WWW.MARQUEST.CA)



MARQUEST CANADIAN RESOURCE FUND  
(CORPORATE CLASS)

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Marquest Corporate Class Funds Ltd. - Marquest Canadian Resource Fund (Corporate Class) (the "Fund"). You can get a copy of the annual financial statements at your request, and at no cost, from the manager Marquest Asset Management Inc. by calling 1-888-964-3533, by writing to us at Suite 4420, 161 Bay Street, PO Box 204, Toronto, Ontario, M5J 2S1 or by visiting our website at [www.marquest.ca](http://www.marquest.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

*This report contains forward looking statements. These statements primarily relate to assessments of future economic and market conditions, and the adoption of International Financial Reporting Standards. Such information has been included to assist readers with assessing recent developments in the Fund's operating climate and possible future developments that may affect Fund performance. All forward looking statements are based on management's current beliefs and assumptions which are subject to numerous risks and uncertainties. Statements with respect to future economic and market conditions are based on management's beliefs and assumptions with respect to a range of factors, including market conditions generally and within the sectors in which the Fund's investments operate. While management considers such beliefs and assumptions to be reasonable based on information currently available to it, no assurance can be given that such beliefs and assumptions will prove to be correct. As a result, these forward looking statements would typically include words such as "anticipates, believes, intended or estimated". Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks and uncertainties, including, but not limited to, those associated with economic and market conditions, political stability and other risks identified in the Fund's prospectus. Most of these factors are beyond the control of the Fund and its Manager. Neither the Fund nor its Manager assumes any obligation to update any of the forward looking statements made in this report.*

## **Management Discussion of Fund Performance**

### **Investment Objectives and Strategies**

---

#### *Investment Objectives*

The Fund seeks long-term capital growth by investing primarily in a diversified portfolio of equity securities of Canadian resource companies. To achieve this objective, the Fund invests solely in Class F units of the Marquest Canadian Resource Fund. The Fund and the Marquest Canadian Resource Fund have consistent investment objectives and are both managed by the same manager.

#### *Investment Strategies*

The Fund invests solely in Class F units of the Marquest Canadian Resource Fund.

### **Risks**

---

There are risks associated with investing in the Fund. There have been no changes to the Fund which affected the risks associated with investing in the Fund during the year. Specific risk information can be found in the Fund's prospectus available through our website at [www.marquest.ca](http://www.marquest.ca), or at SEDAR's website [www.sedar.com](http://www.sedar.com).

### **Results of Operations**

---

#### *Net Asset Value (NAV)*

As at December 31, 2014 the Fund's total NAV was \$6,886,103, a decrease of 39.87% since the prior year end (December 2013: \$11,451,917). This change was primarily the result of net share redemption transactions of \$2,618,144 and net realized loss on investments of \$3,810,691. These are partially offset by net unrealized appreciation on investments of \$2,039,602. In accordance with the Fund's investment objectives and strategies, the Fund invests solely in Class F units of the Marquest Canadian Resource Fund (the "Underlying Fund").

## ***Results of Operations (continued)***

---

During the year, sales and redemptions were as follows: Series A \$6,665,304 and \$9,289,128 respectively (December 2013: \$18,352,979 and \$16,357,300); Series F \$13,645 and \$7,965 respectively (December 2013: \$34,531 and \$34,486). A portion of sales and redemptions of Series A shares are attributable to the rollover of each of Matrix 2012 - I FT National Class and Matrix Explorer 2012 - I FT Quebec Class (the "Roll Over Funds") into the Fund and the exchange of Series A shares for the Roll Over Funds' assets. The Fund subsequently exchanged the Roll Over Funds' assets for Class F units of the Underlying Fund. For more details please see the "Related Party Transactions" section of the MRFP.

### *Investment Portfolio*

2014 was a challenging year for the Canadian resource sector, particularly the smaller cap area. Slow growth in the global economy combined with a strong US dollar put considerable pressure on commodity prices. The resource indexes significantly underperformed the S&P/TSX Composite Index during the year, especially in the second half of the year.

2014 returns for the Fund's Series A and F shares generated returns of -19.88% and -19.06% respectively.

Major sectors held in the Underlying Fund during the year were Base Metals, Precious Metals and Oil and Gas representing 33.58%, 21.60% and 18.87% of the Underlying Fund respectively at year end. During the year the Manager raised significant cash positions as part of our strategy to manage the challenging environment for resource investing. At year end the Underlying Fund held 27.20% in short term securities awaiting timely deployment in selective opportunities in the resource markets.

### *Fees and Expenses*

The main expenses for each Series of the Fund consists of management fees, operating costs and other fund costs, as applicable, for each Series. Other fund costs include audit, custodian, legal, reporting, independent review committee fees and other expenses. The management expense ratio (MER) is the Fund's total expenses plus the allocation of the proportional expenses of the underlying Funds expressed as a percentage of the average NAV of the Fund. The MER for the Fund's Series A and F shares was 2.60% (December 30: 3.70%) and 1.57% (December 2013: 2.66%). The decrease is primarily the result of the Manager (as defined below) choosing to absorb less expense in 2013. Total expenses during the year excluding management fees were \$66,723 (December 2013: \$254,765), with the decrease being the result of a decrease in operating expense and legal fees of \$170,614 and \$17,327 respectively. As disclosed in the Fund's prospectus, the Manager may voluntarily waive, absorb or pay a portion of the Fund's fees and expenses, at its discretion. During the year the Manager absorbed \$4,216 in expenses of the Fund, so that the total expenses actually paid by the Fund were \$176,693.

Management fees are fixed percentages of NAV and typically increase or decrease with movements of NAV. See "Management Fees" and "Related Party Transactions" below for details on management fees.

### *Series Termination*

Effective June 16, 2014 the series I and O were no longer available for subscriptions.

## ***Recent Developments***

---

Global economic growth in 2014 was relatively slow and highly uneven reflecting the divergent monetary policies throughout the world. The US had the strongest economy while Europe remained mired in slow growth. Emerging markets growth rates slowed particularly China where they tightened monetary policy early in the year. Later in the year Europe and China eased their monetary policies which gave hope for a reacceleration and broadening of global growth.

In the second half of the year investors migrated to US dollar investments attracted by relatively strong economic growth and high interest rates relative to other countries. As a result the US dollar rallied strongly. Declining interest rates particularly in Europe set the stage for competitive devaluation of currencies as a tool to accelerate economic growth. As the year drew to a close there were signs that global growth was beginning improve, particularly in Europe. As the year advanced the US economy showed good progress in employment gains and capital spending indicating that their economy was entering the later stages of the economic cycle. By year end the strong US dollar was showing signs that it was beginning to negatively impact US export markets and corporate earnings. The US dollar strength may be the transmission mechanism for a broadening of global growth in 2015.

## ***Recent Developments (continued)***

---

The decline in commodity markets, particularly weak oil prices was challenging for the Canadian economy in 2014. The strong US dollar was a significant contributor to the weakness in commodities. As a result the S&P/TSX Index significantly underperformed the S&P 500 Index in 2014.

With the improving prospects for global growth and the US economy entering the latter stages of its economic cycle the outlook for the cyclical sectors may improve in 2015. This would be a positive for the Canadian economy and capital markets.

### *International Financial Reporting Standards*

The changes that impact the Financial Statements and Management Report of Fund Performance for the year ended December 31, 2014 are as follows:

#### Statement of cash flows

Under Canadian GAAP, the Fund was exempt from providing a statement of cash flows. IAS 1 requires that a complete set of financial statements include a statement of cash flows for the current and comparative periods, without exception.

#### Exceptions that are mandated by IFRS 1 First-time adoption of International Reporting Standards

Estimates – IFRS 1 prohibits use of hindsight to create or revise previous estimates. The estimates the Company previously made under Canadian GAAP have not been revised for application of IFRS.

#### Classification of Redeemable Units Issued by the Fund

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32, Financial Instruments: presentation requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been classified as financial liabilities on transition to IFRS.

#### Revaluation of investments at FVTPL

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions; to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, Fair Value Measurement, which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. For a detailed reconciliation of the line item changes as a result of the adoption of IFRS as at January 1, 2013 and December 31, 2013 please refer to Note 14 of the financial statements.

## ***Related Party Transactions***

---

The Fund invests solely in Class F units of the Underlying Fund. As a result, the Fund does not pay management fees on its assets that it invests in the Underlying Fund that would duplicate a fee payable by the Underlying Fund for the same service. The Fund will also not pay any sales fees or redemptions fees with respect to its purchase or redemptions of securities of the Underlying Fund. The rates set out under “Management Fees” below indicate the management fee directly borne by the Fund.

The Manager of the Fund is responsible for managing all of the Fund's activities, including investment advisory and portfolio management services under a Management Agreement. The Management Agreement is subject to automatic renewal for additional one year terms. The Management Agreement may be terminated during its term if the Manager defaults in its performance of any of its duties or obligations thereunder and the holders pass a resolution at a meeting of holders terminating the Management Agreement as a result of such default. Further, the holders of a Fund may, by resolution passed at a meeting of holders at least 180 days before the end of the initial term or each anniversary thereof, elect not to renew the Management Agreement, whereupon the Management Agreement will not be renewed beyond its existing term.

## Related Party Transactions (continued)

The Manager must give the holders and the Trustee at least 180 days' notice of its intention not to renew a Management Agreement. Management fees are paid by each series at the rates set out under "Management Fees" below.

During the year, \$114,186 in management fees (including HST) was paid to the Manager. The Fund reimbursed the Manager for operating costs incurred in administering the Fund of approximately \$57,327.

All portfolio acquisitions of the Roll Over Funds by the Fund are approved by the Fund's Independent Review Committee via standing instructions. During the year, the Fund acquired the portfolios of the Roll Over Funds in exchange for the issuance of Series A shares of the Fund. As the Fund only holds Class F units of the Underlying Fund, the Fund immediately exchanged the portfolios of each of the Roll Over Funds for Class F units of the Underlying Fund. The fair value of net assets acquired from the Roll Over Funds was \$1,179,589 and \$5,451,548 respectively. The number of Class F units issued by the Fund for each of the Roll Over Funds transactions was 214,471 and 991,191 respectively.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. The information is derived from the Fund's audited annual financial statements.

<b>Marquest Canadian Resource Fund - Corporate Class (Series A)*</b>					
<b>Net Assets per Share (\$) <sup>(1)</sup></b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>5.13</b>	<b>7.83</b>	<b>9.97</b>	<b>15.94</b>	<b>11.87</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	-	0.01	-	0.02	-
Total expenses	(0.09)	(0.14)	(0.15)	(0.22)	(0.14)
Realized gains (losses) for the year	(1.84)	(2.97)	(1.34)	1.73	1.96
Unrealized gains (losses) for the year	0.99	0.43	(0.77)	(7.44)	1.15
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(0.94)</b>	<b>(2.67)</b>	<b>(2.26)</b>	<b>(5.91)</b>	<b>2.97</b>
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>4.11</b>	<b>5.13</b>	<b>7.83</b>	<b>9.97</b>	<b>15.94</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\*Series A shares were first issued on June 25, 2004.

**Financial Highlights (continued)**

<b>Marquest Canadian Resource Fund - Corporate Class (Series F)*</b>				
<b>Net Assets per Share (\$) <sup>(1)</sup></b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>5.30</b>	<b>7.99</b>	<b>10.07</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	-	0.01	-	0.01
Total expenses	(0.03)	(0.08)	(0.05)	(0.07)
Realized gains (losses) for the year	(1.87)	(3.07)	(1.53)	0.40
Unrealized gains (losses) for the year	0.78	0.41	0.42	(7.36)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(1.12)</b>	<b>(2.73)</b>	<b>(1.16)</b>	<b>(7.02)</b>
Distributions:				
From income (excluding dividends)	-	-	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>4.29</b>	<b>5.30</b>	<b>7.99</b>	<b>10.07</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\*Series F shares were first issued on July 22, 2010.

<b>Ratios and Supplemental Data</b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Series A*</b>					
Total net asset value (000's) <sup>(1)</sup>	\$ 6,847	\$ 11,409	\$ 16,422	\$ 25,840	\$ 57,451
Number of shares outstanding <sup>(1)</sup>	1,667,679	2,222,105	2,096,073	2,591,814	3,605,083
Management expense ratio <sup>(2)</sup>	2.60%	3.70%	2.86%	3.43%	2.95%
Management expense ratio before waivers or absorption <sup>(5)</sup>	2.64%	4.03%	3.16%	3.84%	2.95%
Trading expense ratio <sup>(3)</sup>	-	-	-	-	-
Portfolio turnover rate <sup>(4)</sup>	402.22%	305.77%	85.69%	108.88%	102.90%
Net asset value per share <sup>(1)</sup>	\$ 4.11	\$ 5.13	\$ 7.83	\$ 9.97	\$ 15.94
<b>Series F**</b>					
Total net asset value (000's) <sup>(1)</sup>	\$ 39	\$ 43	\$ 63	\$ 23	
Number of shares outstanding <sup>(1)</sup>	9,175	8,046	7,944	2,309	
Management expense ratio <sup>(2)</sup>	1.57%	2.66%	1.91%	2.71%	
Management expense ratio before waivers or absorption	1.60%	2.89%	2.11%	3.04%	
Trading expense ratio <sup>(3)</sup>	-	-	-	-	
Portfolio turnover rate <sup>(4)</sup>	402.22%	305.77%	85.69%	108.88%	
Net asset value per share <sup>(1)</sup>	\$ 4.29	\$ 5.30	\$ 7.99	\$ 10.07	

**Notes:**

(1) The information is provided as at December 31st of the year shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(5) Waivers and absorption of certain expenses associated with the Fund are at the Manager's discretion and may be terminated at any time.

\* Series A shares were first issued on June 25, 2004.

\*\* Series F shares were first issued on July 22, 2010.

## Management Fees

---

The Fund pays an annual management fee equal to 2.00% of the average total NAV of Series A shares and 1.00% of the average total NAV of Series F shares to the Manager. Adjustments to the management fees were made to ensure no duplication of management fees were charged. This fee is calculated daily and is based on the Fund's ending total NAV per series; cumulative daily totals are then paid on a weekly basis.

Of the management fees paid by the Fund to the Manager for Series A shares, approximately 90.93% was used to pay for sales and trailer commissions and 9.07% was for investment advisory and portfolio management services.

Of the management fees paid by the Fund to the Manager for Series F shares, 100.00% was for investment advisory and portfolio management services. No sales and trailer commissions are paid in respect of Series F shares.

## Past Performance

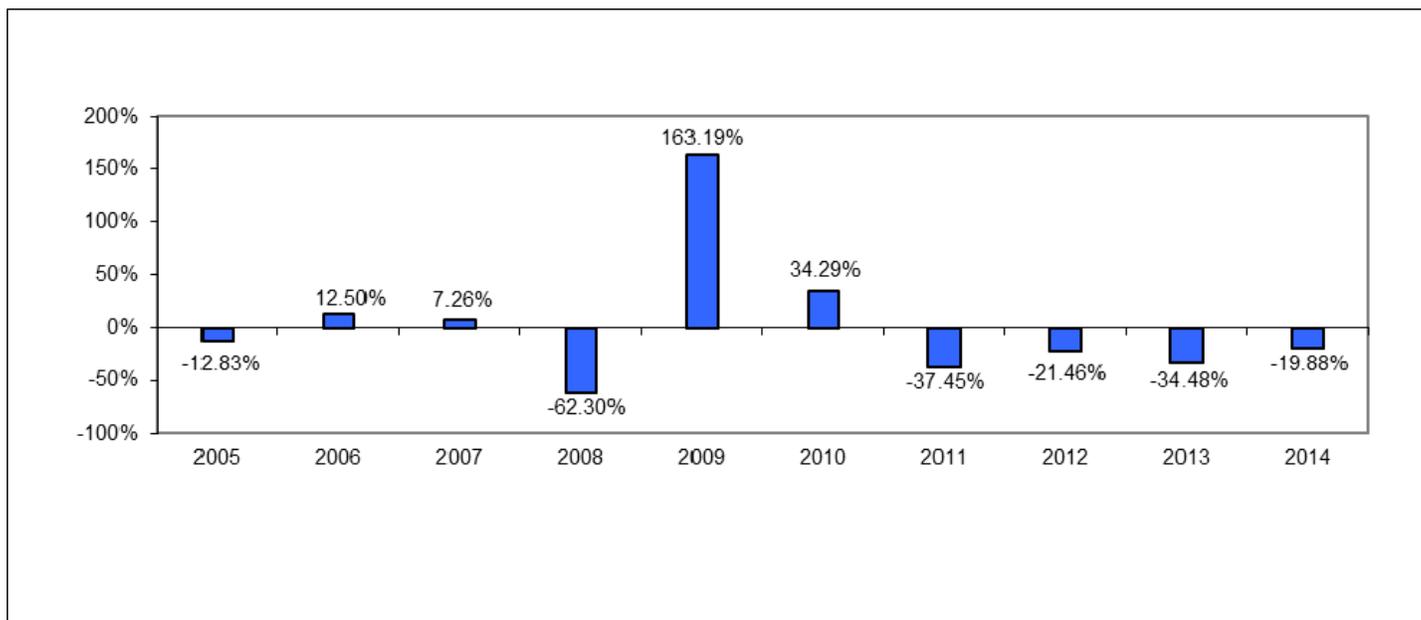
---

The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future. Performance differences between series of shares are mainly attributable to management fees charged to each series.

### Year-by-Year Returns

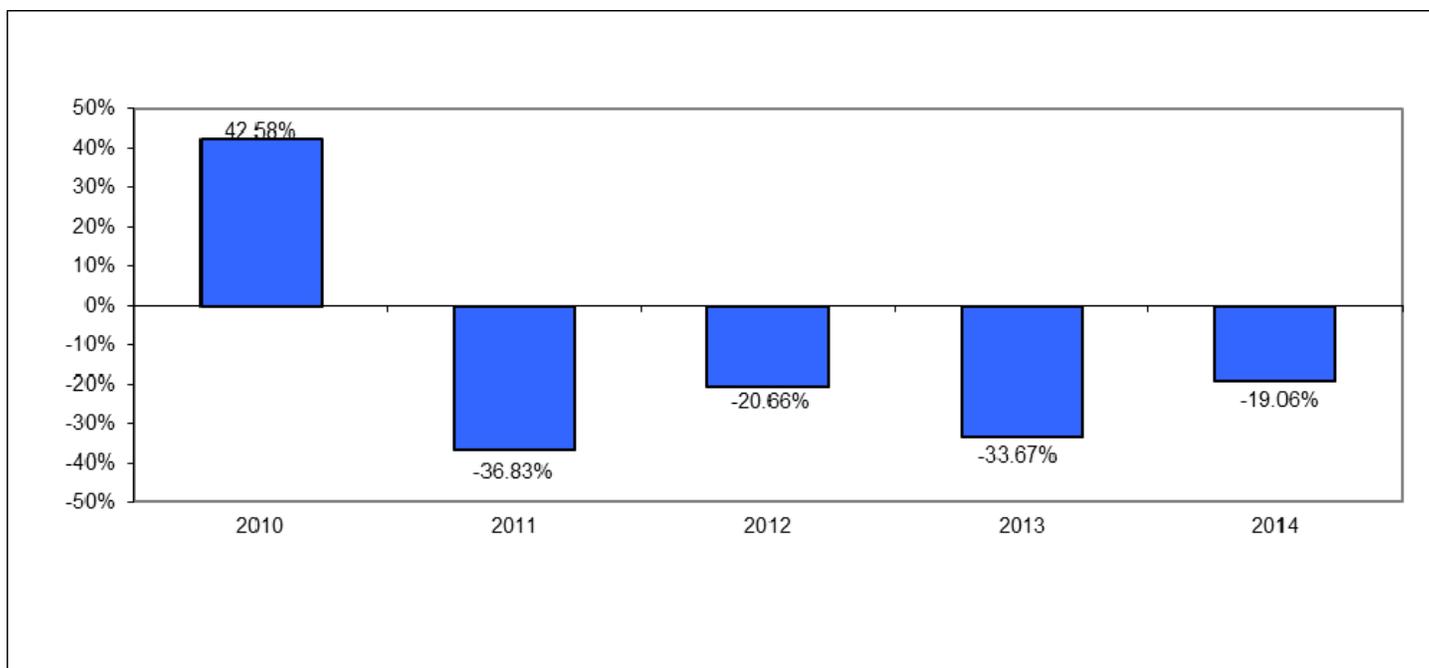
The following bar chart shows the Fund's annual Series A and Series F performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year as applicable.

#### Series A



\* Inception date for Series A shares was June 25, 2004.

Series F



\* Inception date for Series F shares was July 22, 2010.

Annual Compound Returns

The table below compares the annual compounded performance of the Fund against the Morningstar Canadian Resource Equity index. This index is composed of resource related sectors, industries and sub-industries of the S&P/TSX Composite Index. These are the energy, paper and forest products, aluminum, diversified metals and mining, gold and precious metals and minerals sub-industries. Individual sector and industry weights are represented in the same proportions as they are in the S&P/TSX Composite Index and thus can vary from month to month. For performance purposes, the index assumes the reinvestment of all dividends.

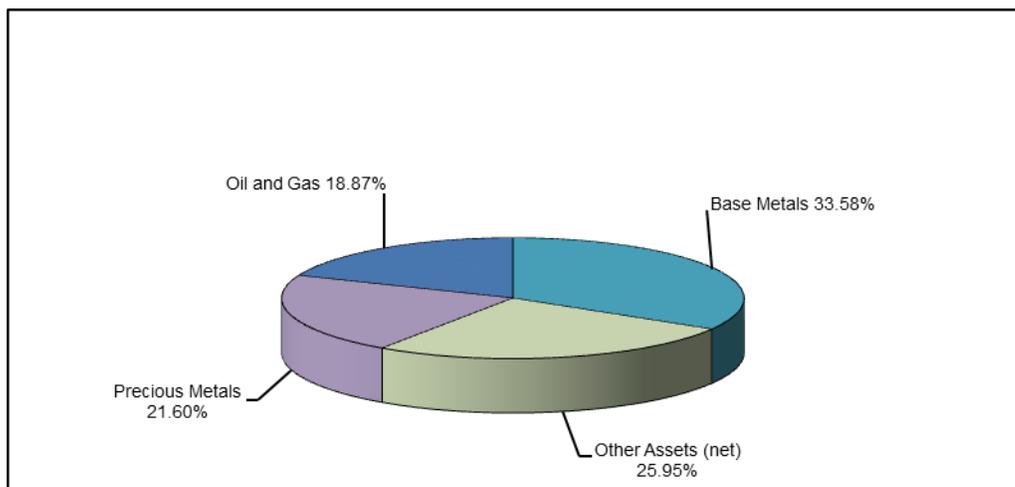
As the index is made up of a group of securities from various resource asset classes and market capitalizations, it does not share the same holdings or in the same weighted proportions as the Underlying Fund and compounded total returns between the two may differ. For greater in-depth discussion regarding the Underlying Fund's asset class holdings and performance over the year please see the "Results of Operations – Investment Portfolio" section of the MRFP. Unlike the index, the Fund must report performance net of all accrued fees and expenses, which dilute the actual Fund performance in relative comparison to the benchmark, which does not incur any types of fees/expenses. Generally, the Fund has underperformed the index.

	1 Year %	3 Years %	5 Years %	10 Years %	Since Inception %
<b>Series A</b>	-19.9%	-25.6%	-19.1%	-9.7%	-7.9%
<b>Morningstar Canadian Resource Equity</b>	-5.9%	-5.1%	-2.5%	4.5%	5.7%
<b>Series F</b>	-19.1%	-24.8%	-	-	-19.4%
<b>Morningstar Canadian Resource Equity</b>	-5.9%	-5.1%	-	-	-2.2%

## Summary of Investment Portfolio (as at December 31, 2014)

The pie chart and table below provide information about the investment portfolio of the Fund, including a breakdown of the Fund's portfolio into subgroups and the Top 25 positions held by the Fund as a percentage of NAV.

### Asset Mix



### Top 25 Holdings

1	Cash	27.21%	14	Canada Zinc Metals Corp.	3.12%
2	Cordillera Gold Ltd.	8.80%	15	Horizonte Minerals PLC	1.95%
3	Integra Gold Corp.	6.59%	16	Xmet Inc.	1.75%
4	Fission Uranium Corp.	5.07%	17	NexGen Energy Ltd.	1.56%
5	Spartan Energy Corp.	4.74%	18	Prima Diamond Corp.	1.08%
6	Nemaska Lithium Inc.	4.22%	19	Great Prairie Energy Services Inc.	1.06%
7	Canyon Services Group Inc.	4.01%	20	Chibougamau Independent Mines Inc.	0.99%
8	Falco Resources Ltd.	3.88%	21	Rallyemont Energy Inc.	0.96%
9	Talon Metals Corp.	3.75%	22	Triaxon Oil Corp.	0.95%
10	Royal Nickel Corp.	3.61%	23	Andora Energy Corp.	0.94%
11	Argex Titanium Inc.	3.47%	24	Gespeg Copper Resources Inc.	0.87%
12	Uranium Participation Corp.	3.44%	25	Macusani Yellowcake Inc.	0.76%
13	Cameco Corp.	3.32%		<b>TOTAL % OF NAV</b>	<b>98.10%</b>

*This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund and a quarterly update is available at [www.marquest.ca](http://www.marquest.ca). The sole investment of the Fund is Class F units of the Marquest Canadian Resource Fund. The holdings indicated in the Summary of Investment Portfolio and Top 25 Holdings represent the holdings of the Marquest Canadian Resource Fund. The weightings of the positions are calculated based on total NAV of the portfolio as at December 31, 2014. The Fund does not hold short positions. The prospectus and other information of Marquest Canadian Resource Fund (Corporate Class) and Marquest Canadian Resource Fund are available on the internet [www.sedar.com](http://www.sedar.com).*

**TORONTO**

161 Bay Street  
Suite 4420, P.O. Box 204  
Toronto, ON M5J 2S1  
Phone 416.777.7350  
Toll Free 1.877.777.1541

**MONTREAL**

1155 Robert-Bourassa Boulevard  
Suite 905  
Montreal, QC H3B 3A7  
Phone 514.227.0666  
Toll Free 1.866.687.9363

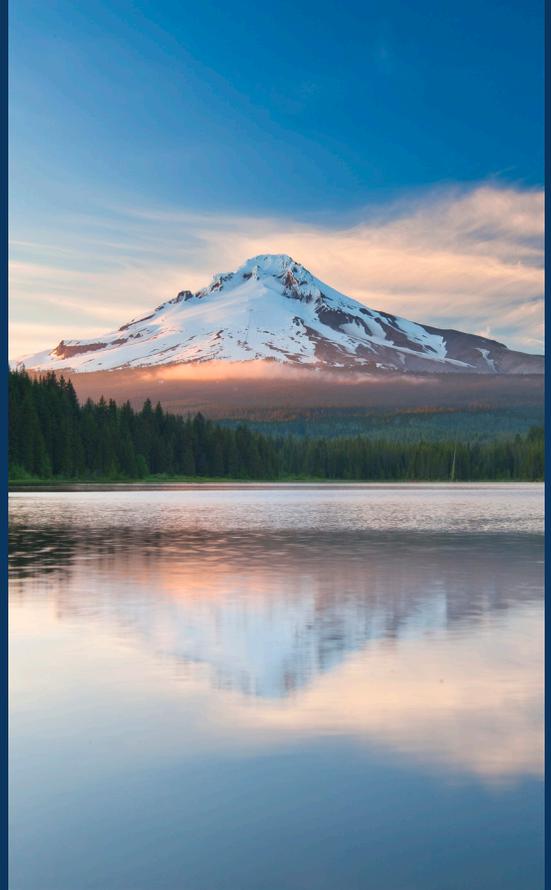
**VANCOUVER**

1055 West Hastings  
Suite 300  
Vancouver, BC V6E 2E9  
Phone 604.895.7281

**CLIENT SERVICES**

Phone 416.365.4077  
Toll free 1.888.964.3533  
[clientservices@marquest.ca](mailto:clientservices@marquest.ca)

[WWW.MARQUEST.CA](http://WWW.MARQUEST.CA)



MARQUEST CANADIAN BALANCED FUND  
(CORPORATE CLASS)

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Marquest Corporate Class Funds Ltd. - Marquest Canadian Balanced Fund (Corporate Class) (the "Fund"). You can get a copy of the annual financial statements at your request, and at no cost, from the manager Marquest Asset Management Inc. by calling 1-888-964-3533, by writing to us at Suite 4420, 161 Bay Street, PO Box 204, Toronto, Ontario, M5J 2S1 or by visiting our website at [www.marquest.ca](http://www.marquest.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

*This report contains forward looking statements. These statements primarily relate to assessments of future economic and market conditions, and the adoption of International Financial Reporting Standards. Such information has been included to assist readers with assessing recent developments in the Fund's operating climate and possible future developments that may affect Fund performance. All forward looking statements are based on management's current beliefs and assumptions which are subject to numerous risks and uncertainties. Statements with respect to future economic and market conditions are based on management's beliefs and assumptions with respect to a range of factors, including market conditions generally and within the sectors in which the Fund's investments operate. While management considers such beliefs and assumptions to be reasonable based on information currently available to it, no assurance can be given that such beliefs and assumptions will prove to be correct. As a result, these forward looking statements would typically include words such as "anticipates, believes, intended or estimated". Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks and uncertainties, including, but not limited to, those associated with economic and market conditions, political stability and other risks identified in the Fund's prospectus. Most of these factors are beyond the control of the Fund and its Manager. Neither the Fund nor its Manager assumes any obligation to update any of the forward looking statements made in this report.*

## **Management Discussion of Fund Performance**

### **Investment Objectives and Strategies**

---

#### *Investment Objectives*

The Fund seeks to provide high investment returns and long term total return, including income and capital appreciation. To achieve this objective, the Fund invests in Class F units of one or more of the following underlying funds:

- Marquest Money Market Fund
- Marquest Canadian Bond Fund
- Marquest Monthly Pay Fund
- Marquest Global Balanced Fund

#### *Investment Strategies*

The Fund's holdings in the underlying funds will be adjusted from time to time based on economic and market conditions. The portfolio advisor will look to produce good risk adjusted returns with below average volatility.

### **Risks**

---

There are risks associated with investing in the Fund. There have been no changes to the Fund which affected the risks associated with investing in the Fund during the year. Specific risk information can be found in the Fund's prospectus available through our website at [www.marquest.ca](http://www.marquest.ca), or at SEDAR's website [www.sedar.com](http://www.sedar.com).

### **Results of Operations**

---

#### *Net Asset Value (NAV)*

As at December 31, 2014 the Fund's total NAV was \$1,578,305, a decrease of 43.33% since the prior year end (December 2013: \$2,784,877). This change was primarily the result of net share redemption transactions of \$1,022,509.

During the year, sales and redemptions were as follows: Series A \$131,245 and \$887,846 respectively (December 2013: \$603,019 and \$869,527); Series F \$0 and \$69,409 respectively (December 2013: \$0 and \$336,019 ) and Series T8 \$1,581 and \$198,080 respectively (December 2013: \$18,247 and \$99,044).

As of June 16, 2014, the Fund is no longer available for sale.

## ***Results of Operations (continued)***

---

### *Investment Portfolio*

North American markets made strong gains in 2014 as outlook for the economy steadily improved, especially in the United States. The S&P/TSX Total Return Index gained 10.55% in 2014. The breadth of gains in markets was robust. The best performing sectors were Consumer Staples, Information Technology, Health Care and Consumer Discretionary. Bond markets were also positive for the year with the FTSE TMX Universe Index posting a 8.79% return for the year. The best performing assets for the year were long governments at 17.88% and long corporates, returning 16.12%. The Marquest Canadian Balanced Fund was able to take advantage of these returns by its weightings in both Marquest Canadian Bond Fund and Marquest Monthly Pay Fund.

Economic growth began slowly across the world in 2014 and expansionary monetary policies were pursued by the Central Banks of various countries including the Bank of Canada. The US economy finished the year on much stronger footing after solid growth and employment gains in the second half of the year. Yields are now beginning to price in an increase in rates, in the U.S., beginning in the second half of 2015. Despite strong growth in labour indicators, there is a risk that continued softening inflation data combined with the sudden rise in the US dollar could lengthen the Fed's current stance on policy accommodation. In Canada, a sharp drop in oil prices and deteriorating economic data has forced the Bank of Canada to surprisingly cut interest rates by 0.25% in January.

During the year, the Fund's Series A and Series T8 shares generated returns of 2.54% and 2.50% respectively.

### *Fees and Expenses*

The main expenses for each Series of the Fund consists of management fees, operating costs and other fund costs, as applicable, for each Series. Other fund costs include audit, custodian, legal, reporting, independent review committee fees and other expenses. The management expense ratio (MER) is the Fund's total expenses plus the allocation of the proportional expenses of the underlying Funds' expressed as a percentage of the average NAV of the Fund. The MER for the Fund's Series A, F and T8 shares was 2.95% ( December 2013: 4.31%), 2.69% (December 2013: 2.20%) and 2.96% (December 2013: 4.24%). The decrease in Series A and T8 is primarily the result of the Manager (as defined below) choosing to absorb less expense in 2013. Series F were fully redeemed on August 29, 2014. Total expenses during the year excluding management fees were \$122,808 (June 2013: \$70,725), with the increase being the result of an increase in operating expense and custodian fees of \$47,534 and \$12,290. These were partially offset by an decrease in legal fees of \$15,789 and independent review committee fees of \$2,771. As disclosed in the Fund's prospectus, the Manager may voluntarily waive, absorb or pay a portion of the Fund's fees and expenses, at its discretion. During the year the Manager absorbed \$119,993 in expenses of the Fund so that the total expense actually paid by the Fund were \$29,776.

Management fees are fixed percentages of NAV and typically increase or decrease with movements of NAV. See "Management Fees" and "Related Party Transactions" below for details on management fees.

### *Distributions*

During the year, the Fund paid distribution totalling \$1.95 per Series A share and \$1.56 per Series T8 share.

## ***Recent Developments***

---

Global economic growth in 2014 was relatively slow and highly uneven reflecting the divergent monetary policies throughout the world. The US had the strongest economy while Europe remained mired in slow growth. Emerging markets growth rates slowed particularly China where they tightened monetary policy early in the year. Later in the year Europe and China eased their monetary policies which gave hope for a reacceleration and broadening of global growth.

In the second half of the year investors migrated to US dollar investments attracted by relatively strong economic growth and high interest rates relative to other countries. As a result the US dollar rallied strongly. Declining interest rates particularly in Europe set the stage for competitive devaluation of currencies as a tool to accelerate economic growth. As the year drew to a close there were signs that global growth was beginning improve, particularly in Europe. As the year advanced the US economy showed good progress in employment gains and capital spending indicating that their economy was entering the later stages of the economic cycle. By year end the strong US dollar was showing signs that it was beginning to negatively impact US export markets and corporate earnings. The US dollar strength may be the transmission mechanism for a broadening of global growth in 2015.

## ***Recent Developments (continued)***

---

The decline in commodity markets, particularly weak oil prices was challenging for the Canadian economy in 2014. The strong US dollar was a significant contributor to the weakness in commodities. As a result the S&P/TSX Index significantly underperformed the S&P 500 Index in 2014.

With the improving prospects for global growth and the US economy entering the latter stages of its economic cycle the outlook for the cyclical sectors may improve in 2015. This would be a positive for the Canadian economy and capital markets.

### *Potential merger*

Effective June 16, 2014 shares of the Fund were no longer being offered for sale. Marquest Asset Management Inc. has obtained regulatory approval to allow the merger of Marquest Canadian Balanced Fund (Corporate Class) into Marquest Monthly Pay Fund (Corporate Class) subject to securityholder approval. Shareholders did not approve the proposed merger of this Fund at the October meeting and at the present time Marquest Asset Management Inc. is considering options for this Fund.

### *Change of Portfolio Advisor*

Marquest Asset Management Inc., the manager of Marquest Group of Funds, announced effective on or about July 17, 2014, that it will become the portfolio advisor for the Fund, replacing SEAMARK Asset Management Ltd. ("SEAMARK"), who had acted as sub-advisor.

### *International Financial Reporting Standards*

The changes that impact the Financial Statements and Management Report of Fund Performance for the year ended December 31, 2014 are as follows:

#### *Statement of cash flows*

Under Canadian GAAP, the Fund was exempt from providing a statement of cash flows. IAS 1 requires that a complete set of financial statements include a statement of cash flows for the current and comparative periods, without exception.

#### *Exceptions that are mandated by IFRS 1 First-time adoption of International Reporting Standards*

Estimates – IFRS 1 prohibits use of hindsight to create or revise previous estimates. The estimates the Company previously made under Canadian GAAP have not been revised for application of IFRS.

#### *Classification of Redeemable Units Issued by the Fund*

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32, Financial Instruments: presentation requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been classified as financial liabilities on transition to IFRS.

#### *Revaluation of investments at FVTPL*

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions; to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, Fair Value Measurement, which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. For a detailed reconciliation of the line item changes as a result of the adoption of IFRS as at January 1, 2013 and December 31, 2013 please refer to Note 14 of the financial statements.

## Related Party Transactions

The Manager of the Fund is responsible for managing all of the Fund's activities, including investment advisory and portfolio management services under a Management Agreement. The Management Agreement is subject to automatic renewal for additional one year terms. The Management Agreement may be terminated during its term if the Manager defaults in its performance of any of its duties or obligations thereunder and the holders pass a resolution at a meeting of holders terminating the Management Agreement as a result of such default. Further, the holders of a Fund may, by resolution passed at a meeting of holders at least 180 days before the end of the initial term or each anniversary thereof, elect not to renew the Management Agreement, whereupon the Management Agreement will not be renewed beyond its existing term. The Manager must give the holders and the Trustee at least 180 days' notice of its intention not to renew a Management Agreement. Management fees are paid by each series at the rates set out under "Management Fees" below.

The Fund invests in Class F units of the Underlying Funds. As a result, the Fund does not pay management fees on its assets that it invests in the Underlying Funds that would duplicate a fee payable by an Underlying Fund for the same service. The Fund will also not pay any sales fees or redemptions fees with respect to its purchase or redemptions of securities of an Underlying Fund. The rates set out under "Management Fees" below indicate the management fee directly borne by the Fund.

During the year, \$26,961 in management fees (including HST) was paid to the Manager. The Fund reimbursed the Manager for operating costs (including HST) incurred in administering the Fund of approximately \$2,614.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. The information is derived from the Fund's audited annual financial statements.

<b>Marquest Canadian Balanced Fund - Corporate Class (Series A)*</b>					
<b>Net Assets per Share (\$) <sup>(1)</sup></b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>15.03</b>	<b>14.14</b>	<b>13.35</b>	<b>13.26</b>	<b>11.70</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.11	0.24	0.37	-	1.09
Total expenses	(0.20)	(0.39)	(0.09)	0.02	(0.14)
Realized gains (losses) for the year	0.05	(0.82)	(0.20)	0.06	(0.10)
Unrealized gains (losses) for the year	0.47	1.82	0.72	(0.01)	0.78
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.43</b>	<b>0.85</b>	<b>0.80</b>	<b>0.07</b>	<b>1.63</b>
Distributions:					
From income (excluding dividends)	(0.19)	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	(0.09)	-	-	-	-
Return of capital	(1.67)	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(1.95)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>13.46</b>	<b>15.03</b>	<b>14.14</b>	<b>13.35</b>	<b>13.26</b>

Notes:

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\*Series A shares were first issued on June 25, 2004.

**Financial Highlights (continued)**

<b>Marquest Canadian Balanced Fund - Corporate Class (Series F)*</b>					
<b>Net Assets per Share (\$) <sup>(1)</sup></b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>15.28</b>	<b>14.22</b>	<b>13.36</b>	<b>13.26</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.06	0.22	0.35	0.18	0.26
Total expenses	(0.02)	(0.10)	(0.02)	0.01	(0.03)
Realized gains (losses) for the year	0.11	(0.82)	(0.21)	0.07	-
Unrealized gains (losses) for the year	1.27	1.62	0.75	(0.16)	0.12
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>1.42</b>	<b>0.92</b>	<b>0.87</b>	<b>0.10</b>	<b>0.35</b>
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>-</b>	<b>15.28</b>	<b>14.22</b>	<b>13.36</b>	<b>13.26</b>

Notes:

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and dividends are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\* Series F shares were first issued on July 22, 2010.

<b>Marquest Canadian Balanced Fund - Corporate Class Series T8*</b>					
<b>Net Assets per Share (\$) <sup>(1)</sup></b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>7.95</b>	<b>8.13</b>	<b>8.40</b>	<b>9.17</b>	<b>8.89</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.05	0.13	0.24	-	0.80
Total expenses	(0.10)	(0.21)	(0.06)	0.01	(0.10)
Realized gains (losses) for the year	0.03	(0.45)	(0.13)	0.05	(0.07)
Unrealized gains (losses) for the year	0.19	1.03	0.41	0.03	0.66
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.17</b>	<b>0.50</b>	<b>0.46</b>	<b>0.09</b>	<b>1.29</b>
Distributions:					
From income (excluding dividends)	(0.15)	-	-	-	-
From dividends	-	-	-	-	(0.86)
From capital gains	(0.05)	(0.07)	-	-	-
Return of capital	(1.36)	(0.59)	(0.75)	(0.84)	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(1.56)</b>	<b>(0.66)</b>	<b>(0.75)</b>	<b>(0.84)</b>	<b>(0.86)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>6.60</b>	<b>7.95</b>	<b>8.13</b>	<b>8.40</b>	<b>9.17</b>

Notes:

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and dividends are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\* Series T shares were first issued on July 7, 2008. Series T was renamed Series T8 effective June 30, 2012.

**Financial Highlights (continued)**

<b>Ratios and Supplemental Data</b>					
<b>Series A*</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 1,424	\$ 2,332	\$ 2,452	\$ 2,620	\$ 2,174
Number of shares outstanding <sup>(1)</sup>	105,831	155,106	173,351	196,151	163,947
Management expense ratio <sup>(2)</sup>	2.95%	4.31%	2.20%	2.09%	2.82%
Management expense ratio before waivers or absorption <sup>(5)</sup>	8.06%	5.19%	4.56%	4.49%	2.82%
Trading expense ratio <sup>(3)</sup>	-	-	-	-	-
Portfolio turnover rate <sup>(4)</sup>	11.68%	21.20%	46.06%	32.29%	28.40%
Net asset value per share <sup>(1)</sup>	\$ 13.46	\$ 15.03	\$ 14.14	\$ 13.35	\$ 13.26
<b>Series F**</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total net asset value (000's) <sup>(1)</sup>	\$ -	\$ 64	\$ 390	\$ 366	\$ 411
Number of shares outstanding <sup>(1)</sup>	-	4,158	27,396	27,396	30,954
Management expense ratio <sup>(2)</sup>	2.69%	2.20%	1.67%	2.10%	2.42%
Management expense ratio before waivers or absorption <sup>(5)</sup>	7.35%	2.65%	3.45%	4.52%	2.42%
Trading expense ratio <sup>(3)</sup>	-	-	-	-	-
Portfolio turnover rate <sup>(4)</sup>	11.68%	21.20%	46.06%	32.29%	28.40%
Net asset value per share <sup>(1)</sup>	\$ -	\$ 15.28	\$ 14.22	\$ 13.36	\$ 13.26
<b>Series T8***</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 154	\$ 390	\$ 479	\$ 535	\$ 533
Number of shares outstanding <sup>(1)</sup>	23,315	49,013	58,909	63,728	58,176
Management expense ratio <sup>(2)</sup>	2.96%	4.24%	2.19%	2.11%	2.82%
Management expense ratio before waivers or absorption <sup>(5)</sup>	8.11%	5.11%	4.53%	4.54%	2.82%
Trading expense ratio <sup>(3)</sup>	-	-	-	-	-
Portfolio turnover rate <sup>(4)</sup>	11.68%	21.20%	46.06%	32.29%	28.40%
Net asset value per share <sup>(1)</sup>	\$ 6.60	\$ 7.95	\$ 8.13	\$ 8.40	\$ 9.17

**Notes:**

(1) The information is provided as at December 31st of the year shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(5) Waivers and absorption of certain expenses associated with the Fund are at the Manager's discretion and may be terminated at any time.

\*Series A shares were first issued on June 25, 2004.

\*\*Series F shares were first issued on July 22, 2010.

\*\*\*Series T shares were first issued on July 07, 2008. Series T was renamed Series T8 effective June 30, 2012.

## Management Fees

---

The Fund pays an annual management fee equal to 1.75% of the average total NAV of Series A shares, 1.75% of the average total NAV of Series T8 and 0.75% of the average total NAV of Series F shares to the Manager. This fee is calculated daily and is based on the Fund's ending total NAV per series; cumulative daily totals are then paid on a weekly basis.

Of the management fees paid by the Fund to the Manager for Series A shares, approximately 64.78% was used to pay for sales and trailer commissions and 35.22% was for investment advisory and portfolio management services.

Of the management fees paid by the Fund to the Manager for Series F shares, 100.00% was for investment advisory and portfolio management services. No sales and trailer commissions are paid in respect of Series F shares.

Of the management fees paid by the Fund to the Manager for Series T8 shares, approximately 27.22% was used to pay for sales and trailer commissions and 72.78% was for investment advisory and portfolio management services.

## Past Performance

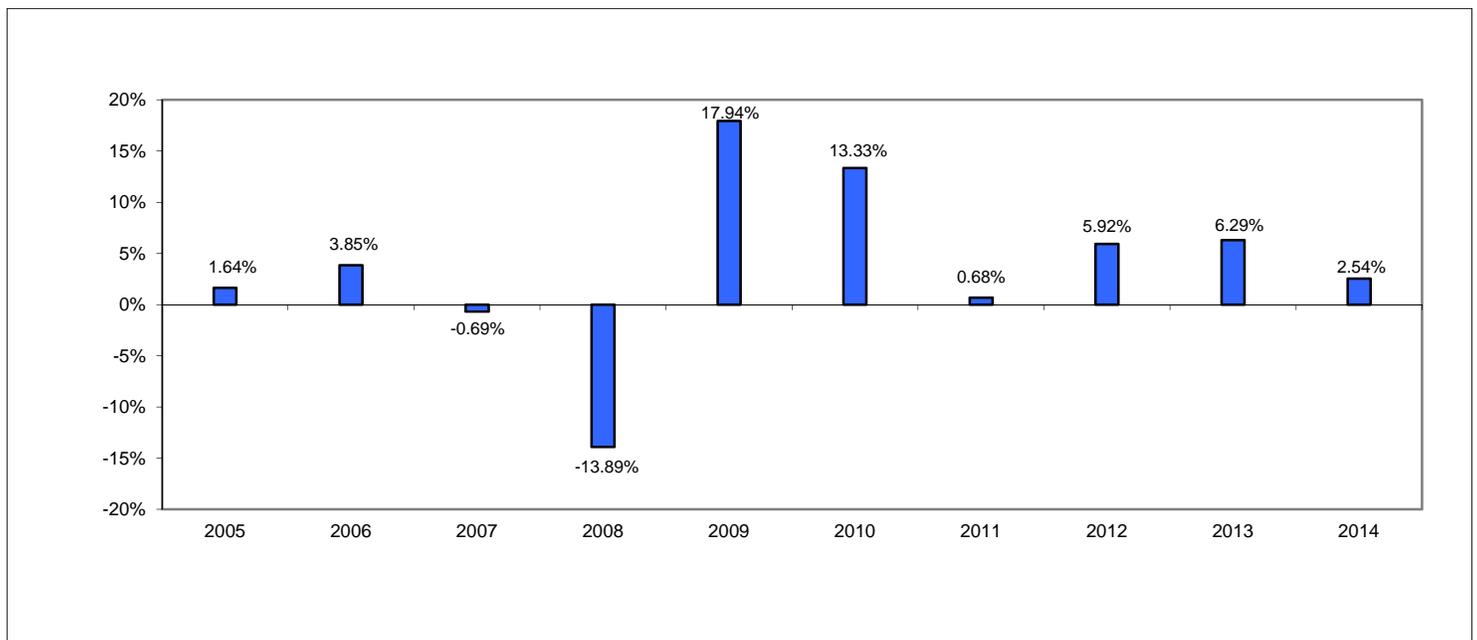
---

The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future. Performance differences between series of shares are mainly attributable to management fees charged to each series.

### Year-by-Year Returns

The following bar chart shows the Fund's annual Series A, Series F and Series T8 performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year, as applicable.

#### Series A

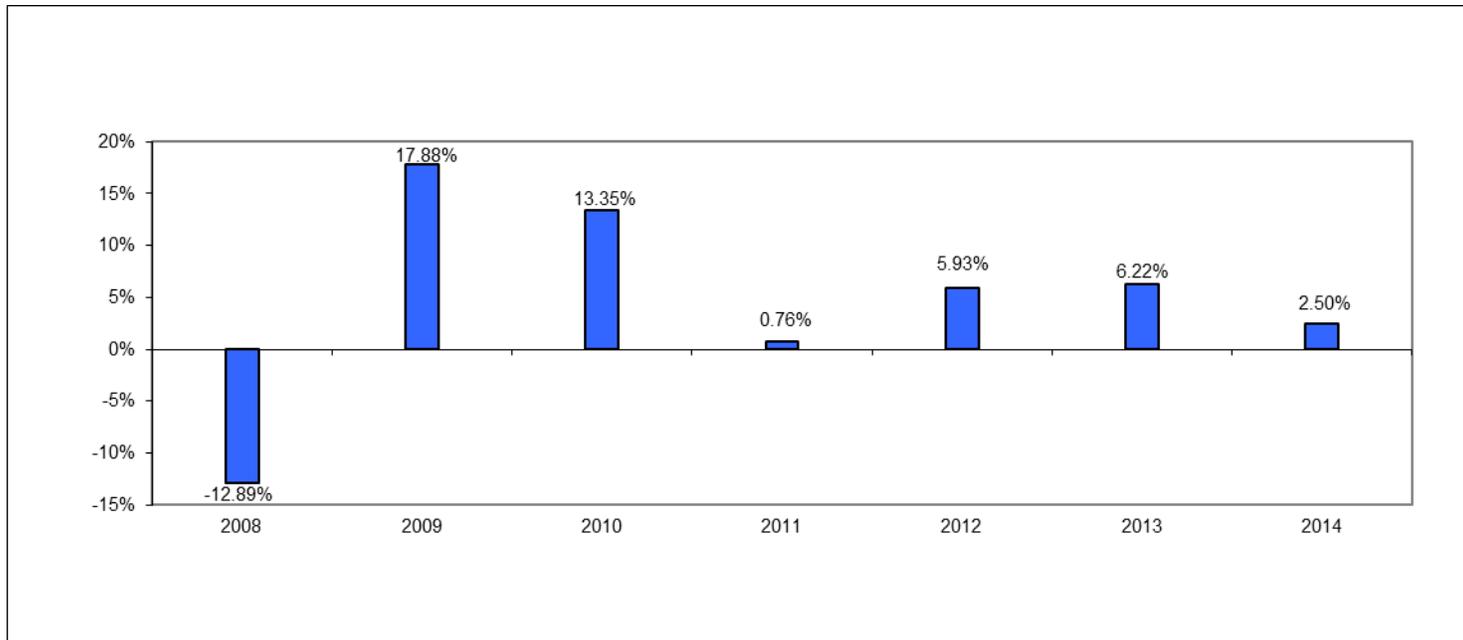


\* Inception date for Series A shares was June 25, 2004.

#### Series F

Series F shares were fully redeemed on August 29, 2014.

Series T8



\* Inception date for Series T8 shares was July 07, 2008.

Annual Compound Returns

The table below compares the annual compounded performance of the Fund against the Morningstar CAN Bal 50/50 CAD index. This is a weighted index where 50% is composed of Canadian bonds from the S&P/TSX Canadian Bond Broad Market index and 50% is Canadian equities from the S&P/TSX Composite. It encompasses a broad spectrum of economic sectors and is a benchmark that is designed to measure performance of securities which have holdings in a 50/50 split between Canadian equities and bonds. For performance purposes, the index assumes the reinvestment of all dividends.

As the index is made up of a group of securities from various asset classes and market capitalizations, it does not share the same holdings or in the same weighted proportions as the Underlying Funds and compounded total returns between the two may differ. For greater in-depth discussion regarding the Fund's asset class holdings and performance over the year please see the "Results of Operations – Investment Portfolio" section of the MRFP. Unlike the index, the Fund must report performance net of all accrued fees and expenses, which dilute the actual Fund performance in relative comparison to the benchmark, which does not incur any types of fees/expenses. Generally, the Fund underperformed the index.

	1 Year %	3 Years %	5 Years %	10 Years %	Since Inception %
<b>A Series</b>	2.5%	4.9%	5.7%	3.4%	4.2%
<b>Morningstar CAN Bal 50/50 CAD</b>	9.9%	7.0%	6.7%	6.8%	7.2%
<b>T8 Series</b>	2.5%	4.9%	5.7%	-	4.8%
<b>Morningstar CAN Bal 50/50 CAD</b>	9.9%	7.0%	6.7%	-	9.8%

## Summary of Investment Portfolio (as at December 31, 2014)

The pie chart and table below provide information about the investment portfolio of the Fund, including a breakdown of the Fund's portfolio into subgroups and the Top 25 positions held by the Fund as a percentage of NAV. The Fund held less than 25 holdings as at the end of the year, as a result of solely investing in the Underlying Funds.

### Asset Mix

Portfolio Allocation	% of NAV
Marquest Monthly Pay Fund, Class F	69.29
Marquest Canadian Bond Fund, Class F	45.96
<b>Total Portfolio</b>	<b>115.24</b>
Cash and Other Assets Less Liabilities	-15.24
<b>Total NAV</b>	<b>100.00</b>

### Top 25 Holdings

1	Marquest Monthly Pay Fund, Class F	69.29%	3	Cash	3.20%
2	Marquest Canadian Bond Fund, Class F	45.96%			

*This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund and a quarterly update is available at [www.marquest.ca](http://www.marquest.ca). The weightings of the positions are calculated based on total NAV of the portfolio as at December 31, 2014. The Fund does not hold short positions. The prospectus and other information of Marquest Canadian Balanced Fund (Corporate Class) and the Underlying Funds are available on the internet [www.sedar.com](http://www.sedar.com).*

**TORONTO**

161 Bay Street  
Suite 4420, P.O. Box 204  
Toronto, ON M5J 2S1  
Phone 416.777.7350  
Toll Free 1.877.777.1541

**MONTREAL**

1155 Robert-Bourassa Boulevard  
Suite 905  
Montreal, QC H3B 3A7  
Phone 514.227.0666  
Toll Free 1.866.687.9363

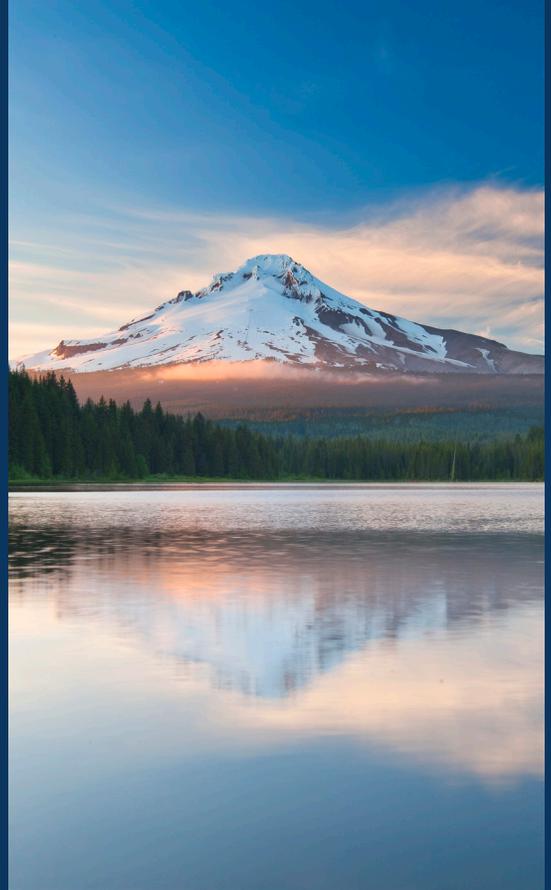
**VANCOUVER**

1055 West Hastings  
Suite 300  
Vancouver, BC V6E 2E9  
Phone 604.895.7281

**CLIENT SERVICES**

Phone 416.365.4077  
Toll free 1.888.964.3533  
[clientservices@marquest.ca](mailto:clientservices@marquest.ca)

[WWW.MARQUEST.CA](http://WWW.MARQUEST.CA)



MARQUEST DOW JONES CANADA HIGH  
DIVIDEND 50 FUND (CORPORATE CLASS)

The Dow Jones Canada High Dividend 50 Index is a product of S&P Dow Jones Indices LLC or its affiliates (“SPDJI”) and TSX Inc., and has been licensed for use by Marquest Asset Management Inc. Standard & Poor’s® and S&P® are registered trademarks of Standard & Poor’s Financial Services LLC (“S&P”); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (“Dow Jones”); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by Marquest Asset Management Inc. TSX is a trademark of TSX Inc., and has been licensed for use by SPDJI and Marquest Asset Management Inc. Marquest Dow Jones Canada High Dividend 50 Fund (Corporate Class) is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, or TSX Inc. and none of such parties make any representation regarding the advisability of investing in such product nor do they have any liability for any errors, omissions, or interruptions of the Dow Jones Canada High Dividend 50 Index.

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Marquest Corporate Class Funds Ltd. - Marquest Dow Jones Canada High Dividend 50 Fund (Corporate Class). You can get a copy of the annual financial statements at your request, and at no cost, from the manager Marquest Asset Management Inc. by calling 1-888-964-3533, by writing to us at Suite 4420, 161 Bay Street, PO Box 204, Toronto, Ontario, M5J 2S1 or by visiting our website at [www.marquest.ca](http://www.marquest.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

*This report contains forward looking statements. These statements primarily relate to assessments of future economic and market conditions, and the adoption of International Financial Reporting Standards. Such information has been included to assist readers with assessing recent developments in the Fund's operating climate and possible future developments that may affect Fund performance. All forward looking statements are based on management's current beliefs and assumptions which are subject to numerous risks and uncertainties. Statements with respect to future economic and market conditions are based on management's beliefs and assumptions with respect to a range of factors, including market conditions generally and within the sectors in which the Fund's investments operate. While management considers such beliefs and assumptions to be reasonable based on information currently available to it, no assurance can be given that such beliefs and assumptions will prove to be correct. As a result, these forward looking statements would typically include words such as "anticipates, believes, intended or estimated". Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks and uncertainties, including, but not limited to, those associated with economic and market conditions, political stability and other risks identified in the Fund's prospectus. Most of these factors are beyond the control of the Fund and its Manager. Neither the Fund nor its Manager assumes any obligation to update any of the forward looking statements made in this report.*

## **Management Discussion of Fund Performance**

### **Investment Objectives and Strategies**

---

#### *Investment Objectives*

The Fund's objective is to replicate, to the extent possible, the performance of the Dow Jones Canada High Dividend 50 Index<sup>SM</sup>, net of expenses. The Dow Jones Canada High Dividend 50 Index<sup>SM</sup> represents 50 high dividend-paying Canadian stocks and income trust units that are selected for fundamental strength relative to their peers, based on financial ratios.

#### *Investment Strategies*

In order to achieve the Fund's objective, the Fund will invest in and hold the constituent securities of the Dow Jones Canada High Dividend 50 Index (the "Index"), in a weight approximately equal to their weight in the Index.

The Dow Jones Canada High Dividend 50 Index<sup>SM</sup> represents 50 high dividend-paying Canadian stocks and income trust units that are selected for fundamental strength relative to their peers, based on financial ratios. To be included in the Index, stocks and units are subject to eligibility screens including those based on minimum market capitalization, average dollar volumes and dividend yields. Stocks and units are ranked based on dividend yield, dividend growth, earnings per share, dividend coverage ratio and capitalization ratio. No single stock or unit can represent more than 8% of the Index. The Index is subject to quarterly reviews and is reconstituted and rebalanced annually in December. More information is available on the Dow Jones Indexes website at [www.djindexes.com](http://www.djindexes.com).

Instead of investing directly in constituent securities, the Fund may invest a portion of its funds from time to time in Exchange Traded Products (ETPs), in accordance with applicable securities laws, that themselves invest in these securities.

### **Risks**

---

There are risks associated with investing in the Fund. There have been no changes to the Fund which affected the risks associated with investing in the Fund during the year. Specific risk information can be found in the Fund's prospectus available through our website at [www.marquest.ca](http://www.marquest.ca), or at SEDAR's website [www.sedar.com](http://www.sedar.com).

## ***Results of Operations***

---

### *Net Asset Value (NAV)*

As at December 31, 2014 the Fund's total NAV was \$1,386,495, a decrease of 49.90% since the prior year end (December 2013: \$2,767,587). This change was the result of net share redemption transactions of \$948,944 and distribution to unitholders of \$468,548.

During the year, sales and redemptions were as follows: Series A \$338,118 and \$1,255,474 respectively (December 2013: \$259,794 and \$677,856), Series F \$25,907 and \$35,262 respectively (December 2013: \$76,701 and \$115,139) and Series T8 \$18,999 and \$41,232 respectively (December 2013: \$45,083 and \$41,188).

As of June 16, 2014 the Fund is no longer offered for sale.

### *Investment Portfolio*

North American markets continued their strong run in 2014 as outlook for the economy steadily improved. This was especially evident in the United States where business sentiment, housing markets and employment statistics continued to improve. The S&P/TSX Total Return Index gained 10.55% in 2014. The breadth of gains in markets was quite robust as 8 of the 10 index sectors posted positive returns. The best performing sectors were Consumer Staples, Information Technology, Health Care and Consumer Discretionary. Energy and Materials were the weakest groups.

During the year, the Fund's Series A, F and T8 shares generated returns of -3.73%, -2.62%, and -3.66% respectively

The Fund's return was negatively impacted due to Index's exposure to Energy and Material sectors, however, the portfolio continues to provide an attractive yield which investors have continued to gravitate towards

### *Fees and Expenses*

The main expenses for each Series of the Fund consists of management fees, operating costs and other fund costs, as applicable, for each Series. Other fund costs include audit, custodian, legal, reporting and independent review committee fees and other expenses. The management expense ratio (MER) is the Fund's total expenses expressed as a percentage of the average NAV of the Fund. The MER for the Fund's Series A, F and T8 shares was 2.06% (December 2013: 4.16%), 0.96% (December 2013: 3.18%) and 2.06% (December 2013: 4.34%). The decrease is primarily the result of the Manager (as defined below) choosing to absorb less expense in 2013. Total expenses during the year excluding management fees were \$113,095 (December 2013: \$107,421), with the increase being the result of an increase in custodian fees and transaction cost of \$22,247 and \$1,592 respectively. These were partially offset by a decrease in operating expenses and audit fees of \$11,488 and \$5,852. As disclosed in the Fund's prospectus, the Manager may voluntarily waive, absorb or pay a portion of the Fund's fees and expenses, at its discretion. During the year the Manager absorbed \$105,581 in expenses of the Fund, so that the total expenses actually paid by the Fund were \$46,328.

### *Distributions*

During the year, the Fund paid distribution totalling \$3.20, \$3.67 and \$2.60 per Series A, F and T8 shares respectively.

## ***Recent Developments***

---

Global economic growth in 2014 was relatively slow and highly uneven reflecting the divergent monetary policies throughout the world. The US had the strongest economy while Europe remained mired in slow growth. Emerging markets growth rates slowed particularly China where they tightened monetary policy early in the year. Later in the year Europe and China eased their monetary policies which gave hope for a reacceleration and broadening of global growth.

In the second half of the year investors migrated to US dollar investments attracted by relatively strong economic growth and high interest rates relative to other countries. As a result the US dollar rallied strongly. Declining interest rates particularly in Europe set the stage for competitive devaluation of currencies as a tool to accelerate economic growth. As the year drew to a close there were signs that global growth was beginning to improve, particularly in Europe. As the year advanced the US economy showed good progress in employment gains and capital spending indicating that its economy was entering the later stages of the economic cycle. By year end the strong US dollar was showing signs that it was beginning to negatively impact US export markets and corporate earnings. The US dollar strength may be the transmission mechanism for a broadening of global growth in 2015.

## ***Recent Developments (continued)***

---

The decline in commodity markets, particularly weak oil prices was challenging for the Canadian economy in 2014. The strong US dollar was a significant contributor to the weakness in commodities. As a result the S&P/TSX Index significantly underperformed the S&P 500 Index in 2014.

With the improving prospects for global growth and the US economy entering the latter stages of its economic cycle the outlook for the cyclical sectors may improve in 2015. This would be a positive for the Canadian economy and capital markets.

### *Potential merger*

Effective June 16, 2014 shares of the Fund are no longer being offered for sale. Marquest Asset Management Inc. has obtained regulatory approval to allow the merger of Marquest Dow Jones Canada High Dividend 50 Fund (Corporate Class) into Marquest Monthly Pay Fund (Corporate Class) subject to securityholder approval. Shareholders did not approve the proposed merger of this Fund at the October meeting and at the present time Marquest Asset Management Inc. is considering options for this Fund.

### *International Financial Reporting Standards*

The changes that impact the Financial Statements and Management Report of Fund Performance for the year ended December 31, 2014 are as follows:

#### Statement of cash flows

Under Canadian GAAP, the Fund was exempt from providing a statement of cash flows. IAS 1 requires that a complete set of financial statements include a statement of cash flows for the current and comparative periods, without exception.

#### Exceptions that are mandated by IFRS 1 First-time adoption of International Reporting Standards

Estimates – IFRS 1 prohibits use of hindsight to create or revise previous estimates. The estimates the Company previously made under Canadian GAAP have not been revised for application of IFRS.

#### Classification of Redeemable Units Issued by the Fund

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32, Financial Instruments: presentation requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been classified as financial liabilities on transition to IFRS.

#### Revaluation of investments at FVTPL

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions; to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, Fair Value Measurement, which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. For a detailed reconciliation of the line item changes as a result of the adoption of IFRS as at January 1, 2013 and December 31, 2013 please refer to Note 14 of the financial statements.

## Related Party Transactions

The Manager of the Fund is responsible for managing all of the Fund's activities, including investment advisory and portfolio management services under a Management Agreement. The Management Agreement is subject to automatic renewal for additional one year terms. The Management Agreement may be terminated during its term if the Manager defaults in its performance of any of its duties or obligations thereunder and the holders pass a resolution at a meeting of holders terminating the Management Agreement as a result of such default. Further, the holders of a Fund may, by resolution passed at a meeting of holders at least 180 days before the end of the initial term or each anniversary thereof, elect not to renew the Management Agreement, whereupon the Management Agreement will not be renewed beyond its existing term. The Manager must give the holders and the Trustee at least 180 days' notice of its intention not to renew a Management Agreement. Management fees are paid by each class at the rates set out under "Management Fees" below.

During the year, \$38,814 in management fees (including HST) was paid to the Manager. The Manager is also the trustee of the Fund and responsible for certain aspects of the day-to-day administration. The Fund reimbursed the Manager for operating costs (including HST) incurred in administering the Fund of approximately \$4,966.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since inception.

<b>Marquest Dow Jones Canada High Dividend 50 Fund - Corporate Class (Series A)*</b>				
<i>Net Assets per Share (\$) <sup>(1)</sup></i>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>11.57</b>	<b>10.22</b>	<b>10.34</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	0.53	0.57	0.64	0.13
Total expenses	(0.25)	(0.45)	(0.23)	-
Realized gains (losses) for the year	2.22	0.23	(0.27)	0.03
Unrealized gains (losses) for the year	(2.21)	1.42	0.11	0.38
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.29</b>	<b>1.77</b>	<b>0.25</b>	<b>0.54</b>
Distributions:				
From income (excluding dividends)	(0.37)	-	(0.24)	(0.13)
From dividends	-	(0.35)	(0.21)	-
From capital gains	(2.83)	-	-	(0.03)
Return of capital	-	(0.13)	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(3.20)</b>	<b>(0.48)</b>	<b>(0.45)</b>	<b>(0.16)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>7.97</b>	<b>11.57</b>	<b>10.20</b>	<b>10.34</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\*Series A shares were first issued on November 10, 2011 at \$10.00.

**Financial Highlights (continued)**

<b>Marquest Dow Jones Canada High Dividend 50 Fund - Corporate Class (Series F)*</b>				
<b>Net Assets per Share (\$) <sup>(1)</sup></b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>11.78</b>	<b>10.30</b>	<b>10.36</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	0.53	0.58	0.65	0.09
Total expenses	(0.12)	(0.35)	(0.11)	-
Realized gains (losses) for the year	2.08	0.27	(0.24)	0.03
Unrealized gains (losses) for the year	(2.74)	1.69	(0.45)	0.29
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(0.25)</b>	<b>2.19</b>	<b>(0.15)</b>	<b>0.41</b>
Distributions:				
From income (excluding dividends)	(0.42)	-	(0.24)	(0.11)
From dividends	-	(0.48)	(0.25)	-
From capital gains	(3.25)	-	-	(0.02)
Return of capital	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(3.67)</b>	<b>(0.48)</b>	<b>(0.49)</b>	<b>(0.13)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>7.83</b>	<b>11.78</b>	<b>10.27</b>	<b>10.36</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\*Series F shares were first issued on November 10, 2011 at \$10.00

<b>Marquest Dow Jones Canada High Dividend 50 Fund - Corporate Class (Series T8)*</b>				
<b>Net Assets per Share (\$) <sup>(1)</sup></b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>10.77</b>	<b>9.85</b>	<b>10.34</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	0.48	0.55	0.64	0.12
Total expenses	(0.23)	(0.44)	(0.23)	-
Realized gains (losses) for the year	1.97	0.22	(0.30)	0.02
Unrealized gains (losses) for the year	(2.40)	1.31	(0.05)	0.50
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(0.18)</b>	<b>1.64</b>	<b>0.06</b>	<b>0.64</b>
Distributions:				
From income (excluding dividends)	(0.30)	-	(0.40)	(0.10)
From dividends	-	(0.34)	(0.40)	-
From capital gains	(2.30)	-	-	(0.02)
Return of capital	-	(0.46)	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(2.60)</b>	<b>(0.80)</b>	<b>(0.80)</b>	<b>(0.12)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>7.83</b>	<b>10.77</b>	<b>9.83</b>	<b>10.34</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\*Series T shares were first issued on November 10, 2011 at \$10.00. Series T was renamed Series T8 effective June 30, 2012.

**Financial Highlights (continued)**

<b>Ratios and Supplemental Data</b>				
<b>Series A*</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 1,069	\$ 2,299	\$ 2,434	\$ 226
Number of shares outstanding <sup>(1)</sup>	134,109	198,803	238,064	21,802
Management expense ratio <sup>(2)</sup>	2.06%	4.16%	2.00%	-
Management expense ratio before waivers or absorption <sup>(5)</sup>	7.00%	5.67%	7.60%	-
Trading expense ratio <sup>(3)</sup>	0.10%	0.02%	0.22%	-
Portfolio turnover rate <sup>(4)</sup>	46.93%	6.15%	58.60%	126.28%
Net asset value per share <sup>(1)</sup>	\$ 7.97	\$ 11.57	\$ 10.22	\$ 10.36
<b>Series F*</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 129	\$ 194	\$ 208	\$ 5
Number of shares outstanding <sup>(1)</sup>	16,509	16,474	20,238	458
Management expense ratio <sup>(2)</sup>	0.96%	3.18%	0.94%	-
Management expense ratio before waivers or absorption	3.26%	4.34%	3.55%	-
Trading expense ratio <sup>(3)</sup>	0.10%	0.02%	0.22%	-
Portfolio turnover rate <sup>(4)</sup>	46.93%	6.15%	58.60%	126.28%
Net asset value per share <sup>(1)</sup>	\$ 7.83	\$ 11.78	\$ 10.30	\$ 10.36
<b>Series T8*</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 188	\$ 274	\$ 247	\$ 5
Number of shares outstanding <sup>(1)</sup>	24,022	25,443	25,110	508
Management expense ratio <sup>(2)</sup>	2.06%	4.34%	2.06%	-
Management expense ratio before waivers or absorption <sup>(5)</sup>	7.02%	5.92%	7.82%	-
Trading expense ratio <sup>(3)</sup>	0.10%	0.02%	0.22%	-
Portfolio turnover rate <sup>(4)</sup>	46.93%	6.15%	58.60%	126.28%
Net asset value per share <sup>(1)</sup>	\$ 7.83	\$ 10.77	\$ 9.85	\$ 10.36

**Notes:**

(1) The information is provided as at December 31st of the year shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(5) Waivers and absorption of certain expenses associated with the Fund are at the Manager's discretion and may be terminated at any time.

\*The Fund was established on November 10, 2011. Series T was renamed Series T8 effective June 30, 2012..

## Management Fees

---

The Fund pays an annual management fee equal to 1.65% of the average total NAV of Series A shares, 0.65% of the average total NAV of Series F and 1.65% of the average total NAV of Series T8 shares to the Manager. This fee is calculated daily and is based on the Fund's ending total NAV per series; cumulative daily totals are then paid on a weekly basis.

Of the management fees paid by the Fund to the Manager for Series A shares, approximately 53.05% was used to pay for sales and trailer commissions and 46.95% was for investment advisory and portfolio management services.

Of the management fees paid by the Fund to the Manager for Series F shares, 100.00% was for investment advisory and portfolio management services. No sales and trailer commissions are paid in respect of Series F shares.

Of the management fees paid by the Fund to the Manager for Series T8 shares, approximately 54.54% was used to pay for sales and trailer commissions and 45.46% was for investment advisory and portfolio management services.

## Past Performance

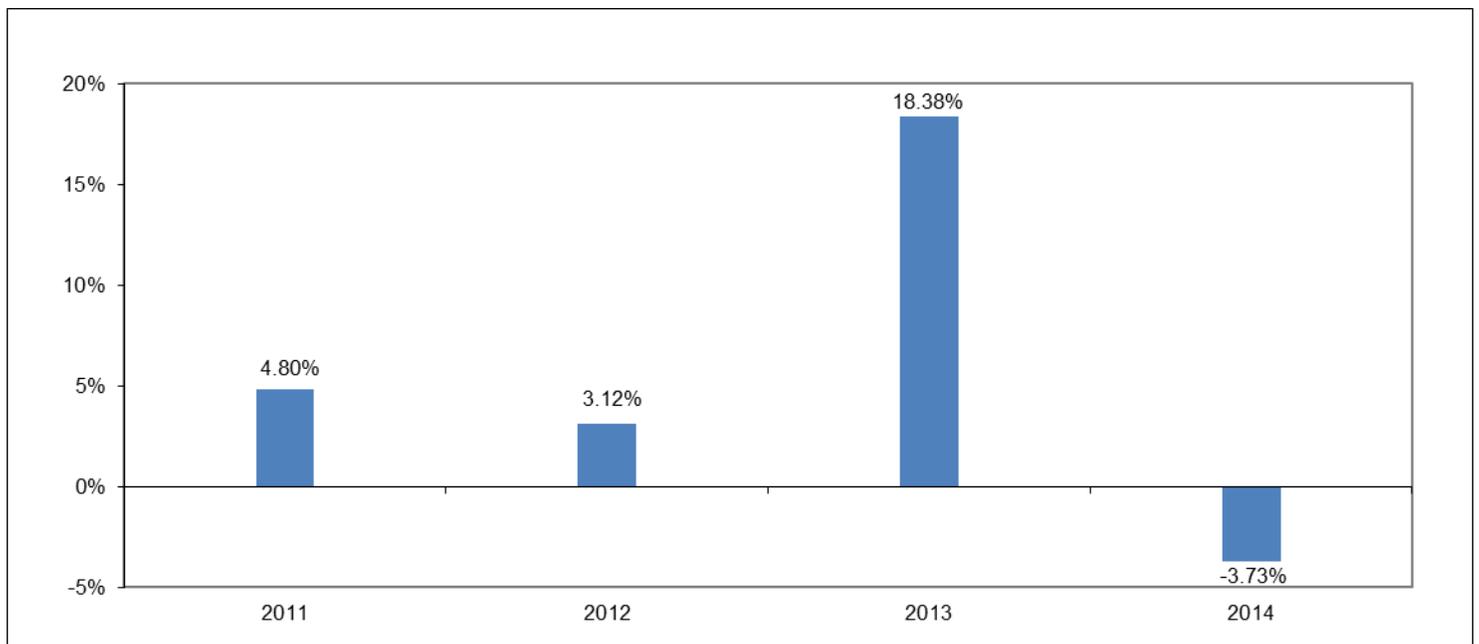
---

The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future. Performance differences between series of shares are mainly attributable to management fees charged to each series.

### Year-by-Year Returns

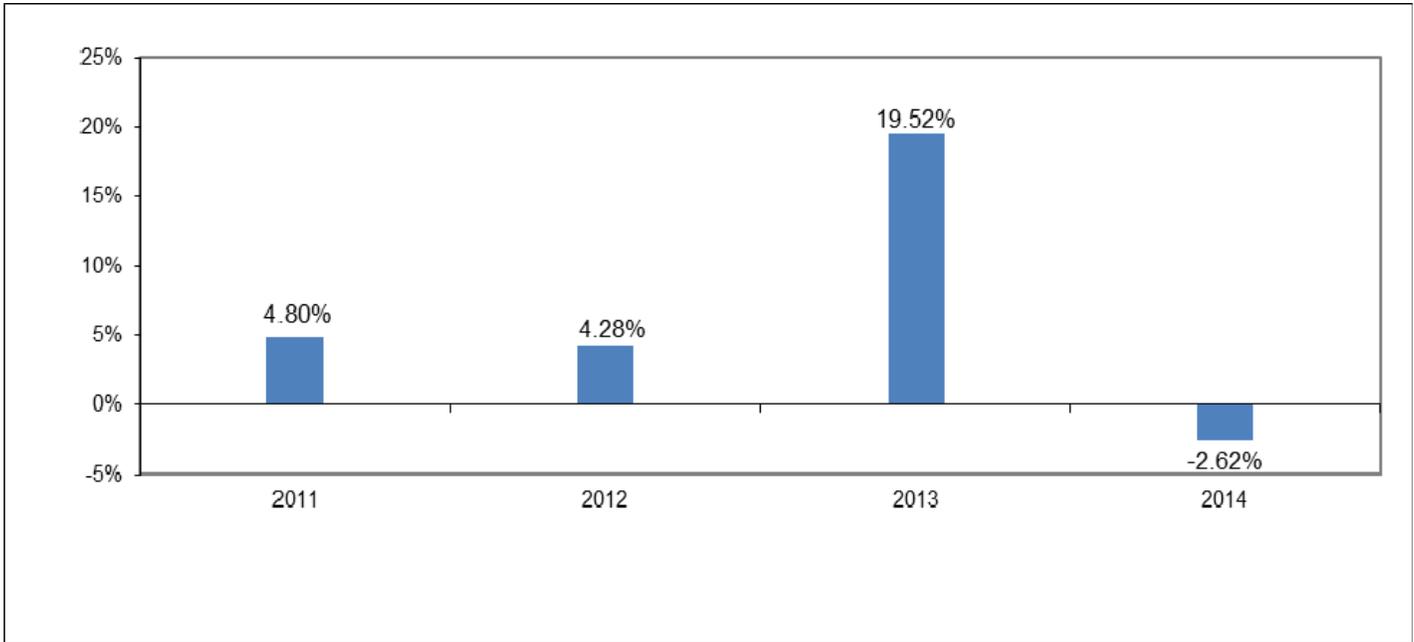
The following bar charts show the Fund's annual Series A, Series F and Series T8 performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year as applicable.

#### Series A



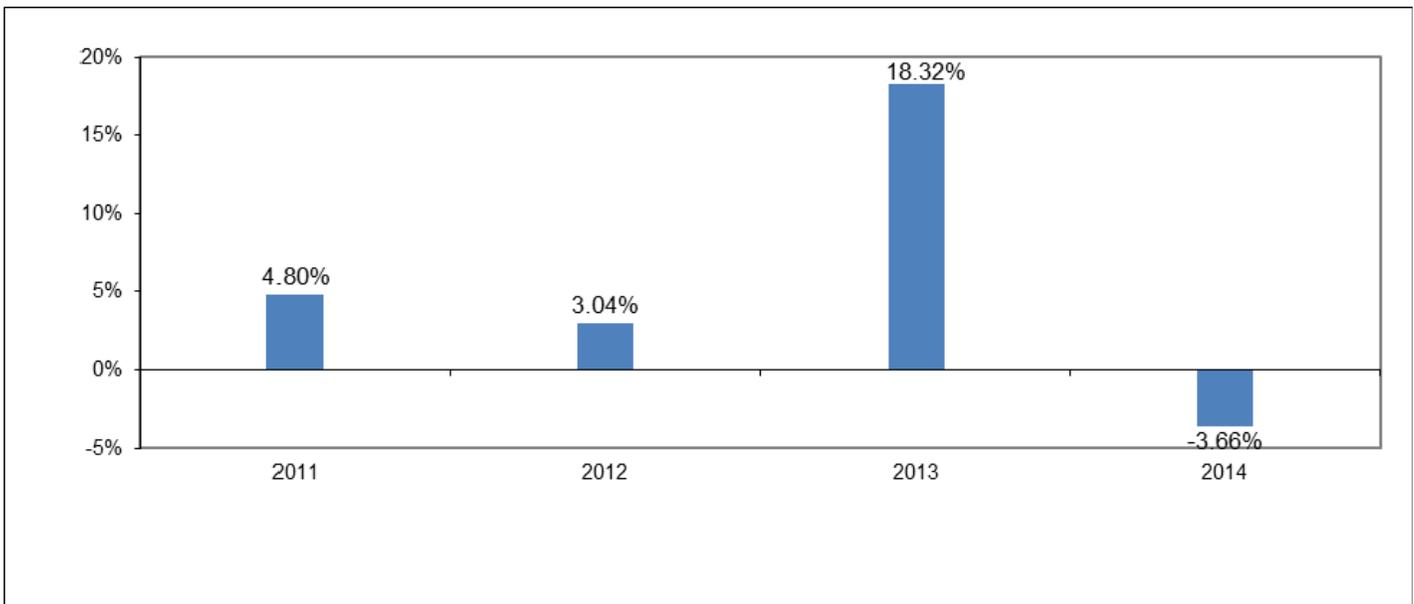
\* Inception date for Series A shares was November 10, 2011

Series F



\* Inception date for Series F shares was November 10, 2011.

Series T8



\* Inception date for Series T8 shares was November 10, 2011.

## Annual Compound Returns

The table below compares the annual compounded performance of the Series A, F and T8 shares of the Fund against the Dow Jones Canada High Dividend 50 Index. This index represents 50 high dividend-paying Canadian stocks and income trust units that are selected for fundamental strength relative to their peers, based on financial ratios. It is calculated in Canadian dollars and assumes the reinvestment of all dividends.

Unlike the index, the Fund must report performance net of all accrued fees and expenses, which dilute the actual Fund performance in relative comparison to the benchmarks, which does not incur any types of fees/expenses. Generally, the Fund underperformed the index.

	1 Year %	3 Years %	5 Years %	10 Years %	Since Inception %
<b>Series A</b>	-3.7%	5.5%	-	-	6.9%
DJ CanHighDiv50T	-3.0%	8.8%	-	-	10.1%
<b>Series F</b>	-2.6%	6.7%	-	-	8.0%
DJ CanHighDiv50T	-3.0%	8.8%	-	-	10.1%
<b>Series T8</b>	-3.7%	5.5%	-	-	6.8%
DJ CanHighDiv50T	-3.0%	8.8%	-	-	10.1%

## Summary of Investment Portfolio (as at December 31, 2014)

The pie chart and table below provide information about the investment portfolio of the Fund, including a breakdown of the Fund's portfolio into subgroups and the Top 25 positions held by the Fund as a percentage of NAV.

### Asset Mix

Portfolio Allocation	% of NAV
Financials	49.76
Energy	22.54
Consumer Discretionary	9.64
Industrials	7.60
Telecommunication Services	7.34
Material	6.79
<b>Total Portfolio</b>	<b>103.67</b>
Cash and Other Assets Less Liabilities	-3.67
<b>Total NAV</b>	<b>100.00</b>

### Top 25 Holdings

1	Cash	5.97%	14	Shaw Communications Inc.	2.31%
2	BCE Inc.	5.62%	15	Bonterra Energy Corp.	2.30%
3	Cominar Real Estate Investment Trust	3.83%	16	Allied Properties Real Estate Investment Trust	2.22%
4	AG Growth International Inc.	3.44%	17	Alaris Royalty Corp.	2.21%
5	Dream Office Real Estate Investment Trust	3.29%	18	WSP Global Inc.	2.19%
6	Calloway Real Estate Investment Trust	3.05%	19	Potash Corp of Saskatchewan Inc.	2.17%
7	Norbord Inc.	3.02%	20	Crescent Point Energy Corp.	2.16%
8	Freehold Royalties Ltd.	2.92%	21	Laurentian Bank of Canada	2.15%
9	Granite Real Estate Investment Trust	2.88%	22	Reitmans Canada Ltd.	2.12%
10	H&R Real Estate Investment Trust	2.82%	23	Whitecap Resources Inc.	2.08%
11	Davis & Henderson Income Corp.	2.53%	24	Bank of Montreal	2.07%
12	AGF Management Ltd.	2.49%	25	Canadian Imperial Bank of Commerce	2.01%
13	First Capital Realty Inc.	2.35%		<b>TOTAL % OF NAV</b>	<b>70.20%</b>

This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund and a quarterly update is available at [www.marquest.ca](http://www.marquest.ca). The weightings of the positions are calculated based on total NAV of the portfolio as at December 31, 2014. The Fund does not hold short positions. The prospectus and other information of Marquest Dow Jones Canada High Dividend 50 Fund (Corporate Class) are available on the internet [www.sedar.com](http://www.sedar.com).

**TORONTO**

161 Bay Street  
Suite 4420, P.O. Box 204  
Toronto, ON M5J 2S1  
Phone 416.777.7350  
Toll Free 1.877.777.1541

**MONTREAL**

1155 Robert-Bourassa Boulevard  
Suite 905  
Montreal, QC H3B 3A7  
Phone 514.227.0666  
Toll Free 1.866.687.9363

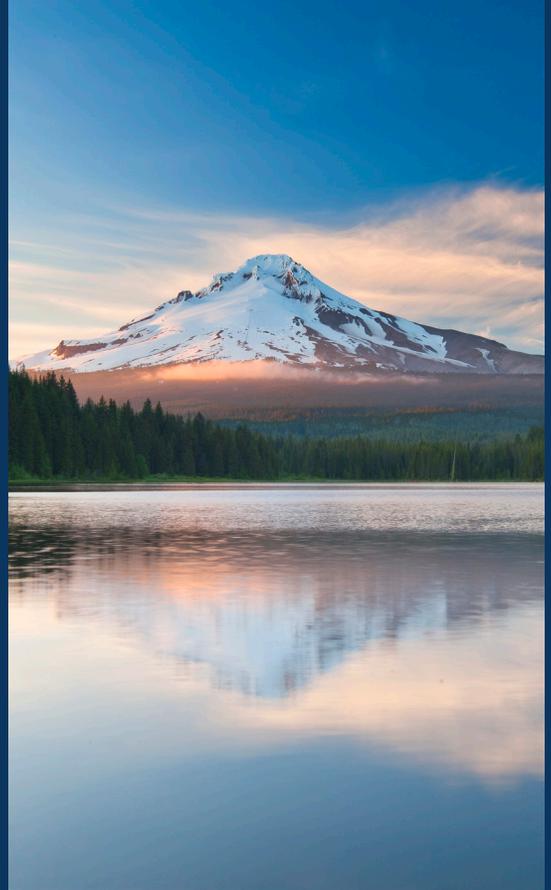
**VANCOUVER**

1055 West Hastings  
Suite 300  
Vancouver, BC V6E 2E9  
Phone 604.895.7281

**CLIENT SERVICES**

Phone 416.365.4077  
Toll free 1.888.964.3533  
[clientservices@marquest.ca](mailto:clientservices@marquest.ca)

[WWW.MARQUEST.CA](http://WWW.MARQUEST.CA)



MARQUEST S&P/TSX CANADIAN DIVIDEND  
ARISTOCRATS FUND (CORPORATE CLASS)

The S&P/TSX Canadian Dividend Aristocrats Index is a product of S&P Dow Jones Indices LLC or its affiliates (“SPDJI”) and TSX Inc., and has been licensed for use by Marquest Asset Management Inc. Standard & Poor’s® and S&P® are registered trademarks of Standard & Poor’s Financial Services LLC (“S&P”); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (“Dow Jones”); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by Marquest Asset Management Inc. TSX is a trademark of TSX Inc., and has been licensed for use by SPDJI and Marquest Asset Management Inc. Marquest S&P/TSX Canadian Dividend Aristocrats Fund (Corporate Class) is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, or TSX Inc. and none of such parties make any representation regarding the advisability of investing in such product nor do they have any liability for any errors, omissions, or interruptions of the S&P/TSX Canadian Dividend Aristocrats Index.

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Marquest Corporate Class Funds Ltd. - Marquest S&P/TSX Canadian Dividend Aristocrats Fund (Corporate Class) (the “fund”). You can get a copy of the annual financial statements at your request, and at no cost, from the manager Marquest Asset Management Inc. by calling 1-888-964-3533, by writing to us at Suite 4420, 161 Bay Street, PO Box 204, Toronto, Ontario, M5J 2S1 or by visiting our website at [www.marquest.ca](http://www.marquest.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the Fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

*This report contains forward looking statements. These statements primarily relate to assessments of future economic and market conditions, and the adoption of International Financial Reporting Standards. Such information has been included to assist readers with assessing recent developments in the Fund’s operating climate and possible future developments that may affect Fund performance. All forward looking statements are based on management’s current beliefs and assumptions which are subject to numerous risks and uncertainties. Statements with respect to future economic and market conditions are based on management’s beliefs and assumptions with respect to a range of factors, including market conditions generally and within the sectors in which the Fund’s investments operate. While management considers such beliefs and assumptions to be reasonable based on information currently available to it, no assurance can be given that such beliefs and assumptions will prove to be correct. As a result, these forward looking statements would typically include words such as “anticipates, believes, intended or estimated”. Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks and uncertainties, including, but not limited to, those associated with economic and market conditions, political stability and other risks identified in the Fund’s prospectus. Most of these factors are beyond the control of the Fund and its Manager. Neither the Fund nor its Manager assumes any obligation to update any of the forward looking statements made in this report.*

## **Management Discussion of Fund Performance**

### **Investment Objectives and Strategies**

---

#### *Investment Objectives*

The Fund’s objective is to replicate, to the extent possible, the performance of the S&P/TSX Canadian Dividend Aristocrats Index, net of expenses. The S&P/TSX Canadian Dividend Aristocrats Index is designed to measure the performance of S&P Canada Broad Market Index constituents that have followed a managed dividends policy of consistently increasing dividends every year for at least five years.

#### *Investment Strategies*

In order to achieve the Fund’s objective, the Fund will invest in and hold the constituent securities of the S&P/TSX Canadian Dividend Aristocrats Index (the “Index”), in a weight approximately equal to their weight in the Index.

The Index captures both sustainable dividend income and capital appreciation potential, and as it typically consists of 30 or more companies operating in a variety of industry sectors, offers attractive diversification in a portfolio of companies that exhibit both growth and value characteristics. The Index is weighted by indicated annual dividend yield and is reweighted every quarter. The index methodology incorporates concentration limits to prevent any stock from being more than 8% of the Index weight, any income trust constituent from being more than 5% of the Index weight, and income trusts in aggregate from exceeding 30% of the Index weight at each quarterly rebalancing. More information is available on the S&P website at [www.indices.standardandpoors.com](http://www.indices.standardandpoors.com).

Instead of investing directly in constituent securities, the Fund may invest a portion of its funds from time to time in Exchange Traded Products (ETPs), in accordance with applicable securities laws, that themselves invest in these securities.

### **Risks**

---

There are risks associated with investing in the Fund. There have been no changes to the Fund which affected the risks associated with investing in the Fund during the year. Specific risk information can be found in the Fund’s prospectus available through our website at [www.marquest.ca](http://www.marquest.ca), or at SEDAR’s website [www.sedar.com](http://www.sedar.com).

## ***Results of Operations***

---

### *Net Asset Value (NAV)*

As at December 31, 2014 the Fund's total NAV was \$1,792,938, a decrease of 56.72% since the prior year end (December 2013: \$4,142,251). This change was primarily the result of net share redemption transactions of \$2,412,178.

During the year, sales and redemptions were as follows: Series A \$335,253 and \$1,290,614 respectively (December 2013: \$945,333 and \$578,857), Series F \$19,609 and \$1,433,786 respectively (December 2013: \$318,171 and \$732,561) and Series T8 \$45,745 and \$88,385 respectively (December 2013: \$83,234 and \$114,844).

As of June 16, 2014, the Fund is no longer offered for sale.

### *Investment Portfolio*

North American markets continued their strong run in 2014 as outlook for the economy steadily improved. This was especially evident in the United States where business sentiment, housing markets and employment statistics continued to improve. The S&P/TSX Total Return Index gained 10.55% in 2014. The breadth of gains in markets was quite robust as 8 of the 10 index sectors posted positive returns. The best performing sectors were Consumer Staples, Information Technology, Health Care and Consumer Discretionary. Energy and Materials were the weakest groups.

During the year, the Fund's Series A, F and T8 shares generated returns of 11.24%, 12.41%, and 11.28% respectively

The fund posted positive returns for the year. Consumer Staples, Information Technology and Health Care contributed the largest gains to the S&P/TSX Index and the fund was well positioned to take advantage of these market conditions through holdings in these sectors. The portfolio continues to provide an attractive yield which investors have continued to gravitate towards.

### *Fees and Expenses*

The main expenses for each Series of the Fund consists of management fees, operating costs and other fund costs, as applicable, for each Series. Other fund costs include audit, custodian, legal, reporting, independent review committee fees and other expenses. The management expense ratio (MER) is the Fund's total expenses expressed as a percentage of the average NAV of the Fund. The MER for the Fund's Series A, F and T8 shares was 2.02% (December 2013: 3.70%), 0.90% (December 2013: 2.41%) and 1.99% (December 2013: 3.45%) respectively. The decrease is primarily the result of the Manager (as defined below) choosing to absorb less expense in 2013. Total expenses during the year excluding management fees were \$140,504 (December 2013: \$148,430), with the decrease being the result of a decrease in operating expenses, audit fees, independent committee review fees, shareholder reporting costs and transaction costs of \$30,513, \$4,092, \$2,771, \$1,127 and \$3,074 respectively. These were partially offset by an increase in custodian fees of \$30,787 and legal fees of \$2,494. As disclosed in the Fund's prospectus, the Manager may voluntarily waive, absorb or pay a portion of the Fund's fees and expenses, at its discretion. During the year the Manager absorbed \$132,493 in expenses of the Fund, so that the total expenses actually paid by the Fund were \$51,219.

### *Distributions*

During the year, the Fund paid distributions totalling \$1.74, \$0.43 and \$0.81 per Series A, F and T8 shares respectively.

## ***Recent Developments***

---

Global economic growth in 2014 was relatively slow and highly uneven reflecting the divergent monetary policies throughout the world. The US had the strongest economy while Europe remained mired in slow growth. Emerging markets growth rates slowed particularly China where they tightened monetary policy early in the year. Later in the year Europe and China eased their monetary policies which gave hope for a reacceleration and broadening of global growth.

In the second half of the year investors migrated to US dollar investments attracted by relatively strong economic growth and high interest rates relative to other countries. As a result the US dollar rallied strongly. Declining interest rates particularly in Europe set the stage for competitive devaluation of currencies as a tool to accelerate economic growth. As the year drew to a close there were signs that global growth was beginning improve, particularly in Europe. As the year advanced the US economy showed good progress in employment gains and capital spending indicating that their economy was entering the later stages of the economic cycle. By year end the strong US dollar was showing signs that it was beginning to negatively impact US export markets and corporate earnings. The US dollar strength may be the transmission mechanism for a broadening of global growth in 2015.

The decline in commodity markets, particularly weak oil prices was challenging for the Canadian economy in 2014. The strong US dollar was a significant contributor to the weakness in commodities. As a result the S&P/TSX Index significantly underperformed the S&P 500 Index in 2014.

With the improving prospects for global growth and the US economy entering the latter stages of its economic cycle the outlook for the cyclical sectors may improve in 2015. This would be a positive for the Canadian economy and capital markets.

### *Potential merger*

Effective June 16, 2014 shares of the Fund were no longer being offered. Marquest Asset Management Inc. has obtained regulatory approval to allow the merger of Marquest S&P/TSX Canadian Dividend Aristocrats Fund (Corporate Class) into Marquest Monthly Pay Fund (Corporate Class) subject to securityholder approval. Shareholders did not approved the proposed merger of this Fund at the October meeting and at the present time Marquest Asset Management Inc. is considering options for this Fund.

### *International Financial Reporting Standards*

The changes that impact the Financial Statements and Management Report of Fund Performance for the year ended December 31, 2014 are as follows:

#### Statement of cash flows

Under Canadian GAAP, the Fund was exempt from providing a statement of cash flows. IAS 1 requires that a complete set of financial statements include a statement of cash flows for the current and comparative periods, without exception.

#### Exceptions that are mandated by IFRS 1 First-time adoption of International Reporting Standards

Estimates – IFRS 1 prohibits use of hindsight to create or revise previous estimates. The estimates the Company previously made under Canadian GAAP have not been revised for application of IFRS.

#### Classification of Redeemable Units Issued by the Fund

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32, Financial Instruments: presentation, requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been classified as financial liabilities on transition to IFRS.

#### Revaluation of investments at FVTPL

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions, to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, Fair Value Measurement, which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value.

## Recent Developments (continued)

It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. For a detailed reconciliation of the line item changes as a result of the adoption of IFRS as at January 1, 2013 and December 31, 2013 please refer to Note 14 of the financial statements.

## Related Party Transactions

The Manager of the Fund is responsible for managing all of the Fund's activities, including investment advisory and portfolio management services under a Management Agreement. The Management Agreement is subject to automatic renewal for additional one year terms. The Management Agreement may be terminated during its term if the Manager defaults in its performance of any of its duties or obligations thereunder and the holders pass a resolution at a meeting of holders terminating the Management Agreement as a result of such default. Further, the holders of a Fund may, by resolution passed at a meeting of holders at least 180 days before the end of the initial term or each anniversary thereof, elect not to renew the Management Agreement, whereupon the Management Agreement will not be renewed beyond its existing term. The Manager must give the holders and the Trustee at least 180 days' notice of its intention not to renew a Management Agreement. Management fees are paid by each class at the rates set out under "Management Fees" below.

During the year, \$43,208 in management fees (including HST) was paid to the Manager. The Manager is also the trustee of the Fund and responsible for certain aspects of the day-to-day administration. The Fund reimbursed the Manager for operating costs (including HST) incurred in administering the Fund of approximately \$5,943.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since inception. The information is derived from the Fund's audited annual financial statements.

<b>Marquest S&amp;P/TSX Canadian Dividend Aristocrats Fund - Corporate Class (Series A)*</b>				
<b>Net Assets per Share (\$) <sup>(1)</sup></b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>11.25</b>	<b>10.59</b>	<b>10.14</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	0.44	0.48	0.44	0.06
Total expenses	(0.24)	(0.41)	(0.21)	-
Realized gains (losses) for the year	2.25	(0.02)	0.19	0.01
Unrealized gains (losses) for the year	(1.10)	0.93	0.40	0.20
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>1.35</b>	<b>0.98</b>	<b>0.82</b>	<b>0.27</b>
Distributions:				
From income (excluding dividends)	(0.22)	(0.42)	(0.21)	(0.05)
From dividends	-	-	(0.12)	(0.01)
From capital gains	(1.52)	-	-	(0.01)
Return of capital	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(1.74)</b>	<b>(0.42)</b>	<b>(0.33)</b>	<b>(0.07)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>10.76</b>	<b>11.25</b>	<b>10.57</b>	<b>10.14</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\*Series A shares were first issued on November 10, 2011 at \$10.00.

**Financial Highlights (continued)**

<b>Marquest S&amp;P/TSX Canadian Dividend Aristocrats Fund - Corporate Class (Series F)*</b>				
<b>Net Assets per Share (\$) <sup>(1)</sup></b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>11.34</b>	<b>10.56</b>	<b>10.13</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	0.43	0.48	0.45	0.05
Total expenses	(0.11)	(0.27)	(0.10)	-
Realized gains (losses) for the year	1.67	(0.02)	0.17	0.01
Unrealized gains (losses) for the year	0.05	0.88	0.42	0.34
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>2.04</b>	<b>1.07</b>	<b>0.94</b>	<b>0.40</b>
Distributions:				
From income (excluding dividends)	(0.05)	(0.42)	(0.21)	(0.03)
From dividends	-	-	(0.24)	(0.01)
From capital gains	(0.38)	-	-	(0.01)
Return of capital	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.43)</b>	<b>(0.42)</b>	<b>(0.45)</b>	<b>(0.05)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>12.31</b>	<b>11.34</b>	<b>10.54</b>	<b>10.13</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\*Series F shares were first issued on November 10, 2011 at \$10.00.

<b>Marquest S&amp;P/TSX Canadian Dividend Aristocrats Fund - Corporate Class (Series T8)*</b>				
<b>Net Assets per Share (\$) <sup>(1)</sup></b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net assets, beginning of the year <sup>(2)</sup>	<b>10.41</b>	<b>10.19</b>	<b>10.13</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	0.40	0.45	0.42	0.04
Total expenses	(0.22)	(0.36)	(0.20)	-
Realized gains (losses) for the year	2.01	(0.01)	0.16	0.01
Unrealized gains (losses) for the year	(1.00)	0.80	0.13	0.11
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>1.19</b>	<b>0.88</b>	<b>0.51</b>	<b>0.16</b>
Distributions:				
From income (excluding dividends)	(0.10)	(0.80)	(0.40)	-
From dividends	-	-	(0.30)	-
From capital gains	(0.71)	-	-	(0.01)
Return of capital	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.81)</b>	<b>(0.80)</b>	<b>(0.70)</b>	<b>(0.01)</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>10.75</b>	<b>10.41</b>	<b>10.17</b>	<b>10.13</b>

**Notes:**

(1) This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014 and restated the year ended December 31, 2013 under IFRS. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which allows the fund to use the closing price for its investments. Accordingly, the opening net assets as at January 1, 2013 reflect the adjusted figure in accordance with IFRS.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional shares of the Fund.

\*Series T shares were first issued on November 10, 2011 at \$10.00. Series T was renamed Series T8 effective June 29, 2012.

**Financial Highlights (continued)**

<b>Ratios and Supplemental Data</b>				
<b>Series A*</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 1,497	\$ 2,454	\$ 1,961	\$ 313
Number of shares outstanding <sup>(1)</sup>	139,170	218,188	185,274	30,835
Management expense ratio <sup>(2)</sup>	2.02%	3.70%	1.88%	-
Management expense ratio before waivers or absorption <sup>(5)</sup>	7.40%	5.32%	8.75%	-
Trading expense ratio <sup>(3)</sup>	0.06%	0.11%	0.11%	-
Portfolio turnover rate <sup>(4)</sup>	21.03%	56.99%	43.14%	298.17%
Net asset value per share <sup>(1)</sup>	\$ 10.76	\$ 11.25	\$ 10.59	\$ 10.15
<b>Series F*</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 46	\$ 1,407	\$ 1,722	\$ 5
Number of shares outstanding <sup>(1)</sup>	3,767	124,075	162,970	510
Management expense ratio <sup>(2)</sup>	0.90%	2.41%	0.89%	-
Management expense ratio before waivers or absorption <sup>(5)</sup>	3.29%	3.47%	4.15%	-
Trading expense ratio <sup>(3)</sup>	0.06%	0.11%	0.11%	-
Portfolio turnover rate <sup>(4)</sup>	21.03%	56.99%	43.14%	298.17%
Net asset value per share <sup>(1)</sup>	\$ 12.31	\$ 11.34	\$ 10.56	\$ 10.15
<b>Series T8*</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 249	\$ 282	\$ 311	\$ 91
Number of shares outstanding <sup>(1)</sup>	23,189	27,076	30,515	9,015
Management expense ratio <sup>(2)</sup>	1.99%	3.45%	1.84%	-
Management expense ratio before waivers or absorption <sup>(5)</sup>	7.29%	4.95%	8.59%	-
Trading expense ratio <sup>(3)</sup>	0.06%	0.11%	0.11%	-
Portfolio turnover rate <sup>(4)</sup>	21.03%	56.99%	43.14%	298.17%
Net asset value per share <sup>(1)</sup>	\$ 10.75	\$ 10.41	\$ 10.19	\$ 10.14

**Notes:**

(1) The information is provided as at December 31st of the year shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(5) Waivers and absorption of certain expenses associated with the Fund are at the Manager's discretion and may be terminated at any time.

\*The Fund was established on November 10, 2011. Series T was renamed Series T8 effective June 29, 2012.

## Management Fees

---

The Fund pays an annual management fee equal to 1.60% of the average total NAV of Series A shares, 0.60% of the average total NAV of Series F and 1.60% of the average total NAV of Series T8 shares to the Manager. This fee is calculated daily and is based on the Fund's ending total NAV per series; cumulative daily totals are then paid on a weekly basis.

Of the management fees paid by the Fund to the Manager for Series A shares, approximately 52.24% was used to pay for sales and trailer commissions and 47.76% was for investment advisory and portfolio management services.

Of the management fees paid by the Fund to the Manager for Series F shares, 100.00% was for investment advisory portfolio management services. No sales and trailer commissions are paid in respect of Series F shares.

Of the management fees paid by the Fund to the Manager for Series T8 shares, approximately 57.61% was used to pay for sales and trailer commissions and 42.39% was for investment advisory and portfolio management services.

## Past Performance

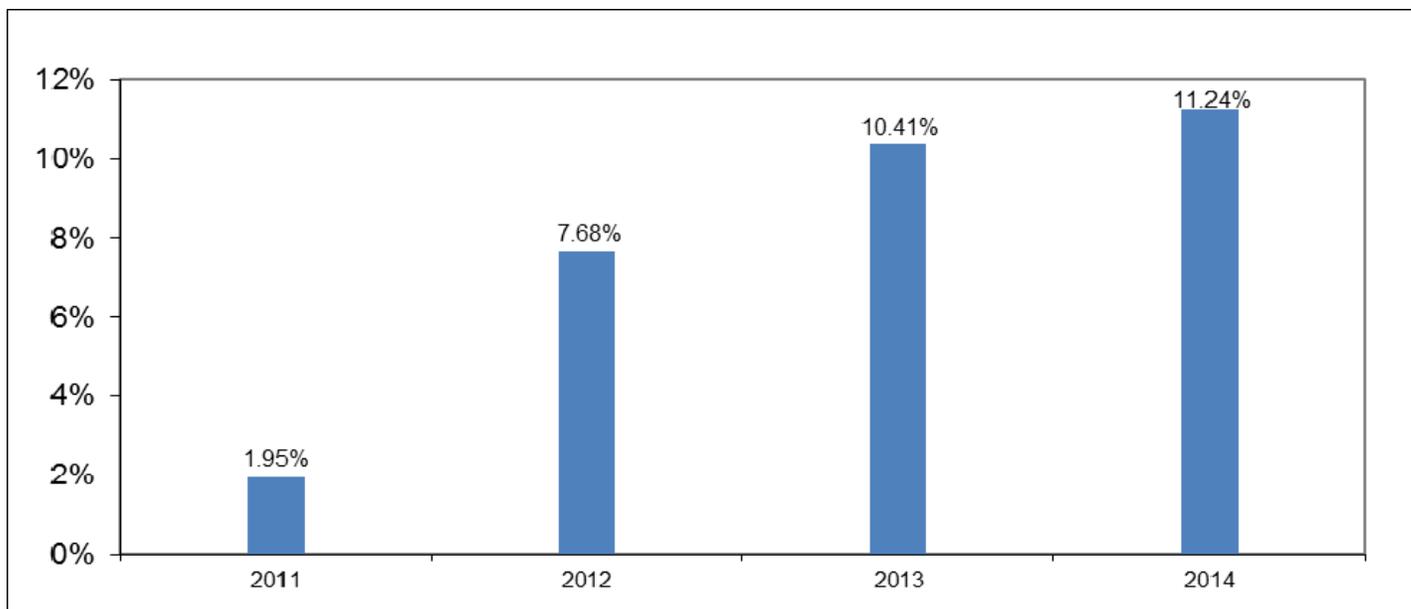
---

The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future. Performance differences between series of shares are mainly attributable to management fees charged to each series.

### Year-by-Year Returns

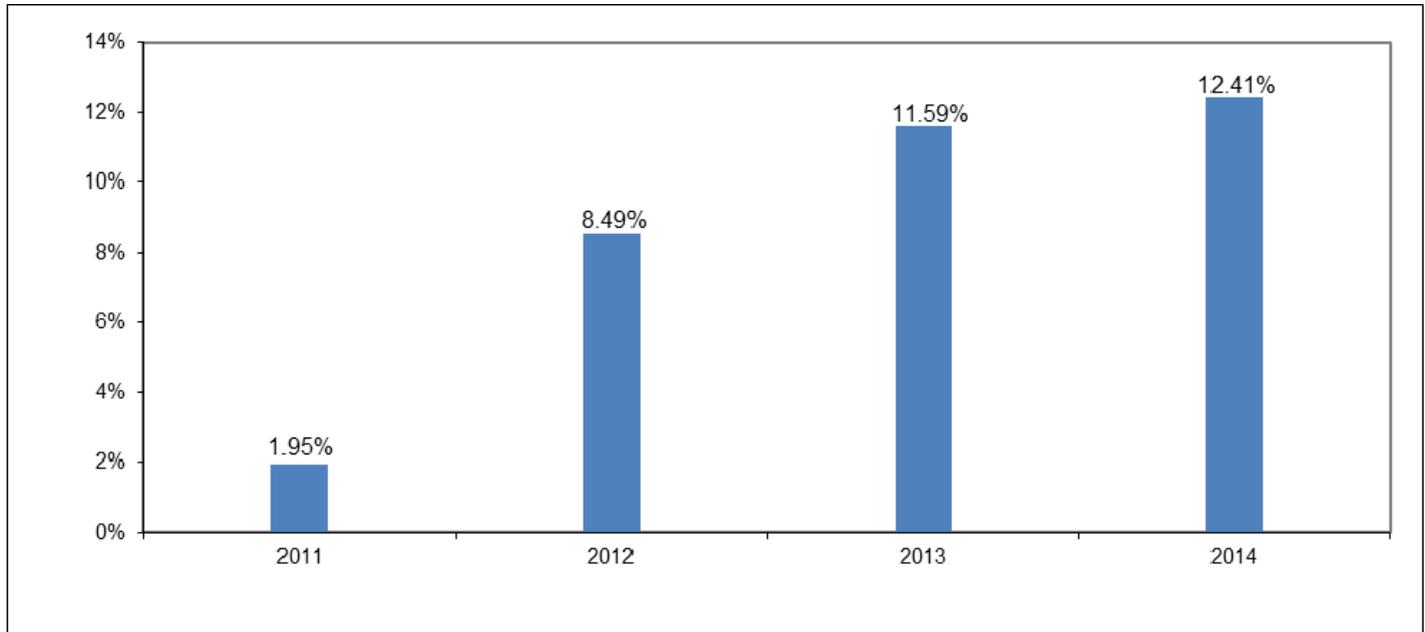
The following bar charts show the Fund's annual Series A, Series F and Series T8 performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year as applicable.

#### Series A



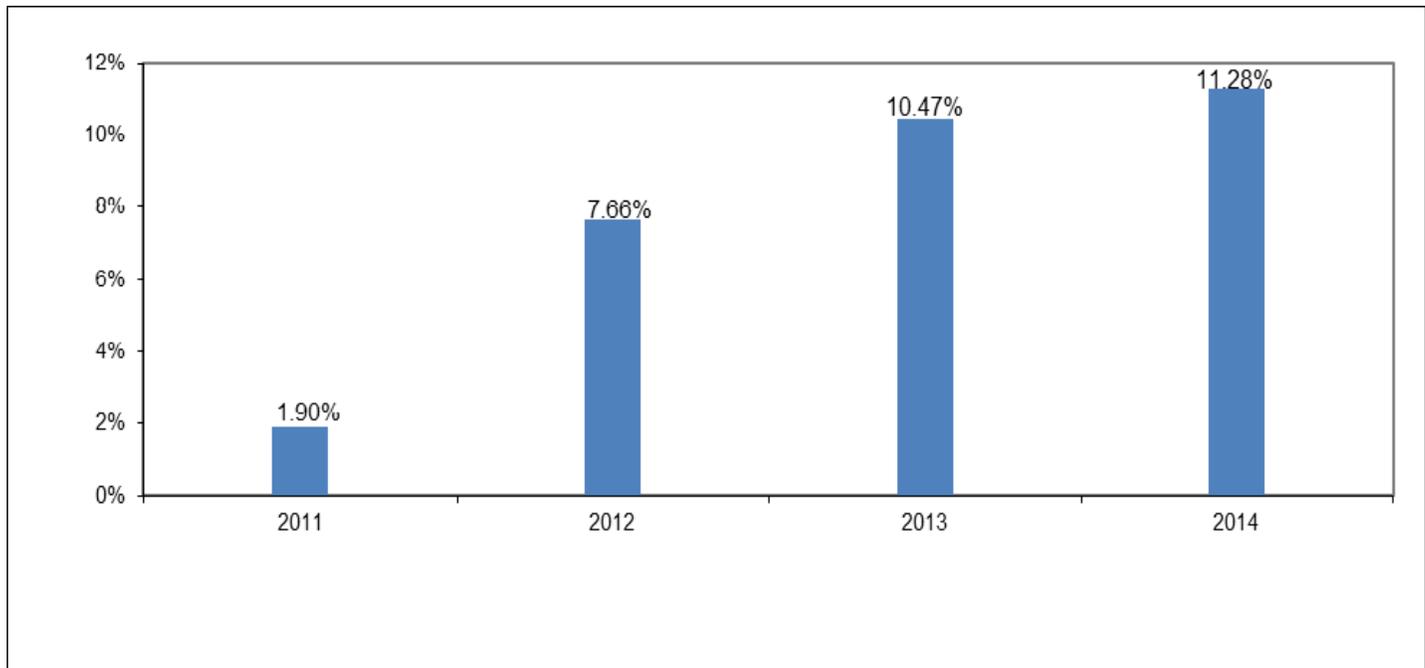
\* Inception date for Series A shares was November 10, 2011.

Series F



\* Inception date for Series F shares was November 10, 2011.

Series T8



\* Inception date for Series T8 shares was November 10, 2011.

## Annual Compound Returns

The table below compares the annual compounded performance of the Series A, F and T8 shares of the Fund against the S&P/TSX Canadian Dividend Aristocrats Index. This index encompasses a broad selection of large Canadian companies that are consistently increasing dividends every year for five years. For performance purposes, the index assumes the reinvestment of all dividends.

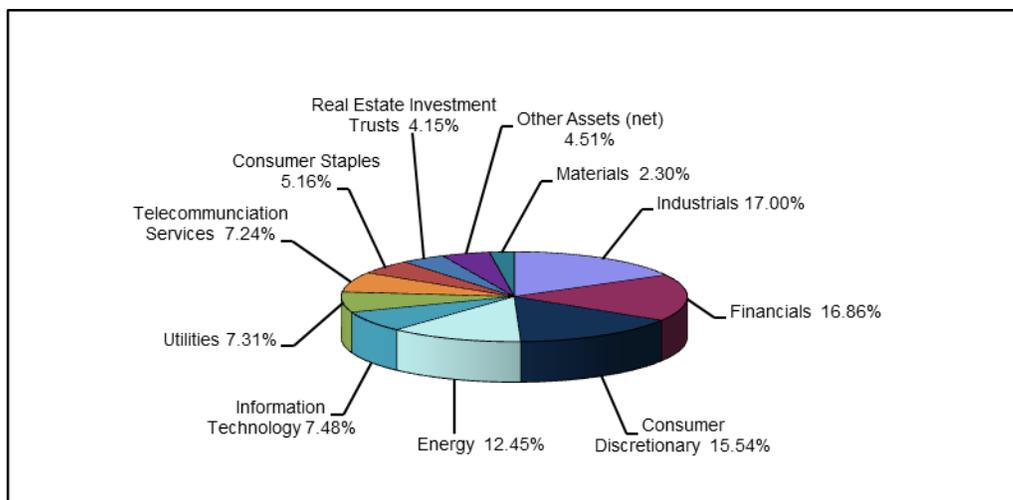
Unlike the index, the Fund must report performance net of all accrued fees and expenses, which dilute the actual Fund performance in relative comparison to the benchmarks, which does not incur any types of fees/expenses. The Fund has underperformed the index.

	1 Year %	3 Years %	5 Years %	10 Years %	Since Inception %
<b>Series A</b>	11.2%	9.8%	-	-	10.0%
<b>S&amp;P/TSX DVD Aristocrats</b>	13.8%	12.5%	-	-	12.9%
<b>Series F</b>	12.4%	10.8%	-	-	11.0%
<b>S&amp;P/TSX DVD Aristocrats</b>	13.8%	12.5%	-	-	12.9%
<b>Series T8</b>	11.3%	9.8%	-	-	10.0%
<b>S&amp;P/TSX DVD Aristocrats</b>	13.8%	12.5%	-	-	12.9%

## Summary of Investment Portfolio (as at December 31, 2014)

The pie chart and table below provide information about the investment portfolio of the Fund, including a breakdown of the Fund's portfolio into subgroups and the Top 25 positions held by the Fund as a percentage of NAV.

### Asset Mix



### Top 25 Holdings

1	Exchange Income Corp.	5.28%	14	Cineplex Inc.	2.13%
2	Cash	4.71%	15	Dorel Industries Inc.	2.12%
3	AGF Management Ltd.	3.14%	16	Bird Construction Inc.	2.11%
4	BCE Inc.	2.92%	17	TELUS Corp.	2.11%
5	Enbridge Income Fund Holdings Inc.	2.79%	18	Wi-Lan Inc.	2.11%
6	Emera Inc.	2.54%	19	Thomson Reuters Corp.	2.06%
7	Shaw Communications Inc.	2.40%	20	Evertz Technologies Ltd.	1.99%
8	Transcontinental Inc.	2.38%	21	IGM Financial Inc.	1.92%
9	Northern Property Real Estate Investment Trust	2.33%	22	Genworth MI Canada Inc.	1.87%
10	Fortis Inc.	2.28%	23	Canadian Real Estate Investment Trust	1.81%
11	Laurentian Bank of Canada	2.24%	24	Bank of Nova Scotia	1.76%
12	Corus Entertainment Inc.	2.21%	25	The Toronto-Dominion Bank	1.67%
13	Rogers Communications Inc.	2.19%		<b>TOTAL % OF NAV</b>	<b>61.07%</b>

This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund and a quarterly update is available at [www.marquest.ca](http://www.marquest.ca). The weightings of the positions are calculated based on total NAV of the portfolio as at December 31, 2014. The Fund does not hold short positions. The prospectus and other information of Marquest S&P/TSX Canadian Dividend Aristocrats Fund (Corporate Class) are available on the internet [www.sedar.com](http://www.sedar.com).

**TORONTO**

161 Bay Street  
Suite 4420, P.O. Box 204  
Toronto, ON M5J 2S1  
Phone 416.777.7350  
Toll Free 1.877.777.1541

**MONTREAL**

1155 Robert-Bourassa Boulevard  
Suite 905  
Montreal, QC H3B 3A7  
Phone 514.227.0666  
Toll Free 1.866.687.9363

**VANCOUVER**

1055 West Hastings  
Suite 300  
Vancouver, BC V6E 2E9  
Phone 604.895.7281

**CLIENT SERVICES**

Phone 416.365.4077  
Toll free 1.888.964.3533  
[clientservices@marquest.ca](mailto:clientservices@marquest.ca)

[WWW.MARQUEST.CA](http://WWW.MARQUEST.CA)