

Market Commentary

During the second quarter, the U.S. equity market continued to recover from the setback in the early part of the year. Notwithstanding a two day sell-off toward the end of June when the UK surprised investors with a vote to leave the European Union, the Corporate Class version of the Marquest American Dividend Growth Fund registered at a 5.1% return during the second quarter. This brought the YTD return to 1.6%, and resulted in a one year return of 8.1%. Returns for similar periods for the Trust version of the Fund were 4.5%, 1.2% and 7.0%.

In recent quarters, 'value' names have been gaining more respect with investors. Prior to 2016, 'growth' had achieved the enviable record of having outperformed value for seven consecutive years. A continuation of a trend away from 'growth' would bode well for the Fund.

With the appreciation of many value names within the portfolio, selective holdings have been trimmed on price strength. In some cases, shares have been called away after writing options on portions of the positions. We are content to see the exercise of the options into price strength, along with the resulting increase in the Fund's cash position. On the heels of the Brexit vote, there could be new opportunities to redeploy cash at attractive levels in the coming months.

Portfolio Commentary

During the quarter we found value in two international names; Vodafone PLC and Toyota Motor Corporation. We established new positions in each. Vodafone, a British based telecommunications company, provides services throughout much of the world. Through cable, fibre and copper, Vodaphone networks enable television, broadband and voice services. The shares were purchased at a yield of 5.4%, and we expect continued growth in the company's dividend.

The partial currency hedge that was initiated by the end of Q1, representing approximating 40% of the portfolio's USD exposure, was closed just ahead of the expiry of the June contract. A decision was taken not to renew the contracts immediately ahead of the Brexit vote. Following the surprise decision by Brits to leave the Eurozone, markets sold off for a couple of days. The Canadian currency also retreated in the face of this new uncertainty. Thereafter, we began the process of rebuilding a hedged position, and at June 30 approximately 15% of the portfolio had been hedged. We expect to continue adding to the hedge as conditions present opportunity.

Feature Holding - Toyota Motors Corp (ADR)

The Fund recently purchased shares of Toyota Motors via its ADR, trading on the NYSE. Toyota is one of the world's leading auto manufacturers. They are known to be innovative, with a broad geographical reach. We believe the company will continue to penetrate emerging economies with its offerings, potentially offsetting any slowdown in the North American business, where there is a more mature auto cycle.

Shares were purchased at roughly \$98 per ADR, a level that offered an attractive 3.7% yield. The shares were purchased at a valuation of 1 times book value. Further, Toyota's cash hoard is equivalent to 50% of its current market cap, a testament to its fortress balance sheet. With these metrics, we believe the shares already reflect trough cycle valuations, and a potential slowdown in North American auto sales.

Toyota could offer investors an interesting 'option' on a depreciating yen. Japan is attempting to grow its economy, and a weaker yen would be a boon for Toyota's business.

Sub - Advisor - Seamark Asset Management (2013) Ltd.

DON WISHART, CFA

President, Seamark Asset Management (2013) Ltd.

ROBERT MCKIM, CFA

Chief Investment Officer, Seamark Asset Management (2013) Ltd.

GEORGE V. LOUGHERY, CFA

Chief Portfolio Manager, Seamark Asset Management (2013) Ltd.

www.seamark.ca

TORONTO

161 Bay Street, Suite 4420, P.O. Box 204
Toronto, ON M5J 2S1
T: 416.777.7350 or 1.877.777.1541
F: 416.365.4080

MONTREAL

1155 Robert-Bourassa Boulevard, Suite 905
Montreal, QC H3B 3A7
T: 514.227.0666 or 1.866.687.9363
F: 514.875.8188

VANCOUVER

1055 West Hastings Street, Suite 300
Vancouver, B.C. V6E 2E9
T: 604.895.7281
F: 604.684.6024

CLIENT SERVICES

T: 416.365.4077 or 1.888.964.3533
F: 416.365.4080
clientservices@marquest.ca
www.marquest.ca