



MARQUEST AMERICAN DIVIDEND
GROWTH FUND

MARQUEST AMERICAN DIVIDEND GROWTH FUND

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE | For the Year Ended December 31, 2016

A NOTE ON FORWARD-LOOKING STATEMENTS

This report contains forward looking statements. These statements primarily relate to assessments of future economic and market conditions. 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.

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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. (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 or SEDAR at 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.

Management Discussion of Fund Performance

Investment Objectives and Strategies

Investment Objectives

The Fund primarily seeks capital preservation and long term capital appreciation, by investing primarily in a portfolio of large cap, dividend paying equity securities listed on a U.S. stock exchange.

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 or at SEDAR's website www.sedar.com.

Results of Operations

As at December 31, 2016, the Fund's total NAV was \$30,350,518, an increase of 541.43% since the prior year end (December 2015: \$4,731,684). The change is primarily due to net subscriptions of \$25,118,481.

The Marquest American Dividend Growth Fund Class A returned 6.7% in Canadian dollar terms after fees and expenses for the one-year period ended December 31, 2016. The net returns for the other class of this Fund are similar to those of Class A, except for differences attributable to expenses. By way of comparison, the S&P 500 returned 8.9% (CAD) during this period. Most of the return of the U.S. market came in the fourth quarter, coinciding with a large influx of capital into the fund. Security selection in the fund benefited from newfound interest by investors in value stocks, but cash balances in the portfolio diminished the total fund return. The Canadian dollar was volatile during 2016, but closed the year at 74.48 cents U.S., versus 72.25 cents one year before. The appreciation of the Canadian currency reduced returns in Canadian dollar terms when compared to the S&P500's return in U.S. dollars.

2016 marked a turn in fortunes for value sectors of the market compared to growth stocks. Growth had outperformed value for seven consecutive years ending 2015. The portfolio has been well positioned for rejuvenation in value names. The Fund especially benefited from a strong performance in financials, including holdings of Bank of America, JP Morgan, Northern Trust, State Street and Wells Fargo.

Markets have warmed to a pro-growth mantra as articulated by the incoming Trump administration. A strong market performance since the election suggests investors are assuming that a business-friendly agenda will be adopted. We are a little more cautious on the timing of the implementation, so we remain oriented towards companies with durable growth

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Results of Operations (Continued)

prospects and healthy dividends. And these companies could benefit if the U.S. government decides to do another repatriation of foreign earnings later this year.

The U.S. began its monetary tightening in December 2015, and followed up with another 25 basis point increase in the Fed Fund's rate in December 2016. Further modest increases are expected in 2017. Although rising interest rates can have a dampening effect on companies usually purchased for their yields, we believe that equities can continue to perform in an environment of modestly rising rates. Dividend yields on many high-quality, blue chip companies are still meaningfully higher than bond yields. Moreover, these dividend yields are growing at a healthy rate. At year end, the dividend yield on the equities that make up the American Dividend Growth Fund approximated 3.0%, which compared favourably to 10 year U.S. Treasury yields of 2.4%.

Notwithstanding a more positive business tone, we remain somewhat guarded on the rosy market outlook. Higher interest rates, discussions of a re-set on the trade front, and a strong U.S. dollar all pose potential headwinds for companies' profits, particularly in the case of multinationals. That said, the shift to pro-growth economic policies, including lower tax rates and less onerous regulation, should help extend the economic cycle. In the short term, the election has boosted investor confidence and pushed P/E ratios higher. Earnings need to catch up to the higher prices. A healthy cash reserve of 18.5% at year-end gives the fund a very defensive posture, and will allow the portfolio to take advantage of any volatility that lies ahead.

Recent Developments

Beginning in 2016, the Fund was permitted to engage in currency hedging strategies through the purchase of Canadian dollar future contracts. With the Canadian dollar trading at a significant discount to its U.S. counterpart, we are using our ability to partially hedge the currency exposure of the fund. A tactical hedge is seen as a tool to help protect the NAV, which is reported in Canadian dollar terms. Over the course of the year the proportion of the fund that was hedged fluctuated between zero and 50%. At year-end, approximately 50% of the portfolio's U.S. dollar exposure had been hedged, at an average rate of 74.36. We will continue to monitor currency movements, and would lean to increasing the hedge as a percent as a percent of the portfolio in the event the Canadian dollar declines to lower levels.

In addition to currency hedging, the fund's mandate also added the ability to write call options as a means of income enhancement and/or downside protection of capital. Our interest in call writing is opportunistic, which is in contrast to having an ongoing call writing program. The manager has discretion to write call options that are in the money, near the money, or out of the money, depending on the deemed degree of short-term overvaluation of the underlying security.

Related Party Transactions

Marquest Asset Management Inc. is the Manager ("the Manager") of the Fund. 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 if 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, \$228,342 in management fees (including HST) was paid to the Manager. The Manager is also the trustee of the Fund and is 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 \$58,516.

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 \$97,358 in expenses of the Fund.

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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 three years. The information is derived from the Fund's audited annual financial statements.

Marquest American Dividend Growth Fund (Class A)*			
Net Assets per Share (\$) ⁽¹⁾			
	2016	2015	2014
Net assets, beginning of the year	11.05	10.60	10.00
Increase (decrease) from operations:			
Total revenue	0.26	0.31	0.12
Total expenses (excluding distributions)	(0.34)	(0.34)	(0.10)
Realized gains (losses) for the year	0.20	0.17	0.04
Unrealized gains (losses) for the year	1.40	0.88	0.58
Total increase (decrease) from operations ⁽²⁾	1.52	1.02	0.64
Distributions:			
From net investment income (excluding dividends)	-	-	(0.02)
From dividends	-	-	-
From capital gains	(0.22)	(0.03)	(0.04)
Return of capital	(0.68)	(0.63)	(0.12)
Total Annual Distributions ⁽³⁾	(0.90)	(0.66)	(0.18)
Net assets at December 31st of year shown	10.84	11.05	10.60

Notes:

⁽¹⁾ This information is derived from the Fund's audited annual financial statements. The net assets attributable to holders of redeemable units per unit presented in the financial statements may differ from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to financial statements, if applicable.

⁽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, or both.

*Class A units were first issued on September 09, 2014 at \$10.00.

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Financial Highlights (continued)

Marquest American Dividend Growth Fund (Class F)*			
Net Assets per Share (\$) ⁽¹⁾			
	2016	2015	2014
Net assets, beginning of the year	11.23	10.66	10.00
Increase (decrease) from operations:			
Total revenue	0.28	0.31	0.07
Total expenses (excluding distributions)	(0.21)	(0.21)	(0.01)
Realized gains (losses) for the year	0.32	0.28	0.01
Unrealized gains (losses) for the year	0.62	0.79	0.62
Total increase (decrease) from operations ⁽²⁾	1.01	1.17	0.69
Distributions:			
From net investment income (excluding dividends)	-	(0.12)	(0.01)
From dividends	-	-	-
From capital gains	(0.22)	(0.09)	(0.01)
Return of capital	(0.68)	(0.45)	(0.16)
Total Annual Distributions ⁽³⁾	(0.90)	(0.66)	(0.18)
Net assets at December 31st of year shown	11.16	11.23	10.66

Notes:

⁽¹⁾ This information is derived from the Fund's audited annual financial statements. The net assets attributable to holders of redeemable units per unit presented in the financial statements may differ from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to financial statements, if applicable.

⁽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, or both

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Financial Highlights (continued)

Ratios and Supplemental Data			
Class A*	2016	2015	2014
Total net asset value (000's) ⁽¹⁾	\$ 29,729	\$ 4,366	\$ 759
Number of units outstanding ⁽¹⁾	2,742,159	395,139	71,592
Management expense ratio ⁽²⁾	2.78%	2.63%	2.33%
Management expense ratio before waivers or absorption ⁽⁵⁾	3.70%	5.59%	30.66%
Trading expense ratio ⁽³⁾	0.12%	0.09%	0.12%
Portfolio turnover rate ⁽⁴⁾	15.70%	22.87%	139.42%
Net asset value per unit ⁽¹⁾	\$ 10.84	\$ 11.05	\$ 10.60
Class F**	2016	2015	2014
Total net asset value (000's) ⁽¹⁾	\$ 622	\$ 365	\$ 13
Number of units outstanding ⁽¹⁾	55,676	32,514	1,264
Management expense ratio ⁽²⁾	1.64%	1.58%	0.23%
Management expense ratio before waivers or absorption ⁽⁵⁾	2.19%	3.36%	3.04%
Trading expense ratio ⁽³⁾	0.12%	0.09%	0.12%
Portfolio turnover rate ⁽⁴⁾	15.70%	22.87%	139.42%
Net asset value per unit ⁽¹⁾	\$ 11.16	\$ 11.23	\$ 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 September 9, 2014.

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

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Management Fees

The Management fees for each applicable class are calculated daily and are based on the Fund's ending total NAV per class; cumulative daily totals are then paid on a weekly basis. The Manager uses these management fees to pay sales and trailing commissions to registered dealers on the distribution of the Fund units, as well as for the general investment management expenses.

	Maximum Annual Management Fee Rate (%)	As a percentage of Management fees	
		Sales & Trailer Commissions (%)	Investment Advisory and Portfolio Management Services (%)
Class A Units	2.00%	39.83%	60.17%
Class F Units	1.00%	0.00%	100.00%

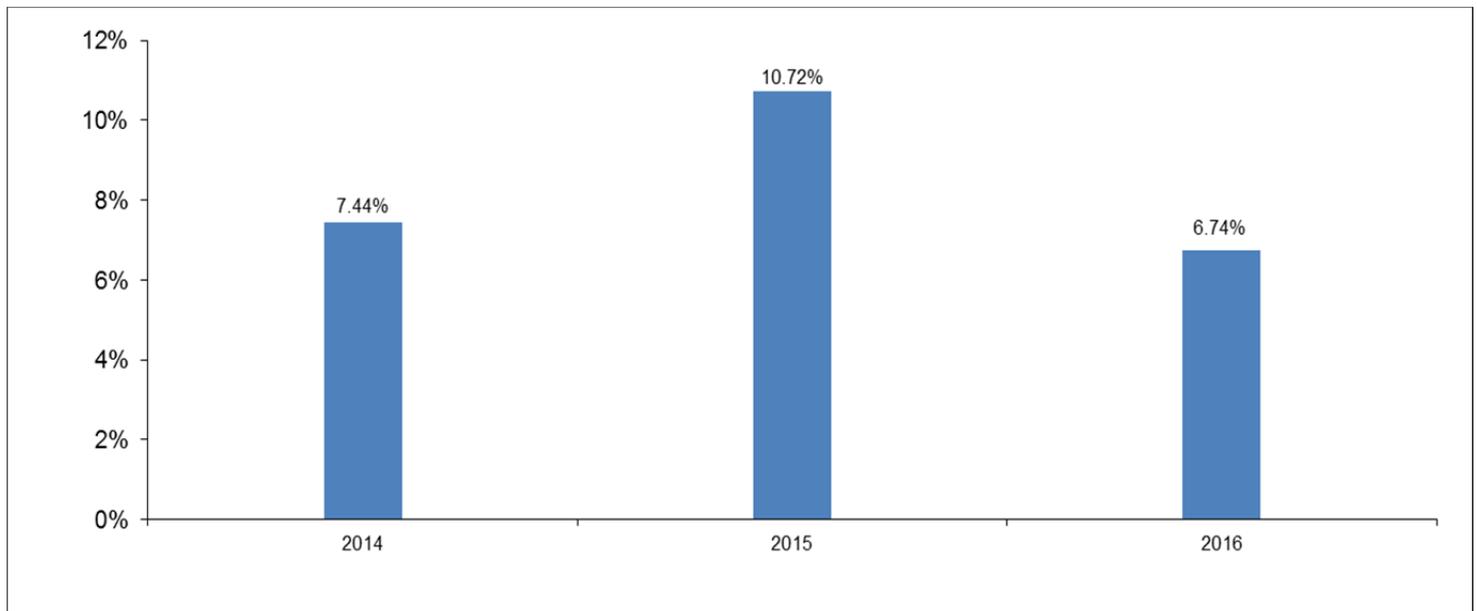
Past Performance

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 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 F 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.

Class A



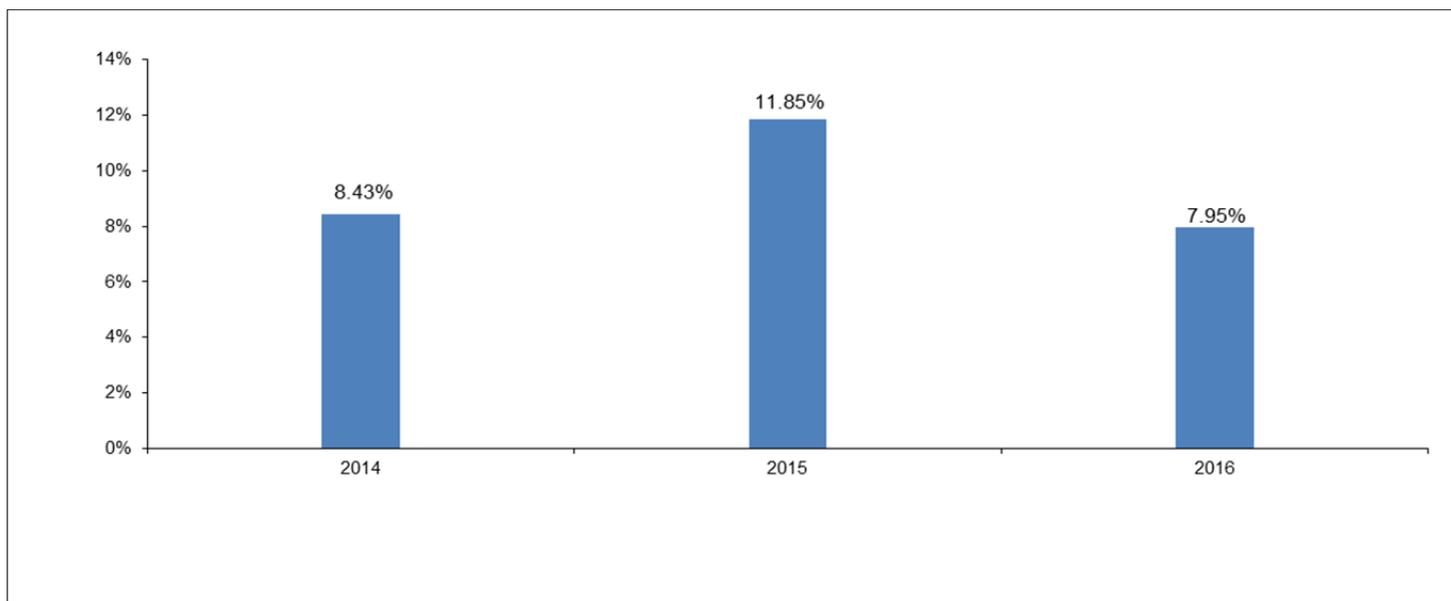
* Inception date for Class A units was July 17, 2014.

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Past Performance (continued)

Class F



* Inception date for Class F units was July 17, 2014.

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 500 Composite Total Return index. This is a market capitalization weighted, total return index comprising of 500 stocks. This index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. 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.

	1 Year %	3 Years %	5 Years %	10 Years %	Since Inception %
Class A	6.7%	-	-	-	10.2%
S&P 500 Composite Total Return Index	8.9%	-	-	-	18.2%
Class F	8.0%	-	-	-	11.6%
S&P 500 Composite Total Return Index	8.9%	-	-	-	18.2%

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Summary of Investment portfolio

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.

Total Net Asset Value: \$ 30,350,518

Portfolio Allocation

	% of Fund's Net Asset Value
Cash	16.17%
Healthcare	14.08%
Consumer Staples	11.52%
Financials	10.03%
Information Technology	9.51%
Industrials	8.35%
Energy	7.13%
Telecommunication Services	6.49%
Consumer Discretionary	6.01%
Utilities	4.17%
Materials	4.05%
Net Other Assets (Liabilities)	2.66%
Call Options	-0.17%
	100.00%

Top 25 Holdings

Long Position	% of Fund's Net Asset Value
1 Cash	16.17%
2 AT&T Inc.	2.26%
3 Verizon Communications Inc.	2.24%
4 Unilever PLC	2.16%
5 McDonalds Corp.	2.15%
6 Nestle SA	2.12%
7 Stryker Corp.	2.12%
8 NextEra Energy Inc.	2.11%
9 Newmont Mining Corp.	2.11%
10 Novartis AG	2.09%
11 Merck & Co., Inc.	2.08%
12 Pfizer Inc.	2.08%
13 The Walt Disney Co.	2.07%
14 Wells Fargo & Co.	2.07%
15 Diageo PLC	2.07%
16 Bristol-Myers Squibb Co.	2.07%
17 State Street Corp.	2.06%
18 Duke Energy Corp.	2.06%
19 Royal Dutch Shell PLC	2.05%
20 ABB Ltd.	2.05%
21 Honeywell International Inc.	2.05%
22 Johnson & Johnson	2.04%
23 General Electric Co.	2.02%
24 QUALCOMM Inc.	2.02%
25 Cisco Systems Inc.	2.00%
Long Position as a Percentage of Total Net Asset Value	66.32%

Short Position

1 Chevron Corp., Call options, Mar 2017, \$120	-0.01%
2 Verizon Communication, Call options, Mar 2017, \$55	-0.01%
3 McDonald's Corp., Call options, Mar 2017, \$125	-0.01%
4 AT&T Inc., Call options, Mar 2017, \$43	-0.02%
5 Stryker Corp., Call options, Mar 2017, \$120	-0.02%
6 El DuPont De Nemour, Call options, Apr 2017, \$75	-0.03%
7 Caterpillar Inc., Call options, Mar 2017, \$85	-0.07%
Short Position as a Percentage of Total Net Asset Value	-0.17%

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. The weightings of the positions are calculated based on total NAV of the portfolio as at December 31, 2016. The Fund does not hold short positions. The prospectus and other information of Marquest American Dividend Growth Fund are available on the internet www.sedar.com.

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