

MARQUEST COVERED CALL CANADIAN
BANKS PLUS FUND

MARQUEST COVERED CALL CANADIAN BANKS PLUS 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.

MARQUEST COVERED CALL CANADIAN BANKS PLUS FUND

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

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

Results of Operations

As at December 31, 2016, the Fund's total NAV was \$8,179,001, an increase of 268.36% since the prior year end (December 2015: \$2,220,389). The change is primarily due to net subscriptions of \$5,501,270, dividend income of \$191,231, net realized gain on sale of investments of \$367,717, net realized gain on option contract of \$148,163 and net unrealized appreciation on investments of \$520,637. These were partially offset by distribution to unitholders of \$664,809 and management fees of \$89,654.

Over the past year, the Fund's Class A units gained 18.1%, which underperformed the 24.2% rise in the S&P/TSX Financial Index. The Fund's return is after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the returns of any class, which may vary because of differences in management fees and expenses.

MARQUEST COVERED CALL CANADIAN BANKS PLUS FUND

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

Results of Operations (continued)

The Canadian Financials Index had a strong 2016 with returns of 24.15%. The Big-6 Canadian Banks rose by an average of 25% while the Big 4 Canadian Lifecos had an average return of 15%. The first half of 2016 yielded tepid returns of 4.41%, while the second half surged by 18.89% mainly due to an uptick in yields and new found optimism with US macro-economic prospects amongst global markets. Volatility levels began the year at elevated levels but gradually tapered off throughout the year as Canadian Financials began to exhibit stronger returns.

In the covered call fund, the manager wrote options on an average of 38% of the portfolio with an average annualized indicative yield of 5.64. With the market turning stronger in the last quarter, and volatility levels decreasing, the positions written in the portfolio increased to an average of 43%. Increasing the written positions of the portfolio had a two-fold effect. First, it increased the option premium for the portfolio amidst lower premium levels and, secondly, it helped crystallize further capital gains. Capital gains that were generated throughout the year by the Fund are used as an additional source of distribution to investors. The overall selection of written positions was dependent on available option premiums, recent moves in the underlying securities, and general economic conditions.

Recent Developments

2016 was a turning point for the economy as global growth reaccelerated in mid-year. This improvement in economic growth has had a significant impact on the capital markets. Interest rates turned up in the second half of the year as witnessed by the 84 bp increase in US 10 Year Treasury yields in the fourth quarter closing the year at 2.27%. The improved economic outlook and the strong employment conditions have given a green light to monetary authorities to finally begin normalizing monetary policy by increasing interest rates. We expect to see a series of rate hikes over the next year. The rising interest rate environment will be a challenge for bond investors.

The shift in the investment environment from slow growth/low interest rates to rising rates and stronger cyclical earnings will cause a significant shift in asset allocation from bonds to equities. In addition, within the equity market investors are expected to focus on the sectors with the strongest earnings outlook. We are now in the late stages of the economic cycle where interest rates rise, employment is strong, commodity prices are firm and cyclical sectors outperform. Stock selection will be a key to performance in the next year as well as smaller cap stocks tend to outperform in late cycle environments.

Related Party Transactions

Marquest Asset Management Inc. is the Manager (“the Manager”) of the Fund. The Manager is also the trustee of the Fund and is responsible for certain aspects of the day-to-day administration.

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, \$89,654 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 \$11,449.

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 \$119,656 in expenses of the Fund.

MARQUEST COVERED CALL CANADIAN BANKS PLUS FUND

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

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 Covered Call Canadian Banks Plus Fund (Class A)*			
Net Assets per Share (\$) ⁽¹⁾			
	2016	2015	2014
Net assets, beginning of the year ⁽²⁾	8.76	9.64	10.00
Increase (decrease) from operations:			
Total revenue	0.32	0.57	0.19
Total expenses (excluding distributions)	(0.19)	(0.19)	(0.04)
Realized gains (losses) for the year	0.88	0.11	0.03
Unrealized gains (losses) for the year	0.89	(0.81)	(0.15)
Total increase (decrease) from operations ⁽²⁾	1.90	(0.32)	0.03
Distributions:			
From net investment income (excluding dividends)	-	-	-
From dividends	(0.08)	(0.10)	(0.06)
From capital gains	(0.81)	(0.37)	(0.18)
Return of capital	-	(0.02)	-
Total annual distributions ⁽³⁾	(0.89)	(0.49)	(0.24)
Net assets at December 31st of year shown	9.42	8.76	9.64

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 16, 2014 at \$10.00.

MARQUEST COVERED CALL CANADIAN BANKS PLUS FUND

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

Financial Highlights (continued)

Marquest Covered Call Canadian Banks Plus Fund (Class F)*			
Net Assets per Share (\$) ⁽¹⁾			
	2016	2015	2014
Net assets, beginning of the year ⁽²⁾	8.94	9.83	10.00
Increase (decrease) from operations:			
Total revenue	0.33	0.57	0.23
Total expenses (excluding distributions)	(0.09)	(0.09)	(0.01)
Realized gains (losses) for the year	0.76	0.10	0.05
Unrealized gains (losses) for the year	0.93	(0.83)	(0.08)
Total increase (decrease) from operations ⁽²⁾	1.93	(0.25)	0.19
Distributions:			
From net investment income (excluding dividends)	-	-	-
From dividends	(0.13)	(0.13)	(0.08)
From capital gains	(0.89)	(0.31)	(0.18)
Return of capital	-	(0.15)	-
Total annual distributions ⁽³⁾	(1.02)	(0.59)	(0.26)
Net assets at December 31st of year shown	9.60	8.94	9.83

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

MARQUEST COVERED CALL CANADIAN BANKS PLUS FUND

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

Financial Highlights (continued)

Ratios and Supplemental Data			
Class A*	2016	2015	2014
Total net asset value (000's) ⁽¹⁾	\$ 7,686	\$ 1,976	\$ 276
Number of units outstanding ⁽¹⁾	816,071	225,597	28,634
Management expense ratio ⁽²⁾	1.97%	1.96%	0.78%
Management expense ratio before waivers or absorption ⁽⁵⁾	4.28%	9.72%	55.88%
Trading expense ratio ⁽³⁾	0.09%	0.08%	0.12%
Portfolio turnover rate ⁽⁴⁾	225.30%	104.42%	244.11%
Net asset value per unit ⁽¹⁾	\$ 9.42	\$ 8.76	\$ 9.64
Class F**	2016	2015	2014
Total net asset value (000's) ⁽¹⁾	\$ 493	\$ 245	\$ 145
Number of units outstanding ⁽¹⁾	51,305	27,362	14,744
Management expense ratio ⁽²⁾	0.92%	0.95%	0.16%
Management expense ratio before waivers or absorption	2.01%	4.72%	11.81%
Trading expense ratio ⁽³⁾	0.09%	0.08%	0.12%
Portfolio turnover rate ⁽⁴⁾	225.30%	104.42%	244.11%
Net asset value per unit ⁽¹⁾	\$ 9.60	\$ 8.94	\$ 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.

MARQUEST COVERED CALL CANADIAN BANKS PLUS FUND

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

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	1.65%	100.00%	0.00%
Class F Units	0.65%	0.00%	100.00%

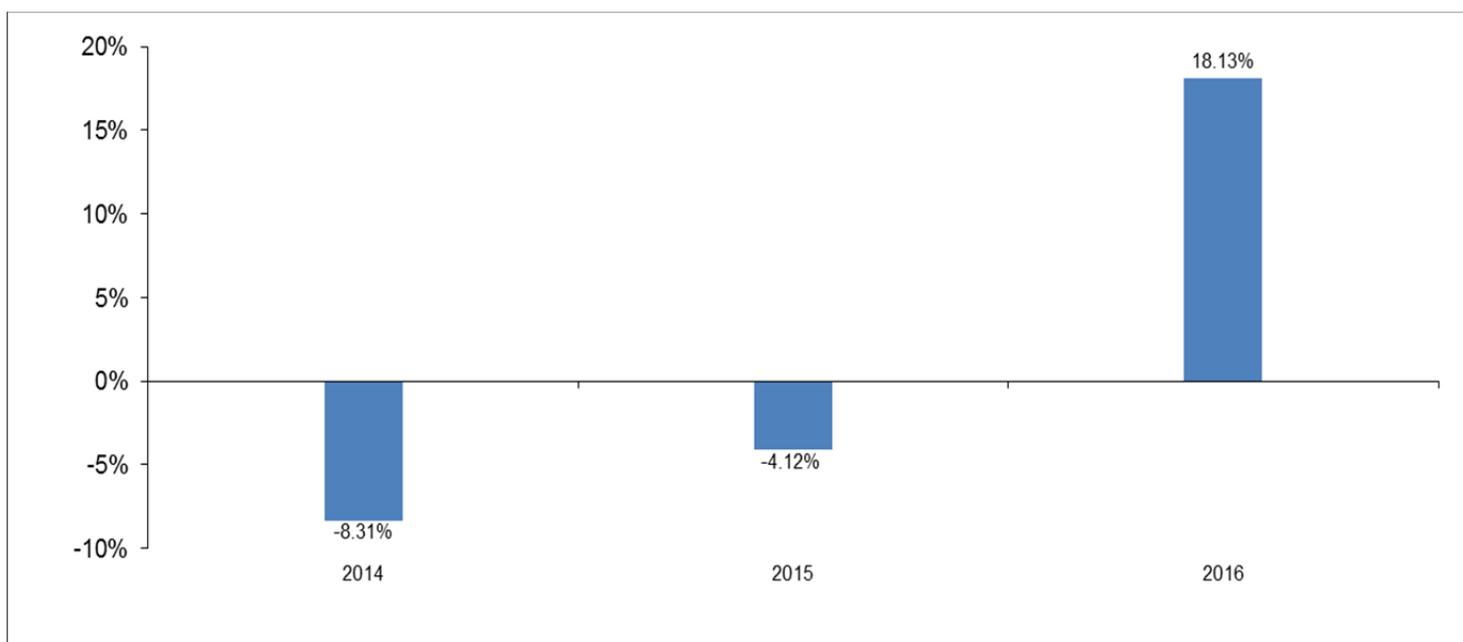
Past Performance

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 and Class 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.

Class A



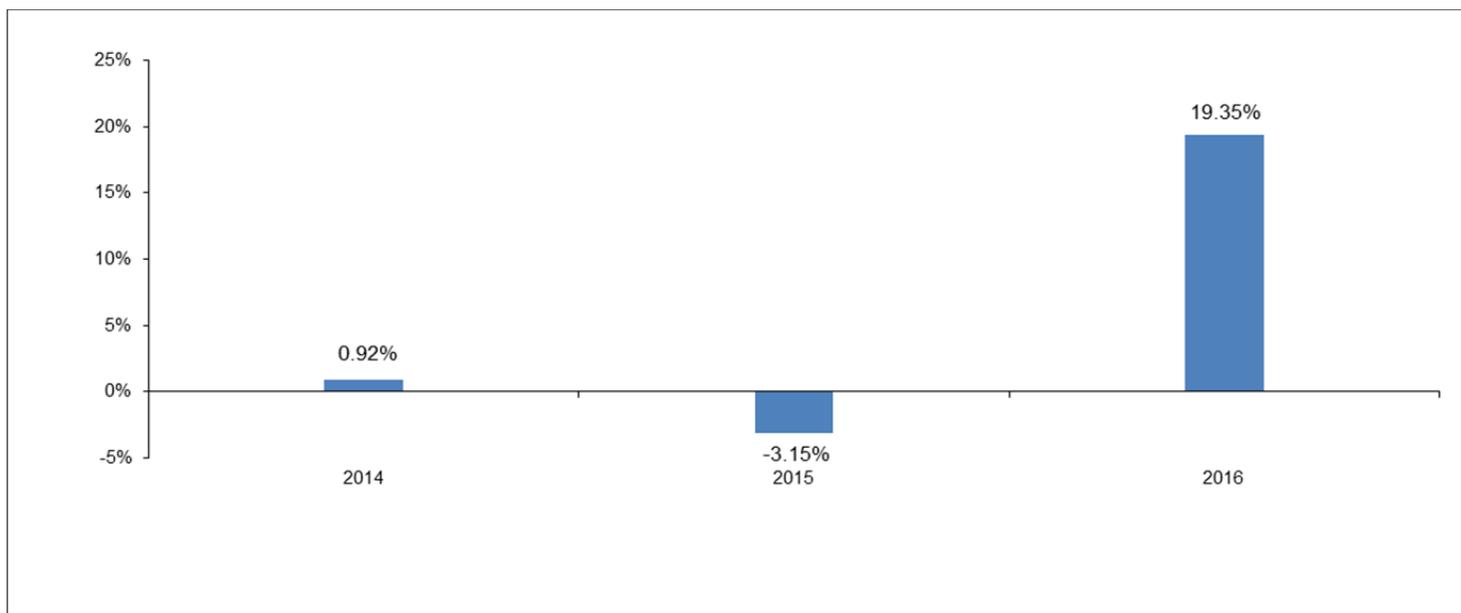
* Inception date for Class A units was July 17, 2014.

MARQUEST COVERED CALL CANADIAN BANKS PLUS FUND

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

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 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.

	1 Year %	3 Years %	5 Years %	10 Years %	Since Inception %
Class A	18.1%	-	-	-	4.7%
S&P/TSX Financial	24.2%	-	-	-	8.4%
Class F	19.4%	-	-	-	6.5%
S&P/TSX Financial	24.2%	-	-	-	8.4%

MARQUEST COVERED CALL CANADA BANK PLUS FUND

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

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. The Fund held less than 25 holdings as at the end of the year.

Total Net Asset Value: \$ 8,179,001

Portfolio Allocation

	% of Fund's Net Asset Value
Financials	95.66%
Cash	3.89%
Net Other Assets (Liabilities)	0.53%
Call Options	-0.08%
	<hr/> 100.00%

Top 25 Holdings

	% of Fund's Net Asset Value
Long Position	
1 Bank of Montreal	9.51%
2 The Toronto-Dominion Bank	9.48%
3 Royal Bank of Canada	9.44%
4 Canadian Imperial Bank of Commerce	9.38%
5 National Bank of Canada	9.37%
6 Bank of Nova Scotia	9.33%
7 Fairfax Financial Holdings Ltd.	5.28%
8 Intact Financial Corp.	4.99%
9 Sun Life Financial Inc.	4.90%
10 Industrial Alliance Insurance & Financial Services Inc.	4.82%
11 Great-West Lifeco Inc.	4.81%
12 Manulife Financial Corp.	4.79%
13 Power Financial Corp.	4.79%
14 Canadian Western Bank	4.77%
15 Cash	3.89%
Long Position as a Percentage of Total Net Asset Value	<hr/> 99.55%
Short Position	
1 Sun Life Financial Inc., Call options, Jan 2017, \$55	0.00%
2 Bank of Montreal, Call options, Jan 2017, \$100	-0.01%
3 Canadian Imperial Bank of Commerce, Call options, Jan 2017, \$114	-0.01%
4 Bank of Nova Scotia, Call options, Jan 2017, \$77	-0.01%
5 Canadian Western Bank, Call options, Jan 2017, \$31	-0.05%
Short Position as a Percentage of Total Net Asset Value	<hr/> -0.08%

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 prospectus and other information of Marquest Covered Call Canadian Banks Plus Fund are available on the internet 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

WWW.MARQUEST.CA