

**MARQUEST CORPORATE
CLASS FUNDS LTD.**

MARQUEST SHORT TERM INCOME FUND
(CORPORATE CLASS)

**MARQUEST CORPORATE CLASS FUNDS LTD.
MARQUEST SHORT TERM INCOME FUND (CORPORATE CLASS)**

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 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. (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.

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.

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

Results of Operations

As at December 31, 2016, the Fund's total NAV was \$465,027, a decrease of 64.05% since the prior year end (December 2015: \$1,293,494). The change is primarily due to net redemptions of \$832,223.

Over the past year, the Fund's Series A shares gained 0.5%, which mirror 0.5% rise in the CIBC WM 91 Day Treasury Bill CAD 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 series, which may vary because of differences in management fees and expenses.

Canada continued to maintain an accommodative monetary policy in 2016 and rates remained at 0.50% for the whole year. A decrease in the unemployment rate, continued strength in the housing sector and a rebound in oil prices helped to increase economic growth, however, the current inflation levels are still short of the Bank of Canada's target rate.

The Fund's significant commitment to high quality commercial paper and banker's acceptances helped boost the Fund's overall yield during another year of low interest rates. As of December 31, 2016, the Fund composition was made up as follows: 54.94% Bankers Acceptances, 17.64 Commercial Paper, 26.86% Canada Treasury Bills. In the current low interest rate environment, we expect to maintain an overweighting in high quality Corporate Notes in order to provide an attractive yield to investors.

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Recent Developments

The recovery in commodity prices as well as a weakening currency is spurring growth and tightening labor conditions. However, current inflation levels are below the Bank of Canada's target rate and current forecasts are indicating that they are expected to remain below this level for 2017. Furthermore, a potentially protectionist stance with the new government in the US, may dampen current growth within Canada. As a result, we expect benchmark interest rates to remain on hold for 2017 and The Fund will continue to be focused on money-market securities that offer higher yields.

Taxation of Switch Fund Shares

On March 22, 2016, the federal government announced in its budget that, beginning after September 2016, an exchange of shares of a mutual fund corporation that results in the holder of such shares switching between funds will be considered for income tax purposes to be a disposition at fair market value (the "2016 Budget Proposal"). The 2016 Budget Proposal will not apply to a switch where the shares received in exchange differ only in respect of management fees or expenses to be borne by investors and otherwise derive their value from the same portfolio or fund within the mutual fund corporation. Accordingly, if the 2016 Budget Proposal is enacted into law, the conversion by a holder of Shares of one Corporate Fund to Shares of another Corporate Fund may result in that holder realizing a capital gain or a capital loss.

On August 3, 2016, the Department of Finance released an updated version of the Legislative Proposals Relating to Income Tax, Sales Tax and Excise Duties which changed the effective date of the proposal to January 1, 2017.

Related Party Transactions

Marquest Asset Management Inc. is the Manager ("the Manager") of 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 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 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, \$2,212 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 \$752.

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 \$51,252 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 five years. The information is derived from the Fund's audited annual financial statements.

Marquest Short Term Income Fund - Corporate Class (Series A)*					
Net Assets per Share (\$) ⁽¹⁾					
	2016	2015	2014	2013	2012
Net assets, beginning of the year ⁽²⁾	11.58	11.52	11.43	11.33	11.25
Increase (decrease) from operations:					
Total revenue	0.11	0.11	0.13	0.14	0.14
Total expenses (excluding distributions)	(0.05)	(0.05)	(0.04)	(0.05)	(0.05)
Realized gains (losses) for the year	-	-	-	-	-
Unrealized gains (losses) for the year	-	-	-	-	-
Total increase (decrease) from operations ⁽²⁾	0.06	0.06	0.09	0.09	0.09
Dividends:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual dividends ⁽³⁾	-	-	-	-	-
Net assets at December 31st of year shown	11.64	11.58	11.52	11.43	11.33

Notes:

⁽¹⁾ This information is derived from the Fund's audited annual financial statements. Periods beginning on or after January 1, 2013 follow International Financial Reporting Standards (IFRS) and prior to January 1, 2013 follow Canadian Generally Accepted Accounting Principles (Canadian GAAP). 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 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 units of the Fund, or both.

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

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Financial Highlights (continued)

Marquest Short Term Income Fund - Corporate Class (Series F)*	
Net Assets per Share (\$) ⁽¹⁾	
	2016
Net assets, beginning of the year ⁽²⁾	10.00
Increase (decrease) from operations:	
Total revenue	0.04
Total expenses (excluding distributions)	-
Realized gains (losses) for the year	-
Unrealized gains (losses) for the year	-
Total increase (decrease) from operations ⁽²⁾	0.04
Dividends:	
From net investment income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
Total annual dividends ⁽³⁾	-
Net assets at December 31st of year shown	10.02

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 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 units of the Fund, or both.

*Series F shares were first issued on July 29, 2016 @ \$10.00.

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Financial Highlights (continued)

Ratios and Supplemental Data						
Series A*		2016	2015	2014	2013	2012
Total net asset value (000's) ⁽¹⁾	\$	405	\$ 1,293	\$ 1,479	\$ 1,319	\$ 1,704
Number of shares outstanding ⁽¹⁾		34,826	111,726	128,338	115,441	150,324
Management expense ratio ⁽²⁾		0.43%	0.43%	0.44%	0.44%	0.44%
Management expense ratio before waivers or absorption ⁽⁵⁾		7.81%	4.28%	7.81%	5.09%	4.52%
Trading expense ratio ⁽³⁾		-	-	-	-	-
Portfolio turnover rate ⁽⁴⁾		-	-	109.54%	316.38%	70.68%
Net asset value per share ⁽¹⁾	\$	11.64	\$ 11.58	\$ 11.52	\$ 11.43	\$ 11.33
Series F**		2016				
Total net asset value (000's) ⁽¹⁾	\$	60				
Number of units outstanding ⁽¹⁾		5,956				
Management expense ratio ⁽²⁾		0.11%				
Management expense ratio before waivers or absorption		0.82%				
Trading expense ratio ⁽³⁾		-				
Portfolio turnover rate ⁽⁴⁾		-				
Net asset value per unit ⁽¹⁾	\$	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.

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

** Series F shares were first issued on July 29, 2016.

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Management Fees

The Management fees for each applicable series are calculated daily and are based on the Fund's ending total NAV per series; 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 shares, 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 (%)
Series A Shares	0.60%	31.30%	68.70%
Series F Shares	0.30%	0.00%	100.00%

During the year ended December 31, 2016, the Fund Manager chose to charge Marquest Short Term Income Fund (Corporate Class) a 0.30% management fee.

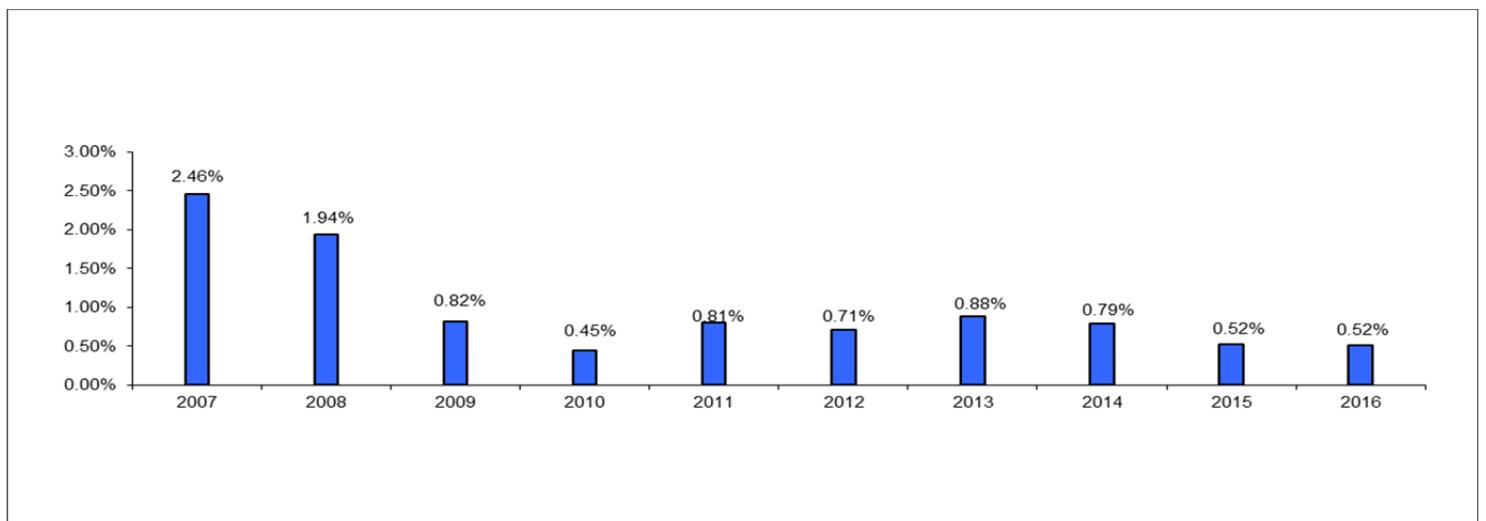
Past Performance

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 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.

Series A



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

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Past Performance (continued)

Series F

In accordance with National Instrument 81-106, performance data for the Series F will be shown after the Series has been operational for at least 12 consecutive months. Series F was first issued on July 29, 2016.

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.

	1 Year %	3 Years %	5 Years %	10 Years %	Since Inception %
A series	0.5%	0.6%	0.7%	1.0%	1.2%
CIBC WM 91 Day Treasury Bill CAD	0.5%	0.7%	0.8%	1.3%	1.5%

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

Total Net Asset Value: **\$ 465,027**

Portfolio Allocation

	% of Fund's Net Asset Value
Bankers Acceptance	49.38%
Treasury Bills	37.59%
Discount Commercial Paper	24.68%
Cash	14.32%
Bearer Deposit Notes	13.95%
Net Other Assets (Liabilities)	-39.92%
	100.00%

Top 25 Holdings

	% of Fund's Net Asset Value
1 Canadian Treasury Bill, 0.48%, 23/02/2017	17.19%
2 Canadian Treasury Bill, 0.48%, 23/03/2017	15.03%
3 Cash	14.32%
4 Canadian Imperial Bank of Commerce, 0.76%, 13/01/2017	13.96%
5 The Toronto-Dominion Bank, 0.77%, 07/02/2017	13.95%
6 Manulife Bank of Canada, 0.80%, 14/02/2017	13.95%
7 National Bank of Canada, 0.77%, 28/02/2017	13.95%
8 Hydro One Inc., 0.85%, 17/01/2017	12.87%
9 Gaz Métro Inc., 0.80%, 18/01/2017	11.81%
10 Royal Bank of Canada, 0.82%, 09/02/2017	7.52%
11 Canadian Treasury Bill, 0.49%, 12/01/2017	5.37%
	139.92%

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 Short Term Income Fund (Corporate Class) are available on the internet www.sedar.com.

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