MARQUEST CANADIAN BOND FUND

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE
Period ended June 30, 2017

MARQUEST
ASSET MANAGEMENT INC.

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. 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 CANADIAN BOND FUND

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended June 30, 2017

This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the Marquest Canadian Bond Fund (the "Fund"). You can get a copy of the interim financial statements at your request, and at no cost, from 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* 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

Results of Operations

As at June 30, 2017, the Fund's total NAV was $1,590,340, a decrease of 15.15% since the year end (December 31, 2016: $1,874,294).This change was primarily the result of net redemptions of $259,423.

The Marquest Canadian Bond Fund ("Fund") Class A returned 1.15% net of fees and expenses for the 6 months period ending June 30, 2017. The benchmark, FTSE TMX Canada Universe Bond Index ("Universe") returned 2.36% over the same time period (no adjustment for fees or expenses). In order to limit exposure to rising bond yields, the portfolio has been strategically structured with a defensive bias with a negligible weight in long-term bonds and a corresponding overweight in short-term corporates.

US Treasury yields were range-bound through much of the first quarter as investors analysed the mixed US economic data and struggled to determine the likelihood of a successful implementation of policies by the Trump administration. By the end of Q1, the quagmire facing the administration coupled with the weaker economic data globally was enough to push investors into long Treasuries throughout most of Q2, driving ten and thirty-year yields to their recent lows on June 26. Two-year yields were also range-bound during Q1, but rose during Q2, in response to communication from FOMC members on the direction of Fed policy.

Canadian government bonds followed the lead of Treasuries during the first half, rising until the Bank of Canada changed policy during the second week of June. On June 12th, Governor Poloz, after choosing to stay in the shadows while political, economic and market uncertainties sorted themselves out, reappeared, somewhat prematurely, by proxy in a speech delivered by Senior Deputy Governor of the BoC, Carolyn Wilkins on June 12th to The Associates of the Asper School of Business, shocking the market with hints of reduced monetary stimulus ahead. Her message was echoed by other members of the Bank's governing council, including the Governor himself, during a CBC interview the next day, leaving no doubt of the Bank's intentions, and even urgency. Investors took heed immediately, adjusting the Loonie – appreciating by 2.9 cents against the US dollar, and the yield curve – 2-year yields rose by 35 basis points, after hovering around 0.75% since December (all to quarter-end).

European central banks were also active in June with the ECB and Bank of England, both surprising investors with indications of tighter monetary policy on the horizon. However, to date, the Fed has been the only one raising rates, having moved a further 25 bps on June 14th, together with the unveiling of its plan for unwinding its balance sheet, sometime in the near future.

Performance in the first half benefitted from the portfolio's credit exposure which was concentrated in shorter dated, higher yielding issues in top performing sectors: insurance and subordinated bank debt, and eastern provincials. There was also no exposure to mortgage lenders which underperformed. The portfolio was structured for rising yields and a steeper yield curve, via an overweight in 5-years in lieu of long bonds. However, the 2 to 30-year yield curve flattened by 43 bps over the quarter.

Results of Operations (Continued)

In the first quarter, exposure to longer-term credit was decreased with a corresponding increase of exposure to mid and short-term corporate debt, which provided a relatively higher degree of breakeven protection for rising bond yields. In the second quarter, subordinated bank debt holdings were reduced to purchase short-term autos and consumer staples, taking advantage of the outperformance of the subordinated bank debt and capitalizing on the widening spreads of the autos and consumer staples, from new issue supply pressures.

We have had to change our outlook for the Canadian bond market in response to the Bank of Canada's rapid about-face, but will not have to alter our strategy. Prior to Senior Deputy Governor Wilkins' speech, there was no evidence of a shift in sentiment from the bank, despite the data having improved – the message had been too much uncertainty. Clearly the Bank of Canada now believes that they have to get on with things – they can no longer ignore the better Canadian data, and have likely reduced the probability of Trump policies being enacted (although unlikely to say so).

Recent Developments

We expect the Bank of Canada to move once or twice this calendar year. The front-end of the Canadian yield curve has already responded to the Bank of Canada, but we expect more movement upwards following a Q3 rate hike. We expect the back-end of the Canadian yield curve to catch-up with the rise in the front-end – both US and Canadian yield curves are too flat in our view. However, a further rise in longer-term NA yields will be dependent upon rising wages and inflation expectations, and central bank actions. We expect the Fed to be active with a combination of balance sheet reductions and rate hikes – likely one more. Investors appear to now, be pricing in low probability of a Trump growth dividend – admittedly, it is difficult to see this sentiment shifting any-time soon. We are positioned for higher yields and a steeper curve – which is still appropriate.

Some analysts believe that the flattening of the yield curve is forecasting a recession, suggesting that underlying fundamentals such as falling inflation, over-indebtedness, the lack of wage growth and a tightening Fed are all warning signs. In our view, the curve is still early in the process of undoing the distortions created by asset purchases and other non-conventional monetary policies. The lack of liquidity in the long-end of the US bond market continues to play out with excessive moves when investors decide to add more duration. Despite tighter monetary policy from the Fed, investors have soured on the prospects of US government stimulus, appear tired of waiting for signals of wage growth, and have been willing to extrapolate low inflation into the future. T-Bond future's positions still indicate overall long positions despite some recent selling. We believe investors are too complacent on inflation, and expect to see expectations increase as the year progresses.

With respect to the corporate market, we feel there is an increased risk for yield spreads to come under pressure in the near term, given the potential for the supportive supply/demand imbalance to reverse and the prospect of higher interest rates. However, corporate spread levels currently represent almost half of all-in-yields and thus provide good relative value and protection. The portfolio possesses good liquidity and is structured conservatively with minimal exposure to sectors or issuers that would be most negatively impacted in the event of higher interest rates.

Related Party Transactions

Marquest Asset Management Inc. is the Manager (“the Manager”) of the Fund. 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 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 period, $9,236 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 $4,745.

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 period the Manager absorbed $26,671 in expenses of the Fund.

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 and the most recent interim period. The information is derived from the Fund’s unaudited interim and audited annual financial statements.

Marquest Canadian Bond Fund (Class A)**

Net Assets per Unit ($) [(1)]

	2017*	**2016**	**2015**	**2014**	**2013**	**2012**
Net assets, beginning of the year [(2)]	**4.32**	**4.50**	**4.66**	**4.59**	**4.96**	**5.05**
Increase (decrease) from operations:						
Total revenue	0.05	0.12	0.13	0.18	0.20	0.21
Total expenses (excluding distributions)	(0.04)	(0.07)	(0.08)	(0.08)	(0.08)	(0.08)
Realized gains (losses) for the year	0.01	0.01	0.11	0.03	(0.07)	0.19
Unrealized gains (losses) for the year	0.04	-	(0.06)	0.19	(0.18)	(0.14)
Total increase (decrease) from operations [(2)]	**0.06**	**0.06**	**0.10**	**0.32**	**(0.13)**	**0.18**
Distributions:						
From net investment income (excluding dividends)	(0.12)	(0.04)	(0.08)	(0.10)	(0.13)	(0.14)
From dividends	-	-	-	-	-	-
From capital gains	-	(0.02)	(0.15)	(0.03)	-	(0.14)
Return of capital	-	(0.18)	(0.01)	(0.11)	(0.11)	(0.00)
Total annual distributions [(3)]	**(0.12)**	**(0.24)**	**(0.24)**	**(0.24)**	**(0.24)**	**(0.28)**
Net assets at December 31st of year shown	**4.25**	**4.32**	**4.50**	**4.66**	**4.59**	**4.95**

Notes:

[(1)] (1) This information is derived from the Fund’s audited annual and unaudited interim 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 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.

**The financial information is for the six-month period ending June 30, 2017.*

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

Financial Highlights (continued)

Marquest Canadian Bond Fund (Class F)**

Net Assets per Unit ($) [1]

	2017*	2016	2015	2014	2013	2012
Net assets, beginning of the year [2]	**4.74**	**4.89**	**5.00**	**4.88**	**5.22**	**5.26**
Increase (decrease) from operations:						
Total revenue	0.06	0.13	0.14	0.19	0.21	0.22
Total expenses (excluding distributions)	(0.02)	(0.05)	(0.06)	(0.05)	(0.05)	(0.05)
Realized gains (losses) for the year	0.01	0.02	0.16	0.03	(0.07)	0.19
Unrealized gains (losses) for the year	(0.03)	(0.04)	(0.14)	0.20	(0.20)	(0.14)
Total increase (decrease) from operations [2]	**0.02**	**0.06**	**0.10**	**0.37**	**(0.11)**	**0.22**
Distributions:						
From net investment income (excluding dividends)	(0.12)	(0.04)	-	(0.16)	(0.12)	(0.13)
From dividends	-	-	-	-	-	-
From capital gains	-	(0.02)	(0.01)	(0.04)	-	(0.13)
Return of capital	-	(0.18)	(0.23)	(0.04)	(0.12)	(0.02)
Total annual distributions [3]	**(0.12)**	**(0.24)**	**(0.24)**	**(0.24)**	**(0.24)**	**(0.28)**
Net assets at December 31st of year shown	**4.69**	**4.74**	**4.89**	**5.00**	**4.88**	**5.21**

Notes:

[1] (1) This information is derived from the Fund's audited annual and unaudited interim 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 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.

**The financial information is for the six-month period ending June 30, 2017.*

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

Financial Highlights (continued)

Ratios and Supplemental Data						
Class A**	**2017***	**2016**	**2015**	**2014**	**2013**	**2012**
Total net asset value (000's) (1)	$ 1,474	$ 1,807	$ 2,231	$ 3,343	$ 5,759	$ 8,693
Number of units outstanding (1)	347,158	418,626	495,982	717,140	1,254,087	1,754,079
Management expense ratio (2)	1.65%	1.64%	1.64%	1.62%	1.64%	1.65%
Management expense ratio before waivers or absorption (5)	4.78%	5.19%	4.42%	3.60%	3.36%	3.20%
Trading expense ratio (3)	-	-	-	-	-	-
Portfolio turnover rate (4)	168.54%	369.65%	214.23%	131.04%	49.27%	134.35%
Net asset value per unit (1)	$ 4.25	$ 4.32	$ 4.50	$ 4.66	$ 4.59	$ 4.96
Class F***	**2017***	**2016**	**2015**	**2014**	**2013**	**2012**
Total net asset value (000's) (1)	$ 116	$ 67	$ 47	$ 735	$ 866	$ 1,217
Number of units outstanding (1)	24,717	14,139	9,691	146,965	177,478	233,386
Management expense ratio (2)	1.00%	1.01%	1.01%	1.00%	1.00%	1.00%
Management expense ratio before waivers or absorption (5)	2.90%	3.19%	2.73%	2.21%	2.05%	1.94%
Trading expense ratio (3)	-	-	-	-	-	-
Portfolio turnover rate (4)	168.54%	369.65%	214.23%	131.04%	49.27%	134.35%
Net asset value per unit (1)	$ 4.69	$ 4.74	$ 4.89	$ 5.00	$ 4.88	$ 5.22

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 financial information is for the six-month period ending June 30, 2017.*

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

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

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.

		As a percentage of Management fees	
	Maximum Annual Management Fee Rate (%)	**Sales & Trailer Commissions (%)**	**Investment Advisory and Portfolio Management Services (%)**
Class A Units	1.00%	66.07%	33.93%
Class F Units	0.40%	0.00%	100.00%

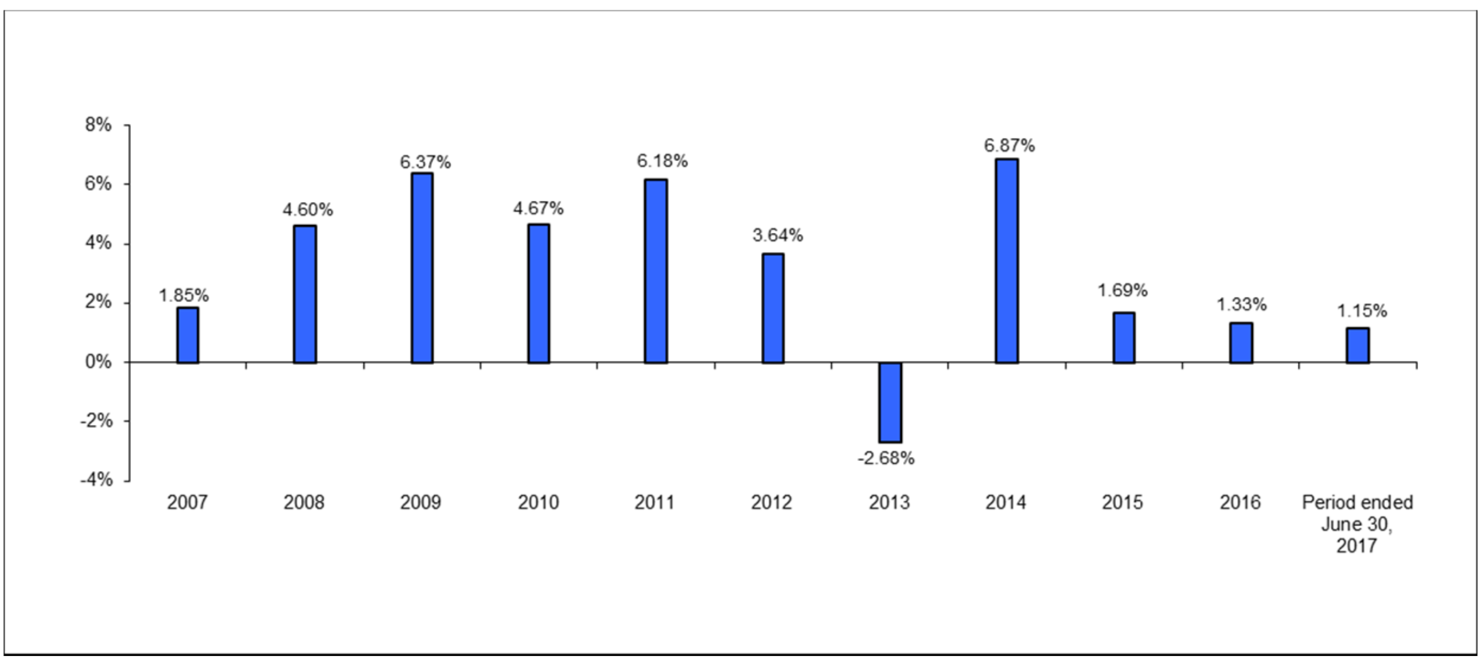
Past Performance

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 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.

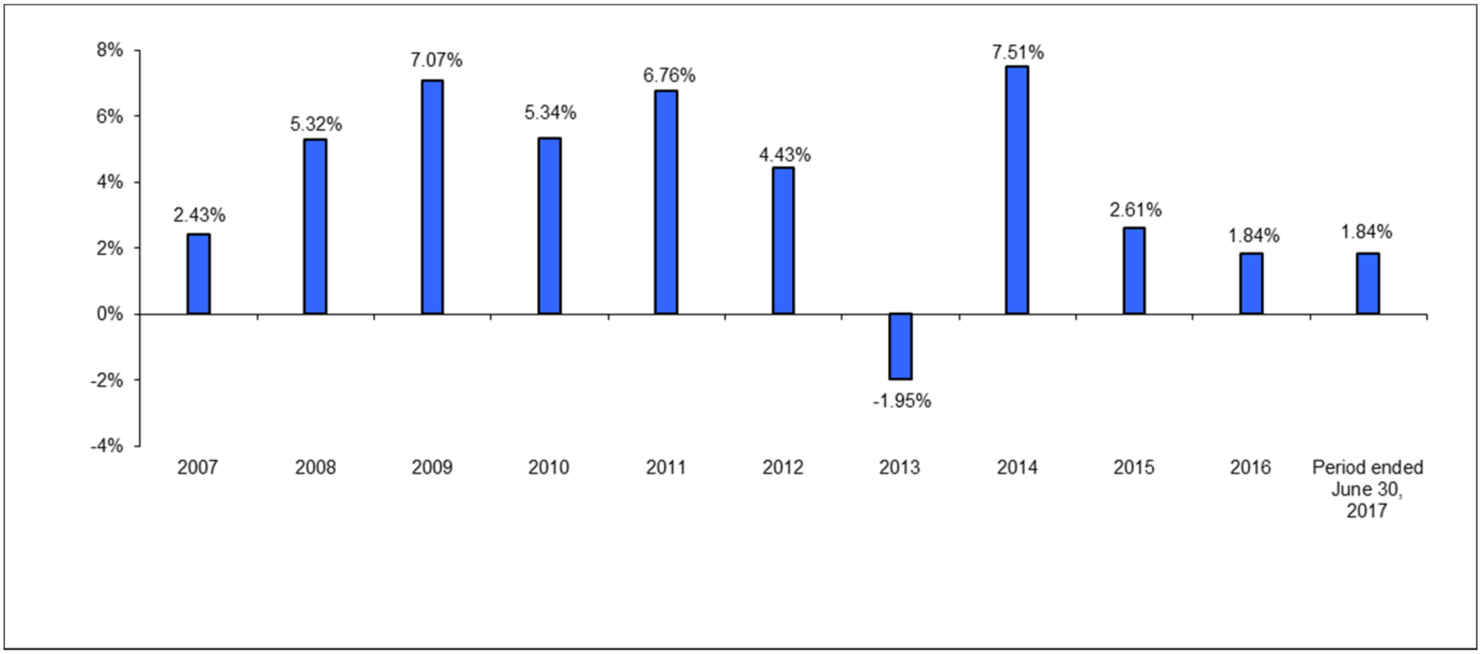
Class A



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

Past Performance (continued)

Class F



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

Summary of Investment portfolio as at June 30, 2017

Total Net Asset Value: **$ 1,590,340**

Portfolio Allocation

	% of Fund's Net Asset Value
Corporate Bonds	67.01%
Provincial Bonds	32.39%
Net Other Assets (Liabilities)	0.41%
Cash	0.19%
	100.00%

Top 25 Holdings

		% of Fund's Net Asset Value
1	Province of Nova Scotia, 2.10%, 01/06/2027	9.75%
2	Manufacturers Life Insurance Co., 2.10%, 01/06/2025	6.93%
3	Canadian Western Bank, 2.79%, 13/09/2021	6.30%
4	Daimler Canada Finance Inc., 1.57%, 25/05/2020	6.22%
5	Saputo Inc., 1.94%, 13/06/2022	6.18%
6	Province of Alberta, 2.20%, 01/06/2026	5.91%
7	Sun Life Financial Inc., 2.60%, 25/09/2025	5.29%
8	Province of Quebec, 2.50%, 01/09/2026	5.08%
9	TELUS Corp., 3.60%, 26/01/2021	4.95%
10	Enbridge Inc., 3.16%, 11/03/2021	4.83%
11	Laurentian Bank of Canada, 2.81%, 13/06/2019	4.78%
12	Ford Credit Canada Co., 2.77%, 22/06/2022	4.07%
13	Royal Bank of Canada, 2.48%, 04/06/2025	3.16%
14	Province of Manitoba, 2.55%, 02/06/2023	2.90%
15	TransCanada Pipelines Ltd., 3.69%, 19/07/2023	2.49%
16	Province of Alberta, 3.50%, 01/06/2031	2.30%
17	Province of Manitoba, 2.45%, 02/06/2025	2.22%
18	Enbridge Inc., 4.24%, 27/08/2042	2.15%
19	Thomson Reuters Corp., 4.35%, 30/09/2020	2.02%
20	FortisBC Energy Inc., 4.00%, 28/10/2044	1.92%
21	PSP Capital Inc., 1.34%, 18/08/2021	1.85%
22	The Toronto-Dominion Bank, 2.69%, 24/06/2025	1.59%
22	Province of Alberta, 2.55%, 01/06/2027	1.57%
24	Province of Alberta, 1.60%, 01/09/2022	1.54%
25	Enbridge Gas Distribution Inc., 5.21%, 25/02/2036	1.32%
		97.32%

The investments and percentages shown may change from time to time due to the ongoing portfolio transactions of the Fund. The weightings of the positions are calculated based on the total net asset value of the Fund as at June 30, 2017. The Fund does not hold short positions. To obtain a copy of the most recent annual report, semi-annual report, quarterly report or simplified prospectus of the Fund, please contact a member of our client services team or visit our website at www.marquest.ca or SEDAR at www.sedar.com.

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