

MARQUEST CANADIAN EQUITY INCOME FUND

SEMI-ANNUAL MANAGEMENT
REPORT OF FUND PERFORMANCE

Period ended June 30, 2017

MARQUEST CANADIAN EQUITY INCOME FUND

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

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 interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the Marquest Canadian Equity Income Fund (the "Fund"). You can get a copy of the interim 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

Results of Operations

As at June 30, 2017 the Fund's total NAV was \$3,287,008, a decrease of 7.46% since the prior year end (December 2016: \$3,552,009). The change is primarily due to net unrealized depreciation of investments of \$109,457 and distribution to holders of redeemable units of \$208,076, partially offset by dividend income of \$80,443.

Canadian markets posted modest returns in the first half of 2017 on the back of rallies in the Consumer Discretionary and Industrials sectors which returned 12.20% and 11.72% respectively. However, losses of 13.34% in the Energy index provided substantial drag on the TSX index's overall returns. During the first half of the year, the S&P/TSX Composite High Dividend Index gained 1.42%. Return of the Fund trailed those of the index, with a loss of 1.69% in the same period. The difference in the performance of the Fund relative to the index during the period resulted mainly from the impact of option writing strategies to generate income, management fees and operating expenses of the Fund.

As in previous years, a covered call strategy was used to generate additional income for the Fund. Call Options are written on approximately 20% of the Fund with a one month term to expiry. Due to the strong market conditions, volatility levels were quite subdued for most of the year which resulted in overall option premiums to be lower.

Distributions

During the period, the Fund paid distributions totalling \$0.35 per unit.

Recent Developments

With the Canadian economy being on the road to recovery, pressure is mounting on the Bank of Canada to change its accommodative stance and embark on a tightening process. With the U.S. economy continuing to grow, this is having a spillover effect in Canada as witnessed by an increase in Canadian yields as well as overall stronger economic data. We anticipate the Bank of Canada to begin a tightening process sometime during the second half of 2017. Furthermore, we are starting to see a recovery in the Energy sector, while Commodities seem to be rebounding as well from the heavy losses sustained at the end of 2016. This should provide for further strength in the Canadian market into the second half of 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 does not have a fixed termination date. The Management Agreement may be terminated on 60 days' notice by the Manager if the Fund is not in breach or default of its obligations under the Management Agreement or on 20 days' notice if the Fund is in breach or default of its obligations. The Manager may only be removed by the Fund if a certain specified events of default have occurred or by an extraordinary resolution of unitholders. Management fees are paid by the Fund as set out under "Management Fees" below.

During the period, \$11,696 in management fees and \$7,254 in dealer service fees (including HST) were paid to the Manager.

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Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help the readers understand the Fund's financial performance for the period ended June 30, 2017 and the past five periods ended December 31.

Net assets per unit ¹	2017	2016	2015	2014	2013	2012
Net assets, beginning of period	\$ 5.97	\$ 5.66	\$ 7.62	\$ 8.10	\$ 8.05	\$ 8.50
Increase (decrease) from operations						
Total investment income	0.13	0.26	0.32	0.36	0.40	0.41
Total expenses	(0.18)	(0.28)	(0.21)	(0.19)	(0.19)	(0.19)
Realized gains (losses)	0.13	(0.30)	(1.12)	0.57	0.35	(0.16)
Unrealized gains (losses)	(0.18)	1.33	(0.16)	(0.48)	0.16	0.16
Total increase (decrease) from operations²	(0.10)	1.01	(1.17)	0.26	0.72	0.22
Distributions						
From income (excluding dividends)	(0.35)	-	-	-	-	(0.69)
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	(0.29)	(0.26)	-
Return of capital	-	(0.70)	(0.70)	(0.41)	(0.44)	-
Total distributions³	(0.35)	(0.70)	(0.70)	(0.70)	(0.70)	(0.69)
Net assets at end of period	\$ 5.53	\$ 5.97	\$ 5.66	\$ 7.62	\$ 8.10	\$ 8.03

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 periods 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. Actual distributions may vary slightly due to rounding.

Ratios and Supplemental Data	2017	2016	2015	2014	2013	2012
Net asset value (000's) ¹	\$ 3,287	\$ 3,552	\$ 4,003	\$ 9,327	\$ 14,049	\$ 16,405
Number of units outstanding (000's) ¹	595	595	707	1,223	1,734	2,037
Management expense ratio ²	6.26%	4.88%	2.99%	2.36%	2.42%	2.36%
Management expense ratio (excluding issuance costs) ²	6.26%	4.88%	2.99%	2.36%	2.42%	2.36%
Portfolio turnover rate ³	38.71%	167.00%	98.98%	115.38%	203.80%	209.61%
Trading expense ratio ⁴	0.07%	0.30%	0.29%	0.29%	0.50%	0.53%
Net asset value per unit ¹	\$ 5.53	\$ 5.97	\$ 5.66	\$ 7.62	\$ 8.10	\$ 8.05
Closing market price	\$ 5.48	\$ 5.80	\$ 5.51	\$ 7.02	\$ 7.72	\$ 7.77

Notes:

- (1) This information is provided as at June 30, 2017 and December 31, 2016, 2015, 2014, 2013 and 2012.
- (2) Management expense ratio ("MER") is based on total expenses for the stated period (excluding brokerage commissions) and is expressed as an annualized percentage of daily average net assets during the period. The MER has been presented before and after the cost of issuance of Units of the Fund.
- (3) The Fund's portfolio turnover rate indicates how actively the Fund's investment manager 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 period. The higher a portfolio's turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.
- (4) 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.

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Management Fees

The Fund pays an annual management fee equal to 0.60% of the NAV of the Fund, calculated daily and paid monthly in arrears.

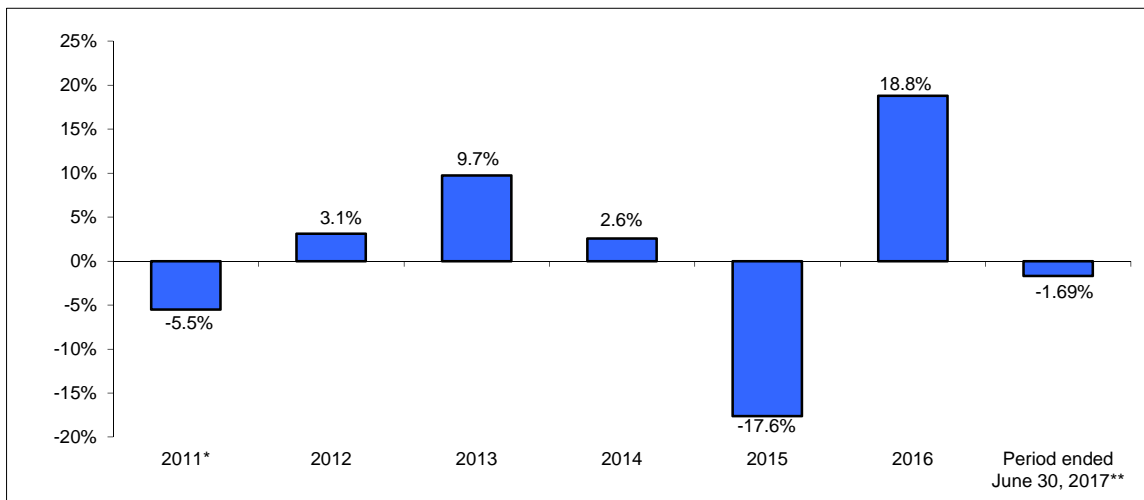
Of the management fees paid by the Fund to the Manager, 100% was for investment advisory and portfolio management services.

Past Performance

Please note that the performance information shown in the section assumes that all distributions made by the Fund in the period shown were reinvested in additional securities of the Fund. Also note that performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns on performance. The performance of the Fund in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The following bar chart shows the Fund's performance for each of the periods shown, and illustrates how the Fund's performance has varied from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of the period would have grown or decreased by the last day of the period.



Note: Returns are based on Net Asset Value per Unit plus distributions to date.

* The Fund commenced operations on May 9, 2011.

**For the period January 1, 2017 to June 30, 2017

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Summary of Investment portfolio

Total Net Asset Value: \$ 3,287,008

Asset Mix

	% of Fund's Net Asset Value
Financials	34.68%
Energy	26.23%
Utilities	10.61%
Real Estate Investment Trusts	10.10%
Telecommunication Services	9.95%
Materials	4.34%
Consumer Discretionary	3.11%
Industrials	0.84%
Cash And Cash Equivalents	0.53%
Consumer Staples	0.35%
Health Care	0.20%
Information Technology	0.17%
Net other assets (liabilities)	-1.11%
	100.00%

Top 25 Holdings

	% of Fund's Net Asset Value
1 Bank of Montreal	5.28%
2 Royal Bank of Canada	5.09%
3 The Bank of Nova Scotia	5.06%
4 TELUS Corporation	5.06%
5 Enbridge Inc.	5.00%
6 Pembina Pipeline Corporation	4.95%
7 TransCanada Corporation	4.90%
8 BCE Inc.	4.89%
9 Canadian Imperial Bank of Commerce	4.85%
10 Agrium Inc.	3.56%
11 Sun Life Financial Inc.	3.26%
12 Inter Pipeline Ltd.	2.76%
13 Shaw Communications Inc. Cl. B Non-Voting	2.56%
14 Emera Incorporated	2.27%
15 Keyera Corp.	2.26%
16 National Bank of Canada	2.13%
17 RioCan Real Estate Investment Trust	1.76%
18 Veresen Inc.	1.69%
19 AltaGas Ltd.	1.46%
20 Vermilion Energy, Inc.	1.45%
21 Brookfield Property Partners LP	1.44%
22 H&R Real Estate Investment Trust	1.43%
23 Power Corporation of Canada	1.23%
24 Algonquin Power & Utilities Corp.	1.15%
25 PEYTO Exploration & Development Corp.	1.13%
	76.62%

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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