

MARQUEST MONTHLY PAY FUND

ANNUAL MANAGEMENT
REPORT OF FUND PERFORMANCE

Year ended December 31, 2017

MARQUEST MONTHLY PAY FUND

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE | For the Year Ended December 31, 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 annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Marquest Monthly Pay 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 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 seeks to provide high investment returns by investing primarily in income producing securities such as common shares.

Investment Strategies

In order to achieve the Fund's objective, in respect of the equity component of the Fund's portfolio, investments are made based on an analysis of financial information of each potential investment to identify undervalued companies with improving fundamentals and high potential for price appreciation. Other factors, including economic data, are used to identify business cycle trends. The Fund may invest up to 49% of net assets in foreign securities, may write covered calls and puts (secured by cash) to enhance income and may use derivatives and invest in other mutual funds. In respect of the fixed income component of the Fund's portfolio, investments are made based on an analysis of the yield curve to identify securities offering good relative value.

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, 2017, the Fund's total NAV was \$25,624,223, a decrease of 47.41% since the prior year end (December 2016: \$48,723,603). The change is primarily due to distribution to holders of redeemable units, net redemptions and management fees of \$3,428,598, \$18,919,715 and \$723,309 respectively.

Over the past year, the Fund's Class A units returned -0.58%, which underperformed the 9.08% rise in the S&P/TSX Composite TR 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 management expense ratios and the Past Performance section for the returns of any class, which may vary because of differences in management fees and expenses.

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Results of Operations (continued)

The Canadian Market performance in 2017 was upbeat with a total return of 9.08%. We saw positive performance in all sectors except the energy sector. This first half of 2017 yielded tepid returns of 0.73% as there appeared to be cracks in Canada's housing market with Home Capital Group experiencing funding issues as investors and depositors lost faith in the mortgage lender and this depressed the returns of the Financials sector during the first half of the year. The Energy sector meanwhile had double digit losses as the market pulled back from the gains in the sector the prior year. In the second half of the year the Canadian economy started to rebound from the subpar growth in 2015 and 2016 and this growth finally led to the Bank of Canada raising its benchmark rate twice in July and September to a more respectable 1.00% from 0.50%. Finally, as stronger global growth became evident in the latter half of the year, the Industrials and Discretionary sectors reflected this growth in their strong performance and we also saw commodity prices drift higher towards the end of the year. The underperformance was due to the fund being overweight the energy sector in the first half of the year and as a result the fund took some losses in the sector in names like Torc Oil and Gas, Cenovus Energy and Birchcliff Energy Ltd. Some of the best performers in the fund include Spin Master Corp, Waste Connections Inc and the fund crystallized gains in Restaurant Brands International, Interfor Corp and some names in the financial sector.

Change of Distribution Rate

Effective January 2017 the monthly distribution amount for the Class A and Class F units changed to \$0.02 per unit from \$0.075 per unit.

Recent Developments

Global economies are having a coordinated period of accelerating growth. Consumer and business confidence improved dramatically in 2017 lending further support to the improving global economic growth trends. The pro-business economic agenda of the Trump administration played a major role in boosting confidence in the economic outlook. Deregulation is a major part of the Trump agenda and is expected to have a positive impact on the corporate sector and the financial industry in particular. The overhaul of the US Tax plan specifically the lowering of US Corporate taxes should result in a boost to corporate earnings and continued economic strength in the US economy. As a result of the improving economic trends stock markets around the world performed strongly in 2017.

While US 10 year Treasury yields were flat during 2017 they did see a significant uptick from early September into year end. While the US Federal reserve has hiked the federal funds rate three times in 2017 we expect the gradual normalization of interest rates worldwide to continue in 2018 including what could be the beginning of this process in Europe and Japan. We expect the rising interest rate environment will be a challenge for bond investors. The strong performance of equity markets worldwide in 2017 was due in major part to a significant shift in asset allocation from bonds to equities. We believe we are now in the late stages of the economic cycle which is characterised by firm labour markets, rising interest rates, strong commodity prices, increases in capital spending and rising inflation. In this market environment cyclical sectors outperform due to their operating leverage to increasing volumes and stronger pricing.

Sub-Advisor Change

Effective December 15, 2017 the Manager removed Logiq Asset Management Ltd. as the sub-advisor to the Funds. The Manager shall continue to act as portfolio advisor to the Funds.

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Related Party Transactions

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, \$723,309 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 \$366,417.

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 \$93,712 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 and audited annual financial statements.

Marquest Monthly Pay Fund (Class A)*					
<i>Net Assets per Unit (\$) ⁽¹⁾</i>					
	2017	2016	2015	2014	2013
Net assets, beginning of the year ⁽²⁾	2.41	3.31	4.61	5.43	5.63
Increase (decrease) from operations:					
Total revenue	0.05	0.06	0.12	0.20	0.25
Total expenses (excluding distributions)	(0.09)	(0.11)	(0.14)	(0.18)	(0.18)
Realized gains (losses) for the year	0.23	0.17	0.27	(0.13)	0.20
Unrealized gains (losses) for the year	(0.24)	(0.15)	(0.63)	0.15	0.44
Total increase (decrease) from operations ⁽²⁾	(0.05)	(0.03)	(0.38)	0.04	0.71
Distributions:					
From income (excluding dividends)	-	-	-	-	(0.03)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	(0.03)
Return of capital	(0.24)	(0.90)	(0.90)	(0.90)	(0.84)
Total annual distributions ⁽³⁾	(0.24)	(0.90)	(0.90)	(0.90)	(0.90)
Net assets at December 31st of year shown	2.15	2.41	3.31	4.61	5.43

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 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 June 24, 2003.

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Financial Highlights (continued)

Marquest Monthly Pay Fund (Class F)*					
Net Assets per Unit (\$) ⁽¹⁾					
	2017	2016	2015	2014	2013
Net assets, beginning of the year ⁽²⁾	3.35	4.18	5.50	6.24	6.25
Increase (decrease) from operations:					
Total revenue	0.08	0.08	0.14	0.23	0.28
Total expenses (excluding distributions)	(0.07)	(0.09)	(0.11)	(0.12)	(0.12)
Realized gains (losses) for the year	0.31	0.29	0.28	(0.15)	0.23
Unrealized gains (losses) for the year	(0.35)	(0.26)	(0.70)	0.17	0.44
Total increase (decrease) from operations ⁽²⁾	(0.03)	0.02	(0.39)	0.13	0.83
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	(0.08)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	(0.24)	(0.90)	(0.90)	(0.90)	(0.82)
Total annual distributions ⁽³⁾	(0.24)	(0.90)	(0.90)	(0.90)	(0.90)
Net assets at December 31st of year shown	3.13	3.35	4.18	5.50	6.24

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 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 February 7, 2006.

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Financial Highlights (continued)

Ratios and Supplemental Data					
Class A*	2017	2016	2015	2014	2013
Total net asset value (000's) ⁽¹⁾	\$ 25,085	\$ 45,038	\$ 123,660	\$ 189,240	\$ 197,361
Number of units outstanding ⁽¹⁾	11,645,862	18,654,529	37,311,038	41,087,920	36,314,171
Management expense ratio ⁽²⁾	3.30%	3.40%	3.30%	3.31%	3.29%
Management expense ratio before waivers or absorption ⁽⁵⁾	3.59%	3.43%	3.30%	3.31%	3.43%
Trading expense ratio ⁽³⁾	0.69%	0.56%	0.21%	0.13%	-
Portfolio turnover rate ⁽⁴⁾	196.39%	269.77%	86.80%	45.30%	24.50%
Net asset value per unit ⁽¹⁾	\$ 2.15	\$ 2.41	\$ 3.31	\$ 4.61	\$ 5.43
Class F**	2017	2016	2015	2014	2013
Total net asset value (000's) ⁽¹⁾	\$ 539	\$ 972	\$ 1,665	\$ 4,694	\$ 7,521
Number of units outstanding ⁽¹⁾	172,499	290,384	397,829	853,220	1,204,643
Management expense ratio ⁽²⁾	1.91%	2.07%	1.96%	1.95%	1.93%
Management expense ratio before waivers or absorption ⁽⁵⁾	2.08%	2.08%	1.96%	1.95%	2.02%
Trading expense ratio ⁽³⁾	0.69%	0.56%	0.21%	0.13%	-
Portfolio turnover rate ⁽⁴⁾	196.39%	269.77%	86.80%	45.30%	24.50%
Net asset value per unit ⁽¹⁾	\$ 3.13	\$ 3.35	\$ 4.18	\$ 5.50	\$ 6.24

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 June 24, 2003.

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

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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 Commission (%)	Investment Advisory and Portfolio Management Services (%)
Class A Units	2.00%	40.28%	59.72%
Class F Units	0.75%	0.00%	100.00%

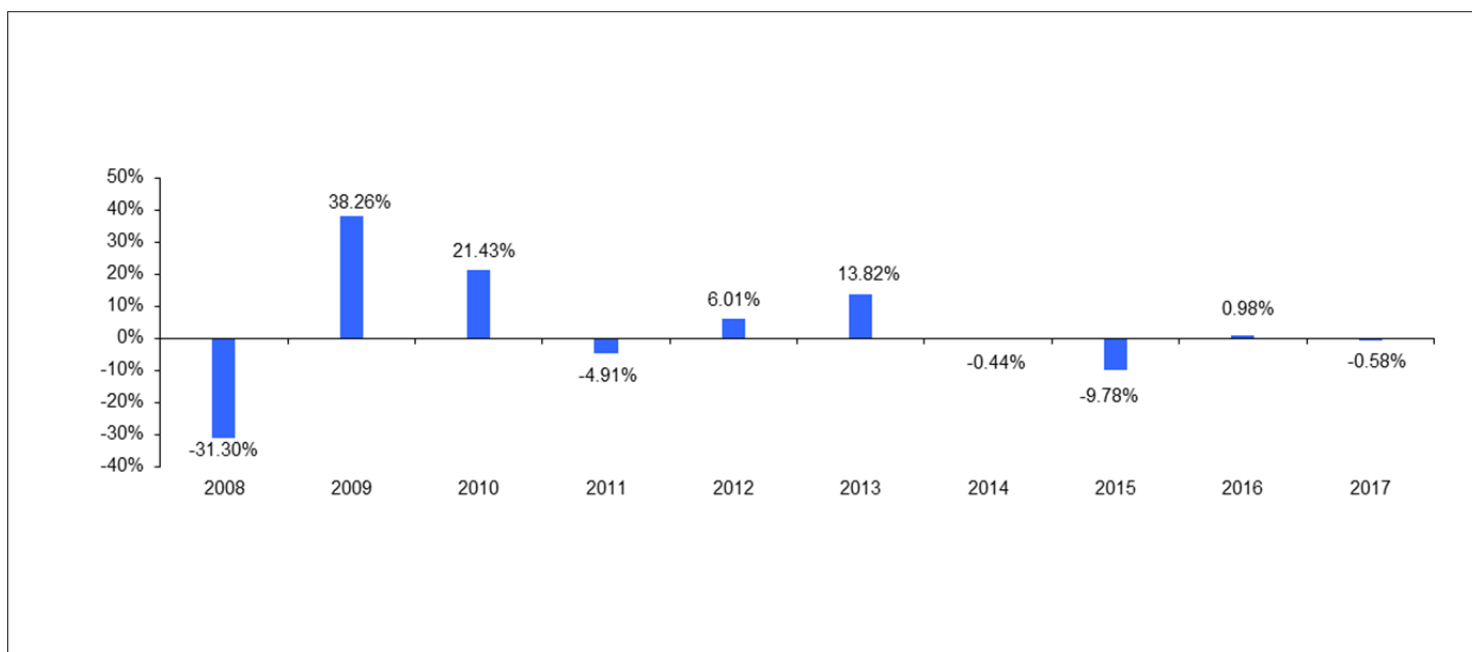
Past Performance

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 F units 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



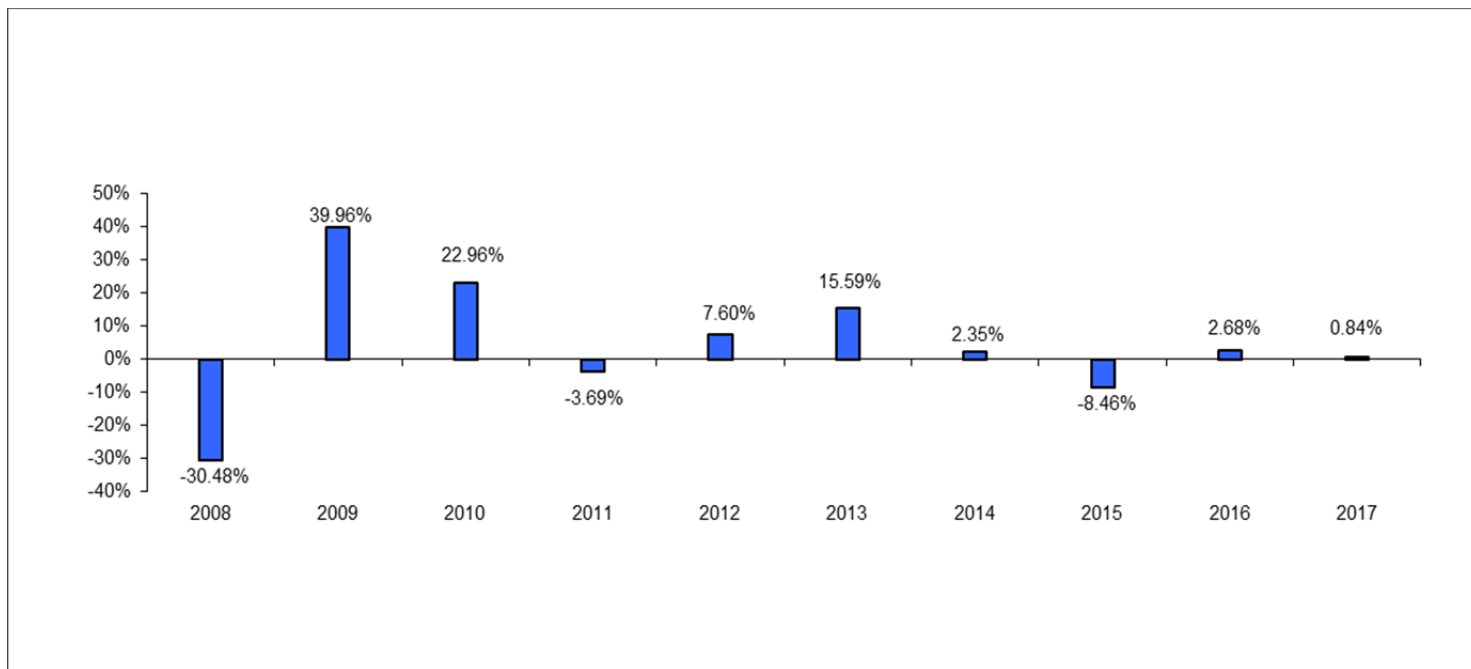
* Inception date for Class A units was June 24, 2003.

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Past Performance (continued)

Class F



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

Annual Compound Returns

The table below compares the annual compounded performance of the Class A and F units of the Fund against the S&P/TSX Composite TR. This index is a market capitalization weighted, total return index comprising of stocks within the S&P/TSX Completion Index. It is calculated in Canadian dollars and is comprised of stock (equity) prices of small and mid-sized capitalized companies. It encompasses a broad spectrum of economic sectors and is a benchmark that is designed to measure equity market performance in Canadian markets. For performance purposes, the index assumes the reinvestment of all dividends.

As the index is made up of a group of securities from various asset classes and market capitalizations, they do 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	-0.6%	-3.2%	0.8%	1.9%	3.7%
S&P/TSX Composite TR	9.1%	6.6%	8.6%	4.6%	8.8%
Class F	0.8%	-1.8%	2.3%	3.4%	3.1%
S&P/TSX Composite TR	9.1%	6.6%	8.6%	4.6%	5.7%

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Summary of Investment portfolio as at December 31, 2017

Total Net Asset Value: \$ 25,624,223

Portfolio Allocation

	% of Fund's Net Asset Value
Financials	18.36%
Cash	15.04%
Real Estate	14.58%
Energy	12.63%
Utilities	12.32%
Industrials	10.79%
Consumer Discretionary	9.80%
Healthcare	2.54%
Materials	2.27%
Fixed Income	0.76%
Information Technology	0.50%
Net Other Assets (Liabilities)	0.35%
Telecommunication Services	0.06%
	<hr/> 100.00%

Top 25 Holdings

	% of Fund's Net Asset Value
1 Cash	15.04%
2 Brookfield Infrastructure Partners LP	3.81%
3 Brookfield Asset Management Inc.	3.76%
4 Maxar Technologies Ltd.	3.13%
5 Park Lawn Corp.	3.09%
6 Waste Connections Inc.	2.91%
7 Sun Life Financial Inc.	2.85%
8 Dream Global Real Estate Investment Trust	2.77%
9 Manulife Financial Corp.	2.76%
10 Aramark	2.74%
11 SNC-Lavalin Group Inc.	2.60%
12 Northland Power Inc.	2.55%
13 Jamieson Wellness Inc.	2.54%
14 Allied Properties Real Estate Investment Trust	2.48%
15 Pure Industrial Real Estate Trust	2.44%
16 Pembina Pipeline Corp.	2.36%
17 Algonquin Power & Utilities Corp.	2.36%
18 Bank of Montreal	2.36%
19 Spin Master Corp.	2.35%
20 The Toronto-Dominion Bank	2.30%
21 Parkland Fuel Corp.	2.29%
22 Franco-Nevada Corp.	2.27%
23 PrairieSky Royalty Ltd.	2.24%
24 Bank of America Corp.	2.22%
25 Pure Multi-Family REIT LP	2.21%
	<hr/> 78.43%

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 December 31, 2017. 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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