MARQUEST MUTUAL FUNDS, INC.

FLEX DIVIDEND AND INCOME GROWTH™ SERIES FUND

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Period ended June 30, 2018

MARQUEST
ASSET MANAGEMENT INC.

MARQUEST MUTUAL FUNDS INC. -
FLEX DIVIDEND AND INCOME GROWTH ™ SERIES FUND

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended June 30, 2018

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 MUTUAL FUNDS INC. -
FLEX DIVIDEND AND INCOME GROWTH ™ SERIES FUND

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended June 30, 2018

This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the Marquest Mutual Funds Inc. Flex Dividend and Income Growth ™ Series 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 toll-free 1-877-777-1541, 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, 2018 the Fund's total NAV was $7,042,037, a decrease of 22.91% since the prior year end (December 2017: $9,135,171).The change is due to net redemptions of $1,766,728 and net realized capital loss on sale of investment of $568,587. These were partially offset by net unrealized appreciation on investments of $245,800.

Over the past six months, the Fund's Series A/Regular shares declined 4.17%. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of the other classes, which may vary because of differences in management fees and expenses.

The S&P/TSX Composite Index gained 0.42% in the first six months of 2018. The strongest sectors were Information Technology, Industrials and Energy which gained 22.00%, 5.80% and 2.80% respectively. The weakest sectors were Utilities, Telecom Services and Financials which recorded negative returns of 8.50%, 7.20% and 3.30% respectively. These relative returns reflected the late stage economic cycle environment in which cycle stocks tend to outperform interest sensitive sectors.

Given the nature of the Fund's investment guidelines and objectives the portfolio has a tendency to own interest sensitive companies and sectors. The two largest sectors in the portfolio during the period were Financials and Utilities which totaled 36.78% of the Fund as at June 30, 2018. These relatively large positions contributed to the Fund's underperformance of the market during the period.

Recent Developments

While global GDP remains relatively robust, the nagging uncertainty of trade negotiations is having a damping impact on the prospect of future growth in the emerging economies and most importantly China. Any change in China's economy will have a direct impact on commodity pricing due to their relatively large portion of global demand. Raising interest rates by the US Federal Reserve is another important factor in gauging the growth prospects for the global economy. The US Federal Reserve's gradualist approach to increasing interest rates is expected to extend the duration of this economic cycle.

Corporate Class Series termination

Effective September 28, 2018, Marquest Mutual Fund Inc. – Energy Series Fund will be terminated.

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 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 30 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, $72,450 in management fees (including HST) was paid to the Manager.

MARQUEST MUTUAL FUNDS INC. -
FLEX DIVIDEND AND INCOME GROWTH ™ SERIES FUND

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended June 30, 2018

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 Mutual Funds Inc. - Flex Dividend and Income Growth Series Fund (Series A-Regular)**						
Net Assets per Share ($) [(1)]						
	2018*	**2017**	**2016**	**2015**	**2014**	**2013**
Net assets, beginning of the year [(2)]	**14.34**	**14.31**	**13.80**	**13.85**	**14.08**	**12.82**
Increase (decrease) from operations:						
Total revenue	0.25	0.49	0.43	0.35	0.41	0.47
Total expenses (excluding distributions)	(0.28)	(0.47)	(0.60)	(1.02)	(1.00)	(0.53)
Realized gains (losses) for the year	(1.04)	0.87	0.50	0.17	1.80	0.30
Unrealized gains (losses) for the year	0.43	(0.96)	0.20	0.32	(1.41)	0.93
Total increase (decrease) from operations [(2)]	**(0.64)**	**(0.07)**	**0.53**	**(0.18)**	**(0.20)**	**1.17**
Distributions:						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions [(3)]	**-**	**-**	**-**	**-**	**-**	**-**
Net assets at December 31st of year shown	**13.74**	**14.34**	**14.31**	**13.80**	**13.85**	**14.08**

Notes:

[(1)] This information is derived from the Fund's audited annual fand unaudited interim inancial 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, 2018.*

***Series A shares were first issued on May 19, 2009.*

MARQUEST MUTUAL FUNDS INC. -
FLEX DIVIDEND AND INCOME GROWTH ™ SERIES FUND

Financial Highlights (continued)

Marquest Mutual Funds Inc. - Flex Dividend and Income Growth Series Fund (Series F)**						
Net Assets per Share ($) [1]						
	2018*	**2017**	**2016**	**2015**	**2014**	**2013**
Net assets, beginning of the year [2]	**13.81**	**13.63**	**13.00**	**12.83**	**12.89**	**11.61**
Increase (decrease) from operations:						
Total revenue	0.24	0.49	0.39	0.30	0.38	0.75
Total expenses (excluding distributions)	(0.19)	(0.28)	(0.41)	(0.76)	(0.77)	(0.84)
Realized gains (losses) for the year	(0.94)	0.66	0.53	0.08	1.60	0.47
Unrealized gains (losses) for the year	0.42	(0.57)	0.01	0.57	(1.39)	1.50
Total increase (decrease) from operations [2]	**(0.47)**	**0.30**	**0.52**	**0.19**	**(0.18)**	**1.88**
Distributions:						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions [3]	**-**	**-**	**-**	**-**	**-**	**-**
Net assets at December 31st of year shown	**13.31**	**13.81**	**13.63**	**13.00**	**12.83**	**12.89**

Notes:

[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, 2018.*

***Series F shares were first issued on November 13, 2009.*

Financial Highlights (continued)

Marquest Mutual Funds Inc. - Flex Dividend and Income Growth Series Fund (Series I)**						
Net Assets per Share ($) [1]						
	2018*	**2017**	**2016**	**2015**	**2014**	**2013**
Net assets, beginning of the year [2]	**16.93**	**16.71**	**15.92**	**15.59**	**15.49**	**13.80**
Increase (decrease) from operations:						
Total revenue	0.30	0.59	0.47	0.37	0.46	0.64
Total expenses (excluding distributions)	(0.23)	(0.35)	(0.46)	(0.86)	(0.75)	(0.72)
Realized gains (losses) for the year	(1.19)	0.92	0.54	0.11	1.98	0.40
Unrealized gains (losses) for the year	0.51	(0.94)	0.25	0.71	(1.59)	1.27
Total increase (decrease) from operations [2]	**(0.61)**	**0.22**	**0.80**	**0.33**	**0.10**	**1.59**
Distributions:						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions [3]	**-**	**-**	**-**	**-**	**-**	**-**
Net assets at December 31st of year shown	**16.32**	**16.93**	**16.71**	**15.92**	**15.59**	**15.49**

Notes:

[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, 2018.*

***Series I share were first issued on October 28, 2008.*

Financial Highlights (continued)

Ratios and Supplemental Data						
Series A-Regular**	**2018***	**2017**	**2016**	**2015**	**2014**	**2013**
Total net asset value (000's) [1]	$ 4,552	$ 5,713	$ 9,118	$ 7,374	$ 7,200	$ 7,595
Number of shares outstanding [1]	331,251	398,436	637,044	534,273	519,896	539,535
Management expense ratio [2]	3.64%	3.05%	3.57%	6.51%	6.30%	4.32%
Management expense ratio before waivers or absorption [5]	3.64%	3.05%	3.57%	6.51%	6.30%	4.32%
Trading expense ratio [3]	0.36%	0.23%	0.68%	0.21%	0.56%	1.12%
Portfolio turnover rate [4]	73.14%	72.03%	225.16%	167.18%	163.24%	168.56%
Net asset value per share [1]	$13.74	$14.34	$14.31	$13.80	$ 13.85	$14.07
Series F***	**2018***	**2017**	**2016**	**2015**	**2014**	**2013**
Total net asset value (000's) [1]	$ 2,409	$ 3,337	$ 2,461	$ 2,380	$ 2,371	$ 2,144
Number of shares outstanding [1]	180,942	241,576	180,507	183,172	184,864	166,301
Management expense ratio [2]	2.49%	1.87%	2.54%	5.16%	5.19%	4.66%
Management expense ratio before waivers or absorption [5]	2.49%	1.87%	2.54%	5.16%	5.19%	4.66%
Trading expense ratio [3]	0.36%	0.23%	0.68%	0.21%	0.56%	1.96%
Portfolio turnover rate [4]	73.14%	72.03%	225.16%	167.18%	163.24%	168.56%
Net asset value per share [1]	$13.31	$13.81	$13.63	$13.00	$ 12.83	$12.88
Series I****	**2018***	**2017**	**2016**	**2015**	**2014**	**2013**
Total net asset value (000's) [1]	$ 82	$ 85	$ 84	$ 80	$ 78	$ 77
Number of shares outstanding [1]	5,000	5,000	5,000	5,000	5,000	5,000
Management expense ratio [2]	2.50%	1.89%	2.37%	4.79%	4.06%	2.55%
Management expense ratio before waivers or absorption [5]	2.50%	1.89%	2.37%	4.79%	4.06%	2.55%
Trading expense ratio [3]	0.36%	0.23%	0.68%	0.21%	0.56%	1.40%
Portfolio turnover rate [4]	73.14%	72.03%	225.16%	167.18%	163.24%	168.56%
Net asset value per share [1]	$16.32	$16.93	$16.71	$15.92	$ 15.59	$15.48

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, 2018.*

***Series A shares were first issued on May 19, 2009.*

****Series F shares were first issued on November 13, 2009.*

*****Series I shares were first issued on October 28, 2008.*

Management and Performance 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 monthly 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.

		As a percentage of Management fees	
	Maximum Annual Management Fee Rate (%)	**Sales & Trailer Commissions (%)**	**Investment Advisory and Portfolio Management Services (%)**
Series A /Regular Shares	2.00%	43.33%	56.67%
Series F Shares	1.00%	0.00%	100.00%
Series I Shares	Negotiated	0.00%	100.00%

The Fund will incur a performance fee equal to 20% x (Series % gain *minus* Benchmark % gain) x (Series Average NAV). The benchmark is 5% 60 day Canadian treasury bill rate, 10% BMO Nesbitt Burns Preferred Share index, 10% S&P TSX Utilities Index, 15% S&P TSX Income Trust Index, 20% S&P TSX Capped Financials Index and 40% S&P TSX 60 Index. See Simplified Prospectus for details. No performance fees were paid during the period ended June 30, 2018.

Past Performance

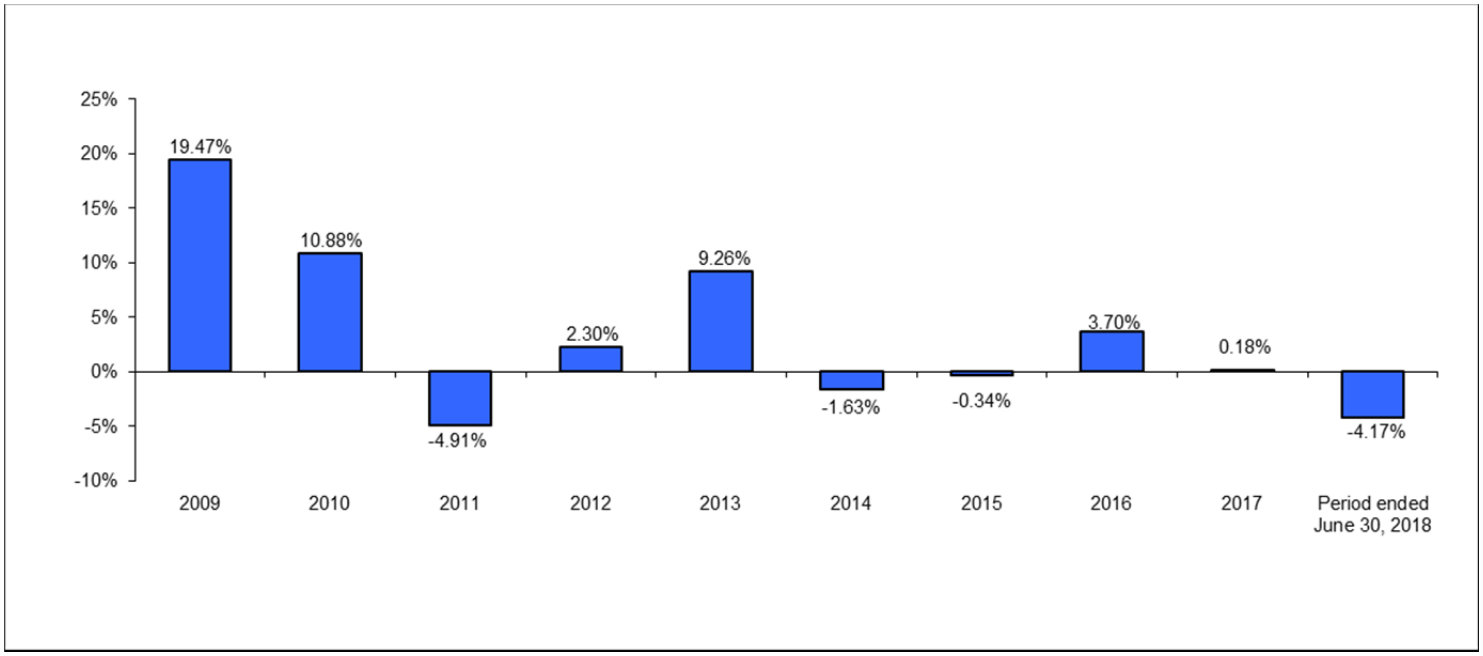
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns 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 units are mainly attributable to management fees charged to each series.

Year-by-Year Returns

The following bar charts show the Fund's annual Series A, Series F and Series I performance for each of the periods 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.

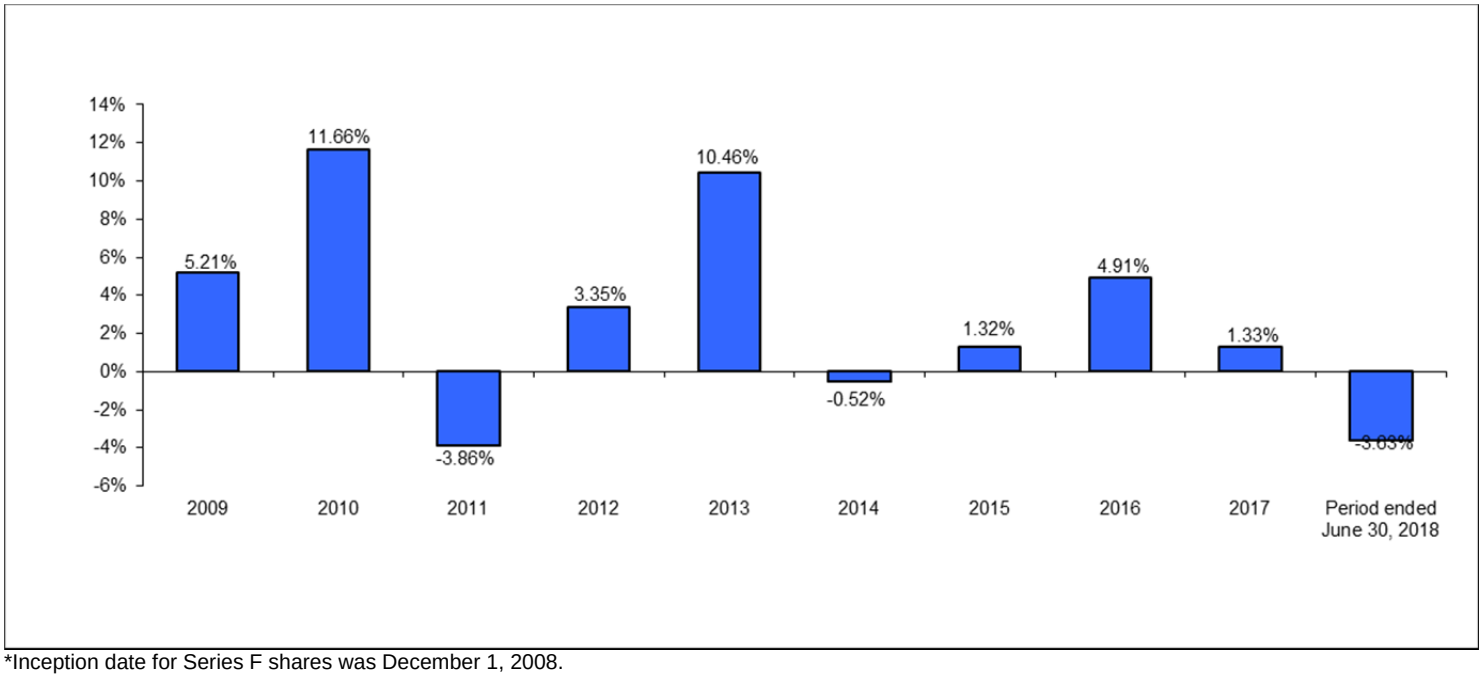
Past Performance (continued)

Series A Regular



*Inception date for Series A Regular shares was December 1, 2008.

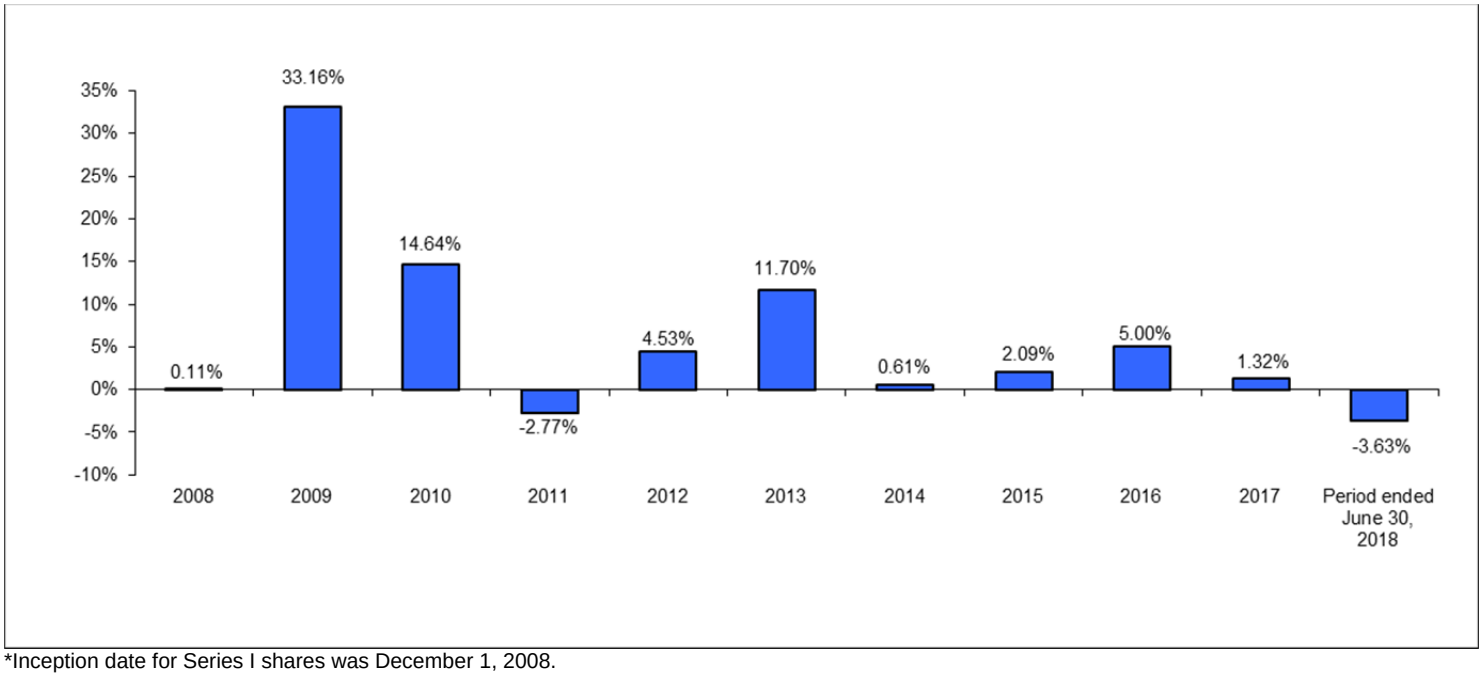
Series F



*Inception date for Series F shares was December 1, 2008.

Past Performance (continued)

Series I



*Inception date for Series I shares was December 1, 2008.

MARQUEST MUTUAL FUNDS INC. -
FLEX DIVIDEND AND INCOME GROWTH ™ SERIES FUND

Summary of Investment portfolio as at June 30, 2018

Total Net Asset Value:	**$ 7,042,037**

Portfolio Allocation

	% of Fund's Net Asset Value
Utilities	19.98%
Financials	16.80%
Net Other Assets (Liabilities)	15.47%
Energy	10.23%
Consumer Discretionary	9.54%
Industrials	9.50%
Cash	9.36%
Real Estate	3.28%
Healthcare	3.04%
Telecommunication Services	2.80%
	100.00%

Top Holdings*

		% of Fund's Net Asset Value
1	Cash	9.36%
2	Algonquin Power & Utilities Corp.	5.38%
3	Canadian Imperial Bank of Commerce	5.17%
4	Wajax Corp.	3.92%
5	Whitecap Resources Inc.	3.88%
6	The Stars Group Inc.	3.78%
7	Bank of Montreal	3.61%
8	Vermilion Energy Inc.	3.30%
9	Invesque Inc.	3.28%
10	Pattern Energy Group Inc.	3.26%
11	Yangarra Resources Ltd.	3.05%
12	Medical Facilities Corp.	3.04%
13	Northland Power Inc.	3.03%
14	EnerCare Inc.	3.01%
15	Capital Power Corp.	3.01%
16	Brookfield Renewable Partners LP	2.91%
17	Russel Metals Inc.	2.86%
18	Royal Bank of Canada	2.85%
19	KP Tissue Inc.	2.80%
20	Park Lawn Corp.	2.75%
21	Manulife Financial Corp.	2.73%
22	Exchange Income Corp.	2.71%
23	Sun Life Financial Inc.	2.45%
24	Crius Energy Trust	2.38%
		84.52%

** Represents entire portfolio.*

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, 2018. 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.

TORONTO
161 Bay Street
Suite 4420, P.O. Box 204
Toronto, ON M5J 2S1
Phone 416.777.7350
Toll Free 1.877.777.1541

CLIENT SERVICES
Phone 416.365.4077
Toll free 1.888.964.3533
clientservices@marquest.ca

WWW.MARQUEST.CA

MARQUEST
ASSET MANAGEMENT INC.