



**MARQUEST MUTUAL FUNDS, INC.**  
EXPLORER SERIES FUND

INTERIM MANAGEMENT REPORT OF  
FUND PERFORMANCE

Period ended June 30, 2020

# MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

---

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended June 30, 2020

---

## 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.*

# MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended June 30, 2020

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. Explorer Series 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 1-877-777-1541, by writing to us at 27<sup>th</sup> Floor, 161 Bay Street, Toronto, Ontario, M5J 2S1 or by visiting our website at [www.marquest.ca](http://www.marquest.ca) or SEDAR at [www.sedar.com](http://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, 2020, the Fund's total NAV was \$8,396,786, an increase of 19.34% since the prior year end (December 2019: \$7,035,817). The change is primarily due to net change in unrealized appreciation on investments of \$3,323,215, partially offset by net realized loss on sale of investments of \$342,137, management fees of \$71,940, operating fees \$96,576 and net redemptions of \$1,356,289.

During the period, sales and redemptions were as follows: Series A Rollover \$5,045,289 and \$6,427,088 respectively (June 2019: \$5,464,049 and \$6,920,107); Series A Regular \$0 and \$4,984 respectively (June 2019: \$0 and \$2,108) and Series F \$656,636 and \$626,142 respectively (June 2019: \$8,606 and \$767,858).

Sales and redemptions of Series A rollover shares are attributable to the rollover of Marquest Mining Québec 2019-I Super Flow-Through Limited Partnership. For more details, please see the "Related Party Transactions" section of the MRFP.

During the first six months of 2020 the Fund's Series A Rollover shares returned 45.0%. This compared to the return for the S&P/TSX Metals & Mining Index of 26.0% and the S&P/TSX Composite Index of negative 9.1%. The Fund's return is after the deduction of fees and expenses, while the benchmarks 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 other series, which may vary because of differences in management fees and expenses.

The portfolio's relatively large weighting in the gold sector was the major cause of the strong absolute and relative outperformance during the first half of 2020. As at June 30, 2020 the sector weightings of the portfolio were 67.8% gold, 9.3% base metals, 1.8% energy and 21.1% short term securities.

#### ***Recent Developments***

The impact of the COVID-19 pandemic caused a significant decline in the equity markets as governments mandated closing down the economy to combat the spread of infection. While all areas of the economy were impacted, the energy and consumer sectors were particularly hard hit. All governments around the world enacted unprecedented monetary and fiscal policy measures in order to counter act the effect of the mandated closure of the economy. These stimulative policies caused interest rates to decline significantly and government deficits to increase to record levels. By quarter end governments were introducing phased in reopening of the economy plans with accompanying regulations to maintain control over the COVID-19 virus. The equity market rallied from its lows in March in response to the government's monetary and fiscal easing measures and in anticipation of a reopening of the economy. It is clear however, that the full recovery of the economy will take considerable time due to the scale of disruption to the inter-connected global economy.

The mining sector has benefited from the strong performance of gold which increased 15.3% in the first half of 2020. Investor concerns about government deficits is one of the main factors that has caused a renewed interest in gold. Copper was also strong since the March lows providing further support to the mining stocks. Metals inventories were in good balance before the COVID crisis and with the prospect of a global recovery the supply/demand balance for metal commodities is expected to remain tight. At the same time the valuations in the mining sector remain attractive following several years of neglect by investors.

# MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended June 30, 2020

### *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, \$71,940 in management fees (including HST) was paid to the Manager.

The table below summarizes the rollover transactions into the Fund for the period ended June 30, 2020.

Terminating fund	Merger Date	Continuing fund	Series	Net Assets Acquired	Shares Issued	Exchange ratio
Marquest Mining Québec 2019-I Super Flow Through LP – Class A	5/15/2020	Explorer Series Fund	A-Rollover	\$5,045,287	12,641,662	176.39
Marquest Mining Québec 2019-I Super Flow Through LP – Class F	5/15/2020	Explorer Series Fund	F	\$656,636	1,651,499	189.61

From time to time, the Manager may earn fees and commissions on securities transactions in which the Fund participates. For the period ended June 30, 2020, \$2,625 (2019 – \$6,966) was received by the Manager in related fees and commissions under the standing instructions given by the Independent Review Committee ("IRC").

# MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended June 30, 2020

### 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. - Explorer Series Fund (Series A-Rollover)**						
Net Assets per Share (\$) <sup>(1)</sup>						
	2020*	2019	2018	2017	2016	2015
Net assets, beginning of the year <sup>(2)</sup>	0.40	0.43	0.59	0.49	0.31	0.59
<b>Increase (decrease) from operations:</b>						
Total revenue	-	-	-	-	-	-
Total expenses (excluding distributions)	(0.02)	(0.03)	(0.03)	(0.03)	(0.03)	(0.04)
Realized gains (losses) for the year	(0.02)	(0.02)	(0.10)	0.08	(0.13)	(0.53)
Unrealized gains (losses) for the year	0.21	0.01	(0.02)	0.04	0.27	0.28
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.17</b>	<b>(0.04)</b>	<b>(0.15)</b>	<b>0.09</b>	<b>0.11</b>	<b>(0.29)</b>
Distributions:						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>0.58</b>	<b>0.40</b>	<b>0.43</b>	<b>0.59</b>	<b>0.49</b>	<b>0.31</b>

Notes:

<sup>(1)</sup> This information is derived from the Fund's audited annual and unaudited interim 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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, 2020.

\*\*Series A-Rollover shares were first issued on January 15, 2005.

# MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended June 30, 2020

### Financial Highlights (continued)

Marquest Mutual Funds Inc. - Explorer Series Fund (Series A-Regular)**						
Net Assets per Share (\$) <sup>(1)</sup>						
	2020*	2019	2018	2017	2016	2015
Net assets, beginning of the year <sup>(2)</sup>	0.43	0.47	0.64	0.53	0.35	0.63
<b>Increase (decrease) from operations:</b>						
Total revenue	-	-	-	-	-	-
Total expenses (excluding distributions)	(0.02)	(0.03)	(0.03)	(0.03)	(0.04)	(0.05)
Realized gains (losses) for the year	(0.04)	(0.01)	(0.12)	0.11	(0.09)	(0.56)
Unrealized gains (losses) for the year	0.12	0.02	(0.03)	0.02	0.34	0.32
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.06</b>	<b>(0.02)</b>	<b>(0.18)</b>	<b>0.10</b>	<b>0.21</b>	<b>(0.29)</b>
Distributions:						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>0.62</b>	<b>0.43</b>	<b>0.47</b>	<b>0.64</b>	<b>0.53</b>	<b>0.35</b>

Notes:

<sup>(1)</sup> This information is derived from the Fund's audited annual and unaudited interim 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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, 2020.

\*\*Series A-Regular shares were first issued on November 27, 2007

# MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended June 30, 2020

### Financial Highlights (continued)

Marquest Mutual Funds Inc. - Explorer Series Fund (Series F)**						
Net Assets per Share (\$) <sup>(1)</sup>						
	2020*	2019	2018	2017	2016	2015
Net assets, beginning of the year <sup>(2)</sup>	0.40	0.43	0.58	0.47	0.31	0.55
<b>Increase (decrease) from operations:</b>						
Total revenue	-	-	-	-	-	-
Total expenses (excluding distributions)	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.04)
Realized gains (losses) for the year	-	(0.08)	(0.10)	0.09	(0.05)	(0.57)
Unrealized gains (losses) for the year	0.38	(0.03)	(0.03)	0.07	0.25	0.35
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.37</b>	<b>(0.13)</b>	<b>(0.15)</b>	<b>0.14</b>	<b>0.18</b>	<b>(0.26)</b>
Distributions:						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>0.59</b>	<b>0.40</b>	<b>0.43</b>	<b>0.58</b>	<b>0.47</b>	<b>0.31</b>

Notes:

<sup>(1)</sup> This information is derived from the Fund's audited annual and unaudited interim 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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, 2020.

\*\*Series F units were first issued on November 27, 2007.

# MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended June 30, 2020

### Financial Highlights (continued)

<b>Ratios and Supplemental Data</b>						
<b>Series A-Rollover**</b>	<b>2020*</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 8,218	\$ 6,958	\$ 9,353	\$ 15,656	\$ 9,837	\$ 5,400
Number of shares outstanding <sup>(1)</sup>	14,069,962	17,274,341	21,657,036	26,586,916	20,222,379	17,390,822
Management expense ratio <sup>(2)</sup>	7.23%	5.94%	4.14%	3.74%	4.40%	6.26%
Management expense ratio before waivers or absorption <sup>(5)</sup>	7.23%	5.94%	4.14%	3.74%	4.40%	6.26%
Trading expense ratio <sup>(3)</sup>	1.09%	1.22%	1.06%	1.58%	2.86%	1.32%
Portfolio turnover rate <sup>(4)</sup>	71.86%	237.54%	243.96%	271.56%	393.41%	282.70%
Net asset value per share <sup>(1)</sup>	\$ 0.58	\$ 0.40	\$ 0.43	\$ 0.59	\$ 0.49	\$ 0.31
<b>Series A-Regular***</b>	<b>2020*</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 2	\$ 6	\$ 8	\$ 12	\$ 8	\$ 6
Number of shares outstanding <sup>(1)</sup>	2,918	14,098	18,269	18,846	15,586	18,153
Management expense ratio <sup>(2)</sup>	7.38%	5.97%	4.22%	3.78%	5.07%	6.02%
Management expense ratio before waivers or absorption <sup>(5)</sup>	7.38%	5.97%	4.22%	3.78%	5.07%	6.02%
Trading expense ratio <sup>(3)</sup>	1.09%	1.22%	1.06%	1.58%	2.86%	1.32%
Portfolio turnover rate <sup>(4)</sup>	71.86%	237.54%	243.96%	271.56%	393.41%	282.70%
Net asset value per share <sup>(1)</sup>	\$ 0.62	\$ 0.43	\$ 0.47	\$ 0.64	\$ 0.53	\$ 0.35
<b>Series F****</b>	<b>2020*</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Total net asset value (000's) <sup>(1)</sup>	\$ 177	\$ 72	\$ 783	\$ 1,485	\$ 8	\$ 4
Number of shares outstanding <sup>(1)</sup>	302,503	180,810	1,837,483	2,554,848	16,099	14,297
Management expense ratio <sup>(2)</sup>	5.23%	4.32%	3.07%	2.89%	3.11%	6.32%
Management expense ratio before waivers or absorption <sup>(5)</sup>	5.23%	4.32%	3.07%	2.89%	3.11%	6.32%
Trading expense ratio <sup>(3)</sup>	1.09%	1.22%	1.06%	1.58%	2.86%	1.32%
Portfolio turnover rate <sup>(4)</sup>	71.86%	237.54%	243.96%	271.56%	393.41%	282.70%
Net asset value per share <sup>(1)</sup>	\$ 0.59	\$ 0.40	\$ 0.43	\$ 0.58	\$ 0.47	\$ 0.31

Notes:

<sup>(1)</sup> The information is provided as at December 31st of the year shown.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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.

<sup>(5)</sup> 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, 2020.

\*\*Series A-Rollover units were first issued on January 15, 2005.

\*\*\*Series A-Regular units were first issued on November 27, 2007.

\*\*\*\*Series F units were first issued on November 27, 2007.



# MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended June 30, 2020

### 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.

	Maximum Annual Management Fee Rate (%)	As a percentage of Management fees	
		Sales & Trailer Commissions (%)	Investment Advisory and Portfolio Management Services (%)
Series A /Rollover Shares	2.00%	19.54%	80.46%
Series A/Regular Shares	2.00%	22.29%	77.71%
Series F Shares	1.00%	0.00%	100.00%

There are no performance fees or incentive fees in the case of the Fund.

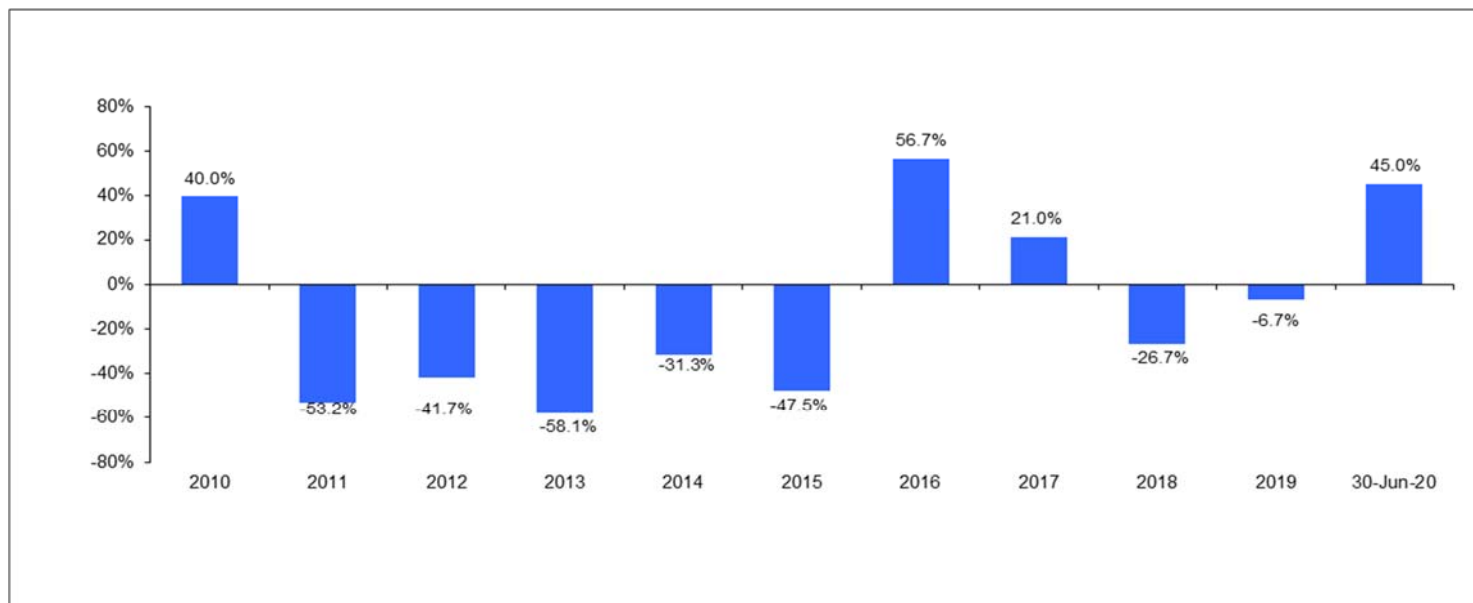
### Past Performance

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 Rollover, Series A Regular and Series F shares 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.

#### Series A Rollover

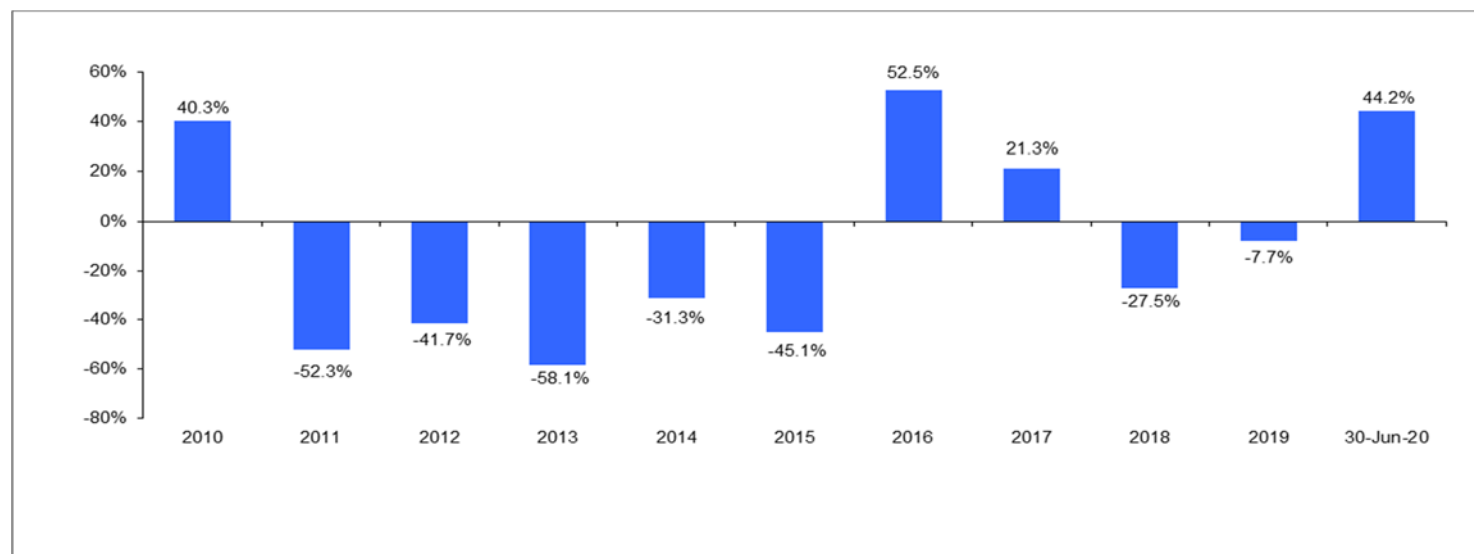


# MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

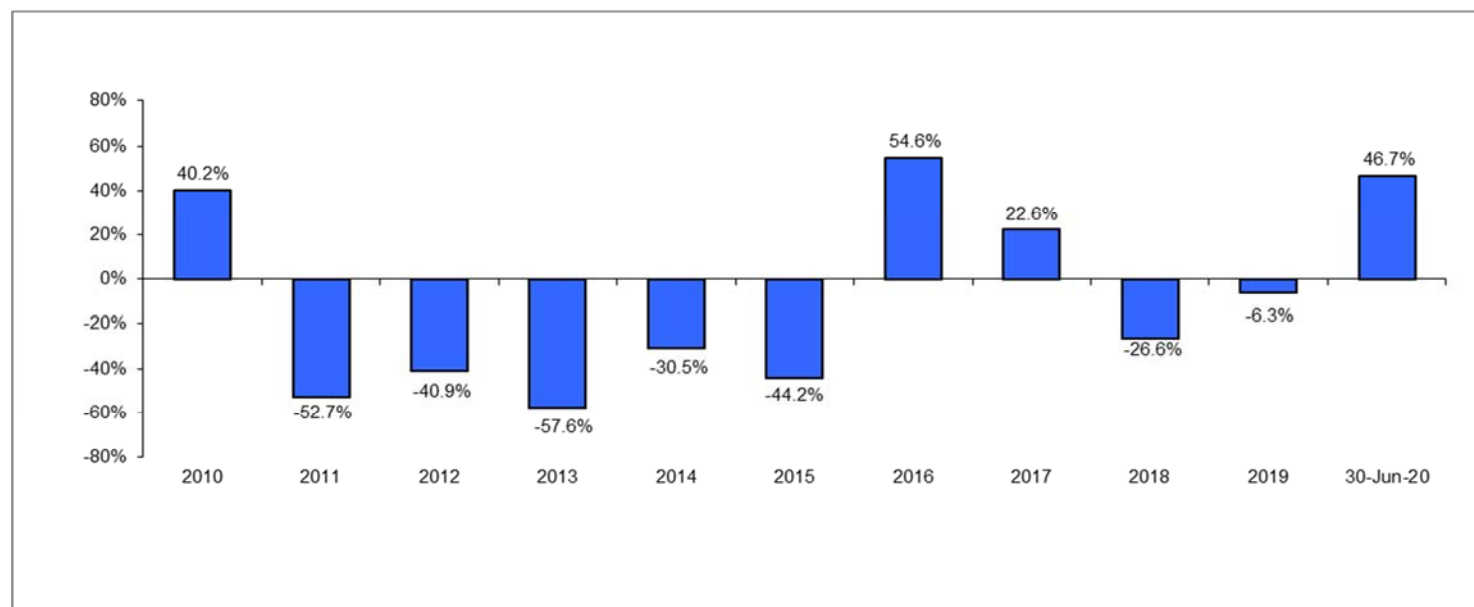
INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended June 30, 2020

## Past Performance (continued)

### Series A Regular



### Series F



# MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period June 30, 2020

### Summary of Investment portfolio as at June 30, 2020

**Total Net Asset Value:** \$ 8,396,786

### Portfolio Allocation

	% of Fund's Net Asset Value
Precious Metals	67.78%
Base Metals	9.32%
Cash	7.67%
Energy	1.77%
Net Other Assets (Liabilities)	13.46%
	<hr/> 100.00%

### Top 25 Holdings

	% of Fund's Net Asset Value
1 Cash	7.67%
2 Galway Metals Inc.	6.87%
3 American Creek Resources Ltd.	6.62%
4 Seahawk Ventures Inc.	4.98%
5 Vanadiumcorp Resource Inc.	4.61%
6 Laurion Mineral Exploration Inc.	3.74%
7 Orford Mining Corp.	3.54%
8 Pancontinental Resources Corp.	2.64%
9 Wallbridge Mining Co., Ltd.	2.60%
10 Imperial Mining Group Ltd.	2.48%
11 Dios Exploration Inc.	1.74%
12 Quebec Precious Metals Corp.	1.67%
13 Stelmine Canada Ltd.	1.55%
14 Happy Creek Minerals Ltd.	1.50%
15 Aurelius Minerals Inc.	1.48%
16 Sphinx Resources Ltd.	1.25%
17 Zonte Metals Inc.	1.24%
18 CanAlaska Uranium Ltd.	1.12%
19 Auxico Resources Canada Inc.	1.12%
20 Eastmain Resources Inc.	0.92%
21 Saville Resources Inc.	0.90%
22 Emgold Mining Corp.	0.73%
23 Signature Resources Ltd.	0.72%
24 Lomiko Metals Inc.	0.69%
25 Defense Metals Corp.	0.67%
	<hr/> 63.05%

*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, 2020. 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](http://www.marquest.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).*

**TORONTO**

161 Bay Street  
27th Floor  
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](mailto:clientservices@marquest.ca)

[WWW.MARQUEST.CA](http://WWW.MARQUEST.CA)