

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

INTERIM MANAGEMENT REPORT OF
FUND PERFORMANCE

Period ended June 30, 2020

**MARQUEST MUTUAL FUNDS INC. -
FLEX DIVIDEND AND INCOME GROWTH™ 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. 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 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 27th Floor, 161 Bay Street, 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, 2020 the Fund’s total NAV was \$3,810,936, a decrease of 31.29% since the prior year end (December 2019: \$5,546,068). The change is due to net redemptions of \$471,641, change in net unrealized depreciation on investments of \$1,101,985 and net realized loss on sale of investments of \$144,002.

During the first six months of 2020 the Fund’s Series A/Regular shares returned -23.5%. This compared to the return for the S&P/TSX Equity Income Index of -23.7% and the S&P/TSX Composite Index of -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 weightings in the energy, real estate, financials and consumer discretionary sectors contributed to the weak performance results during the first half of 2020. All these sectors underperformed the overall market due to the affects of the COVID-19 pandemic. The utility sector while outperforming the S&P/TSX Composite Index still declined 4.0% during the period. As at June 30, 2020 the sector weightings of the portfolio were 16.73% energy, 13.83% consumer discretionary & staples, 14.55% utilities, 5.63% financials, 14.77% real estate, 3.29% industrials, 2.45% healthcare and 28.75% short term securities. The Fund maintained a relatively high dividend yield during the first six months of 2020. At mid-year the dividend yield of the invested portion of the portfolio was 7.65%.

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.

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 Manager may terminate the Management Agreement on 60 days’ notice 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, \$39,920 in management fees (including HST) was 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 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⁾						
	2020*	2019	2018	2017	2016	2015
Net assets, beginning of the year ⁽²⁾	13.43	11.97	14.34	14.31	13.80	13.85
Increase (decrease) from operations:						
Total revenue	0.25	0.57	0.52	0.49	0.43	0.35
Total expenses (excluding distributions)	(0.32)	(0.62)	(0.60)	(0.47)	(0.60)	(1.02)
Realized gains (losses) for the year	(0.38)	0.26	(1.68)	0.87	0.50	0.17
Unrealized gains (losses) for the year	(2.78)	1.31	(0.45)	(0.96)	0.20	0.32
Total increase (decrease) from operations ⁽²⁾	(3.23)	1.52	(2.21)	(0.07)	0.53	(0.18)
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	10.27	13.43	11.97	14.34	14.31	13.80

Notes:

⁽¹⁾ 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.

⁽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, 2020.

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

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Financial Highlights (continued)

Marquest Mutual Funds Inc. - Flex Dividend and Income Growth Series Fund (Series F)**						
Net Assets per Share (\$) ⁽¹⁾						
	2020*	2019	2018	2017	2016	2015
Net assets, beginning of the year ⁽²⁾	13.23	11.67	13.81	13.63	13.00	12.83
Increase (decrease) from operations:						
Total revenue	0.25	0.56	0.50	0.49	0.39	0.30
Total expenses (excluding distributions)	(0.25)	(0.45)	(0.42)	(0.28)	(0.41)	(0.76)
Realized gains (losses) for the year	(0.36)	0.26	(1.59)	0.66	0.53	0.08
Unrealized gains (losses) for the year	(2.93)	1.20	(0.57)	(0.57)	0.01	0.57
Total increase (decrease) from operations ⁽²⁾	(3.29)	1.57	(2.08)	0.30	0.52	0.19
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	10.18	13.23	11.67	13.81	13.63	13.00

Notes:

⁽¹⁾ 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.

⁽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, 2020.

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

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Financial Highlights (continued)

Marquest Mutual Funds Inc. - Flex Dividend and Income Growth Series Fund (Series I)**						
Net Assets per Share (\$) ⁽¹⁾						
	2020*	2019	2018	2017	2016	2015
Net assets, beginning of the year ⁽²⁾	16.22	14.30	16.93	16.71	15.92	15.59
Increase (decrease) from operations:						
Total revenue	0.30	0.69	0.63	0.59	0.47	0.37
Total expenses (excluding distributions)	(0.31)	(0.56)	(0.51)	(0.35)	(0.46)	(0.86)
Realized gains (losses) for the year	(0.46)	0.34	(2.00)	0.92	0.54	0.11
Unrealized gains (losses) for the year	(3.27)	1.45	(0.75)	(0.94)	0.25	0.71
Total increase (decrease) from operations ⁽²⁾	(3.74)	1.92	(2.63)	0.22	0.80	0.33
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	12.48	16.22	14.30	16.93	16.71	15.92

Notes:

⁽¹⁾ 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.

⁽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, 2020.

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

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Financial Highlights (continued)

Ratios and Supplemental Data						
Series A-Regular**	2020*	2019	2018	2017	2016	2015
Total net asset value (000's) ⁽¹⁾	\$ 2,363	\$ 3,303	\$ 3,419	\$ 5,713	\$ 9,118	\$ 7,374
Number of shares outstanding ⁽¹⁾	229,981	245,971	285,604	398,436	637,044	534,273
Management expense ratio ⁽²⁾	5.67%	4.11%	3.83%	3.05%	3.57%	6.51%
Management expense ratio before waivers or absorption ⁽⁵⁾	5.67%	4.11%	3.83%	3.05%	3.57%	6.51%
Trading expense ratio ⁽³⁾	0.07%	0.47%	0.42%	0.23%	0.68%	0.21%
Portfolio turnover rate ⁽⁴⁾	17.65%	181.19%	202.11%	72.03%	225.16%	167.18%
Net asset value per share ⁽¹⁾	\$10.27	\$13.43	\$11.97	\$14.34	\$ 14.31	\$13.80
Series F***	2020*	2019	2018	2017	2016	2015
Total net asset value (000's) ⁽¹⁾	\$ 1,385	\$ 2,162	\$ 2,111	\$ 3,337	\$ 2,461	\$ 2,380
Number of shares outstanding ⁽¹⁾	136,055	163,397	180,928	241,576	180,507	183,172
Management expense ratio ⁽²⁾	4.49%	2.99%	2.71%	1.87%	2.54%	5.16%
Management expense ratio before waivers or absorption ⁽⁵⁾	4.49%	2.99%	2.71%	1.87%	2.54%	5.16%
Trading expense ratio ⁽³⁾	0.07%	0.47%	0.42%	0.23%	0.68%	0.21%
Portfolio turnover rate ⁽⁴⁾	17.65%	181.19%	202.11%	72.03%	225.16%	167.18%
Net asset value per share ⁽¹⁾	\$10.18	\$13.23	\$11.67	\$13.81	\$ 13.63	\$13.00
Series I****	2020*	2019	2018	2017	2016	2015
Total net asset value (000's) ⁽¹⁾	\$ 62	\$ 81	\$ 71	\$ 85	\$ 84	\$ 80
Number of shares outstanding ⁽¹⁾	5,000	5,000	5,000	5,000	5,000	5,000
Management expense ratio ⁽²⁾	4.58%	2.99%	2.72%	1.89%	2.37%	4.79%
Management expense ratio before waivers or absorption ⁽⁵⁾	4.58%	2.99%	2.72%	1.89%	2.37%	4.79%
Trading expense ratio ⁽³⁾	0.07%	0.47%	0.42%	0.23%	0.68%	0.21%
Portfolio turnover rate ⁽⁴⁾	17.65%	181.19%	202.11%	72.03%	225.16%	167.18%
Net asset value per share ⁽¹⁾	\$12.48	\$16.22	\$14.30	\$16.93	\$ 16.71	\$15.92

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, 2020.

**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.

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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 /Regular Shares	2.00%	43.43%	56.57%
Series F Shares	1.00%	00.00%	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, 2020.

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

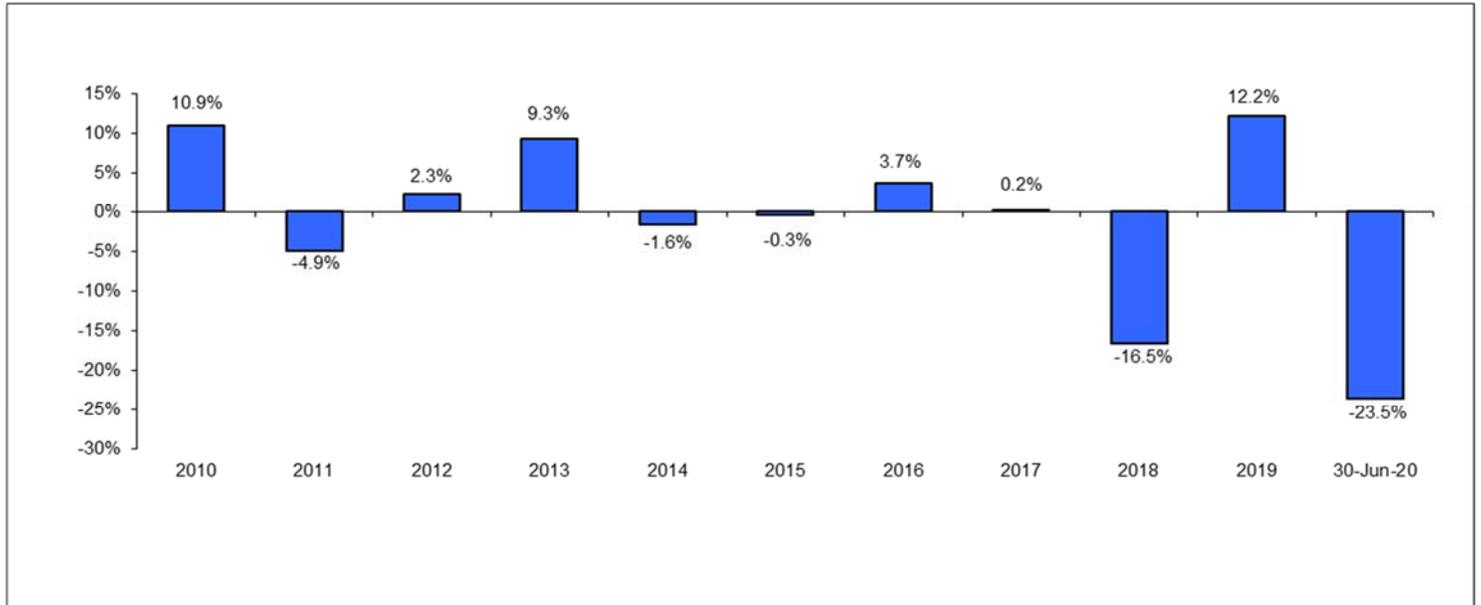
The following bar charts show the Fund's annual Series A, Series F and Series I units performance for each of the periods shown, and illustrates how the Fund's performance has changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

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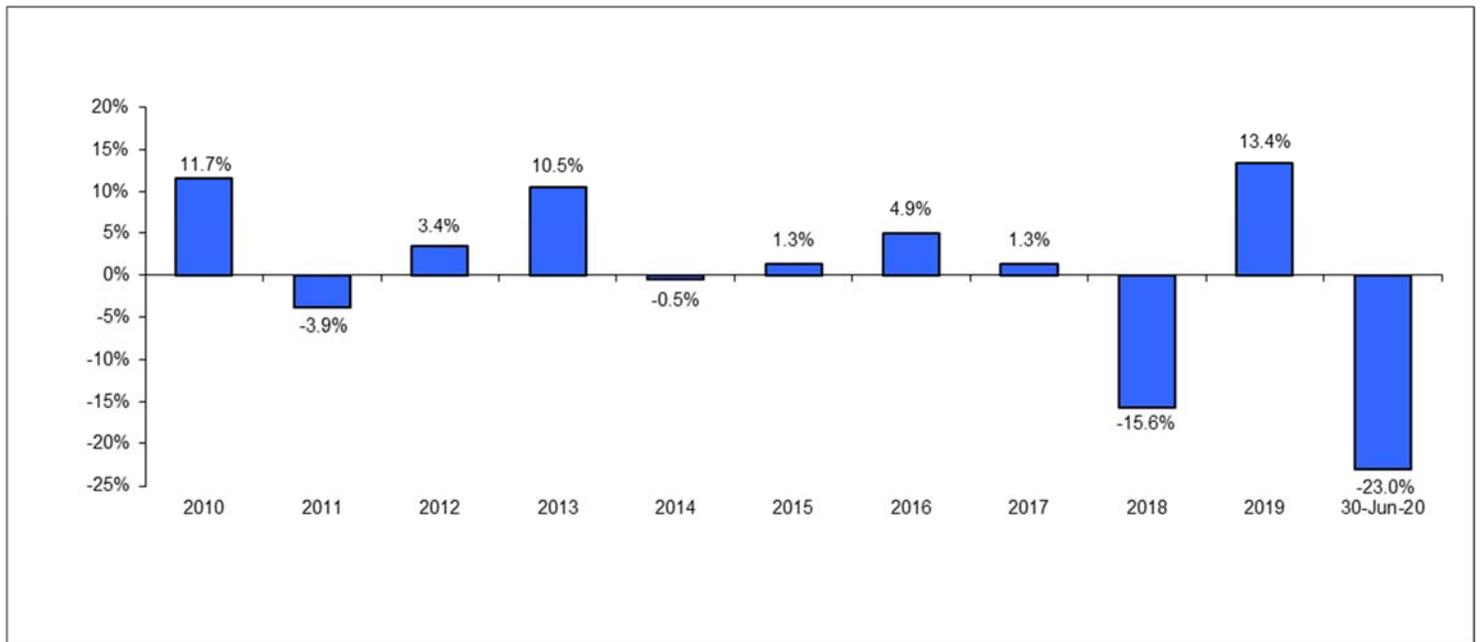
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Past Performance (continued)

Series A Regular



Series F

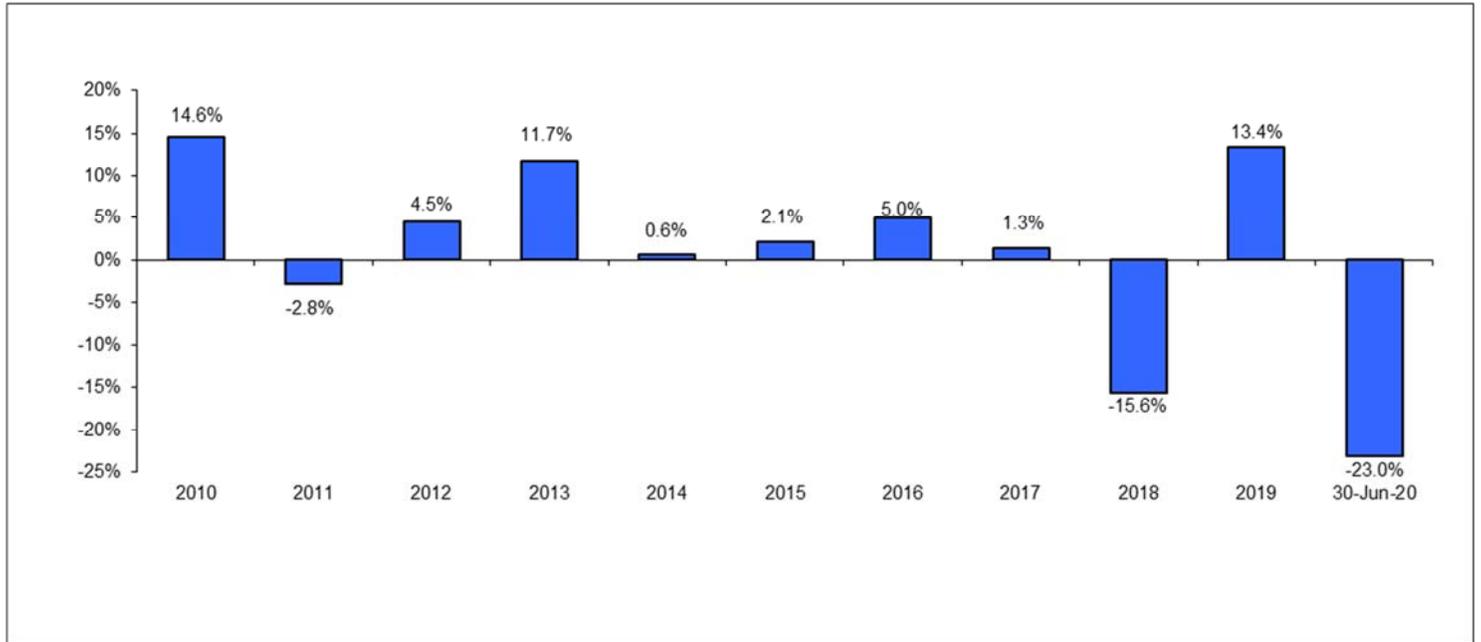


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Past Performance (continued)

Series I



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Summary of Investment portfolio as at June 30, 2020

Total Net Asset Value: **\$ 3,810,936**

Portfolio Allocation

	% of Fund's Net Asset Value
Energy	16.73%
Real Estate	14.77%
Utilities	14.55%
Cash	10.23%
Consumer Discretionary	9.94%
Financials	5.63%
Consumer Staples	3.89%
Industrials	3.29%
Healthcare	2.45%
Net Other Assets (Liabilities)	18.52%
	100.00%

Top Holdings

	% of Fund's Net Asset Value
1 Cash	10.23%
2 Brookfield Renewable Partners LP	6.82%
3 Park Lawn Corp.	4.67%
4 AltaGas Ltd.	4.14%
5 North West Co., Inc.	3.89%
6 Crombie Real Estate Investment Trust	3.82%
7 Gibson Energy Inc.	3.60%
8 Canadian Utilities Ltd.	3.59%
9 Parkland Fuel Corp.	3.56%
10 Pizza Pizza Royalty Corp.	3.39%
11 Pembina Pipeline Corp.	3.33%
12 Thomson Reuters Corp.	3.29%
13 Bank of Nova Scotia	2.88%
14 Enbridge Inc.	2.88%
15 Colliers International Group Inc.	2.78%
16 Alaris Royalty Corp.	2.74%
17 Keyera Corp.	2.49%
18 Chartwell Retirement Residences	2.46%
19 Cominar Real Estate Investment Trust	2.20%
20 American Hotel Income Properties REIT LP	2.11%
21 Brookfield Property Partners LP	1.96%
22 H&R Real Estate Investment Trust	1.90%
23 Boston Pizza Royalties Income Fund	1.87%
24 Cardinal Energy Ltd.	0.87%
	81.47%

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 or SEDAR at www.sedar.com.

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