



MARQUEST MUTUAL FUNDS, INC.
INTERIM FINANCIAL REPORT

Period ended June 30, 2020

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Notice to Shareholders/Unitholders

Unaudited Semi-Annual Financial Statements

The accompanying semi-annual financial statements have not been reviewed by the external auditors of the Funds. The external auditors will be auditing the annual financial statements of the Funds in accordance with International Financial Reporting Standards.

MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION (CDN \$)

As at

	June 30, 2020 (\$)	December 31, 2019 (\$)
Assets		
Current Assets		
Investments at fair value	6,622,234	5,164,831
Cash	643,958	941,428
Receivable for investments sold	125,583	54,453
Refundable taxes receivable (Note 5)	979,133	891,889
Prepaid fees and others	85,553	93,867
Total Assets	8,456,461	7,146,468
Liabilities		
Current Liabilities		
Management fees payable	3,111	2,980
Other payables and accrued expenses	55,737	102,945
Payable on redemption of redeemable shares	827	4,726
Total Liabilities	59,675	110,651
Net Assets Attributable to Holders of Redeemable Shares (Note 3)	8,396,786	7,035,817
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A-Rollover	8,217,634	6,957,517
Series A-Regular	1,806	6,050
Series F	177,346	72,250
Net Assets Attributable to Holders of Redeemable Shares per Share (Note 3)		
Series A-Rollover	0.58	0.40
Series A-Regular	0.62	0.43
Series F	0.59	0.40

Approved on behalf of the Board of Directors of Marquest Mutual Funds Inc.

"Gerry L. Brockelsby"

Gerry L. Brockelsby
Director

"Andrew A. McKay"

Andrew A. McKay
Director

The accompanying notes form an integral part of the unaudited interim financial statements

MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

STATEMENTS OF COMPREHENSIVE INCOME (CDN \$)

For the periods ended June 30,

	2020 (\$)	2019 (\$)
Income		
Interest for distribution purposes	2,153	10,865
Securities lending income (Note 7)	1	6
Foreign exchange gain (loss) on cash	2	(1)
Net realized gain (loss) on sale of investments	(342,137)	681,351
Net change in unrealized appreciation (depreciation) on investments	3,323,215	(514,316)
Total Income (Loss)	2,983,234	177,905
Expenses (Note 4)		
Management fees	71,940	94,310
Transaction costs (Note 6)	35,146	62,763
Interest charges	17	8
Operating fees	96,576	98,680
Audit fees	31,912	26,380
Custodian fees	15,798	20,516
Legal fees	9,224	-
Independent Review Committee fees	3,474	4,262
Unitholder reporting costs	1,889	2,011
Total Expenses	265,976	308,930
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations	2,717,258	(131,025)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series		
Series A-Rollover	2,641,916	(137,358)
Series A-Regular	740	103
Series F	74,602	6,230
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share		
Series A-Rollover	0.17	(0.10)
Series A-Regular	0.06	0.01
Series F	0.37	0.04

The accompanying notes form an integral part of the unaudited interim financial statements

MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES (CDN \$)

For the periods ended June 30,

	<u>2020 (\$)</u>	<u>2019 (\$)</u>	<u>2020 (\$)</u>	<u>2019 (\$)</u>
	Series A-Rollover		Series A-Regular	
Net Assets Attributable to Holders of Redeemable Shares, January 1,	6,957,517	9,352,613	6,050	8,495
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations	2,641,916	(137,358)	740	103
Redeemable Share Transactions (Note 3)				
Issuance of shares	5,045,289	5,464,049	-	-
Redemption of shares	(6,427,088)	(6,920,107)	(4,984)	(2,108)
Net increase (decrease) from redeemable share transactions	(1,381,799)	(1,456,058)	(4,984)	(2,108)
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares	1,260,117	(1,593,416)	(4,244)	(2,005)
Net Assets Attributable to Holders of Redeemable Shares, June 30,	8,217,634	7,759,197	1,806	6,490

	<u>2020 (\$)</u>	<u>2019 (\$)</u>	<u>2020 (\$)</u>	<u>2019 (\$)</u>
	Series F		Total	
Net Assets Attributable to Holders of Redeemable Shares, January 1,	72,250	783,485	7,035,817	10,144,593
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations	74,602	6,230	2,717,258	(131,025)
Redeemable Share Transactions (Note 3)				
Issuance of shares	656,636	8,606	5,701,925	5,472,655
Redemption of shares	(626,142)	(767,858)	(7,058,214)	(7,690,073)
Net increase (decrease) from redeemable share transactions	30,494	(759,252)	(1,356,289)	(2,217,418)
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares	105,096	(753,022)	1,360,969	(2,348,443)
Net Assets Attributable to Holders of Redeemable Shares, June 30,	177,346	30,463	8,396,786	7,796,150

The accompanying notes form an integral part of the unaudited interim financial statements

MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOW (CDN \$)

For the periods ended June 30,

	2020 (\$)	2019 (\$)
Cash Flows from Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable :	2,717,258	(131,025)
Adjustments for:		
Foreign exchange loss (gain) on cash	(2)	1
Net realized loss (gain) on sale of investments	342,137	(681,351)
Net change in unrealized depreciation (appreciation) on investments	(3,323,215)	514,316
Purchases of investments	(604,455)	(2,474,960)
Proceeds from sale and maturity of investments	4,650,939	7,940,725
Refundable taxes receivable	(87,244)	-
Prepaid fees and others	8,314	8,215
Management fees payable	131	(2,024)
Other payables and accrued expenses	(47,208)	(3,452)
Net Cash from Operating Activities	3,656,655	5,170,445
Cash Flows used in Financing Activities		
Issuance of shares	3,107,986	1,504,737
Redemption of shares	(7,062,113)	(7,779,588)
Net Cash used in Financing Activities	(3,954,127)	(6,274,851)
Increase (Decrease) in Cash during the Period	(297,472)	(1,104,406)
Foreign exchange gain (loss) on cash	2	(1)
Cash at Beginning of Period	941,428	1,875,530
Cash at End of Period	643,958	771,123
Supplementary disclosures on cash flow from operating activities:		
Interest received	2,153	10,865
Interest paid	(17)	(8)

The accompanying notes form an integral part of the unaudited interim financial statements

MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

SCHEDULE OF INVESTMENT PORTFOLIO (CDN \$)

As at June 30 2020

	Number of Shares, Units or Warrants	Expiry Date	Exercise Price \$	Average Cost \$	Fair Value \$
CANADIAN EQUITIES (78.87%)					
Precious Metals (67.78%)					
American Creek Resources Ltd.	1,792,778			116,531	555,761
American Creek Resources Ltd., Warrants	5,277,778	09/06/2021	0.12	-	1,002,776
Aurelius Minerals Inc.	1,463,000			29,260	124,355
Berkwood Resources Ltd., Warrants	777,778	27/12/2020	0.15	1	1
Black Tusk Resources Inc., Warrants	441,177	09/07/2021	0.25	-	-
Black Tusk Resources Inc., Warrants	555,556	20/09/2021	0.20	-	1
Braveheart Resources Inc., Warrants	166,667	18/06/2021	0.21	-	-
BTU Metals Corp., Warrants	675,926	24/06/2021	0.18	50,694	141,944
Chibougamau Independent Mines Inc.	215,500			20,473	24,783
Defense Metals Corp.*	375,000			75,000	56,381
Dios Exploration Inc.	694,346			38,189	145,813
Eastmain Resources Inc.	480,645			50,468	76,903
Emgold Mining Corp.	647,692			37,242	61,531
Emgold Mining Corp., Warrants	1,153,845	26/12/2020	0.25	1	1
Excellon Resources Inc., Warrants	50,000	26/08/2021	1.40	5,003	14,375
Galleon Gold Corp.	344,147			43,127	41,298
Galway Metals Inc.	655,170			248,460	576,550
GGX Gold Corp.	400,000			40,000	54,000
GGX Gold Corp., Warrants	200,000	29/01/2021	0.35	-	-
GoldStar Minerals Inc.	2,000,000			35,000	35,000
Happy Creek Minerals Ltd.	1,396,714			118,721	125,704
Imperial Mining Group Ltd.	3,783,978			134,996	208,119
Juggernaut Exploration Ltd., Warrants	17,857	20/06/2021	5.60	-	-
Juggernaut Exploration Ltd., Warrants	75,000	20/04/2021	5.00	-	-
Juggernaut Exploration Ltd., Warrants	152,778	06/12/2020	3.60	-	-
Laurion Mineral Exploration Inc.	2,090,945			340,863	313,642
Laurion Mineral Exploration Inc., Warrants	2,166,667	06/09/2021	0.15	2	2
Laurion Mineral Exploration Inc., Warrants	3,888,888	02/08/2020	0.12	4	116,667
Lomiko Metals Inc.	2,320,000			69,600	58,000
New Age Metals Inc., Warrants	458,333	04/09/2021	0.10	-	-
Nubian Resources Ltd., Warrants	200,000	24/07/2020	0.40	-	-
Orford Mining Corp.	3,959,090			227,841	296,932
Pancontinental Resources Corp.	3,166,000			102,895	221,620
Prosper Gold Corp.	349,000			19,195	17,450
Prosper Gold Corp., Warrants	1,250,000	17/12/2020	0.17	2	1
QMX Gold Corp.	243,778			12,189	35,348
QMX Gold Corp., Warrants	6,388,888	28/11/2020	0.11	4	223,611
Quebec Precious Metals Corp.	501,724			158,043	140,483
Rockcliff Metals Corp., Warrants	2,222,222	16/08/2020	0.20	2	2
Sage Gold Inc.	2,272,727			-	-
Secova Metals Corp.	4,500,000			-	-
Sphinx Resources Ltd.	5,252,769			178,339	105,055
Stelmine Canada Ltd.	1,735,906			129,694	130,193
Stelmine Canada Ltd., Warrants	83,333	01/02/2021	0.20	-	-
Stratabound Minerals Corp.	424,000			31,800	29,680
Stratabound Minerals Corp., Warrants	833,333	22/07/2020	0.12	-	1
Trifecta Gold Ltd.	1			-	-
Vanadiumcorp Resource Inc.	5,954,487			238,179	387,042
Wallbridge Mining Co., Ltd.	196,407			190,875	218,012
X-Terra Resources Inc.	415,727			37,415	47,809
Zonte Metals Inc.	443,417			133,025	104,203
				<u>2,913,133</u>	<u>5,691,049</u>
Base Metals (9.32%)					
Argex Titanium Inc.	10,000,000			-	-
Argex Titanium Inc., Warrants	5,000,000	29/11/2020	0.05	5	5
Auxico Resources Canada Inc.	1,209,500			237,351	93,736

*These securities are subject to temporary trading restrictions.
See accompanying notes.

MARQUEST MUTUAL FUNDS INC. - EXPLORER SERIES FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

SCHEDULE OF INVESTMENT PORTFOLIO (CDN \$)

As at June 30 2020

	Number of Shares, Units or Warrants	Expiry Date	Exercise Price \$	Average Cost \$	Fair Value \$
CANADIAN EQUITIES (CONT'D) (78.87%)					
Base Metals (Cont.) (9.32%)					
Fieldex Exploration Inc., Warrants	750,000	27/04/2021	1.00	-	1
Fieldex Exploration Inc., Warrants	100,000	01/06/2021	1.00	-	-
Focus Graphite Inc., Warrants	1,970,000	30/09/2020	0.12	-	2
Focus Graphite Inc., Warrants	12,500,000	27/12/2020	0.06	13	13
Focus Graphite Inc., Warrants	1,333,300	24/03/2021	0.10	-	1
Gaia Metals Corp., Warrants	250,000	27/12/2021	1.00	-	-
Go Metals Corp.	804,077			56,285	32,163
Go Metals Corp., Warrants	1,777,777	20/12/2020	0.40	1	2
Murchison Minerals Ltd.	534,500			43,911	38,751
Noront Resources Ltd., Warrants	540,625	23/09/2020	0.40	52	1
Noront Resources Ltd., Warrants	125,000	23/09/2020	0.50	-	-
Purepoint Uranium Group Inc.	585,444			32,200	20,491
Purepoint Uranium Group Inc., Warrants	4,444,444	14/12/2020	0.13	5	4
Saville Resources Inc.	3,015,000			150,750	75,375
Seahawk Ventures Inc.	1,520,750			416,306	418,206
Signature Resources Ltd.	1,203,092			95,397	60,155
Stria Lithium Inc.	3,500,000			26,250	43,750
Stria Lithium Inc., Warrants	3,500,000	27/12/2020	0.06	4	4
The Magpie Mines Inc.	3,771,428			849,998	-
Xmet Inc.	2,000,000			10,000	2
				<u>1,918,528</u>	<u>782,662</u>
Energy (1.77%)					
CanAlaska Uranium Ltd.	625,000			93,750	93,750
CanAlaska Uranium Ltd., Warrants	806,819	16/05/2024	0.60	-	1
Vertical Exploration Inc.	1,369,272			41,078	54,771
Vertical Exploration Inc., Warrants	1,363,636	18/12/2020	0.20	1	1
				<u>134,829</u>	<u>148,523</u>
TOTAL CANADIAN EQUITIES				<u>4,966,490</u>	<u>6,622,234</u>
Total cost and fair value of investments (78.87%)				4,966,490	6,622,234
Less: Transaction costs included in average cost (note 6)				(1,748)	-
Total investments				<u>4,964,742</u>	<u>6,622,234</u>
Other Assets Less Liabilities (21.13%)				<u>1,774,552</u>	<u>1,774,552</u>
Net assets attributable to holders of redeemable shares				<u>6,739,294</u>	<u>8,396,786</u>

*These securities are subject to temporary trading restrictions.

PORTFOLIO CONCENTRATION (CDN \$)

Portfolio by Category	% of Net Assets Attributable to Holders of Redeemable Shares	
	June 30, 2020	December 31, 2019
Precious Metals	67.78%	56.09%
Base Metals	9.32%	16.29%
Energy	1.77%	1.03%
Other Assets Less Liabilities	21.13%	26.59%
Total	<u>100.00%</u>	<u>100.00%</u>

See accompanying notes.

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

UNAUDITED INTERIM FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION (CDN \$)

As at

	June 30, 2020 (\$)	December 31, 2019 (\$)
Assets		
Current Assets		
Investments at fair value	2,715,417	4,236,655
Cash	389,889	449,652
Accrued dividend receivable	14,030	20,708
Receivable for investments sold	-	214,258
Refundable taxes receivable (Note 5)	792,107	750,923
Prepaid fees	7,995	16,309
Total Assets	3,919,438	5,688,505
Liabilities		
Current Liabilities		
Management fees payable	1,328	1,931
Other payables and accrued expenses	107,174	130,279
Payable on redemption of redeemable shares	-	10,227
Total Liabilities	108,502	142,437
Net Assets Attributable to Holders of Redeemable Shares (Note 3)	3,810,936	5,546,068
Net Assets Attributable to Holders of Redeemable Shares per Series		
Series A-Regular	2,363,024	3,302,823
Series F	1,385,496	2,162,141
Series I	62,416	81,104
Net Assets Attributable to Holders of Redeemable Shares per Share		
Series A-Regular	10.27	13.43
Series F	10.18	13.23
Series I	12.48	16.22

Approved on behalf of the Board of Directors of Marquest Mutual Funds Inc.

"Gerry L. Brockelsby"

Gerry L. Brockelsby
Director

"Andrew A. McKay"

Andrew A. McKay
Director

The accompanying notes form an integral part of the unaudited interim financial statements

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

UNAUDITED INTERIM FINANCIAL STATEMENTS

STATEMENTS OF COMPREHENSIVE INCOME (CDN \$)

For the periods ended June 30,

	2020 (\$)	2019 (\$)
Income (Loss)		
Dividends	92,087	112,657
Interest for distribution purposes	771	6,411
Securities lending income (Note 7)	3,416	16,783
Foreign exchange gain (loss) on cash	398	(11,824)
Net realized gain (loss) on sale of investments	(144,002)	10,265
Net change in unrealized appreciation (depreciation) on investments	(1,101,985)	544,511
Total Income (Loss)	(1,149,315)	678,803
Expenses (Note 4)		
Management fees	39,920	52,431
Foreign taxes withheld (Note 5)	(1,779)	-
Transaction costs (Note 6)	1,498	16,416
Interest charges	-	11
Operating fees	38,789	30,710
Audit fees	18,800	11,246
Custodian fees	5,218	5,309
Legal fees	7,290	-
Independent Review Committee fees	2,276	3,068
Unitholder reporting costs	2,164	1,205
Total Expenses	114,176	120,396
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations	(1,263,491)	558,407
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Series		
Series A-Regular	(764,197)	331,022
Series F	(480,606)	219,924
Series I	(18,688)	7,461
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share		
Series A-Regular	(3.23)	1.21
Series F	(3.29)	1.22
Series I	(3.74)	1.49

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

UNAUDITED INTERIM FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES (CDN \$)

For the periods ended June 30,

	<u>2020 (\$)</u>	<u>2019 (\$)</u>	<u>2020 (\$)</u>	<u>2019 (\$)</u>
	Series A-Regular		Series F	
Net Assets Attributable to Holders of Redeemable Shares, January 1,	3,302,823	3,419,223	2,162,141	2,110,579
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations	(764,197)	331,022	(480,606)	219,924
Redeemable Share Transactions (Note 3)				
Issuance of shares	-	-	-	-
Redemption of shares	(175,602)	(256,008)	(296,039)	(57,220)
Net increase (decrease) from redeemable share transactions	(175,602)	(256,008)	(296,039)	(57,220)
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares	(939,799)	75,014	(776,645)	162,704
Net Assets Attributable to Holders of Redeemable Shares, June 30,	2,363,024	3,494,237	1,385,496	2,273,283
	<u>2020 (\$)</u>	<u>2019 (\$)</u>	<u>2020 (\$)</u>	<u>2019 (\$)</u>
	Series I		Total	
Net Assets Attributable to Holders of Redeemable Shares, January 1,	81,104	71,498	5,546,068	5,601,300
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations	(18,688)	7,461	(1,263,491)	558,407
Redeemable Share Transactions (Note 3)				
Issuance of shares	-	-	-	-
Redemption of shares	-	-	(471,641)	(313,228)
Net increase (decrease) from redeemable share transactions	-	-	(471,641)	(313,228)
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares	(18,688)	7,461	(1,735,132)	245,179
Net Assets Attributable to Holders of Redeemable Shares, June 30,	62,416	78,959	3,810,936	5,846,479

The accompanying notes form an integral part of the unaudited interim financial statements

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

UNAUDITED INTERIM FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOW (CDN \$)

For the periods ended June 30,

	2020 (\$)	2019 (\$)
Cash Flows from in Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable shares from operations	(1,263,491)	558,407
Adjustments for:		
Foreign exchange loss (gain) on cash	(398)	11,824
Net realized loss (gain) on sale of investments	144,002	(10,265)
Net change in unrealized depreciation (appreciation) on investments	1,101,985	(544,511)
Purchases of investments	(588,805)	(5,837,459)
Proceeds from sale and maturity of investments	1,078,314	5,328,937
Accrued dividend receivable	6,678	(2,492)
Refundable taxes receivable	(41,184)	-
Prepaid fees	8,314	8,215
Payable to other corporate series	-	-
Management fees payable	(603)	(781)
Other payables and accrued expenses	(23,105)	(7,528)
Net Cash from in Operating Activities	421,707	(495,653)
Cash Flows used in Financing Activities		
Issuance of shares	-	-
Redemption of shares	(481,868)	(313,228)
Net Cash used in Financing Activities	(481,868)	(313,228)
Increase (Decrease) in Cash during the Period	(60,161)	(808,881)
Foreign exchange gain (loss) on cash	398	(11,824)
Cash at Beginning of Period	449,652	994,405
Cash at End of Period	389,889	173,700
Supplemental disclosures on cash flows:		
Dividends received	98,765	110,165
Foreign taxes paid	1,779	-
Interest received	771	6,411
Interest paid	-	(11)

The accompanying notes form an integral part of the unaudited interim financial statements

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

UNAUDITED INTERIM FINANCIAL STATEMENTS

SCHEDULE OF INVESTMENT PORTFOLIO (CDN \$)

As at June 30, 2020 (unaudited)

	Number of Shares/Units	Average Cost \$	Fair Value \$
CANADIAN EQUITIES (62.47%)			
Energy (16.73%)			
Cardinal Energy Ltd.	62,543	157,921	33,148
Enbridge Inc.	2,660	150,363	109,805
Gibson Energy Inc.	6,500	117,872	137,345
Keyera Corp.	4,586	154,622	94,793
Parkland Fuel Corp.	4,024	147,546	135,649
Pembina Pipeline Corp.	3,740	163,214	126,936
		891,538	637,676
Real Estate (12.81%)			
American Hotel Income Properties REIT LP	29,631	194,748	80,300
Colliers International Group Inc.	1,361	147,907	106,022
Cominar Real Estate Investment Trust	10,235	147,428	83,722
Crombie Real Estate Investment Trust	11,367	164,868	145,498
H&R Real Estate Investment Trust	7,430	172,021	72,517
		826,972	488,059
Consumer Discretionary (9.94%)			
Boston Pizza Royalties Income Fund	9,045	157,418	71,365
Park Lawn Corp.	7,946	153,758	178,149
Pizza Pizza Royalty Corp.	15,508	154,313	129,337
		465,489	378,851
Utilities (7.73%)			
AltaGas Ltd.	10,082	180,260	157,783
Canadian Utilities Ltd.	4,044	126,267	136,687
		306,527	294,470
Financials (5.63%)			
Alaris Royalty Corp.	8,072	149,308	104,532
Bank of Nova Scotia	1,957	147,539	109,944
		296,847	214,476
Consumer Staples (3.89%)			
North West Co., Inc.	4,997	151,458	148,311
		151,458	148,311
Industrials (3.29%)			
Thomson Reuters Corp.	1,358	116,793	125,262
		116,793	125,262
Healthcare (2.45%)			
Chartwell Retirement Residences	9,986	155,461	93,569
		155,461	93,569
TOTAL CANADIAN EQUITIES		3,211,085	2,380,674
UNITED STATES EQUITIES (8.78%)			
Utilities (6.82%)			
Brookfield Renewable Partners LP	3,999	178,515	259,934
		178,515	259,934
Real Estate (1.96%)			
Brookfield Property Partners LP	5,562	147,491	74,809
		147,491	74,809
TOTAL UNITED STATES EQUITIES		326,006	334,743
Total cost and fair value of investments (71.25%)		3,537,091	2,715,417
Less: Transaction costs included in average cost (Note 6)		(4,588)	-
Total investments		3,532,503	2,715,417
Other Assets Less Liabilities (28.75%)		1,095,519	1,095,519
Net assets attributable to holders of redeemable shares		4,628,022	3,810,936

See accompanying notes.

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

UNAUDITED INTERIM FINANCIAL STATEMENTS

PORTFOLIO CONCENTRATION (CDN \$)

Portfolio by Category	% of Net Assets Attributable to Holders of Redeemable Shares	
	June 30, 2020	December 31, 2019
Energy	16.73%	15.57%
Real Estate	14.77%	15.28%
Utilities	14.55%	10.80%
Consumer Discretionary	9.94%	9.12%
Financials	5.63%	8.36%
Consumer Staples	3.89%	5.02%
Industrials	3.29%	7.15%
Communication Services	-	2.59%
Healthcare	2.45%	2.50%
Other Assets Less Liabilities	28.75%	23.61%
Total	100.00%	100.00%

See accompanying notes.

Marquest Mutual Funds Inc.

Notes to Unaudited Interim Financial Statements (expressed in Canadian dollars)

For the period ended June 30, 2020

1. THE FUNDS

Marquest Mutual Funds Inc. (the "Corporation") was incorporated by articles of incorporation under the laws of Ontario on September 24, 2004. In addition to ten common shares issued upon incorporation, the Corporation has two series of mutual fund shares. The Funds are referred to individually as a "Fund" and collectively as the "Funds". The Funds' registered office is located at 161 Bay Street, 27th Floor, Toronto, Ontario, M5J 2S1. The Funds invest in Canadian and U.S. securities, Canadian and U.S. fixed income securities, Canadian short-term debt securities and derivatives. Most of the Funds' equity investments are listed and traded on stock exchange markets in Canada and the U.S., although the Funds may also invest in private equity securities.

Marquest Asset Management Inc. is the manager (the "Manager") of the Funds. The Funds' investment activities and administration are managed by the Manager. The Funds' custodian is RBC Investor and Treasury Services.

The Funds' commencement dates of operations are as follows:

Name of Fund	Series A-Rollover	Series A-Regular	Series F	Series I
Explorer Series Fund	31-Jan-05	05-Sep-08	24-Mar-08	-
Flex Dividend and Income Growth™ Series Fund	-	19-May-09	13-Nov-09	28-Oct-08

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These unaudited interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. Significant accounting policies used in preparing the unaudited interim financial statements are consistent with those used in preparing the annual financial statements. These unaudited interim financial statements do not include all the information and disclosures required in annual financial statements and, accordingly, should be read in conjunction with the Funds' most recent December 31, 2019, annual financial statements.

These unaudited interim financial statements were authorized for issue by the Manager on August 31, 2020.

(b) Significant Accounting Judgments, Estimates and Assumptions

The preparation of these unaudited interim financial statements requires the Manager to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited interim financial statements and reported amounts of income and expenses during the reporting periods. Actual outcomes could differ from these estimates. Significant estimates include the valuation of investments and derivatives, and significant judgments include the determination of functional currency, classification of redeemable units, classification and measurement of investments and classification of the Fund as an investment entity. The impacts of such estimates may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

The Funds hold financial instruments that are not quoted in active markets, including derivatives. Fair values may be determined using reputable pricing vendors (for derivatives) or indicated prices from market makers/brokers. Broker quotes as obtained from pricing sources may be indicative and not executable or binding. Securities not listed upon a recognized public stock exchange, or securities for which a last sale or closing price is unavailable or securities for which market quotations are, in the Manager's opinion, inaccurate, unreliable or not reflective of all available material information, are valued at their estimated fair value, determined by using appropriate and accepted industry valuation techniques including valuation models. The estimated fair value of a security determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty) and volatility. Changes in assumption about these factors could affect the reported fair value of financial instruments and the level where the instruments are disclosed in the fair value hierarchy. To assess the significance, the Funds perform sensitivity analysis of these estimates to the fair value of the Funds' holdings (see Note 10).

Classification and measurement of investments

The Manager has assessed the business models of the Funds and has determined that the Funds' portfolio of financial assets and financial liabilities is managed and performance is evaluated on a fair value basis in accordance with the Funds' risk management and investment strategies; therefore, classification and measurement of investments is Fair value through profit and loss (FVTPL).

(c) Investments in Associates, Joint Ventures, Subsidiaries, and Structured Entities

Consolidated financial statements are required to be prepared where an entity has control over the entity or entities in which it invests, in accordance with IFRS 10, Consolidated Financial Statements ("IFRS 10"). As the Funds satisfy the criteria to meet the definition of an "investment entity" under IFRS 10, any investments in subsidiaries, other than those that provide services to the Funds, are accounted for and measured at FVTPL. The Funds have also designated any investments in associates, joint ventures, and structured entities, structured as mutual or exchange traded funds, at FVTPL.

(d) Functional and Presentation Currency

These unaudited interim financial statements are presented in Canadian dollars (CAD), which is the Funds' functional currency. The Funds' subscriptions and redemptions are denominated in Canadian dollars (CAD).

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing rate of exchange on each valuation date. Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions. The effects of exchange rate fluctuations on investments and foreign currency transactions are included in the "Foreign exchange gain (loss)" in the Statements of Comprehensive Income.

(e) Basis of Measurement

These unaudited interim financial statements have been prepared on a historical cost basis, except for investments, which are measured at fair value in the Statements of Financial Position.

Marquest Mutual Funds Inc.

Notes to Unaudited Interim Financial Statements (expressed in Canadian dollars)

For the period ended June 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial Instruments

Recognition and derecognition

All financial instruments are recognized at fair value upon initial recognition when a fund becomes a party to the contractual requirements of the financial instruments. A financial asset is derecognized when the right to receive cash flows from the asset has expired or the Funds have substantially transferred all risk and rewards of ownership. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

Classification and measurement

In classifying and measuring financial instruments held by the Funds, the manager is required to assess the Funds' business model, the manner in which all financial assets and financial liabilities are managed and performance evaluated as a group on a fair value basis and the contractual cash flow characteristics of these financial instruments. The Funds' portfolio of financial assets is managed and evaluated on a fair value basis. Consequently, the funds classify and measure all investments and derivatives at Fair value through profit and loss (FVTPL).

All other assets and liabilities are subsequently measured at amortized cost in accordance with IFRS 9, *Financial Instruments* ("IFRS 9").

The Funds' obligations for net assets attributable to unitholders are classified as financial liabilities in accordance with the requirements of IAS 32, *Financial Instruments: Presentation* and are presented at the redemption amount.

The Funds classify each financial instrument into one of the three fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1 - for unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 - for inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities, either directly (i.e. derived from prices); or indirectly (i.e. derived from prices); and

Level 3 - for inputs that are based on unobservable market data.

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

All fair value measurements are recurring. For financial instruments whose fair values approximate their carrying values, given their short term nature, the carrying values of financial instruments measured at amortized costs approximate their fair values. Fair values as classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

The models used to determine fair value measurements included in the unaudited interim financial statements of the Funds including Level 3 measurements, if any, are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them. The Manager considers and reviews the appropriateness of the valuation models, the valuation results, as well as any adjustments to the prices or estimates used by these models. At each financial reporting date, the Manager reviews and approves all Level 3 fair value measurements.

The breakdown into the three-level hierarchy is provided in Note 10.

(g) Redeemable Participating Shares

Redeemable participating shares are redeemable at the shareholder's option and are classified as financial liabilities. They are measured at the redeemable amount.

The value at which shares are issued or redeemed is the net asset value per share. Net asset value per share for each series is calculated at the end of each day on which the Funds' Manager is open for business ("valuation day") by dividing the net asset value ("Transactional NAV") of each series by its outstanding shares. The net asset value of each series is computed by calculating the value of the series' proportionate share of the Fund's assets less the series' proportionate share of the Fund's common liabilities and less series-specific liabilities. Expenses directly attributable to a series are charged to that series, while common Fund expenses are allocated to each series in a reasonable manner as determined by the Manager. Other income and realized and unrealized gains and losses are allocated to each series of the Fund based on that series' pro rata share of total net asset value of that Fund. Amounts received on the issuance of shares and amounts paid on the redemption of shares are included on the Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares. Distributions on redeemable shares are presented as an expense within the Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares.

Marquest Mutual Funds Inc.

Notes to Unaudited Interim Financial Statements (expressed in Canadian dollars)

For the period ended June 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares from Operations per Share

Increase (decrease) in net assets attributable to holders of redeemable shares from operations per share is based on the increase (decrease) in net assets attributable to holders of redeemable shares from operations attributable to each series of the Fund divided by the weighted average number of shares of that series outstanding during the period.

(i) Income Recognition

Dividend Income

Dividend income is recognized in the Statements of Comprehensive Income on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend gross of withheld tax.

Interest for distribution purposes

Interest for distribution purposes as disclosed in the Statements of Comprehensive Income on debt securities at FVTPL is recognized on an accrual basis and represents the coupon interest received by the Funds accounted for on an accrual basis. The Funds do not amortize premiums paid or discounts received on the purchase of fixed income securities, except for zero coupon bonds, which are amortized on a straight line basis.

Distribution income

Distributions from income trusts, mutual funds and REITs are recognized on the ex-distribution date and are recorded as income, capital gains or a return of capital, based on the best information available to the Manager. Distributions from investment trusts that are treated as a return of capital for income tax purposes reduce the average cost of the underlying investment.

Realized and unrealized gains and losses

Realized gains and losses on sale of investments, and unrealized appreciation and depreciation on investments, are calculated on an average cost basis.

(j) Distributions to Shareholders

Distributions are recorded by the Funds on the business day immediately following the record date.

(k) Transaction Costs

Transaction costs are expensed and are included in "Transaction costs" in the Statements of Comprehensive Income. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers, and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

3. REDEEMABLE PARTICIPATING SHARES

The Funds are authorized to issue an unlimited number of shares as follows:

Name of Fund	Series available
Explorer Series Fund	A-Rollover, A-Regular, F
Flex Dividend and Income Growth™ Series Fund	A-Regular, F, I

During the periods ended June 30, 2020 and 2019, the following shares were issued (including transfers from other series) and redeemed (including transfers to other series):

June 30, 2020	Outstanding beginning of period	Shares issued	Shares redeemed	Outstanding end of period
Explorer Series Fund				
Series A-Rollover	17,274,341	12,641,666	(15,846,045)	14,069,962
Series A-Regular	14,098	-	(11,179)	2,919
Series F	180,810	1,651,500	(1,529,807)	302,503
Flex Dividend and Income Growth™ Series Fund				
Series A	245,971	-	(15,990)	229,981
Series F	163,397	-	(27,342)	136,055
Series I	5,000	-	-	5,000
June 30, 2019	Outstanding beginning of period	Shares issued	Shares redeemed	Outstanding end of period
Explorer Series Fund				
Series A-Rollover	21,657,036	12,561,031	(16,202,444)	18,015,623
Series A-Regular	18,269	-	(4,171)	14,098
Series F	1,837,483	20,495	(1,786,106)	71,872
Flex Dividend and Income Growth™ Series Fund				
Series A	285,604	-	(19,843)	265,761
Series F	180,928	-	(4,465)	176,463
Series I	5,000	-	-	5,000

Marquest Mutual Funds Inc.

Notes to Unaudited Interim Financial Statements (expressed in Canadian dollars)

For the period ended June 30, 2020

4. EXPENSES AND RELATED PARTY TRANSACTIONS

The following summarizes the annual management fee for the Funds paid yearly based on the average net asset value:

	Series A/Rollover and Regular	Series F	Series I
Explorer Series Fund	2.0%	1.0%	n/a
Flex Dividend and Income Growth™ Series Fund	2.0%	1.0%	Negotiated

The Funds are dependent on the Manager for administration and management of all matters relating to their operations.

The Funds bear all of their own expenses relating to their operation and the carrying on of their businesses. These items include legal and audit fees, interest, and administrative costs relating to the issue and redemption of shares as well as the cost of financial and other reports and compliance with all applicable laws, regulations and policies. Commissions paid on security transactions are shown as "Transaction costs" in the Statements of Comprehensive Income.

The Manager has, at its discretion, the ability to absorb certain expenses associated with some of the Funds. No fees were absorbed during the period ended June 30, 2020 and 2019.

Amounts payable to and receivable from other corporate series are non-interest bearing and due on demand. These balances arose as a result of the Explorer Series Fund remitting the Corporation's aggregate taxes owing on behalf of the Flex Dividend and Income Growth™ Series Fund and itself. These transactions are measured at the exchange amounts, and occur within the normal course of business.

Included in the each of the Funds' expenses in the Statements of Comprehensive Income is the corresponding component of sales tax. The Harmonized Sales Tax (HST) combines the GST rate of 5% with the Provincial Sales Tax of certain provinces. Each Fund's HST rate is calculated using the proportionate investment holding by unitholder's provincial residency as at September 30 of the prior year. HST rates are determined for expenses attributable to a Fund's individual class/series, where applicable.

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").

In accordance with National Instrument 81-107, *Independent Review Committee for Investment Funds*, the Fund Manager has established an IRC for all of the Funds. The mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest, which the Manager is subject to when managing the Funds. The IRC reports annually to unitholders of the Funds on its activities, and the annual report is available on or after December 31 in each year. The Manager charges compensation paid to the IRC members and the costs of the ongoing administration of the IRC to the Funds. These amounts are recorded in the Statements of Comprehensive Income.

5. TAXATION AND DISTRIBUTIONS

(a) Taxation of Open-End Mutual Fund Corporations

Under the *Income Tax Act* (Canada), the Corporation qualifies as a mutual fund corporation and computes its net income (loss) and net capital gains (losses) for income tax purposes as a single entity. A mutual fund corporation is subject to a special 38 1/3% tax on taxable dividends received from corporations resident in Canada and to tax at normal corporate rates on other income and net taxable realized capital gains for the year. The special 38 1/3% tax is refundable on payments of taxable dividends to shareholders at the rate of \$1 for each \$2.61 of such dividend paid. All the tax on net taxable realized capital gains is refundable when the gains are distributed to shareholders as capital gains dividends or through redemption of shares at the request of shareholders.

While the Corporation is taxed as a single legal entity, the individual mutual fund share series recognize, for accounting purposes, the impact of current and future taxes based on the net income (loss) and increase (decrease) in net assets from realized and unrealized gains (losses), respectively, of each series. The mutual fund share series offsets the future tax liability for refundable taxes payable with the refund expected upon payment of capital gains or ordinary dividends or upon redemption of shares. As a result, the future tax liability for refundable taxes payable is eliminated. The mutual fund share series with negative taxable income does not recognize a tax asset for unused tax losses as future utilization is not probable and a full valuation allowance has been recorded. Further, unused tax losses of one mutual fund share series may be used to offset taxable income of another series. Therefore, where a mutual fund share series has positive net taxable income, the current tax liability has been offset with the utilization of unused tax losses from other series to the extent possible. Any residual taxable income would be refundable upon payment of capital gains or ordinary dividends by the Corporation.

(b) Losses Carried Forward

Certain Funds have accumulated net realized capital and non-capital losses. Non-capital losses may be carried forward to reduce future taxable income for up to twenty years. Capital losses are available to be carried forward indefinitely and applied against future capital gains. There are no capital losses carry-forwards as of June 30, 2020 (2019 – nil) and non-capital losses carry-forwards as of June 30, 2020 (2019 – nil).

(c) Withholding Taxes

Certain Funds holding foreign securities may be subject to withholding tax, which are the taxes imposed by certain foreign countries for the investment income received from these securities. Withholding taxes are accrued based on the accrual of the related foreign investment income and are included in "Withholding taxes" on the Statements of Comprehensive Income and "Accrued liabilities" on the Statements of Financial Position.

6. BROKERAGE COMMISSIONS ON SECURITIES TRANSACTIONS

Certain Funds have incurred brokerage commissions, a portion of which may have been received by the Funds' investment advisers in the form of investment or research services. For the period ended June 30, 2020, there was no benefits received for the Explorer Series Fund and Flex Dividend and Income Growth™ Series Fund (2019 - \$19,502 and \$6,340 respectively).

No soft dollar services were included in the transaction costs on the Statements of Comprehensive Income.

Marquest Mutual Funds Inc.

Notes to Unaudited Interim Financial Statements (expressed in Canadian dollars)

For the period ended June 30, 2020

7. SECURITIES LENDING TRANSACTIONS

The Funds have entered into a securities lending program with their custodian, RBC Investor and Treasury Services. The aggregate fair value of all securities loaned by a Fund cannot exceed 50% of the assets of the Fund. The Funds receive collateral of at least 102% of the value of the securities on loan. Collateral may comprise cash and/or securities.

The aggregate fair value of securities loaned and collateral held under securities lending transactions at June 30, 2020 and December 31, 2019 is as follows:

June 30, 2020	Securities on loan \$	Collateral amount \$	Collateral as percentage of securities loaned %
Flex Dividend and Income Growth™ Series Fund	797,106	836,968	105%

December 31, 2019	Securities on loan \$	Collateral amount \$	Collateral as percentage of securities loaned %
Flex Dividend and Income Growth™ Series Fund	769,124	807,583	105%

Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge that the Fund's custodian, RBC Investor Services Trust, is entitled to receive.

June 30, 2020	Gross securities lending income \$	Securities lending charge \$ %	Net securities lending income \$	Withholding taxes \$	Net income received \$
Explorer Series Fund	1	- 35	1	-	1
Flex Dividend and Income Growth™ Series Fund	5,266	1,843 35	3,423	7	3,416

June 30, 2019	Gross securities lending income \$	Securities lending charge \$ %	Net securities lending income \$	Withholding taxes \$	Net income received \$
Explorer Series Fund	9	3 35	6	-	6
Flex Dividend and Income Growth™ Series Fund	25,875	9,056 35	16,819	36	16,783

8. FUND MERGERS

The acquisition method of accounting was adopted for the merger of mutual funds whereby the continuing fund is the acquiring fund and the terminated fund is the acquired fund. This identification was based on aspects of the continuing fund such as investment objectives and portfolio composition.

Effective as of the close of business, as set out below, the continuing funds acquired the portfolio assets of the corresponding terminated funds in exchange for shares in the continuing fund. The value of the shares of the continuing fund issued in connection with these mergers was equal to the fair value of the investments transferred from the respective terminated fund.

Terminating fund	Merger date	Continuing fund	Series	Net assets acquired \$	Shares issued	Exchange ratio %
Marquest Mining 2018-I Super Flow-Through LP	04/12/2019	Explorer Series Fund	A-Rollover	1,009,070	2,319,702	125.8
Marquest Mining Québec 2018-I Super Flow-Through LP	04/12/2019	Explorer Series Fund	A-Rollover	4,454,980	10,241,334	137.49
Marquest Mining 2018-II Super Flow-Through LP, Class A	11/1/2019	Explorer Series Fund	A-Rollover	1,617,532	4,057,016	188.7
Marquest Mining 2018-II Super Flow-Through LP, Class F	11/1/2019	Explorer Series Fund	F	114,570	290,861	203.4
Marquest Mining Québec 2018-II Super Flow-Through LP, Class A	11/1/2019	Explorer Series Fund	A-Rollover	7,235,900	18,148,733	129.86
Marquest Mining Québec 2018-II Super Flow-Through LP, Class F	11/1/2019	Explorer Series Fund	F	1,156,275	2,935,453	139.78
Marquest Mining Québec 2019-I Super Flow-Through LP, Class A	5/15/2020	Explorer Series Fund	A-Rollover	5,045,289	12,641,666	176.39
Marquest Mining Québec 2019-I Super Flow-Through LP, Class F	5/15/2020	Explorer Series Fund	F	656,636	1,651,500	189.61

As a result of the mergers, in accordance with the *Income Tax Act* (Canada), all unrealized losses and certain elected unrealized gains of the terminating funds' portfolios were realized on the merger date. The financial statements of the continuing funds do not include the operating results of the terminated funds prior to the merger date.

Marquest Mutual Funds Inc.

Notes to Unaudited Interim Financial Statements (expressed in Canadian dollars)

For the period ended June 30, 2020

9. CAPITAL MANAGEMENT DISCLOSURES

Shares issued and outstanding represent the capital of the Funds. The Funds have no restrictions or specific capital requirements and are authorized to issue an unlimited number of redeemable, transferable shares of each Series available, as specified in the Funds' Simplified Prospectus. Restrictions and specific requirements on capital for each fund Series are only applicable for minimum subscriptions as outlined in the Simplified Prospectus. The Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares and note 3 outline the relevant changes in each of the Fund's shares for the year. In accordance with the Funds' investment objectives, portfolio management of the Funds' capital will encompass appropriate investing of subscriptions and the maintenance of sufficient liquidity levels for capital redemptions.

10. FINANCIAL INSTRUMENTS

(a) Fair Value

Financial instruments of the Funds include investments at fair value. There are no significant differences between the carrying values of these financial instruments and their fair values due to their short term nature. Investments are carried at their fair values as described below.

- I. Securities listed upon a recognized public stock exchange are valued at their close price on the valuation date. In circumstances where the close price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.
- II. Securities not listed upon a recognized public stock exchange, or securities for which a close price, last sale or bid price are unavailable or securities for which market quotations are, in the Manager's opinion, inaccurate, unreliable or not reflective of all available material information, are valued at their estimated fair value, determined by using appropriate and accepted industry valuation techniques including valuation models. The estimated fair value of a security determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In limited circumstances, the estimated fair value of a security may be determined using valuation techniques that are not supported by observable market data.
- III. Warrants that do not have a quoted close price are carried at the difference between the exercise price and the quoted close price of the underlying security if the exercise price is lower than the quoted close price; if no quoted close price is available, then the management will determine the point within the bid-ask spread most representative of the fair value.
- IV. Securities that are restricted or limited by law (including by investment letter, escrow provisions or other representation, undertaking or agreement) will be subject to temporary trading restrictions and cannot be sold until the applicable holding period expires. The fair value of those securities for the duration of the holding period shall be the reported market value of the same class of shares of that security which is not subject to a restriction based on reported quotations in common use less an appropriate discount.

The following tables present the Funds' financial instruments measured at fair value classified by the fair value hierarchy set out in IFRS 13, *Fair Value Measurements* as of June 30, 2020 and December 31, 2019:

	Level 1	Level 2	Level 3	Total
June 30, 2020	\$	\$	\$	\$
Explorer Series Fund	5,080,806	56,381	1,485,047	6,622,234
Flex Dividend and Income Growth™ Series Fund	2,715,417	-	-	2,715,417

	Level 1	Level 2	Level 3	Total
December 31, 2019	\$	\$	\$	\$
Explorer Series Fund	4,885,300	-	279,531	5,164,831
Flex Dividend and Income Growth™ Series Fund	4,236,655	-	-	4,236,655

During the period ended June 30, 2020 and 2019 no security was transferred between Level 1 and Level 2 for the Explorer Series Fund.

Realized and unrealized gains and losses related to Level 3 securities are included in the Statements of Comprehensive Income under "Net realized gain (loss) on the sale of investments including foreign exchange gain (loss)" and "Net change in unrealized appreciation (depreciation) on investments" respectively. Transfers in and out of Level 3 are due to the changes in the observability of market data, such as a recent new transaction or due to the passage of time, respectively. The following tables summarizes the changes in Level 3 securities for the six-months period ended June 30, 2020:

	Explorer Series Fund
	\$
Total Level 3 value, December 31, 2019	279,531
Net sales	(183,287)
Transfers In / additions	1,063,517
Net realized gain (loss) on sale of investments	(74,445)
Change in unrealized appreciation (depreciation) in value	399,731
Total Level 3 value, June 30, 2020	1,485,047

Marquest Mutual Funds Inc.

Notes to Unaudited Interim Financial Statements (expressed in Canadian dollars)

For the period ended June 30, 2020

10. FINANCIAL INSTRUMENTS (continued)

(a) Fair Value (continued)

Certain Funds hold Level 3 securities in which there is uncertainty in estimating the fair value stemming from current financial issues and lack of market quotations. Level 3 requires significant unobservable data in its determination of fair value. The Explorer Series Fund holds share warrants investments classified as Level 3.

The fair value of the level 3 securities during the year are calculated using a key number of valuation techniques and unobservable inputs, which may include financial analysis of the company's financial statements, financial disclosures, non-listed transaction prices, analysis of underlying commodity or sector prices and overall prevailing market and economic conditions.

(b) Risk Management and Disclosures

The COVID-19 global pandemic is likely to have an ongoing effect on the financial markets where the Fund operates. The Fund management performs routine risk assessment procedures and robust controls over its accounts, balances, and transactions. As at the Financial Statement Issue Date, there are no material events or conditions that impact the Fund's ability to continue as a going concern.

The Funds' investment activities expose them to a variety of financial risks. The Schedule of Investment Portfolios presents the securities held by the Funds as at June 30, 2020, and groups the securities by asset type, geographic region and/or market segment. Significant risks that are relevant to the Funds are discussed below. The sensitivity analyses shown in the notes below may differ from actual trading, and the differences could be material.

The Manager seeks to minimize potential adverse effects of these risks on the Funds' performance by employing professional, experienced portfolio advisers, daily monitoring of the Funds' positions and market events, by diversifying the investment portfolios within the constraints of the investment objectives. To assist in managing risks, the Manager also uses internal guidelines that identify the target exposure for each type of risk, maintains a governance structure that oversees the Funds' investment activities and monitors compliance with the Funds' stated investment strategies and securities regulations.

(i) Market Risk

Foreign exchange risk

Foreign exchange risk is the risk that the value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Funds invest in securities and other investments that are denominated in currencies other than the Canadian dollar. Accordingly, the value of the Funds' assets may be affected favourably or unfavourably by fluctuations in currency rates, and therefore the Funds will necessarily be subject to foreign exchange risks.

The primary purpose of the Funds' foreign currency economic hedging activities is to protect against the volatility associated with investments and other assets and liabilities denominated in foreign currencies in the normal course of business.

The tables below indicate the foreign currencies to which the Funds have significant exposure as at June 30, 2020 and December 31, 2019. The table also illustrates the potential impact to the Funds' net asset value, as a result of a 5% change in these currencies relative to the Canadian dollar, the functional currency, with all other variables held constant.

June 30, 2020	Currency	Fair value	% of Net assets attributable to holders of redeemable units	Potential impact on net assets
		\$	%	\$
Explorer Series Fund	United States dollars	37	-	2
Flex Dividend and Income Growth™ Series Fund	United States dollars	21,587	0.6	1,079

December 31, 2019	Currency	Fair value	% of Net assets attributable to holders of redeemable units	Potential impact on net assets
		\$	%	\$
Explorer Series Fund	United States dollars	35	-	2
Flex Dividend and Income Growth™ Series Fund	United States dollars	20,878	0.4	1,044

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Funds are not exposed to interest rate risk.

Marquest Mutual Funds Inc.

Notes to Unaudited Interim Financial Statements (expressed in Canadian dollars)

For the period ended June 30, 2020

10. FINANCIAL INSTRUMENTS (continued)

(b) Risk Management and Disclosures (continued)

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk). The investments of the Funds are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Funds is equivalent to the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits, and the Funds' market price risk is managed through diversification of the investment portfolio.

The most significant exposure to other price risk arises from the Funds' investments in equity securities. As of June 30, 2020 and December 31, 2019, had the prices on the respective stock exchanges for these securities raised or lowered by 10%, with all other variables held constant, net assets attributable to holders of redeemable shares would have increased or decreased respectively as follows:

June 30, 2020	Fair value of Investments in equity securities \$	% of net assets attributable to holders of redeemable shares %	Potential impact on net assets attributable to holders of redeemable shares \$
Explorer Series Fund	6,622,234	78.9	662,223
Flex Dividend and Income Growth™ Series Fund	2,715,417	71.3	271,542
December 31, 2019	Fair value of investments in equity securities \$	% of net assets attributable to holders of redeemable shares %	Potential impact on net assets attributable to holders of redeemable shares \$
Explorer Series Fund	5,164,831	73.4	516,483
Flex Dividend and Income Growth™ Series Fund	4,236,655	76.4	423,666

(ii) Liquidity Risk

Liquidity risk is defined as the risk that the Funds will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Funds may invest in securities, which are not actively traded on a stock exchange. The fair values of these securities may not be indicative of what the Funds could realize on the immediate sale as it may take a significant amount of time to liquidate positions without causing a significant negative impact on the fair value. There can be no assurance that an active trading market for these securities will exist at all times, or that the prices at which these securities trade accurately reflect their values. Additionally for net asset value purposes, in accordance with securities regulation, the Funds must maintain at least 85% of their assets in liquid investments (i.e. investments that are traded in an active market including management fees payable, other payable and accrued expenses and payable on redemption of redeemable shares. These financial liabilities are all current and are due within 30 days. Redeemable shares are redeemable on demand at the shareholder's option. However, management does not expect that all of the shares will be redeemed immediately as holders of these instruments typically retain them for a longer period.

Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of. On a weekly basis, quantitative monitoring measures are used to screen the Fund's portfolio for securities that may be considered for potential reclassification as illiquid. In addition, the Fund aims to retain sufficient cash to maintain liquidity. Accordingly, the Fund's liquidity risk is considered minimal.

(iii) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds. The Funds' exposure to credit risk includes cash, investments and receivables for investment securities sold. The Funds reduce their credit risk associated with cash by maintaining their primary bank accounts at large international financial institutions. All transactions in listed securities are settled for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. The Funds do not have a significant exposure to credit risk.

(iv) Concentration Risk

Portfolio concentration risk is the risk of loss in the total value of the portfolio investments of the Fund due to an over-concentration of investments in a particular instrument, sector or country. A summary of the portfolio's concentration risk by industry sector as at June 30, 2020 and December 31, 2019 is shown in Fund's Schedule of Investment Portfolio.

11. RECLASSIFICATION OF COMPARATIVE FIGURES

In "Explorer Series Fund" an inter-fund receivable account as of December 31, 2019 with Flex Dividend and Income Growth™ Series Fund, which was net off with "other payable and accrued expenses" is reclassified from "Other payables and accrued expenses" to "Prepaid fees and others" to confirm with current period classification. .

Description	Transfer from	Transfer to	As of December 31, 2019 Amount \$
Receivable from Flex Dividend and Income Growth™ Series Fund (a related party)	Other payables and accrued expenses	Prepaid fees and others	77,558

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