

Interim Management Report of Fund Performance As at April 30, 2016 Front Street Balanced Monthly Income Class

This Interim Management Report of Fund Performance contains financial highlights but does not contain the complete interim financial statements for Front Street Balanced Monthly Income Class (the "Fund"), a class of shares of Front Street Mutual Funds Limited. The interim financials of the Fund are attached behind this report and you can also get a copy of the interim or annual financial statements at your request, and at no cost, by calling 1-800-513-2832, by writing to us at Front Street Capital 2004, 33 Yonge Street, Suite 600, Toronto, Ontario M5E 1G4 or by visiting our website at www.frontstreetcapital.com 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 relating to the Fund.

Forward Looking Information

This Management Report of Fund Performance contains forward-looking information and statements relating, but not limited to, anticipated or prospective financial performance and results of operations of the Fund. Forward looking information involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. For this purpose, any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking information. Without limiting the foregoing, the words "believes", "anticipates", "plans", "intends", "will", "should", "expects", "projects", and similar expressions are intended to identify forward-looking information.

Although the Fund believes it has a reasonable basis for making the forecasts or projections included in this Management Report of Fund Performance, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, the forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts and other forward-looking statements will not occur. These factors include, but are not limited to, those associated with the performance of the equity securities market, expectations about interest rates and factors incorporated by reference herein as risk factors.

The above list of important factors affecting forward looking information is not exhaustive, and reference should be made to the other risks discussed in the Fund's filings with Canadian securities regulatory authorities. The forward looking information is given as of the date of this Management Report of Fund Performance, and the Fund undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Management Discussion of Fund Performance

INVESTMENT OBJECTIVES AND STRATEGIES

The investment objective of the Fund is to provide shareholders with consistent long term capital growth and the opportunity for income through the selection, management and strategic trading of long and short positions in securities of income trusts, common shares, preferred shares, derivatives and corporate and government debt.

The Investment Advisor will also consider positioning the Fund's investment portfolio to reduce its correlation to Canadian equity and fixed-income indices.

From time to time the Fund may invest in other mutual funds and may purchase securities of, or enter into specified derivative transactions for which the underlying interest is based on the securities of other mutual funds. Such investments may be entered into in conjunction with other strategies and investments in a manner considered most appropriate to achieving the Fund's investment objectives stated above and enhancing returns as permitted by securities regulations.

RISK

The risks associated with investing in the Fund are discussed in the Fund's simplified prospectus, which is available on SEDAR at www.sedar.com or by visiting our website at www.frontstreetcapital.com. There were no changes over the period to the risks outlined in the simplified prospectus which would materially affect the overall risk of investing in the fund.

RESULTS OF OPERATIONS

For the six-month period ended April 30, 2016, the Front Street Balanced Monthly Income Class returned -4.3%. During the period ended April 30, 2016, the Fund earned investment income of \$1,040,630 from dividends, interest and distributions received from underlying funds. There were net realized losses on the sale of investments of \$1.6 million and an unrealized depreciation on the value of investments of \$685,025.

Operating expenses, excluding management fees, servicing fees and compensatory dividends, totaled \$133,261 during the period ended April 30, 2016.

During the period, markets were preoccupied with anticipating the U.S. Federal Reserve Board's (Fed) sentiment, which quickly went from hawkish, when it raised interest rates in mid-December, to dovish as markets struggled early in 2016. In the new year, market sentiment deteriorated on the back of concerns that China's economy was slowing faster than anticipated and rumours of large portfolio reallocations by large sovereign wealth funds. As quickly as markets declined, they began to recover with the European Central Bank indicating that further fiscal stimulus was imminent. Markets rallied, with the Nikkei leading the way higher with a one-day gain of 7%.

The U.S. dollar weakened, and Canadian equities outperformed relative to the U.S. The Information Technology sector performed poorly, and the Fed's indecision on interest rates resulted in underperformance in the Financials sector. Both Materials and Energy were strong after February.

From a sector perspective, exposure to U.S. banks detracted from the Fund's performance, as did holdings in Performance Sports Group. Intertape was a positive contributor, as were Canadian Natural and Crew Energy in the latter months of the period. Given the strengthening of the Canadian dollar relative to the U.S., the Manager shifted from some U.S. holdings into Canada.

RECENT DEVELOPMENTS

The Manager believes that markets are likely to be range-bound; that is, it will likely remain within a relatively tight range in the coming period. Investors are likely to be preoccupied with the timing of possible interest rates increases by the Fed, and potential outcomes of the upcoming British vote to stay in or leave the European Union ("Brexit") will likely add to market uncertainty and volatility.

RELATED PARTY-TRANSACTIONS

During the periods ended April 30, 2016 and April 30, 2015, fees paid to the Manager were as follows:

	2016	2015
Management fees	<u>\$ 260,019</u>	<u>\$ 501,732</u>
Servicing fees	<u>\$ 179,759</u>	<u>\$ 327,481</u>
Operating costs	<u>\$ -</u>	<u>\$ 34,812</u>

Management fees payable and other payables included in the accrued expenses were as follows:

	April 30, 2016	October 31, 2015
Management fees payable	\$ 37,096	\$ 55,089
Servicing fees payable	<u>25,176</u>	<u>36,308</u>
	<u>\$ 62,272</u>	<u>\$ 91,397</u>

The following are redeemable shares held by related parties of the Fund:

	April 30, 2016	October 31, 2015
Series B shares held by the Partners of the Manager	452,236.50	439,574.96
Percentage of Series B shares held by the Partners of the Manager	14.91%	12.59%
Series F shares held by the Partners of the Manager	7,516.68	7,315.09
Percentage of Series F shares held by the Partners of the Manager	2.31%	2.01%
Series F shares held by the relatives of the Partners of the Manager	3,626.55	1,334.7
Percentage of Series F shares held by the relatives of the Partners of the Manager	1.11%	0.37%

As at April 30, 2016, the Fund owned 1,128,380 (October 31, 2015 – 952,490) shares of Front Street Tactical Bond Fund, representing 20.6% (October 31, 2015 – 13.5%) of the total Front Street Tactical Bond Fund shares outstanding, which was also managed by the Manager.

The Fund may place a portion of its portfolio transactions with brokerage firms which are affiliates of the Manager provided it determines that these affiliates' trade execution abilities and costs are comparable to those non-affiliated, qualified brokerage firms, on an execution only basis. During the period ended April 30, 2016, Tuscarora Capital Inc., a company under common control to the Manager, received \$50,202 (April 30, 2015 - \$74,992) in commissions on portfolio transactions for the Fund.

Management fees, servicing fees, and operating costs are measured at the consideration prescribed by the offering documents of the Fund. When related parties enter shareholder transactions with the Fund, the consideration is the transactional NAV available to all other shareholders on the trade date.

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 financial years. This information is derived from the Fund's audited annual and interim financial statements for the six months ended April 30, 2016.

Series A

The Fund's Net Assets per Redeemable Share ⁽¹⁾

	April 30 2016 \$	October 31 2015 \$	October 31 2014 \$	October 31 2013 \$	October 31 2012 \$	October 31 2011 \$
Net assets, beginning of the period	6.59	6.95	6.78	7.69	8.10	8.81
Increase (decrease) from operations:						
Total revenue	0.15	0.34	0.32	0.26	0.29	0.25
Total expenses	(0.11)	(0.23)	(0.22)	(0.20)	(0.21)	(0.23)
Realized gains (losses) for the period	(0.23)	0.03	(0.07)	(0.41)	0.16	—
Unrealized gain (losses) for the period	(0.15)	(0.11)	0.42	(0.05)	(0.12)	(0.32)
Total increase (decrease) from operations ⁽²⁾	(0.34)	0.03	0.45	(0.40)	0.12	(0.30)
Distributions to redeemable Shareholders:						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	(0.14)	(0.28)	(0.28)	(0.48)	(0.55)	(0.55)
Total distributions to redeemable Shareholders ⁽³⁾	(0.14)	(0.28)	(0.28)	(0.48)	(0.55)	(0.55)
Net assets, end of the period	6.16	6.59	6.95	6.78	7.69	8.10

- (1) The information for April 30, 2016, October 31, 2015 and 2014 is derived from the Fund's unaudited interim and audited annual financial statements and is prepared in accordance with IFRS. The information prior to 2014 is derived from the Fund's audited annual financial statements prepared based on Canadian GAAP.
- (2) Net assets and distributions are based on the actual number of redeemable shares outstanding at the relevant time. The increase (decrease) from operations is based on the average number of redeemable shares outstanding over the financial period.
- (3) Distributions were paid in cash/reinvested in additional redeemable shares of the Fund or both.

Ratios and Supplemental Data

Total net asset value (\$000's) ⁽¹⁾	\$16,846	\$26,112	\$54,192	\$118,639	\$203,551	\$192,442
Number of redeemable shares outstanding ⁽¹⁾	2,734,621	3,967,328	7,804,904	17,478,337	26,453,872	23,774,438
Management expense ratio ⁽²⁾	2.73%	2.77%	2.61%	2.61%	2.55%	2.55%
Management expense ratio before waivers or absorptions ⁽²⁾	2.73%	2.77%	2.61%	2.61%	2.55%	2.55%
Trading expense ratio ⁽³⁾	0.73%	0.52%	0.54%	0.34%	0.15%	0.17%
Portfolio turnover rate ⁽⁴⁾	66.31%	136.03%	180.25%	174.84%	97.45%	107.30%
Net asset value per redeemable share ⁽⁵⁾	\$6.16	\$6.58	\$6.94	\$6.79	\$7.69	\$8.09

- (1) This information is provided as at end of the period shown.
- (2) Management expense ratio (MER) 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. The manager can waive certain fees or absorb certain expenses otherwise payable by the Fund. The amount of expenses waived or absorbed is at the discretion of the manager.

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- (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 period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.
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Series B
The Fund's Net Assets per Redeemable Share⁽¹⁾

	April 30 2016 \$	October 31 2015 \$	October 31 2014 \$	October 31 2013 \$	October 31 2012 \$	October 31 2011 \$
Net assets, beginning of the period	6.66	7.02	6.85	7.75	8.16	8.87
Increase (decrease) from operations:						
Total revenue	0.15	0.34	0.33	0.27	0.30	0.26
Total expenses	(0.11)	(0.23)	(0.22)	(0.20)	(0.21)	(0.23)
Realized gains (losses) for the period	(0.23)	0.02	(0.09)	(0.42)	0.17	0.03
Unrealized gain (losses) for the period	(0.13)	(0.16)	0.42	(0.02)	(0.12)	(0.34)
Total increase (decrease) from operations⁽²⁾	(0.32)	(0.03)	0.44	(0.37)	0.14	(0.28)
Distributions to redeemable Shareholders:						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	(0.14)	(0.28)	(0.28)	(0.48)	(0.55)	(0.55)
Total distributions to redeemable Shareholders⁽³⁾	(0.14)	(0.28)	(0.28)	(0.48)	(0.55)	(0.55)
Net assets, end of the period	6.23	6.66	7.02	6.85	7.75	8.16

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Ratios and Supplemental Data

Total net asset value (\$000's) ⁽¹⁾	\$18,883	\$23,219	\$33,947	\$49,028	\$119,577	\$132,494
Number of redeemable shares outstanding ⁽¹⁾	3,032,998	3,492,275	4,841,534	7,155,539	15,413,214	16,250,074
Management expense ratio ⁽²⁾	2.66%	2.75%	2.58%	2.55%	2.50%	2.50%
Management expense ratio before waivers or absorptions ⁽²⁾	2.66%	2.75%	2.58%	2.55%	2.50%	2.50%
Trading expense ratio ⁽³⁾	0.73%	0.52%	0.54%	0.34%	0.15%	0.17%
Portfolio turnover rate ⁽⁴⁾	66.31%	136.03%	180.25%	174.84%	97.45%	107.30%
Net asset value per redeemable share ⁽⁵⁾	\$6.23	\$6.65	\$7.01	\$6.85	\$7.76	\$8.15

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Series F
The Fund's Net Assets per Redeemable Share ⁽¹⁾

	April 30 2016 \$	October 31 2015 \$	October 31 2014 \$	October 31 2013 \$	October 31 2012 \$	October 31 2011 \$
Net assets, beginning of the period	7.05	7.34	7.08	7.92	8.25	8.87
Increase (decrease) from operations:						
Total revenue	0.16	0.36	0.34	0.28	0.30	0.26
Total expenses	(0.08)	(0.17)	(0.16)	(0.12)	(0.13)	(0.14)
Realized gains (losses) for the period	(0.25)	0.06	(0.08)	(0.44)	0.19	(0.02)
Unrealized gain (losses) for the period	(0.15)	(0.13)	0.41	0.02	(0.12)	(0.35)
Total increase (decrease) from operations ⁽²⁾	(0.32)	0.12	0.51	(0.26)	0.24	(0.25)
Distributions to redeemable Shareholders:						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	(0.14)	(0.28)	(0.28)	(0.48)	(0.55)	(0.55)
Total distributions to redeemable Shareholders ⁽³⁾	(0.14)	(0.28)	(0.28)	(0.48)	(0.55)	(0.55)
Net assets, end of the period	6.63	7.05	7.34	7.08	7.92	8.25

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Ratios and Supplemental Data

Total net asset value (\$000's) ⁽¹⁾	\$2,157	\$2,559	\$4,550	\$7,423	\$24,317	\$ 29,778
Number of redeemable shares outstanding ⁽¹⁾	325,452	363,554	620,405	1,047,658	3,067,836	3,614,686
Management expense ratio ⁽²⁾	1.67%	1.76%	1.58%	1.54%	1.49%	1.51%
Management expense ratio before waivers or absorptions ⁽²⁾	1.67%	1.76%	1.58%	1.54%	1.49%	1.51%
Trading expense ratio ⁽³⁾	0.73%	0.52%	0.54%	0.34%	0.15%	0.17%
Portfolio turnover rate ⁽⁴⁾	66.31%	136.03%	180.25%	174.84%	97.45%	107.30%
Net asset value per redeemable share ⁽⁵⁾	\$6.63	\$7.04	\$7.33	\$7.09	\$7.93	\$8.24

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Series X
The Fund's Net Assets per Redeemable Share ⁽¹⁾

	April 30 2016 \$	October 31 2015 \$	October 31 2014 \$	October 31 2013 \$	October 31 2012 \$	October 31 2011 \$
Net assets, beginning of the period	6.70	7.04	6.86	7.74	8.13	8.82
Increase (decrease) from operations:						
Total revenue	0.15	0.35	0.32	0.27	0.30	0.25
Total expenses	(0.10)	(0.21)	(0.20)	(0.18)	(0.19)	(0.21)
Realized gains (losses) for the period	(0.23)	0.05	(0.05)	(0.45)	0.19	(0.15)
Unrealized gain (losses) for the period	(0.15)	(0.11)	0.39	0.02	(0.12)	(0.20)
Total increase (decrease) from operations ⁽²⁾	(0.33)	0.08	0.46	(0.34)	0.18	(0.31)
Distributions to redeemable Shareholders:						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	(0.14)	(0.28)	(0.28)	(0.48)	(0.55)	(0.55)
Total distributions to redeemable Shareholders ⁽³⁾	(0.14)	(0.28)	(0.28)	(0.48)	(0.55)	(0.55)
Net assets, end of the period	6.27	6.70	7.04	6.85	7.74	8.13

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Ratios and Supplemental Data

Total net asset value (\$000's) ⁽¹⁾	\$194	\$245	\$571	\$1,092	\$2,708	\$4,834
Number of redeemable shares outstanding ⁽¹⁾	30,978	36,582	81,125	159,342	349,562	595,025
Management expense ratio ⁽²⁾	2.42%	2.53%	2.32%	2.34%	2.25%	2.36%
Management expense ratio before waivers or absorptions ⁽²⁾	2.42%	2.53%	2.32%	2.34%	2.25%	2.36%
Trading expense ratio ⁽³⁾	0.73%	0.52%	0.54%	0.34%	0.15%	0.17%
Portfolio turnover rate ⁽⁴⁾	66.31%	136.03%	180.25%	174.84%	97.45%	107.30%
Net asset value per redeemable share ⁽⁵⁾	\$6.27	\$6.69	\$7.04	\$6.86	\$7.75	\$8.12

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MANAGEMENT AND PERFORMANCE FEES

The Fund pays a monthly management fee equal to 1/12 of 1.25% of the net asset value of the Series A shares and Series X shares and 1/12 of 1% of the net asset value of the Series B and Series F shares calculated and paid at the end of each month in arrears.

In consideration of the management fees payable by the Fund to the Manager, the Manager is responsible for providing marketing and promotion, fund management and administration and investment advisory services to the Fund. Fund management and administration services include establishing investment objectives, selecting investment sub-advisors, if applicable, and establishing and maintaining an appropriate infrastructure to meet accounting, financial and taxation reporting requirements. The Manager is also responsible for establishing and maintaining a servicing and risk management framework to ensure regulatory compliance, which includes regular monitoring. The Manager does not charge or allocate corporate overhead or expenses to the Fund.

There are no performance fees payable by this Fund.

The Fund is responsible for payment of all operating and administrative expenses of the Fund. The main components of these expenses are legal and accounting fees, printing expenses, reporting issuer filing and sustaining fees, custodial fees, fees payable to, and expenses incurred by, the Fund's Independent Review Committee and expenses of making distributions to shareholders. As the Fund has more than one series of shares, the shareholders of each series bear their pro rata share of those expenses which are common to the operation of all series, as well as those expenses which are attributable solely to that series.

The Manager may, at its discretion, add a service charge of up to 15% of the costs incurred for any operating and administrative costs charged to the Fund other than management services which are already included in the management fee rate which the Manager receives from the Fund. The 15% service charge is intended to cover certain investor servicing costs attributable solely to the Fund, such as the establishment of the Fund's client servicing models, maintenance of investor support phone lines, and investor website and email support. The Manager stopped charging such fees August 2015.

DEALER COMPENSATION

Brokers, dealers and advisors may be paid a "trailer commission" for assets that their sales representatives place in the Series A, Series B and Series X Fund securities. The Fund may, at its discretion, negotiate, change the terms and conditions of, or discontinue the trailer commission with brokers, dealers and advisors.

The trailer commission is calculated as a percentage of assets each broker, dealer or advisor has placed in the Fund series. The trailer commission is calculated based on the closing balance of client accounts for each calendar month. The trailer commission will not be paid if the assets are removed from the Funds. Trailer commissions are paid monthly at rates set within ranges according to the following table.

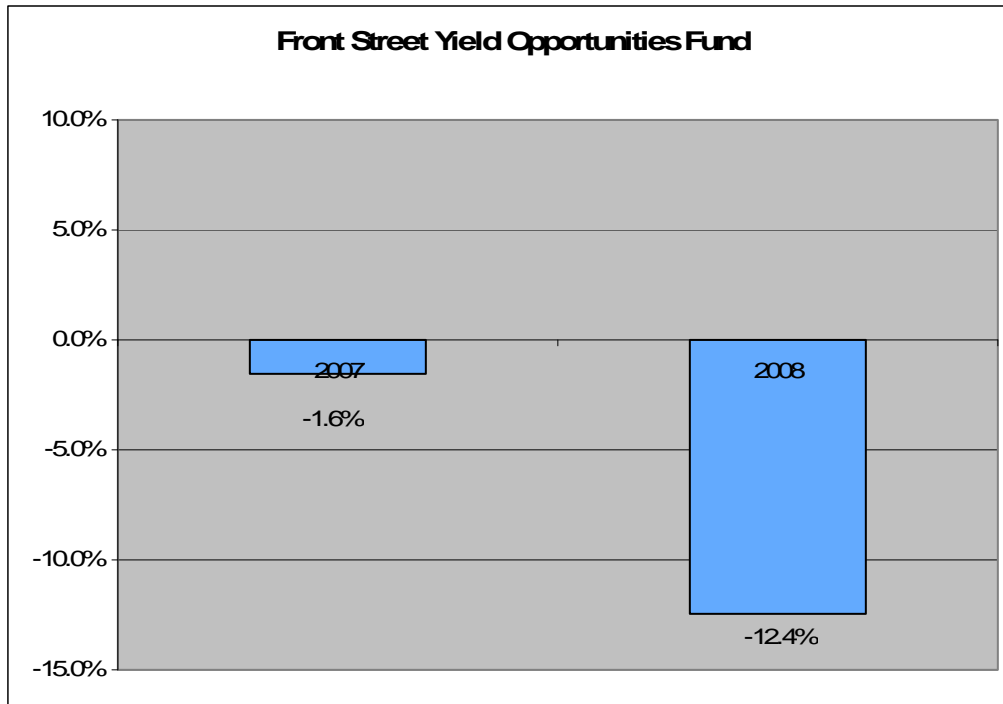
Series	Trailer Annual Rate	Annual Payment per \$1,000 of Fund securities held
A	0.75%	\$7.50
B	1.00%	\$10.00
F	0.00%	Nil
X	0.50%	\$5.00

PAST PERFORMANCE

The past performance of the Fund is set out below and includes year-by-year returns.

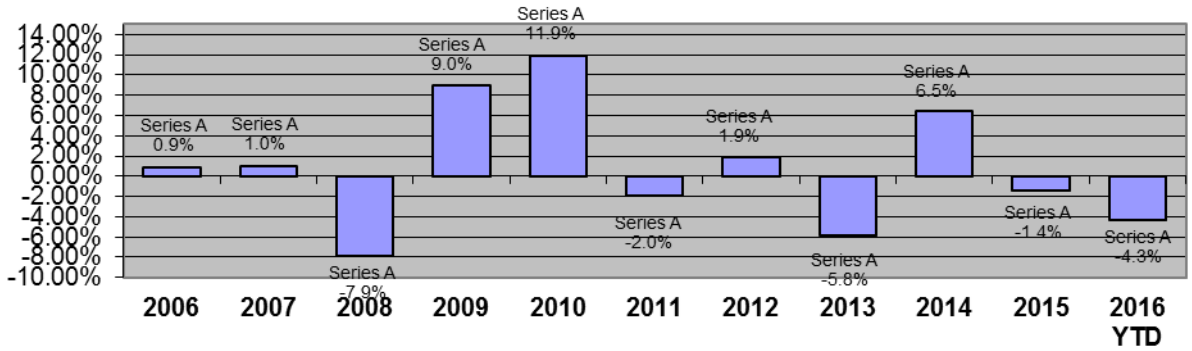
With respect to the charts displayed below, please note the following:

- (a) the returns or performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional shares of the Fund;
- (b) the return or performance information does not take into account sales, redemption, distribution or other optional charges or income taxes payable that would have reduced returns or performance; and
- (c) how the Fund has performed in the past does not necessarily indicate how it will perform in future.

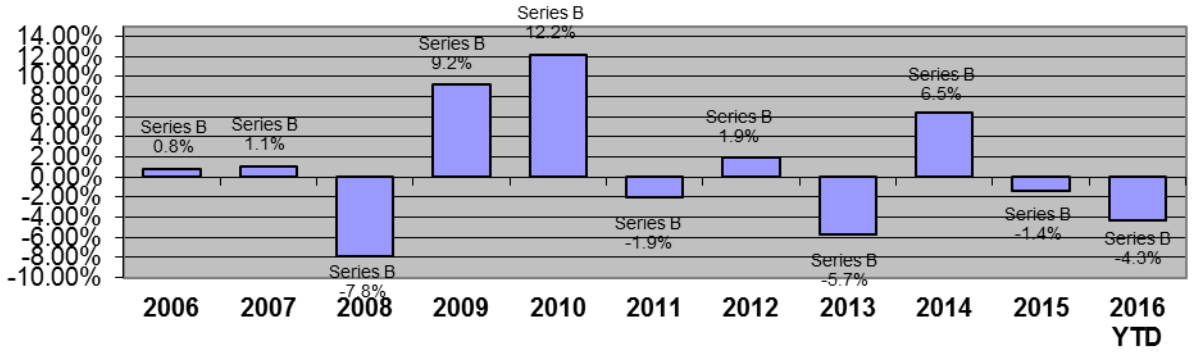


The above chart is the year-by year returns for Front Street Yield Opportunities Fund, a class of Front Street Opportunity Funds Ltd. The Fund was merged with Front Street Diversified Income Class (formerly Front Street Diversified Income Fund) on November 1, 2008.

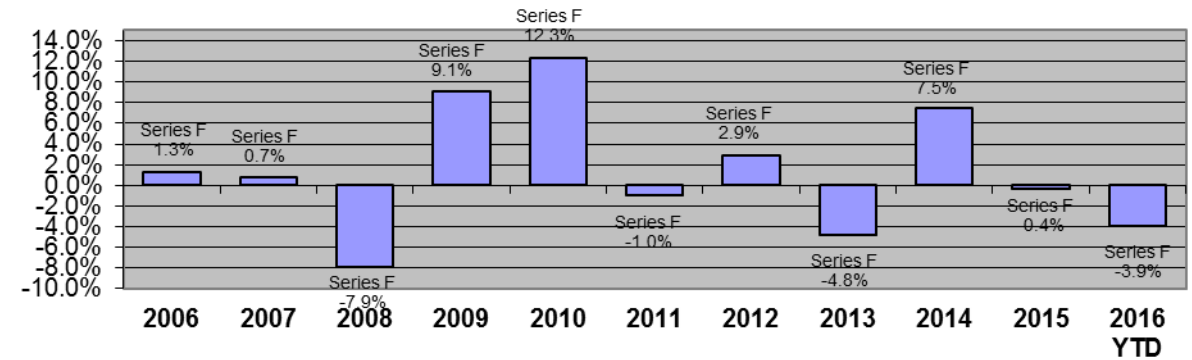
Front Street Balanced Monthly Income Class - Series A

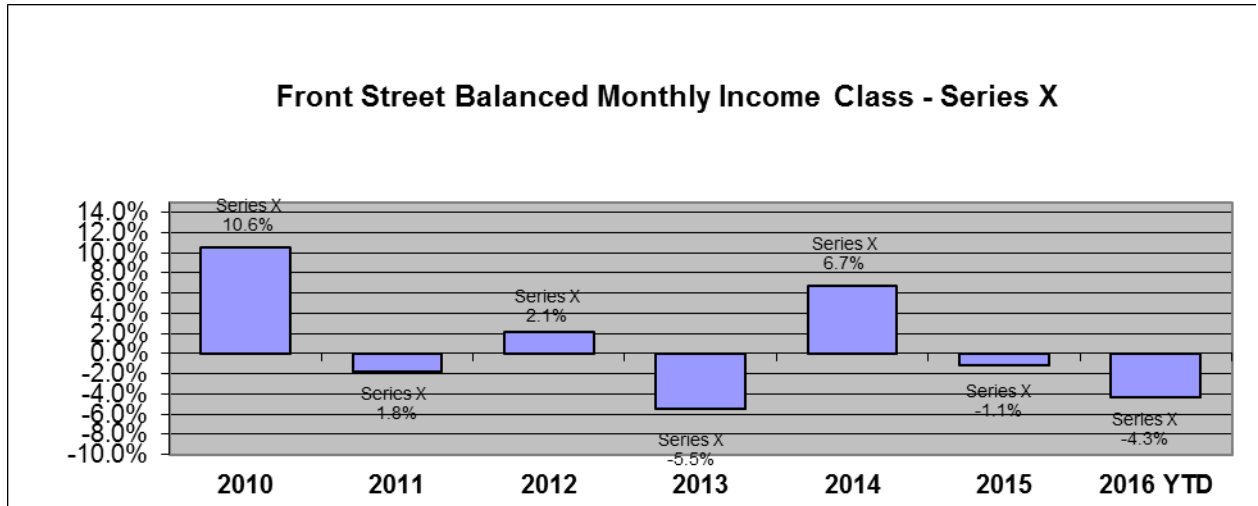


Front Street Balanced Monthly Income Class - Series B



Front Street Balanced Monthly Income Class - Series F





The above chart is the year-by year returns for Front Street Balanced Monthly Income Class, a class of Front Street Mutual Funds Ltd. The Fund was merged with Front Street Yield Opportunities Fund on November 1, 2008 and fund performance for the discontinued fund has not been included in the chart above in the 2006 to 2008 periods.

Summary of Investment Portfolio as at April 30, 2016

Portfolio by Category

	Percentage of Net Asset Value
LONG POSITIONS	
Mutual Funds	29.8%
Corporate Bonds	27.0%
Financials	16.3%
Energy	6.1%
Consumer Discretionary	6.1%
Materials	5.9%
Information Technology	4.9%
Industrials	3.8%
Consumer Staples	2.2%
Cash and cash equivalents	0.2%
SHORT POSITIONS	
Materials	-0.1%
Written Put Options	-0.1%
Written Call Options	-0.1%
Energy	-0.6%
Consumer Discretionary	-0.7%
Other assets less other liabilities	-0.7%
	100.0%

Top 25 Holdings

	Percentage of Net Asset Value
LONG POSITIONS	
Front Street Tactical Bond Fund Series C	29.8%
Great-West Life & Annuity Insurance Capital LP II*	5.8%
Sun Life Financial Inc.	3.3%
REDF II Hospitality Fund Limited	3.2%
Delavaco Properties Inc.*	3.0%
The Toronto-Dominion Bank	2.8%
MEG Energy Corporation*	2.6%
WSP Global Inc.	2.5%
Garda World Security Corporation*	2.5%
Royal Bank of Canada	2.5%
Enbridge Energy Partners LP	2.3%
Alimentation Couche-Tard Inc. 'B'	2.2%
CGI Group Inc. 'A'	2.0%
Cricket Media Group Limited*	1.8%
Golf Town Canada Inc.*	1.7%
NOVA Chemicals Corporation*	1.7%
Altus Group Limited	1.6%
Intertape Polymer Group Inc.	1.6%
Canfor Corporation	1.5%
Committed Capital Acquisition Corporation II	1.4%
Capital Power Corporation*	1.3%
The Descartes Systems Group Inc.	1.3%
Aeromechanical Services Limited*	1.3%
Tahoe Resources Inc.	1.3%
The Bank of Nova Scotia	1.1%
	82.1%
TOTAL NET ASSET VALUE (000's)	\$38,080

* Debt instruments

The information contained in the foregoing list may change due to the ongoing portfolio transactions of the Fund. In addition, the simplified prospectus and other information about the underlying investment fund is available on the internet at www.frontstreetcapital.com or www.sedar.com



**FRONT STREET
BALANCED MONTHLY INCOME CLASS**

INTERIM FINANCIAL STATEMENTS

FRONT STREET BALANCED MONTHLY INCOME CLASS

FOR THE SIX MONTHS ENDED APRIL 30, 2016

NOTICE OF NO AUDITOR REVIEW OF THE INTERIM FINANCIAL STATEMENTS

The accompanying interim financial statements have not been reviewed by the external auditors of the Fund in accordance with standards established by the Chartered Professional Accountants of Canada. The external auditors will be auditing the annual financial statements of the Fund in accordance with Canadian generally accepted auditing standards.

FRONT STREET BALANCED MONTHLY INCOME CLASS

STATEMENTS OF FINANCIAL POSITION

As at April 30, 2016 (Unaudited) and October 31, 2015 (Audited)

	April 30, 2016 (Unaudited)	October 31, 2015 (Audited)
ASSETS		
Current Assets		
Financial assets at fair value through profit or loss*	\$ 38,880,752	\$ 53,372,378
Interest and other receivables	217,993	448,817
Cash and cash equivalents	65,044	-
Subscriptions receivable	36,578	997
Dividends receivable	15,839	19,850
Receivables for investments sold	-	2,169,434
	<u>\$ 39,216,206</u>	<u>\$ 56,011,476</u>
LIABILITIES		
Current Liabilities		
Financial liabilities at fair value through profit or loss*	\$ 572,192	\$ 489,994
Redemptions payable	339,831	253,448
Accrued expenses, note 9	140,279	162,226
Management fees payable	37,096	55,089
Distributions payable	28,841	38,984
Bank indebtedness	-	2,675,643
Payable for investments purchased	-	104,778
	<u>1,118,239</u>	<u>3,780,162</u>
Liabilities before net assets attributable to shareholders of redeemable shares	<u>1,118,239</u>	<u>3,780,162</u>
Net assets attributable to shareholders of redeemable shares	<u>\$ 38,097,967</u>	<u>\$ 52,231,314</u>
Net assets attributable to shareholders of redeemable shares		
Series A	\$ 16,854,158	\$ 26,160,618
Series B	\$ 18,891,540	\$ 23,261,775
Series F	\$ 2,158,018	\$ 2,563,693
Series X	\$ 194,251	\$ 245,228
Number of redeemable shares outstanding, note 5		
Series A	2,734,621	3,967,328
Series B	3,032,998	3,492,275
Series F	325,452	363,554
Series X	30,978	36,582
Net assets attributable to shareholders of redeemable shares per share		
Series A	\$ 6.16	\$ 6.59
Series B	\$ 6.23	\$ 6.66
Series F	\$ 6.63	\$ 7.05
Series X	\$ 6.27	\$ 6.70

* Cost of investments is reflected on the Schedule of Investment Portfolio.

Approved on behalf of the Board of Front Street Mutual Funds Limited:



Gerard Ferguson
Chief Executive Officer



Susan Johnson
Chief Financial Officer

See accompanying notes to the financial statements.

FRONT STREET BALANCED MONTHLY INCOME CLASS

STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

For the periods ended April 30, 2016 and 2015

	2016	2015
Investment income		
Interest income for distribution purposes and other	\$ 549,123	\$ 1,437,270
Dividends	388,345	485,071
Distributions from underlying funds	103,162	215,719
Securities lending revenue, note 10	-	7,613
Foreign currency gain (loss) on cash and other net assets	13,104	(31,991)
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss ("FVTPL")		
Net realized gain (loss) on financial assets and liabilities at FVTPL	(1,606,744)	815,645
Net realized gain (loss) on foreign exchange forward contracts and futures	(297,280)	-
Change in unrealized appreciation (depreciation) on financial assets and liabilities at FVTPL	(685,025)	1,425,174
	<u>(1,535,315)</u>	<u>4,354,501</u>
Expenses		
Management fees, notes 6 and 9	260,019	501,732
Servicing fees, notes 6 and 9	179,759	327,481
Transaction costs, notes 8 and 9	158,896	197,121
Administration fees	64,861	138,450
Custodial fees	26,072	59,507
Legal fees	18,112	17,356
Audit fees	16,380	27,273
Shareholder reporting costs	4,166	4,959
Withholding taxes	3,734	7,635
Independent review committee	3,670	3,968
Compensatory dividends	3,599	1,628
Operating costs, notes 6 and 9	-	34,812
Total expenses	<u>739,268</u>	<u>1,321,922</u>
Increase (decrease) in net assets attributable to shareholders of redeemable shares from operations	<u>(2,274,583)</u>	<u>3,032,579</u>
Increase (decrease) in net assets attributable to shareholders of redeemable shares from operations		
Series A	\$ (1,119,244)	\$ 1,661,652
Series B	\$ (1,034,716)	\$ 1,181,502
Series F	\$ (109,565)	\$ 173,072
Series X	\$ (11,058)	\$ 16,353
Increase (decrease) in net assets attributable to shareholders of redeemable shares from operations per share		
Series A	\$ (0.34)	\$ 0.26
Series B	\$ (0.32)	\$ 0.27
Series F	\$ (0.32)	\$ 0.31
Series X	\$ (0.33)	\$ 0.25

See accompanying notes to financial statements.

FRONT STREET BALANCED MONTHLY INCOME CLASS

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS OF REDEEMABLE SHARES (UNAUDITED)

For the periods ended April 30, 2016 and 2015

	2016	2015
Net assets attributable to shareholders of redeemable shares, beginning of period		
Series A	\$ 26,160,618	\$ 54,226,876
Series B	23,261,775	33,968,913
Series F	2,563,693	4,553,328
Series X	245,228	571,169
	<u>52,231,314</u>	<u>93,320,286</u>
Increase (decrease) in net assets attributable to shareholders of redeemable shares from operations		
Series A	(1,119,244)	1,661,652
Series B	(1,034,716)	1,181,502
Series F	(109,565)	173,072
Series X	(11,058)	16,353
	<u>(2,274,583)</u>	<u>3,032,579</u>
Redeemable share transactions		
Proceeds from redeemable shares issued		
Series A	313,495	768,106
Series B	95,221	366,933
Series F	353,051	376,905
Series X	-	-
	<u>761,767</u>	<u>1,511,944</u>
Reinvestment of distributions to shareholders of redeemable shares		
Series A	292,034	574,975
Series B	400,922	543,619
Series F	40,249	57,771
Series X	4,079	8,240
	<u>737,284</u>	<u>1,184,605</u>
Redemption of redeemable shares		
Series A	(8,354,860)	(17,867,295)
Series B	(3,389,561)	(6,805,583)
Series F	(642,187)	(1,602,974)
Series X	(39,479)	(181,600)
	<u>(12,426,087)</u>	<u>(26,457,452)</u>
Net Increase (decrease) in net assets from redeemable share transactions	<u>(10,927,036)</u>	<u>(23,760,903)</u>
Distributions to shareholders of redeemable shares		
Return of capital		
Series A	(437,885)	(870,684)
Series B	(442,101)	(604,588)
Series F	(47,223)	(74,520)
Series X	(4,519)	(8,914)
	<u>(931,728)</u>	<u>(1,558,706)</u>
Increase (decrease) in net assets attributable to shareholders of redeemable shares	<u>(14,133,347)</u>	<u>(22,287,030)</u>
Net assets attributable to shareholders of redeemable shares, end of period		
Series A	16,854,158	38,493,630
Series B	18,891,540	28,650,796
Series F	2,158,018	3,483,582
Series X	194,251	405,248
	<u>\$ 38,097,967</u>	<u>\$ 71,033,256</u>

See accompanying notes to financial statements.

FRONT STREET BALANCED MONTHLY INCOME CLASS

STATEMENTS OF CASH FLOWS (UNAUDITED)

For the periods ended April 30, 2016 and 2015

	2016	2015
Cash Flow from operating activities		
Increase (decrease) in net assets attributable to shareholders of redeemable shares from operations	\$ (2,274,583)	\$ 3,032,579
Adjustments for:		
Foreign currency (gain) loss on cash and other net assets	(13,104)	31,991
Net realized (gain) loss on financial assets and liabilities at FVTPL	1,606,744	(815,645)
Net realized (gain) loss on foreign exchange forward contracts	297,280	-
Change in unrealized (appreciation) depreciation on financial assets and liabilities at FVTPL	685,025	(1,425,174)
Non-cash distributions from underlying funds	(103,162)	(215,719)
(Increase) decrease in interest and other receivables	230,824	141,792
(Increase) decrease in dividends receivable	4,011	21,879
Increase (decrease) in dividends payable	-	900
Increase (decrease) in other payable and accrued liabilities	(39,940)	11,592
Purchases of financial assets and liabilities at FVTPL	(28,138,403)	(38,152,536)
Proceeds from sales of financial assets and liabilities at FVTPL	42,588,276	67,324,845
Proceeds from (to) settlement of foreign exchange forward contracts and futures	(297,280)	-
Net cash generated (used) by operating activities	14,545,688	29,956,504
Cash flows from financing activities		
Distributions to Shareholders of redeemable Shares, net of reinvested distributions	(204,587)	(397,819)
Proceeds from redeemable Shares issued	726,186	1,510,346
Amount paid on redemption of redeemable Shares	(12,339,704)	(26,733,214)
Net cash generated (used) by financing activities	(11,818,105)	(25,620,687)
Net increase in cash and cash equivalents	2,727,583	4,335,817
Foreign currency gain (loss) on cash and other net assets	13,104	(31,991)
Bank indebtedness, beginning of period	(2,675,643)	(238,196)
Cash and cash equivalents, end of period	\$ 65,044	\$ 4,065,630
Cash and cash equivalents comprise:		
Cash at bank	65,044	4,065,630
Interest received, net of withholding tax	\$ 779,947	\$ 1,794,781
Dividends received, net of withholding tax	\$ 388,622	\$ 499,315
Compensatory dividends paid	\$ (3,599)	\$ (728)

See accompanying notes to financial statements

FRONT STREET BALANCED MONTHLY INCOME CLASS
SCHEDULE OF INVESTMENT PORTFOLIO (UNAUDITED)
AS AT APRIL 30, 2016

	Number of Shares/units Par Value	Average Cost	Fair Value
		\$	\$
Long Positions (102.0%)			
Consumer Discretionary (5.9%)			
Amazon.com Inc.	300	225,980	248,276
Canadian Tire Corporation Limited 'A'	1,400	187,882	191,338
Gildan Activewear Inc. 'A'	9,400	342,273	366,318
Qyou Media Inc. (Restricted)	108,000	54,000	54,000
Qyou Media Inc., Warrants 09/01/2018	108,000	-	-
Qyou Media Inc., Warrants 15/01/2018	54,000	-	-
REDF II Hospitality Fund Limited	2,000	2,000,000	1,200,000
Restaurant Brands International Inc.	3,350	171,087	181,470
Timeplay Inc., Warrants 27/09/2018	4,310,000	-	-
UpSnap Inc.	1,131,710	282,928	22,634
		3,264,150	2,264,036
Consumer Staples (2.2%)			
Alimentation Couche-Tard Inc. 'B'	15,000	801,634	825,000
		801,634	825,000
Energy (6.1%)			
Advantage Oil & Gas Limited	16,000	108,419	115,040
Bonterra Energy Coporation	2,500	64,322	67,650
Brasil Ecoetanol Limited	1,166,667	350,000	-
Canadian Natural Resources Limited	9,900	302,623	373,032
Cenovus Energy Inc.	16,000	272,471	318,240
Crescent Point Energy Coporation	15,800	267,073	334,012
Crew Energy Inc.	31,565	125,132	160,350
Ensign Energy Services Inc.	12,600	86,012	95,760
Husky Energy Inc.	15,300	262,456	241,893
Petrowest Corporation	57,400	29,268	24,108
Raging River Exploration Inc.	3,000	29,487	30,510
Secure Energy Services Inc.	5,800	44,259	52,374
TORC Oil & Gas Limited	15,000	96,448	126,900
TransCanada Corporation	5,000	238,798	260,500
Whitecap Resources Inc.	14,100	113,517	132,681
		2,390,285	2,333,050
Financials (16.2%)			
Altus Group Limited	27,400	454,237	605,814
Bank of America Corporation	22,000	389,093	401,906
Bank of Montreal	2,500	204,854	204,350
Committed Capital Acquisition Corp II	85,300	541,015	497,670
Committed Capital Acquisition Corp II, Warrants 19/04/2019	85,300	-	24,348
Delavaco Properties Inc., Warrants 03/06/2017	231,000	-	-
Delavaco Residential Properties Coporation	360,248	454,096	92,661
Dundee Acquisition Limited	36,000	360,000	353,880
Dundee Acquisition Limited, Warrants 14/04/2020	18,000	-	4,770
Element Financial Corporation	21,600	317,965	304,128
Royal Bank of Canada	12,000	921,537	935,040
Sun Life Financial Inc.	29,200	1,134,584	1,249,760
The Bank of Nova Scotia	6,500	415,334	427,700
The Toronto-Dominion Bank	19,400	1,053,870	1,083,490
		6,246,585	6,185,517

See accompanying notes to the financial statements

FRONT STREET BALANCED MONTHLY INCOME CLASS

SCHEDULE OF INVESTMENT PORTFOLIO (UNAUDITED)

AS AT APRIL 30, 2016

	Number of Shares/units Par Value	Average Cost	Fair Value
		\$	\$
Health Care (0.0%)			
Nobilis Health Corporation, Warrants 13/05/2017	55,250	-	8,288
		-	8,288
Industrials (3.7%)			
Canadian National Railway Company	3,500	281,048	270,410
Savaria Corporation	24,221	78,718	172,938
Savaria Corporation, Warrants 15/04/2017	17,500	-	34,461
WSP Global Inc.	22,500	958,482	949,725
		1,318,248	1,427,534
Information Technology (5.1%)			
CGI Group Inc. 'A'	13,600	729,915	779,552
Dealnet Capital Coporation, Warrants 18/02/2017	45,000	-	7,182
Engagement Labs Inc., Warrants 18/03/2017	300,000	-	6,193
Engagement Labs Inc., Warrants 31/12/2016	100,000	-	1,946
First Data Global Limited	60,273	-	904
First Global Data Limited, Warrants 21/11/2016	535,246	-	-
Halogen Software Inc.	5,200	48,474	43,784
Immersion Corporation	1,080,000	501,505	-
iON Worldwide LLC	44,000	54,162	55,207
Pure Technologies Limited	40,400	200,050	196,748
Shopify Inc. 'A'	5,000	175,191	199,811
The Descartes Systems Group Inc.	21,900	313,537	506,547
VersaPay Corporation	123,000	172,200	129,150
VersaPay Corporation., Warrants 07/05/2017	61,500	-	-
		2,195,034	1,927,024
Materials (6.0%)			
Banro Corporation, Warrants 02/03/2017	100,800	180,619	2
Barrick Gold Corporation	7,800	150,059	189,462
Canam Group Inc.	24,000	310,834	317,520
Canfor Corporation	41,500	726,262	569,380
Colossus Minerals Inc.	640,740	1,053,571	1,006
Colossus Minerals Inc., Warrants 23/04/2019	321,012	-	-
Goldcorp Inc.	2,000	40,710	50,564
Intertape Polymer Group Inc.	30,000	383,857	591,900
Jemi Fibre Coporation, Warrants 24/03/2018	333,333	-	21,184
Lundin Mining Corporation	1,600	7,183	7,888
Rio Verde Minerals Development Coporation, Warrants 27/07/2016	1,077,300	-	-
Tahoe Resources Inc.	27,400	325,175	485,528
Teck Resources Limited 'B'	2,500	28,312	38,400
		3,206,582	2,272,834
Mutual Fund (29.8%)			
Front Street Tactical Bond Fund Series C	1,128,380	11,231,222	11,363,513
		11,231,222	11,363,513

See accompanying notes to the financial statements

FRONT STREET BALANCED MONTHLY INCOME CLASS

SCHEDULE OF INVESTMENT PORTFOLIO (UNAUDITED)

AS AT APRIL 30, 2016

	Number of Shares/units Par Value	Average Cost	Fair Value
		\$	\$
Corporate Bonds (27.0%)			
Aeromechanical Services Limited Convertible 8.00% December 23, 2016	1,000,000	1,000,000	500,000
Atlantic Power LP 5.95% June 23, 2036	500,000	338,406	368,750
Baytex Energy Corporation 6.625% July 19, 2022	500,000	519,583	405,000
Capital Power Corporation 5.276% November 16, 2020	500,000	520,750	508,635
Cricket Media Group Limited Convertible 5% January 21, 2020	792,400	1,400,000	700,000
Delavaco Properties Inc. Convertible 7.5% June 30, 2016	900,000	923,352	1,129,230
Enbridge Energy Partners LP Variable 8.05% October 1, 2037	1,000,000	1,187,592	887,700
Garda World Security Term Loan B November 8, 2020	980,000	975,100	942,025
Golf Town Canada Inc. / Golfsmith International Holdings Inc. 10.5% July 24, 2018	1,000,000	1,010,000	650,000
Graoch Associates # 171 Limited Partnership 0.00% April 30, 2010 (In default)	2,000,000	2,121,702	-
Great Basin Gold Limited Convertible 8% November 30, 2014 (In default)	3,353,083	167,654	-
Great-West Life & Annuity Insurance Capital LP II 7.153% May 16, 2046	2,000,000	1,947,948	2,227,093
Ivanhoe Energy Inc. 5.75% June 30, 2016	328,000	254,610	-
MEG Energy Corporation 6.50% March 15, 2021	1,000,000	1,058,897	984,940
MicroPlanet Technology Corporation Convertible 12.000% December 31, 2013 (In default)	500,000	500,000	-
MicroPlanet Technology Corporation Convertible 12.000% June 30, 2014 (In default)	750,000	750,000	-
Noranda Operating Trust 6.875% December 28, 2016	325,001	333,451	324,459
NOVA Chemicals Corporation 5.25% August 01, 2023	500,000	518,357	633,624
TimePlay Inc. 10.000% May 17, 2015 (In default)	2,500,000	2,500,000	12,500
		18,027,402	10,273,956
Total Long Positions (102.0%)		48,681,142	38,880,752
Short Positions (-1.5%)			
Consumer Discretionary (-0.6%)			
Amazon.com Inc.	-300	-201,785	-248,276
		-201,785	-248,276
Energy (-0.6%)			
Bonterra Energy Corporation	-5,000	-103,686	-135,300
Ensign Energy Services Inc.	-12,600	-138,828	-95,760
		-242,514	-231,060
Materials (-0.1%)			
Goldcorp Inc.	-2,000	-30,671	-50,564
		-30,671	-50,564
Written Call Options (-0.1%)			
Alimentation Couche-Tard Inc., Call 58, 20/05/2016 WCO	-45	-3,555	-900
Canadian Natural Resources Limited, Call 38, 20/05/2016 WCO	-30	-3,270	-3,840
Canadian Natural Resources Limited, Call 39, 20/05/2016 WCO	-75	-9,225	-6,150
Canfor Corporation, Call 15, 20/05/2016 WCO	-60	-3,030	-1,500
Canfor Corporation, Call 18, 20/05/2016 WCO	-100	-8,300	-600
Element Financial Corporation, Call 15, 20/05/2016 WCO	-40	-1,380	-500
Tahoe Resources Inc., Call 16, 20/05/2016 WCO	-30	-1,980	-5,580
The Descartes Systems Group Inc., Call 25, 20/05/2016 WCO	-40	-3,020	-260
Whitecap Resources Inc., Call 9, 20/05/2016 WCO	-50	-1,950	-3,250
		-35,710	-22,580

See accompanying notes to the financial statements

FRONT STREET BALANCED MONTHLY INCOME CLASS

SCHEDULE OF INVESTMENT PORTFOLIO (UNAUDITED)

AS AT APRIL 30, 2016

	Number of Shares/units Par Value	Average Cost	Fair Value
		\$	\$
Written Put Options (-0.1%)			
Bank of Montreal, Put 76, 20/05/2016 WPO	-40	-2,760	-340
Bank of Montreal, Put 80, 20/05/2016 WPO	-25	-1,825	-1,150
Barrick Gold Corporation, Put 15, 20/05/2016 WPO	-50	-5,332	-314
Barrick Gold Corporation, Put 15.5, 20/05/2016 WPO	-60	-3,874	-753
Canadian Natural Resources Limited, Put 27, 20/05/2016 WPO	-40	-4,723	-2,008
Canadian Natural Resources Limited, Put 36, 20/05/2016 WPO	-15	-1,080	-1,223
Canadian Natural Resources Limited, Put 37, 20/05/2016 WPO	-30	-2,190	-3,300
Crescent Point Energy Corporation, Put 20, 20/05/216 WPO	-45	-1,890	-1,620
Crescent Point Energy Corporation, Put 21, 20/05/216 WPO	-25	-1,250	-1,875
Husky Energy Inc., Put 15, 20/05/2016 WPO	-60	-2,760	-1,860
Royal Bank of CA, Put 76, 20/05/2016 WPO	-40	-4,160	-1,600
Royal Bank of CA, Put 78, 20/05/2016 WPO	-25	-2,900	-2,525
The Bank of Nova Scotia, Put 62, 20/05/0516 WPO	-30	-2,100	-570
Whitecap Resources Inc., Put 9, 20/05/2016 WPO	-25	-1,475	-575
		-38,319	-19,712
		-74,029	-42,292
Total Short Positions (-1.5%)		-548,999	-572,192
Transaction costs, note 3		-136,966	
Total Investments (100.5%)		47,995,177	38,308,560
Cash and cash equivalents (0.2%)			65,044
Other assets, less liabilities (-0.7%)			-275,637
Total Net Assets (100.0%)			38,097,967

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

1. THE FUND

Front Street Balanced Monthly Income Class (formerly Diversified Income Class) (the "Fund") is a class of shares of Front Street Mutual Funds Limited (the "Corporation"), a mutual fund corporation incorporated under the Canada Business Corporations Act on April 11, 2006, and is authorized to issue an unlimited number of classes of shares in multiple series. Pursuant to the notice of change in legal structure, the name of the Fund was changed to Front Street Diversified Income Class on June 27, 2012. On July 17, 2015, the name of the fund was changed to Front Street Balanced Monthly Income Class. Reference is made to the Fund's Simplified Prospectus for additional information on the Fund's structure. Series A commenced operations on June 22, 2006. Series B commenced operations on June 22, 2006. Series F commenced operations on August 11, 2006. Series X commenced operations on December 3, 2009.

The foregoing interim financial statements and accompanying notes to the financial statements presented herein are for the Fund. Separate financial statements of each of the other classes of shares of the Corporation have also been prepared as at April 30, 2016.

Front Street Capital 2004 is the manager (the "Manager") and investment advisor of the Fund (the "Investment Advisor"), on behalf of the Fund, to provide investment advisory and portfolio management services to the Fund. Front Street Capital 2004 assumed the portfolio management and investment advisory services from Front Street Investment Management Inc. on October 16, 2015. CIBC Capital Markets Inc. is the prime broker and custodian. CIBC Mellon provides fund accounting services and shareholder recordkeeping services. Effective November 16, 2015, CIBC Capital Markets Inc. replaced NBCN Inc. as the custodian of the Fund and CIBC Mellon replaced Citigroup Fund Services Canada, Inc. to provide shareholder recordkeeping services and fund accounting services.

The Fund's investment objective is to provide shareholders with consistent long term capital growth and the opportunity for income through the selection, management and strategic trading of long and short positions in securities of income trusts, common shares, preferred shares, derivatives and corporate and government debt.

The Investment Advisor will also consider positioning the Fund's investment portfolio to reduce its correlation to Canadian equity and fixed-income indices.

The fundamental investment objective of the Fund cannot be changed without the approval of its shareholders.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

2. BASIS OF PRESENTATION

(a) Statement of compliance

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB").

These interim financial statements were authorized for issue by the Board of Directors on June 27, 2016.

(b) Basis of measurement

These interim financial statements have been prepared on the historical cost basis, except for financial assets and liabilities at fair value through profit or loss which are measured at fair value.

(c) Functional and presentation currency

The interim financial statements have been presented in Canadian dollars, which is the Fund's functional currency, and all values are rounded to the nearest dollar except where otherwise indicated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been applied consistently to all periods presented in these interim financial statements.

(a) Financial instruments

Classification of financial instruments

The Fund classifies its financial assets and financial liabilities at initial recognition into the following categories, in accordance with IAS 39, Financial Instruments: Recognition and Measurement:

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued...)

(a) Financial instruments (Continued...)

Financial assets and liabilities at fair value through profit or loss

The category of financial assets and liabilities at fair value through profit or loss is sub-divided into the following two sub-categories.

Financial assets and liabilities held for trading: financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Fund's policy is not to apply hedge accounting.

Financial instruments designated as fair value through profit or loss upon initial recognition: these include equities, treasury bills, and other interest-bearing investments. These financial assets are designated upon initial recognition on the basis that they are part of a group of financial assets that are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Fund as set out in the Fund's Investment Guidelines.

The Fund recognizes financial instruments at fair value upon initial recognition. Transaction costs include brokerage commissions incurred in the purchase and sale of portfolio investments in which the Fund invests. All such costs are expensed in the period incurred and presented in the statements of comprehensive income. Purchases and sales of financial assets are recognized at their trade date. The Fund's investments and derivative assets and liabilities are measured at fair value through profit or loss (FVTPL), including certain investments in debt securities which have been designated at FVTPL. The Fund's obligations for net assets attributable to shareholders of redeemable shares are presented at the redemption amount. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate. The Fund's accounting policies for measuring the fair value of its investments and derivatives, except for warrants classified as level 2 are identical to those used in measuring its net asset value ("NAV") for transactions with shareholders.

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. Quantitative information on the impact on the Fund's statements of financial position if all amounts were set off is required.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued...)

(b) Fair value measurement

The Fund's portfolio investments are classified as fair value through profit or loss ("FVTPL"). Any unrealized gain or loss arising due to changes in fair value during the reporting period is presented separately in the statements of comprehensive income. Portfolio investments cannot be reclassified out of the FVTPL category while they are held.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in a transaction between market participants at the measurement date. The fair value of financial instruments traded in active markets should be measured based on a price within the bid and ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. The Fund has determined the closing sale price to be most reflective of fair value unless this price is outside the bid-ask spread. When the closing sale price of financial instruments traded in active markets is outside the bid and ask spread, such financial instruments are measured based on the bid price for securities owned or held long and on the asking price for securities sold short. The fair value of financial instruments not traded in an active market (including, but not limited to securities in private companies, warrants and restricted securities) are determined using valuation techniques. Depending on the circumstances, the Fund may use several methods and make assumptions based on market conditions existing at each reporting date. Valuation techniques may include, without limitation, the use of comparable recent arm's length transactions, discounted cash flow analysis, option-pricing models and other valuation techniques commonly used by market participants. Estimated fair values for investments in securities not traded in an active market are based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for such investments.

The fair value of financial instruments which are restricted as to transferability are valued at the fair value of the unrestricted investment as provided above less a discount of 2% per month up to four months.

Short-term investments, if any, are valued at the aggregate of cost and accrued interest receivable, which approximates fair value.

For financial statement reporting purposes, under National Instrument 81-106 ("NI 81-106") the Fund is required to disclose the differences between net assets attributable to redeemable shares per share and net asset value per share, including any differences in valuation principles or practices for the purposes of calculating net asset value versus those required under IFRS. A reconciliation between the net assets attributable to redeemable shares per share for financial reporting purposes and net asset value for investor transactions is presented in note 11 (Reconciliation of Net Asset Value to IFRS Net Assets Attributable to Shareholders of Redeemable Shares).

Investments in mutual funds or pooled funds are valued based on the net asset value per share at the close of trading on the financial statement date.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued...)

(c) Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Fund in the management of short-term commitments, other than cash collateral provided in respect of derivatives and securities borrowing transactions.

(d) Redeemable shares

The Fund classifies redeemable shares issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Fund has multiple classes of redeemable shares that do not have identical features and therefore, do not qualify as equity under IAS 32, Financial Instruments. The redeemable shares, which are classified as financial liabilities and measured at redemption amount, provide investors with the right to require redemption, subject to available liquidity, for cash at a share price based on the Fund's valuation policies at each redemption date. The shares represent the residual interest in the Fund.

(e) Impairment of financial assets

At the end of each reporting period, the Fund reviews its financial assets that are carried at amortized cost for any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured and recognized as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed.

(f) Investment transactions and income recognition

Investment transactions are accounted for on a trade date basis. Realized gains and losses are calculated on a weighted average cost basis.

Revenue from investments is recognized on the accrual basis. Interest for distribution purposes shown on the statements of comprehensive income represents the coupon interest received by the Fund accounted for on an accrual basis and is recognized through profit or loss. Dividend revenue is recognized on the ex-dividend date.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued...)

(g) Securities lending, repurchase and reverse repurchase transactions

The Fund is permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in the Simplified Prospectus. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver the same securities on a future date. The value of cash or securities held as collateral must at least 102% of the fair value of the securities loaned, sold or purchased. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is recognized on an accrual basis and included in the statements of comprehensive income under the heading securities lending revenue.

(h) Foreign currency translation

The fair value of investments and derivatives, other assets and liabilities denominated in foreign currencies are translated at the exchange rate between the functional currency and the foreign currency at each of the valuation date. Foreign currency transactions, including purchase and sales of investments, investment income and expenses are translated at the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Realized and unrealized exchange gains and losses on foreign currency cash and cash equivalents and other assets and liabilities are presented as "Foreign currency gain (loss) on cash and cash equivalents and other net assets". Realized and unrealized exchange gains and losses on investments and derivatives are presented within "Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss".

(i) Increase (decrease) in net assets attributable to shareholders of redeemable shares from operations per share

Increase (decrease) in net assets attributable to shareholders of redeemable shares from operations per share is calculated by dividing the increase (decrease) in net assets attributable to shareholders of redeemable shares from operations of a series by the average number of shares outstanding of that series during the period.

(j) Net assets attributable to shareholders of redeemable shares per share

The net assets attributable to shareholders of redeemable shares per share are calculated by dividing the net assets of a series of shares by the total number of redeemable shares of that series outstanding at the end of the period.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued...)

(k) Transaction costs

Portfolio 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. The individual security's cost shown on the schedule of investment portfolio includes only those transaction costs incurred on the acquisition of portfolio investments.

(l) Provisions

The Fund recognizes a provision, if as a result of a prior event, the Fund has a current obligation requiring the outflow of resources to settle. Provisions are recorded at the Manager's best estimates of the most probable outcome of any future settlement.

(m) Interests in subsidiaries, associates and unconsolidated structured entities

The Fund meets the definition of an investment entity and as such, does not consolidate the entities it controls. Instead, interests in entities subject to control are classified as fair value through profit or loss, and measured at fair value.

The Fund may invest in redeemable units of other investment funds as part of its investment strategy. The nature and purpose of the investee funds generally is to manage assets on behalf of third party investors and generate fees for the investment manager, and are financed through the issue of redeemable units to investors.

The maximum exposure to loss from interests in investee funds is equal to the fair value of the investment in those respective funds, which are included in financial assets at fair value through profit or loss in the statements of financial position.

(n) Future changes in accounting standards:

IFRS 9 - Financial Instruments

IFRS 9 was issued in November 2009 with an implementation date of annual periods beginning on or after January 1, 2018. It addresses classification and measurement of financial assets and replaces the multiple categories and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The timely preparation of financial statements requires the Fund to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. The following summarizes the accounting judgments, estimates and assumptions the Fund considers significant:

(a) Valuation of investments

Portfolio investments are measured and reported at fair value through profit or loss. Portfolio investments may include securities not traded in an active market, the fair value of which is determined using valuation techniques. Such estimates of fair value of portfolio investments not traded in an active market involve assumptions and uncertainties, and may include matters of significant judgment. Therefore, such estimates are subjective and cannot be determined with precision. Changes in assumptions may significantly affect the estimates.

(b) Other judgments, estimates and assumptions

Estimates are also used when determining the amount of impairment of assets and the likelihood of contingencies.

(c) Assessment as investment entity

The Manager has concluded that the Fund has the characteristics of an investment entity, in that it has more than one investment and is managed in accordance with the articles of incorporation and prospectus; the investments are predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

5. REDEEMABLE SHARES

Net assets attributable to holders of redeemable shares consists of amounts paid for shares, undistributed income, realized gains and losses and unrealized appreciation (depreciation) of financial assets at FVTPL, and represents the capital of the Fund. The Fund may issue an unlimited number of redeemable shares. Each share is redeemable at the option of the shareholder in accordance with the articles of incorporation and prospectus, and entitles the shareholder to a proportionate interest in the net assets of the Fund. The Fund has no restrictions or specified capital requirements on subscriptions or redemptions of shares.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

5. REDEEMABLE SHARES (Continued...)

The authorized capital of the Fund consists of an unlimited number of mutual fund shares, available in four series. Redemption and commission fees vary according to each series of shares as follows:

Series A shares

Redemption fees payable to the Manager may be applicable upon the sale of shares of this series based on the original cost amount and the time to disposition. A redemption fee of 3% applies to shares of this series sold within the first 18 months following acquisition. A redemption fee of 2% applies to shares of this series sold between the first 18 months to 36 months following acquisition. No redemption fee applies to shares of this series sold after the first 36 months following acquisition.

Series B shares

Commission fees payable to brokers, dealers or advisors may be applicable upon the purchase of shares of this series up to 5% of the gross purchase amount, at the discretion of the broker, dealer or advisor.

Series F shares

No redemption or commission fees are applicable to shares of this series.

Series X shares

Redemption fees payable to the Manager may be applicable upon the sale of shares of this series based on the original cost amount and the time to disposition. A redemption fee of 5% applies to shares of this series sold within the first year following acquisition. A redemption fee of 3% applies to shares of this series sold within the second year following acquisition. A redemption fee of 1.5% applies to shares of this series sold within the third year following acquisition. No redemption fee applies to shares of this series sold after the third year following acquisition.

The Fund allocates income and expenses, and realized and unrealized capital gains and losses to each class of redeemable shares outstanding based on the average class allocation for the period.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

5. REDEEMABLE SHARES (Continued...)

The following redeemable share transactions took place during the periods ended April 30:

	2016	2015
Redeemable shares outstanding, beginning of the period:		
Series A	3,967,328	7,804,904
Series B	3,492,275	4,841,534
Series F	363,554	620,405
Series X	36,582	81,125
Redeemable shares issued during the period:		
Series A	50,946	109,791
Series B	15,158	52,196
Series F	52,714	50,686
Series X	-	-
Redeemable shares distributions reinvested during the period:		
Series A	46,877	81,965
Series B	63,828	76,708
Series F	6,033	7,768
Series X	645	1,158
Redeemable shares redeemed during the period:		
Series A	1,330,530	2,559,120
Series B	538,263	963,679
Series F	96,849	215,826
Series X	6,249	25,876
Redeemable shares outstanding, end of the period:		
Series A	2,734,621	5,437,540
Series B	3,032,998	4,006,759
Series F	325,452	463,033
Series X	30,978	56,407

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

6. FEES AND EXPENSES

The Fund pays a monthly management fee equal to 1/12 of 1.25% of the net asset value of the Series A shares and Series X shares and 1/12 of 1% of the net asset value of the Series B and Series F shares calculated and paid at the end of each month payable monthly in arrears.

In consideration of the management fees payable by the Fund to the Manager, the Manager is responsible for providing marketing and promotion, fund management and administration and investment advisory services to the Fund. Fund management and administration services include establishing investment objectives, selecting investment sub-advisors, if applicable, and establishing and maintaining an appropriate infrastructure to meet accounting, financial and taxation reporting requirements. The Manager is also responsible for establishing and maintaining a servicing and risk management framework to ensure regulatory compliance, which includes regular monitoring. The Manager does not charge or allocate corporate overhead or expenses to the Fund.

The Fund pays a monthly service fee of 1/12 of 0.75% of the net asset value of the Series A shares and 1/12 of 1% of the net asset value of Series B shares and 1/12 of 0.50% of the net asset value of Series X shares calculated and paid at the end of each month.

There are no performance fees payable by this Fund.

The Fund is responsible for payment of all operating and administrative expenses of the Fund. The main components of these expenses are legal and accounting fees, printing expenses, reporting issuer filing and sustaining fees, custodial fees, fees payable to, and expenses incurred by, the Fund's Independent Review Committee and expenses of making distributions to shareholders. As the Fund has more than one series of shares, the shareholders of each series bear their pro rata share of those expenses which are common to the operation of all series, as well as those expenses which are attributable solely to that series.

The Manager may, at its discretion, add a service charge of up to 15% of the costs incurred for any operating and administrative costs charged to the Fund other than management services which are already included in the management fee rate which the Manager receives from the Fund. The 15% service charge is intended to cover certain investor servicing costs attributable solely to the Fund, such as the establishment of the Fund's client servicing models, maintenance of investor support phone lines, and investor website and email support. The Manager stopped charging such fees August 2015.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

7. INCOME TAX DISTRIBUTION

The Fund qualifies as a mutual fund corporation under the Income Tax Act (Canada). The Corporation will earn three types of income, Canadian dividends, taxable capital gains and other net taxable income. The income of the Fund, including taxable capital gains, will be subject to income tax at applicable corporate tax rates, after claiming allowable deductions for expenses and applicable credits for foreign taxes paid on foreign-source income. Income tax on capital gains is refundable to the Fund to the extent that such gains are distributed to shareholders as capital gains dividends or the Fund's share are redeemed. Gains and losses realized by the Fund in relation to certain derivative transactions and short sale transactions may be taxed on account of income as opposed to on account of capital. Other income is subject to tax at normal corporate rates and is not subject to refundable tax treatment.

The Fund may elect in the prescribed manner and form in order to have the dividends it distributes treated as capital gains dividends to the extent that the dividends do not exceed the Fund's capital gains dividend account. The capital gains dividend account will be represented by the amount by which capital gains realized by the Fund while it was a mutual fund corporation exceed the aggregate of:

- (a) capital losses realized by the Fund while it was a mutual fund corporation;
- (b) certain capital gains dividends previously paid by it; and
- (c) amounts in respect of which the Fund received capital gains tax refunds.

The Corporation is a single legal entity for tax purposes and is not taxed on a fund-by-fund basis. Non-capital and capital losses of the Corporation may be applied against the income and/or capital gains attributable to the Corporation as a whole irrespective of the Fund from which the income, gains and/or losses arise. Therefore, where the Corporation has positive net taxable income, any current tax liability can be offset with the utilization of unused prior year tax losses of the Corporation. Further, the payment of capital gains dividends, will also reduce or eliminate any taxes payable by the Corporation. This eliminates the requirement for a net tax provision for the Fund.

The Corporation's shares are qualified investments for registered plans.

8. TRANSACTION COSTS AND SOFT DOLLARS

The total brokerage commissions paid by the Fund with respect to security transactions for the period ended April 30, 2016 was \$158,896 (April 30, 2015 - \$197,121).

There were no soft dollar amounts included in brokerage commissions.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

9. RELATED PARTY TRANSACTIONS

During the periods ended April 30, 2016 and April 30, 2015, fees paid to the Manager were as follows:

	2016	2015
Management fees, note 6	<u>\$ 260,019</u>	<u>\$ 501,732</u>
Servicing fees, note 6	<u>\$ 179,759</u>	<u>\$ 327,481</u>
Operating costs, note 6	<u>\$ -</u>	<u>\$ 34,812</u>

Management fees payable and other payables included in the accrued expenses were as follows:

	April 30, 2016	October 31, 2015
Management fees payable	\$ 37,096	\$ 55,089
Servicing fees payable	<u>25,176</u>	<u>36,308</u>
	<u>\$ 62,272</u>	<u>\$ 91,397</u>

The following are redeemable shares held by related parties of the Fund:

	April 30, 2016	October 31, 2015
Series B shares held by the Partners of the Manager	452,236.50	439,574.96
Percentage of Series B shares held by the Partners of the Manager	14.91%	12.59%
Series F shares held by the Partners of the Manager	7,516.68	7,315.09
Percentage of Series F shares held by the Partners of the Manager	2.31%	2.01%
Series F shares held by the relatives of the Partners of the Manager	3,626.55	1,334.76
Percentage of Series F shares held by the relatives of the Partners of the Manager	1.11%	0.37%

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

9. RELATED PARTY TRANSACTIONS (Continued...)

As at April 30, 2016, the Fund owned 1,128,380 (October 31, 2015 – 952,490) shares of Front Street Tactical Bond Fund, representing 20.6% (October 31, 2015 – 13.5%) of the total Front Street Tactical Bond Fund shares outstanding, which was also managed by the Manager.

The Fund may place a portion of its portfolio transactions with brokerage firms which are affiliates of the Manager provided it determines that these affiliates' trade execution abilities and costs are comparable to those non-affiliated, qualified brokerage firms, on an execution only basis. During the period ended April 30, 2016, Tuscarora Capital Inc., a company under common control to the Manager, received \$50,202 (April 30, 2015 - \$74,992) in commissions on portfolio transactions for the Fund.

Management fees, servicing fees, and operating costs are measured at the consideration prescribed by the offering documents of the Fund. When related parties enter shareholder transactions with the Fund, the consideration is the transactional NAV available to all other shareholders on the trade date.

10. SECURITIES LENDING

The Fund lends portfolio securities from time to time in order to earn additional income. The Fund has entered into a securities lending program with its custodian, CIBC Capital Markets Inc. The aggregate fair value of all securities loaned will not exceed 50% of the net assets of the Fund. The Fund receives collateral (in the form of obligations of, or guaranteed by, the Government of Canada, or a province thereof, or by the United States government or its agencies and/or cash) against the loaned securities. Collateral is maintained in an amount representing at least 102% of the fair value of the loaned securities during the period the loan is outstanding. The fair value of the loaned securities is determined daily at the close of business of the Fund and any additional collateral required is delivered to the Fund on the next business day. As at April 30, 2016 and October 31, 2015, the aggregate fair values of the Fund's securities loaned and the collateral received were as follows:

	April 30, 2016	October 31, 2015
Value of securities loaned	<u>\$ Nil</u>	<u>\$ 461</u>
Value of collateral received	<u>\$ Nil</u>	<u>\$ 51,006</u>

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

11. RECONCILIATION OF NET ASSET VALUE TO IFRS NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS OF REDEEMABLE SHARES

Investment funds may have two different net asset values: (i) one for financial statements, which is prepared in accordance with IFRS (referred to as "IFRS NA") and (ii) another for all other purposes, including share pricing for investor transactions (referred to as "net asset value"). For investments that are traded in an active market where quoted prices are readily and regularly available, IFRS requires investments to be valued using the methods and principles described in note 3 (Summary of significant accounting policies – Fair value measurement), wherein the Fund may use closing sale prices for the purpose of determining net asset value. For investments that are not traded in an active market, IFRS requires the use of specific valuation techniques, rather than the use of valuation techniques in general practice in the investment funds industry. National Instrument 81-106 ("NI 81-106") requires that interim financial statements present a reconciliation of Net asset value per share to IFRS Net Assets Attributable to Shareholders of Redeemable Shares.

As at April 30, 2016, that reconciliation is as follows:

	Net asset value	Financial reporting adjustment	IFRS NA	Net asset value per share	IFRS NA per share
Series A	\$ 16,846,132	\$ 8,026	\$ 16,854,158	\$ 6.16	\$ 6.16
Series B	18,882,543	8,997	18,891,540	6.23	6.23
Series F	2,156,990	1,028	2,158,018	6.63	6.63
Series X	194,159	92	194,251	6.27	6.27
Total	\$ 38,079,824	\$ 18,143	\$ 38,097,967		

As at October 31, 2015, that reconciliation is as follows:

	Net asset value	Financial reporting adjustment	IFRS NA	Net asset value per share	IFRS NA per share
Series A	\$ 26,112,111	\$ 48,507	\$ 26,160,618	\$ 6.58	\$ 6.59
Series B	23,218,758	43,017	23,261,775	6.65	6.66
Series F	2,558,951	4,742	2,563,693	7.04	7.05
Series X	244,775	453	245,228	6.69	6.70
Total	\$ 52,134,595	\$ 96,719	\$ 52,231,314		

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

12. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Fund's financial instruments consist of financial assets and liabilities at FVTPL, receivables for investments sold, interest and other receivables, dividends receivable, subscriptions receivable, margin accounts, bank indebtedness, redemptions payable, payable for investment assets purchased, accrued expenses, distributions payable, and foreign exchange contracts at FVTPL. It is the Manager's opinion that due to the short term nature of these financial instruments, the Fund is not exposed to significant market price, currency, interest rate, liquidity, cash flow, credit, and portfolio concentration risks arising from these financial instruments except as described below. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

All securities present a risk of loss of capital. The Manager seeks to minimize potential adverse effects of these risks on the Fund's performance by employing professional, experienced portfolio advisors, by daily monitoring of the Fund's positions and market events, and by diversifying the investment portfolio within the constraints of the investment objective. To assist in managing risk, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations.

The schedule of investment portfolio presents the securities held by the Fund as at April 30, 2016 and groups the securities by asset type, sector and/or market segment. Significant risks that are relevant to the Fund are discussed below.

The Fund is exposed to financial risks, including market risk, currency risk, interest rate risk, liquidity risk, cash flow risk, credit risk and concentration risk. The Fund's overall risk management program seeks to minimize potentially adverse effects of those risks on the Fund's financial performance. The Fund moderates financial risks through the careful selection of portfolio investments and other financial instruments within the parameters of the investment guidelines, strategies and objectives.

i) Market price risk

Market 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 currency risk), whether those changes are caused by factors specific to the individual financial instrument, its issuer, or factors affecting similar financial instruments traded in the market.

The Fund is exposed to market price risk arising from its investments in securities. The Investment Manager manages the Fund's market price risk on a daily basis in accordance with the Fund's investment objective and policies.

ii) Currency risk

The Fund may invest in financial instruments denominated in currencies other than its measurement currency. Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other currencies may change in a manner that has an adverse effect on the value of the portion of the Fund's assets or liabilities denominated in currencies other than Canadian dollars, absent any changes in market price or investment specific events.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

12. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued...)

ii) Currency risk (Continued...)

Included in the undernoted accounts are the following foreign currency balances:

As at April 30, 2016

Currency	Financial instruments at FVTPL*	Bank indebtedness	Forward currency contracts (note 13)	Total	Percentage of Net Assets
United States Dollar	<u>\$ 7,270,495</u>	<u>\$ (550,498)</u>	<u>\$ -</u>	<u>\$ 6,719,997</u>	<u>17.64%</u>

As at October 31, 2015

Currency	Financial instruments at FVTPL*	Bank indebtedness	Forward currency contracts (note 13)	Total	Percentage of Net Assets
United States Dollar	<u>\$ 16,890,501</u>	<u>\$ (1,300,717)</u>	<u>\$ -</u>	<u>\$ 15,589,784</u>	<u>29.85%</u>

*Balance has been adjusted for the estimated effective exposure for the Fund's investment in Front Street Tactical Bond Fund.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

12. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued...)

iii) Interest rate risk

The Fund may invest in fixed and floating rate securities. The income of the Fund may be affected by changes to interest rates relevant to particular securities or as a result of management being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movement in the future. Interest payable on bank indebtedness or broker margin account positions will be affected by fluctuations in interest rates. As at April 30, 2016, there were 56.8% (October 31, 2015 – 62.9%) of net assets invested in bonds and a bond fund. The remaining portion of the Fund's investments are substantially non-interest bearing equity investments.

As at April 30, 2016

Financial assets	Floating Rate Financial Instruments	Fixed Rate Financial Instruments	Non-interest Bearing	Total
Financial assets at FVTPL*	\$ 1,035,826	\$ 19,769,419	\$ 18,075,507	\$ 38,880,752
Cash and cash equivalents	65,044	-	-	65,044
Loans and receivables	<u>-</u>	<u>-</u>	<u>270,410</u>	<u>270,410</u>
Total	<u>\$ 1,100,870</u>	<u>\$ 19,769,419</u>	<u>\$ 18,345,917</u>	<u>\$ 39,216,206</u>
Financial liabilities				
Financial liabilities at FVTPL	\$ -	\$ -	\$ 572,192	\$ 572,192
Other financial liabilities	<u>-</u>	<u>-</u>	<u>546,047</u>	<u>546,047</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,118,239</u>	<u>\$ 1,118,239</u>
IFRS NA				<u>\$ 38,097,967</u>

*Balance has been adjusted for the estimated effective exposure for the Fund's investment in Front Street Tactical Bond Fund.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

12. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued...)

iii) Interest rate risk (Continued...)

As at October 31, 2015

Financial assets	Floating Rate Financial Instruments	Fixed Rate Financial Instruments	Non-interest Bearing	Total
Financial assets at FVTPL*	\$ 5,468,130	\$ 27,224,752	\$ 20,679,496	\$ 53,372,378
Loans and receivables	<u>-</u>	<u>-</u>	<u>2,639,098</u>	<u>2,639,098</u>
Total	<u>\$ 5,468,130</u>	<u>\$ 27,224,752</u>	<u>\$ 23,318,594</u>	<u>\$ 56,011,476</u>
Financial liabilities				
Financial liabilities at FVTPL	\$ 386,422	\$ -	\$ 103,572	\$ 489,994
Bank indebtedness	2,675,643	-	-	2,675,643
Other financial liabilities	<u>-</u>	<u>-</u>	<u>614,525</u>	<u>614,525</u>
Total	<u>\$ 3,062,065</u>	<u>\$ -</u>	<u>\$ 718,097</u>	<u>\$ 3,780,162</u>
IFRS NA				<u>\$ 52,231,314</u>

*Balance has been adjusted for the estimated effective exposure for the Fund's investment in Front Street Tactical Bond Fund.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

12. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued...)

iv) Liquidity risk

Liquidity risk is the risk the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Shareholder redemption requests are the main liquidity risk for the Fund.

The Fund maintains cash and marketable securities, and manages liquidity risk through its ability to close out market positions in a timely manner.

As at April 30, 2016

	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Financial assets						
Financial assets at FVTPL*	\$ 2,996,323	\$ 980,080	\$ 4,839,642	\$ 12,929,799	\$ 17,134,908	\$ 38,880,752
Cash and cash equivalents	65,044	-	-	-	-	65,044
Loans and receivables	<u>270,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270,410</u>
Total	<u>\$ 3,331,777</u>	<u>\$ 980,080</u>	<u>\$ 4,839,642</u>	<u>\$ 12,929,799</u>	<u>\$ 17,134,908</u>	<u>\$ 39,216,206</u>
Financial liabilities						
Financial liabilities at FVTPL	\$ 572,192	\$ -	\$ -	\$ -	\$ -	\$ 572,192
Other financial liabilities	<u>546,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>546,047</u>
Total	<u>\$ 1,118,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 572,192</u>	<u>\$ 1,118,239</u>
IFRS NA						<u>\$ 38,097,967</u>

*Balance has been adjusted for the estimated effective exposure for the Fund's investment in Front Street Tactical Bond Fund.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

12. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued...)

iv) Liquidity risk (Continued...)

As at October 31, 2015

Financial assets	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Financial assets at FVTPL*	\$ 2,477,240	\$ 3,703,708	\$ 2,992,224	\$ 23,811,008	\$ 20,388,198	\$ 53,372,378
Loans and receivables	<u>2,639,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,639,098</u>
Total	<u>\$ 5,116,338</u>	<u>\$ 3,703,708</u>	<u>\$ 2,992,224</u>	<u>\$ 23,811,008</u>	<u>\$ 20,388,198</u>	<u>\$ 56,011,476</u>
Financial liabilities						
Financial liabilities at FVTPL	\$ 386,422	\$ -	\$ -	\$ -	\$ 103,572	\$ 489,994
Bank indebtedness	2,675,643	-	-	-	-	2,675,643
Other financial liabilities	<u>614,525</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>614,525</u>
Total	<u>\$ 3,676,590</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,572</u>	<u>\$ 3,780,162</u>
IFRS NA						<u>\$ 52,231,314</u>

*Balance has been adjusted for the estimated effective exposure for the Fund's investment in Front Street Tactical Bond Fund.

Certain of the Fund's investments are in private securities which are thinly traded. As at April 30, 2016, the fair value of such assets was 7.7% (October 31, 2015 – 7.5%) of the total net assets.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

12. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued...)

v) Cash flow risk

The risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. In the case of a floating rate debt instrument, for example, such fluctuations could result from a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

vi) Credit risk

The Fund is exposed to credit risk arising from its transactions with its counterparties and brokers, related to securities purchases and sales. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Financial assets which potentially expose the Fund to credit risk consist principally of investment in bonds, amounts due from brokers and derivatives. The Fund seeks to mitigate its exposure to credit risk by placing its cash, and transacting its securities activity with large financial institutions. The Fund may also invest in corporate bonds. Until the bonds are sold or mature, the Fund is exposed to credit risk relating to whether the bond issuer will meet its obligations when they come due. The extent of the Fund's exposure to credit risk in respect of these financial assets is reflected in their carrying value as recorded in the Fund's statements of financial position.

To partially mitigate credit risk with respect to its securities lending the Fund receives collateral against the securities loaned (note 10). As at April 30, 2016, the Fund loaned securities with an aggregate fair value of \$Nil (October 31, 2015 - \$461) and received collateral with an aggregate fair value of \$Nil (October 31, 2015 - \$51,006).

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

12. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued...)

As at April 30, 2016, the Fund had 27.0% (October 31, 2015 – 44.1%) of holdings in debt instruments with the following credit ratings obtained from Standard and Poor's Moody's or DBRS:

Percentage of net assets

Debt instruments by credit rating	April 30, 2016	October 31, 2015
A	-%	5.0%
BBB	-%	6.6%
BB	12.4%	16.3%
B	14.6%	9.9%
CC	-%	1.2%
Not available or not rated	-%	5.1%

As at April 30, 2016, the Fund's investment portfolio included \$12,500 (October 31, 2015 - \$12,500) (face value of \$9,431,083) in investments in debt obligations where repayments of interest or principal were contractually in arrears. The fair values have been discounted to reflect the extended period to ultimate collection.

As at April 30, 2016, the Fund invested 29.8% of its net assets in Front Street Tactical Bond Fund, of which 91.4% of its net assets were invested in debt instruments. Credit ratings of the debt instruments of Front Street Tactical Bond Fund have been obtained from Standard and Poor's, Moody's or DBRS. The effective exposure on the Fund is as follows:

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

12. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued...)

April 30, 2016

Debt instruments by credit rating	Percentage of Front Street Tactical Bond Fund net assets	Effective exposure on the Fund
BBB	7.9%	2.4%
BB	51.8%	15.4%
B	19.3%	5.8%
CCC	5.7%	1.7%
DD	3.5%	1.0%
D	2.3%	0.7%
Not available or not rated	0.9%	0.3%

October 31, 2015

Debt instruments by credit rating	Percentage of Front Street Tactical Bond Fund net assets	Effective exposure on the Fund
BBB	4.0%	0.8%
BB	63.3%	11.9%
B	28.0%	5.2%
Not available or not rated	0.8%	0.2%

*Balance has been adjusted for the estimated effective exposure for the Fund's investment in Front Street Tactical Bond Fund.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

12. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued...)

vii) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Fund's concentration risk by market segments/categories of financial instruments has been summarized as follows:

	April 30, 2016*	October 31, 2015*
Corporate bonds	54.3%	62.1%
Financials	16.2%	22.5%
Energy	6.1%	0.6%
Materials	6.0%	3.1%
Consumer discretionary	5.9%	3.2%
Information technology	5.1%	5.8%
Industrials	3.7%	0.7%
Foreign exchange forward contracts	2.5%	-%
Consumer staples	2.2%	1.7%
Cash and cash equivalents	0.6%	0.5%
Health care	-%	1.6%
Other assets less other liabilities	(1.1)%	(0.9)%
Energy	(0.6)%	(0.2)%
Consumer discretionary	(0.6)%	-%
Materials	(0.1)%	-%
Written call options	(0.1)%	(0.1)%
Written put options	<u>(0.1)%</u>	<u>(0.6)%</u>
Total	<u>100.0%</u>	<u>100.0%</u>

*Balance has been adjusted for the estimated effective exposure for the Fund's investment in Front Street Tactical Bond Fund.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

13. FORWARD AND FUTURE CONTRACTS

As at April 30, 2016 and October 31, 2015, the Fund had no outstanding forward or future contracts.

14. CAPITAL MANAGEMENT

The Fund considers financial instruments in the form of redeemable shares to represent capital. In managing this capital, the objectives of the Fund are:

- (a) to safeguard the Fund's ability to continue as a going concern, be flexible and take advantage of opportunities that might present themselves;
- (b) to provide an appropriate return to shareholders; and
- (c) to use active management strategies intended to enhance the returns of the Fund and concurrently minimize risk and preserve capital, consistent with the investment guidelines, strategies and objectives of the Fund.

The Fund follows, and is in compliance with, the Investment Guidelines described in the Prospectus.

The Fund is not subject to any externally imposed capital requirements.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

15. FAIR VALUE HIERARCHY

IFRS requires the Fund to use a three-tier hierarchy as a framework for disclosing fair values, based on inputs used to value the Fund's investments in financial assets and financial liabilities. This hierarchy is summarized as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables summarize the inputs used as of April 30, 2016 and October 31, 2015 in valuing the Fund's financial assets and liabilities at FVTPL.

As at April 30, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL*	<u>\$ 15,075,404</u>	<u>\$ 20,853,405</u>	<u>\$ 2,951,943</u>	<u>\$ 38,880,752</u>
Financial liabilities at FVTPL	<u>\$ 572,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 572,192</u>

As at October 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL*	<u>\$ 19,008,268</u>	<u>\$ 30,466,492</u>	<u>\$ 3,897,618</u>	<u>\$ 53,372,378</u>
Financial liabilities at FVTPL	<u>\$ 489,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 489,994</u>

*Balance has been adjusted for the estimated effective exposure for the Fund's investment in Front Street Tactical Bond Fund.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

15. FAIR VALUE HIERARCHY (Continued...)

The following table reconciles opening balances to closing balances for fair value measurements in Level 3 of the fair value hierarchy:

	Financial assets at FVTPL Equities	Financial assets at FVTPL Bonds
Balance at October 31, 2014	\$ 2,411,110	\$ 3,104,720
Purchases	108,161	-
Proceeds from sales	(2,058,931)	(987,502)
Transfers in	-	254,610
Transfers out	-	-
Gains (losses)		
Realized	58,932	(300,523)
Unrealized	<u>792,291</u>	<u>514,480</u>
Balance at October 31, 2015	1,311,563	2,586,055
Purchases	-	-
Proceeds from sales	-	(1,606,258)
Transfers in	1,005	-
Transfers out	-	-
Gains (losses)		
Realized	-	52,366
Unrealized	<u>(2,355)</u>	<u>609,567</u>
Balance at April 30, 2016	<u>\$ 1,310,213</u>	<u>\$ 1,641,730</u>

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

15. FAIR VALUE HIERARCHY (Continued...)

During the period ended April 30, 2016, the transfers in equities represents an equity that has moved from level two to level three as a result of no longer having observable market data.

Valuation techniques and framework

The Fund's portfolio investments in equity securities are classified as Level 1 when the security is actively traded and a reliable price is observable. The Fund may not be able to trade certain equity securities of publicly listed issuers (primarily warrants and shares for which trading is restricted by a contractual hold period), and therefore observable prices may not be available. In such cases, fair value is determined based on observable market data (e.g., prices for transactions for similar securities of the same issuer) and the fair value is classified as Level 2. However, if the determination of fair value requires significant unobservable data, the measurement of such securities is classified as Level 3.

Valuation techniques are used for equity securities classified as Level 2 and Level 3 (primarily private companies).

Valuation techniques may include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models, including but not limited to the Black-Scholes stock option model. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity indices, EBITDA and/or revenue multiples and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement for an asset to be sold or a liability to be transferred between market participants at a measurement date.

The Fund uses widely recognized valuation models for determining the fair value of common and simple financial instruments, such as warrants and temporarily restricted shares of public companies, which generally use observable market data and require some management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and other simple derivatives. The availability of observable market prices and model inputs may reduce the need for management judgment and estimation and may reduce, but does not eliminate, uncertainty associated with determining fair values. The availability of observable inputs may vary and depends on the nature of the securities being valued and markets, and is subject to change based on specific events and general conditions in the financial markets. Management applies a certain discount to restricted securities in order to determine the fair value of these securities. To determine the fair value of warrants, management uses the Black-Scholes stock option model, which incorporates the volatility of the underlying stock.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

15. FAIR VALUE HIERARCHY (Continued...)

Valuation techniques and framework (Continued...)

The Fund may invest in equity securities of private companies, which are classified as Level 3 securities. These may be valued using the most recent rounds of financing, or in certain cases, using models. Some or all of the significant inputs into the valuation models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the security being valued, and other inputs (such as discount rate, liquidity risk, credit risk, as applicable), to the extent that the Fund believes that a third party market participant would take them into account in pricing a transaction.

The Fund has established a control framework for the measurement of fair value. The valuation process is overseen by management, who are responsible for developing the Fund's valuation processes and procedures, conducting periodic reviews of those policies and evaluating their consistent application. When third party information, such as broker quotes or pricing services or recent transactions, are used to measure value, then management assesses the evidence obtained from third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes verifying the information provided, and analyzing the information to check for any material inconsistencies.

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

15. FAIR VALUE HIERARCHY (Continued...)

The tables below summarize the level 3 financial assets at FVTPL valued based on the aforementioned valuation techniques as at April 30, 2016 and October 31, 2015.

As at April 30, 2016

	Number of Shares/Units /Par Value	Cost \$	Fair Value \$
Aeromechanical Services Limited			
8.000%, Convertible Debentures, December 23, 2016	1,000,000	\$ 1,000,000	\$ 500,000
Brasil Ecoetanol Limited	1,166,667	350,000	-
Colossus Minerals Inc.	640,740	1,053,571	1,006
Colossus Minerals Inc., Warrants April 23, 2019	321,012	-	-
Delavaco Properties Inc.			
7.500%, Secured Senior Note, June 30, 2016	900,000	923,352	1,129,230
Delavaco Properties Inc., Warrants March 06, 2017	231,000	-	-
Graoch Associates # 171 Limited Partnership			
0.00%, April 30, 2010 (In default)	2,000,000	2,121,701	-
Great Basin Gold Limited			
8.000%, Convertible Bond, November 30, 2014			
(In default)	3,353,083	167,654	-
Immersion Corporation	1,080,000	501,505	-
iON World LLC	44,000	54,162	55,207
Ivanhoe Energy Inc.			
5.750%, June 30, 2016	328,000	254,610	-
MicroPlanet Technology Corporation			
12.000%, December 31, 2013 (In default)	750,000	750,000	-
MicroPlanet Technology Corporation			
12.000%, Convertible Notes, June 30, 2014 (In default)	500,000	500,000	-
QYOU Media Inc., Restricted	108,000	54,000	54,000
QYOU Media Inc., Warrants	108,000	-	-
QYOU Media Inc., Warrants January 15, 2018	54,000	-	-
REDF II Hospitality Fund Limited Partnership Units	2,000	2,000,000	1,200,000
TimePlay Inc.			
10.000%, Debentures, May 17, 2015 (In default)	2,500,000	2,500,000	12,500
TimePlay Inc., Warrants September 27, 2018	4,310,000	-	-
		<u>\$ 12,230,555</u>	<u>\$ 2,951,943</u>

FRONT STREET BALANCED MONTHLY INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2016 AND 2015 (UNAUDITED)

15. FAIR VALUE HIERARCHY (Continued...)

Valuation techniques and framework (Continued...)

As at October 31, 2015

	Number of Shares/Units /Par Value	Cost \$	Fair Value \$
Aeromechanical Services Limited			
8.000%, Convertible Debentures, December 23, 2016	1,000,000	\$ 1,000,000	\$ 500,000
Brasil Ecoetanol Limited	1,166,667	350,000	-
Colossus Minerals Inc., Warrants April 23, 2019	321,012	-	-
Cricket Media Group			
6.500%, Convertible Debenture, October 31, 2016	1,400,000	1,400,000	700,000
Delavaco Properties Inc.			
7.500%, Secured Senior Note, June 30, 2016	1,050,000	1,077,243	1,373,555
Graoch Associates # 171 Limited Partnership			
0.00%, April 30, 2010	2,000,000	2,121,701	-
Great Basin Gold Limited			
8.000%, Convertible Bond, November 30, 2014	3,353,083	167,654	-
Immersion Corporation	1,080,000	501,505	-
iON World LLC	44,000	54,162	57,558
Ivanhoe Energy Inc.			
5.750%, June 30, 2016	328,000	254,610	-
MicroPlanet Technology Corporation			
12.000%, December 31, 2013	750,000	750,000	-
MicroPlanet Technology Corporation			
12.000%, Convertible Notes, June 30, 2014	500,000	500,000	-
QYOU Media Inc., Restricted	108,000	54,000	54,000
QYOU Media Inc., Warrants	108,000	-	-
QYOU Media Inc., Warrants January 15, 2018	54,000	-	-
REDF II Hospitality Fund Limited Partnership Units	2,000	2,000,000	1,200,000
Rio Verde Minerals Development Corporation Warrants			
July 27, 2016	1,077,300	-	1
TimePlay Inc.			
10.000%, Debentures, May 17, 2015	2,500,000	2,500,000	12,500
TimePlay Inc., Warrants September 27, 2018	4,310,000	-	4
		<u>\$ 12,730,875</u>	<u>\$ 3,897,618</u>