

Interim Management Report of Fund Performance As at April 30, 2007 Front Street Canadian Equity Fund Class

This Interim Management Report of Fund Performance contains financial highlights but does not contain the complete interim financial statements for Front Street Canadian Equity Fund, a class of shares of Front Street Mutual Funds Limited fund (the "Fund"). 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 web site at www.frontstreetcapital.com or SEDAR at www.sedar.com

Security holders 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 Interim 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 Interim 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 Interim 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 Objective and Strategies

The investment objective of the Fund is to seek capital appreciation through investment in equity, debt and derivative securities of companies whose product, service or management team Front Street Investment Management Inc. (the “Investment Advisor”) believes can realize value and growth. The Investment Advisor may rely on “top down” fundamental research to identify equity securities of companies in a particular industry or sector, but portfolio diversification will be driven primarily from the Fund’s investments, as opposed to targeting sector weights.

The Investment Advisor will employ alternative investment strategies, including event-related special situations investing (including, for instance, investment in securities of issuers undergoing or undertaking tenders, mergers and acquisitions, liquidations, spin-offs and recapitalizations) and the purchase of undervalued shares in the equity markets.

From time to time the Fund may use clearing corporation options and listed warrants (“permitted derivatives”) as permitted by Canadian securities regulators as the Fund is a mutual fund and consistent with the investment objectives and strategies of the Fund. The Fund may use these permitted derivatives for hedging and non-hedging purposes.

Risk

Most of the Fund’s assets will be invested in common shares and other equity securities. The Fund will therefore be subject to stock market risk. The Fund may also invest in foreign securities that may expose the Fund, to a limited extent, to the risk of investments in foreign securities and foreign currency risk. The Fund may invest in relatively illiquid securities that may expose the Fund to liquidity risk. The Fund may also be exposed to sector risk due to its investments being concentrated in a limited number of sectors. The Fund may also be exposed to the risks of selling securities short, the risks of investing in derivatives, and the risk associated with investing in securities of junior industrial, technology and natural resource companies.

Currency risk proved to have a minimal effect on the Fund’s returns, as the Canadian dollar strengthened, relative to the U.S. dollar, over the year. Currency risk impacted principally the Fund’s investments that had revenue in U.S. dollars. Volatility in currency markets continues to be high, suggesting uncertainty going forward on this front.

Equity risk also affected Fund volatility. Specifically, the threat of oil-supply disruptions kept the price of oil high. While market volatility was high overall, the high price of commodities was a positive factor that contributed to Canadian equity market performance, particularly in the materials sector.

Interest-rate risk was also a factor, as global central banks and bond and equity markets closely monitored the U.S. Federal Reserve’s monetary policy activities and public communications for indications as to when the current cycle of monetary policy tightening may be ending. As higher borrowing costs tend to slow the economy, rising interest rates tend to have a negative impact on the outlook for corporate-profit growth and therefore equity market performance.

The Fund has multiple risks associated with equity markets. Investors whose primary concern is preservation of capital should not be invested in this Fund. The Fund is suitable for investors seeking long-term growth with a high tolerance for risk and volatility and a long-term investment horizon.

The risks of investing in the Fund are further discussed in the Fund’s Annual Information Form dated June 13, 2007.

Results of Operations

The Investment Advisor continued to focus on long-term capital appreciation for the portfolio during 2006 and the early part of 2007. Sector allocation to the materials and energy sectors significantly contributed to the returns for the year. Company concentration was not evident as the Investment Advisor continued its long-standing commitment to a diversity of names while maintaining a focus on the sectors that had high appreciation potential.

Interest rate increases had only a slight negative impact for the Fund. Currency volatility also had a slight negative impact as revenues denominated in U.S. dollar declined when converted to Canadian dollar on most investee company's income statements. Notwithstanding this, the Fund had the benefit of a strong equity market for resource stocks as demand for commodities continued to grow in a supply-constrained environment.

Recent Developments

The Fund anticipates that volatility will continue in the equity markets for the foreseeable future. The perception exists that inventory levels are tight in most commodity groups leading to an inability to cushion any shocks to the system. This reality, coupled with a benign interest rate environment, has led to steady economic growth, albeit at higher commodity price levels.

Adoption of New Accounting Standards

On April 1, 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3855, "Financial Instruments – Recognition and Measurement" of the CICA Handbook – Accounting, which establishes standards for the fair valuation of investments as well as the accounting treatment of transaction costs. Section 3855 applies to fiscal years beginning on or after October 1, 2006. Additionally, Section 14.2 of National Instrument 81-106 ("NI 81-106") issued by the Canadian Securities Administrators in 2005 requires the daily net asset value of an investment fund to be calculated in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The adoption of Section 3855 would result in the use of different valuation techniques for certain investments.

Canadian securities regulatory authorities granted relief to investment funds complying with Section 3855 for the purposes of calculating of net asset value used for the investor transactions ("Transactional NAV") for a one year period ending September 30, 2007. The Canadian Securities Administrators are currently reviewing the suitability of applying Section 3855 for the purposes other than the preparation of financial statements. Depending on the outcome of such review, the method by which net asset value is calculated may change on October 1, 2007.

Related Party Transactions

The Fund may place a portion of its portfolio transactions with brokerage firms which are affiliates of Front Street Mutual Funds Limited, the manager of the Fund, and the Investment Advisor, 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. For the six-months ended April 30, 2007, Tuscarora Capital Inc. received \$20,856 in commission on portfolio transactions for the Fund.

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 since inception. This information is derived from the Fund's audited annual financial statements and unaudited interim financial statements.

FRONT STREET CANADIAN EQUITY FUND CLASS SERIES A

FOR THE PERIODS ENDED	April 30, 2007 \$	October 31, 2006 \$	October 31, 2005 \$	October 31, 2004 \$	October 31, 2003 \$
The Fund's Net Asset Value (NAV) per Share					
Net asset value, beginning of period ⁽⁷⁾	10.15	10.00	-	-	-
Increase (decrease) from operations:					
Total revenue	0.08	0.05	-	-	-
Total expenses	(0.23)	(0.34)	-	-	-
Realized gains (losses)	1.03	0.08	-	-	-
Unrealized gains (losses)	0.95	0.52	-	-	-
Total increase (decrease) from operations ⁽¹⁾	1.83	0.31	-	-	-
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions ⁽²⁾	-	-	-	-	-
Net asset value, end of period ⁽⁷⁾	12.08	10.20	-	-	-
Ratios and Supplemental Data Series A					
Net assets (000's) ⁽³⁾	36,220	8,348	-	-	-
Number of shares outstanding	2,999,424	818,687	-	-	-
Management expense ratio ⁽⁴⁾	4.05%	9.95%	-	-	-
Management expense ratio before waivers or absorptions	4.05%	9.95%	-	-	-
Portfolio turnover rate ⁽⁵⁾	281.18%	156.19%	-	-	-
Trading expense ratio ⁽⁶⁾	1.03%	0.67%	-	-	-

FRONT STREET CANADIAN EQUITY FUND CLASS SERIES B

FOR THE PERIODS ENDED	April 30, 2007	October 31, 2006	October 31, 2005	October 31, 2004	October 31, 2003
	\$	\$	\$	\$	\$
The Fund's Net Asset Value (NAV) per Share					
Net asset value, beginning of period⁽⁷⁾	10.17	10.00	-	-	-
Increase (decrease) from operations:					
Total revenue	0.08	0.05	-	-	-
Total expenses	(0.24)	(0.32)	-	-	-
Realized gains (losses)	0.92	0.11	-	-	-
Unrealized gains (losses)	0.99	0.41	-	-	-
Total increase (decrease) from operations⁽¹⁾	1.75	0.25	-	-	-
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions⁽²⁾	-	-	-	-	-
Net asset value, end of period⁽⁷⁾	12.09	10.22	-	-	-
Ratios and Supplemental Data Series B					
Net assets (000's) ⁽³⁾	16,059	2,026	-	-	-
Number of shares outstanding	1,328,451	198,270	-	-	-
Management expense ratio ⁽⁴⁾	4.10%	8.86%	-	-	-
Management expense ratio before waivers or absorptions	4.10%	8.86%	-	-	-
Portfolio turnover rate ⁽⁵⁾	281.18%	156.19%	-	-	-
Trading expense ratio ⁽⁶⁾	1.03%	0.67%	-	-	-

FRONT STREET CANADIAN EQUITY FUND CLASS SERIES F

FOR THE PERIODS ENDED	April 30, 2007 \$	October 31, 2006 \$	October 31, 2005 \$	October 31, 2004 \$	October 31, 2003 \$
The Fund's Net Asset Value (NAV) per Share					
Net asset value, beginning of period ⁽⁷⁾	9.93	10.00	-	-	-
Increase (decrease) from operations:					
Total revenue	0.09	0.03	-	-	-
Total expenses	(0.61)	(0.23)	-	-	-
Realized gains (losses)	1.00	0.04	-	-	-
Unrealized gains (losses)	0.87	0.26	-	-	-
Total increase (decrease) from operations	1.35	0.10	-	-	-
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions	-	-	-	-	-
Net asset value, end of period⁽⁷⁾	11.62	9.98	-	-	-

Ratios and Supplemental Data Series F

Net assets (000's) ⁽³⁾	696	241	-	-	-
Number of shares outstanding	59,860	24,168	-	-	-
Management expense ratio ⁽⁴⁾	10.89%	9.38%	-	-	-
Management expense ratio before waivers or absorptions	10.89%	9.38%	-	-	-
Portfolio turnover rate ⁽⁵⁾	281.18%	156.19%	-	-	-
Trading expense ratio ⁽⁶⁾	1.03%	0.67%	-	-	-

- (1) Net asset value and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.
- (2) Distributions were paid in cash and/or reinvested in additional shares of the Fund.
- (3) This information is provided as at period end of the year shown.
- (4) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period. In the period a series is established, the management expense ratio is annualized from the date of inception to October 31.
- (5) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.
- (6) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.
- (7) The relief granted by the Canadian securities regulatory authorities from complying with Section 3855 results in a difference between GAAP NAV and Transactional NAV due to the use of different valuation techniques for certain investments. We have adopted the provisions of Section 3855 retroactively without restatement or prior periods. Accordingly, the beginning of period net asset value for the current period is adjusted.

Management and Performance Fees

The Fund pays the Investment Advisor a monthly fee equal to one-twelfth of 2.5% of net asset value of the applicable series of the Fund, payable monthly in arrears, calculated without regard to any accrual of performance bonuses (as described below) and before payment of such fee.

The Investment Advisor may earn an annual performance bonus (a “Performance Bonus”) in each fiscal quarter if the percentage gain in the new asset value of a series of the Fund (as adjusted for any prior return deficiencies) over the preceding calendar quarter or quarters since a performance fee was last payable exceeds the percentage gain or loss of the benchmark over the same period. The benchmark for the Fund is the S&P/TSX Composite Index (the “Index”).

The fee will be equal to this excess return per security multiplied by the number of securities outstanding at the end of the quarter multiplied by 20%, provided that the net asset value per security of the Fund (including distributions) is greater than all previous values at the end of each previous calendar quarter. The starting reference point for the next calendar quarter’s calculation will be based on the higher of either the Index performance adjusted net asset value per security or the adjusted actual net asset value per security, both with respect to the previous quarter in which a performance fee was payable.

Dealer Compensation

Brokers, dealers and advisors may be paid a share of the management fee – called a “trailer commission”, for assets that their sales representatives place in the Series A and Series B 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 quarterly at rates set within ranges according to the following table.

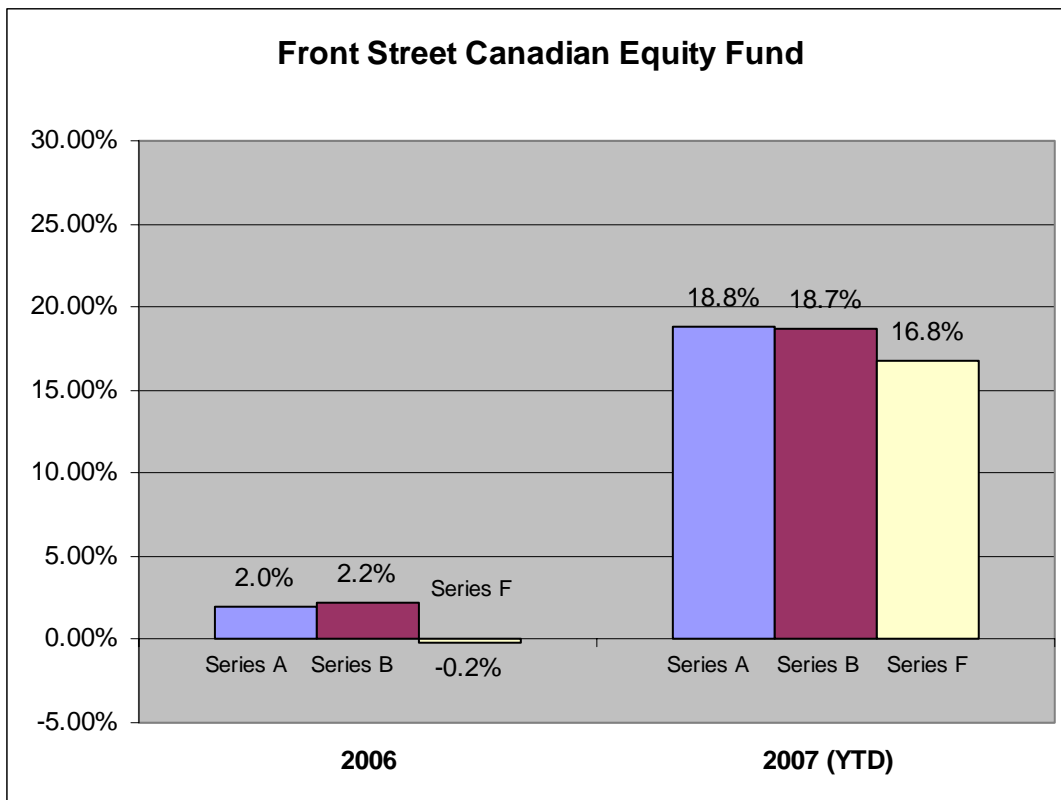
Series	Trailer Annual Rate	Annual Payment per \$1,000 of Fund securities held
A	1.00%	\$10.00
B	1.00%	\$10.00
F	0.00%	Nil

Past Performance

The past performance of the Fund is set out below and includes year-to-date 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 the future.



- Based on the initial period from inception date (commencement of operations) to October 31, 2006 and six-month period ended April 30, 2007.

Annual Compound Returns

The following table shows the Fund's historical annual compound total return and year-to-date return since inception, as compared to the performance of the S&P/TSX Composite Index (the "Index").

	Since Inception June 28, 2006
Front Street Canadian Equity Fund Series A	21.11%
S&P/TSX Composite Index	18.39%
	Since Inception June 22, 2006
Front Street Canadian Equity Fund Series B	21.23%
S&P/TSX Composite Index	20.54%
	Since Inception August 3, 2006
Front Street Canadian Equity Fund Series F	16.58%
S&P/TSX Composite Index	12.40%

The Index is a float market capitalization that tracks the performance of some of the largest and most widely held Canadian stocks listed on the Toronto Stock Exchange. Prior to May 1, 2002, this index was called the TSE 300 Composite Index.

Summary of Investment Portfolio as at April 30, 2007

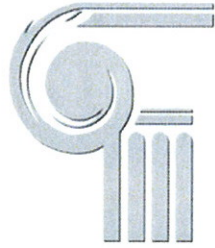
	% of Total
Cash and Short-Term Notes	40.1
LONG POSITIONS	
Materials	25.8
Energy	16.0
Information Technology	9.0
Health Care	3.2
Consumer Discretionary	2.3
Industrials	2.0
Telecommunication Services	1.1
Utilities	0.4
Consumer Staples	0.2
Corporate Bonds	0.1
SHORT POSITIONS	
Health Care	0.0
Consumer Staples	(0.3)
Financials	(0.6)
Materials	(1.2)
Energy	(1.9)
Total Investments Portfolio	56.1
Total Investments Portfolio Including Cash and Short-Term	96.2
Other Assets	3.8
Total Net assets	100.0

Top 25 Investments

LONG POSITIONS

EnCana Corporation	1.8%
The Descartes Systems Group Inc.	1.6%
Storm Exploration Inc.	1.5%
DragonWave Inc.	1.5%
Goldcorp Inc.	1.5%
Kinross Gold Corporation	1.4%
Fronteer Development Group Inc.	1.4%
Theratechnologies Inc.	1.3%
Alcan Inc.	1.3%
Breaker Energy Limited 'A'	1.2%
SXR Uranium One Inc.	1.1%
Skye Resources Inc.	1.1%
Highpine Oil & Gas Limited	1.1%
Meridian Gold Inc.	1.0%
Nuvista Energy Limited	1.0%
Iteration Energy Limited	1.0%
Sandvine Corporation	1.0%
Geovic Mining Corporation	0.9%
Nexen Inc.	0.9%
Alimentation Couche-Tard 'B'	0.9%
Absolute Software Corporation	0.9%
Petrobank Energy and Resources Limited	0.9%
Kaboose Inc.	0.8%
WebTech Wireless Inc.	0.8%
SHORT POSITIONS	
Husky Energy Inc.	-1.8%

The information contained in the foregoing list may change due to the ongoing portfolio transactions of the Fund. A quarterly update may be obtained by contacting the Investment Advisor.



FRONT STREET
Canadian Equity Fund

INTERIM FINANCIAL STATEMENTS

FRONT STREET CANADIAN EQUITY FUND

FOR THE SIX-MONTH PERIOD ENDED APRIL 30, 2007

Front Street Canadian Equity Fund Class
Statements of Net Assets (unaudited)
As at April 30, 2007 and October 31, 2006

	\$	\$
Assets		
Investments, at current value (cost - \$29,160,543; 2006 - \$5,315,815)	31,830,363	5,663,875
Cash and cash equivalents	21,231,349	5,131,647
Accounts receivable relating to shares issued	2,203,234	553,964
Accounts receivable relating to portfolio assets sold	1,822,874	153,399
Amounts receivable relating to accrued income	11,872	2,133
	<u>57,099,692</u>	<u>11,505,018</u>
Liabilities		
Accrued expenses [note 7]	344,778	123,539
Liabilities for portfolio assets purchased	1,635,849	513,638
Obligations from portfolio assets sold short, at current value	2,088,140	253,549
Liabilities for shares redeemed	56,406	-
	<u>4,125,173</u>	<u>890,726</u>
Net assets representing shareholders' equity	<u>52,974,519</u>	<u>10,614,292</u>
Net assets applicable to outstanding shares allocated as follows:		
Net asset value, Series A	36,220,216	8,347,619
Shares Outstanding, Series A [note 3]	2,999,424	818,687
Net asset value per share, Series A	<u>12.08</u>	<u>10.20</u>
Net asset value, Series B	16,058,510	2,025,513
Shares Outstanding, Series B [note 3]	1,328,451	198,270
Net asset value per share, Series B	<u>12.09</u>	<u>10.22</u>
Net asset value, Series F	695,793	241,160
Shares Outstanding, Series F [note 3]	59,860	24,168
Net asset value per share, Series F	<u>11.62</u>	<u>9.98</u>

On behalf of the Management of Front Street Mutual Funds Limited:



 Gary P. Selke
 Chief Executive Officer and Director



 Murray Plasket
 Chief Financial Officer

See accompanying notes to the financial statements

Front Street Canadian Equity Fund Class
Statement of Operations (unaudited)
For the Period Ended April 30, 2007

\$

Investment income	
Dividend revenue	213
Interest revenue	189,690
	<u>189,903</u>
Expenses	
Management fees <i>[notes 4 and 7]</i>	357,546
Incentive or performance fees <i>[notes 4 and 7]</i>	76,603
Audit fees	13,142
Custodial fees	21,221
Legal fees	29,609
Securityholder reporting costs	23,664
Administration fees	42,002
Other expenses	251
	<u>564,038</u>
Net investment loss for the period	<u>(374,135)</u>
Net realized and unrealized gain on investments	
Net realized gain on sale of investments	2,532,610
Transaction costs <i>(note 2)</i>	(283,108)
Change in unrealized appreciation of value of investments	2,460,191
Net gain on investments for the period	<u>4,709,693</u>
Increase in net assets from operations for the period	<u>4,335,558</u>

**Net assets from operations applicable to
outstanding shares allocated as follows:**

Increase in net assets from operations, Series A	3,194,028
Increase in net assets from operations per share, Series A	<u>1.83</u>
Increase in net assets from operations, Series B	1,116,982
Increase in net assets from operations per share, Series B	<u>1.75</u>
Increase in net assets from operations, Series F	24,548
Increase in net assets from operations per share, Series F	<u>1.35</u>

See accompanying notes to the financial statements

Front Street Canadian Equity Fund Class
Statement of Changes in Net Assets (unaudited)
For the Period Ended April 30, 2007

Series A	\$
Net increase in net assets from operations	3,194,028
Shareholder Transactions	
Proceeds from the issuance of shares	24,793,408
Aggregate amounts paid on redemption of shares	(112,655)
Net transfer of shares from other funds	38,894
	<u>24,719,647</u>
Net increase in net assets for the period	27,913,675
Net assets, beginning of period (note 2)	8,306,541
Net assets, end of period	<u>36,220,216</u>

Series B	
Net increase in net assets from operations	1,116,982
Shareholder Transactions	
Proceeds from the issuance of shares	12,890,270
Aggregate amounts paid on redemption of shares	(238,604)
Net transfer of shares from other funds	274,325
	<u>12,925,991</u>
Net increase in net assets for the period	14,042,973
Net assets, beginning of period (note 2)	2,015,537
Net assets, end of period	<u>16,058,510</u>

Series F	
Net increase in net assets from operations	24,548
Shareholder Transactions	
Proceeds from the issuance of shares	647,337
Aggregate amounts paid on redemption of shares	(10,875)
Net transfer of shares from other funds	(205,190)
	<u>431,272</u>
Net increase in net assets for the period	455,820
Net assets, beginning of period (note 2)	239,973
Net assets, end of period	<u>695,793</u>

Total	\$
Net increase in net assets from operations	4,335,558
Shareholder Transactions	
Proceeds from the issuance of shares	38,331,015
Aggregate amounts paid on redemption of shares	(362,134)
Net transfer of shares from other funds	108,029
	<u>38,076,910</u>
Net increase in net assets for the period	42,412,468
Net assets, beginning of period (note 2)	10,562,051
Net assets, end of period	<u>52,974,519</u>

See accompanying notes to the financial statements

Front Street Canadian Equity Fund Class
Statement Of Investment Portfolio
As At April 30, 2007

	Number of Shares/ Units	Cost \$	Market Value \$
Materials (24.6%)			
Long Positions			
Agnico-Eagle Mines Limited	2,094	86,360	81,771
Alcan Inc.	10,240	629,689	668,672
Anvil Mining Limited	24,655	343,381	404,342
Aur Resources Inc.	13,114	329,056	319,850
Aura Gold Inc. Subscription Receipts	87,670	70,136	94,368
Aurora Energy Resources Inc.	262	4,594	4,611
Benton Resources Corporation	10,470	8,942	9,109
Blackstone Ventures Inc.	10,016	14,623	12,921
Castillian Resources Corporation Restricted	93,750	89,063	60,375
Castillian Resources Corporation Warrants April 5, 2009	46,875	-	-
Coalcorp Mining Inc. Warrants August 16, 2011	9,450	1,153	1,229
Coalcorp Mining Inc. Warrants February 8, 2011	6,848	1,207	1,780
Crowflight Minerals Inc. Restricted	85,774	68,619	84,916
Crowflight Minerals Inc. Warrants April 12, 2008	42,887	-	-
Cypress Development Corporation	230,604	93,242	129,138
Denison Mines Corporation Restricted	6,000	70,500	78,851
DIRTT Environmental Solutions Limited Restricted	28,400	63,900	63,900
DIRTT Environmental Solutions Limited Warrants August 28, 2008	14,200	-	-
Eastern Platinum Limited	35,740	83,551	84,704
Eastmain Resources Inc.	50,082	41,854	38,563
Eldorado Gold Corporation	54,837	360,214	352,602
Endeavour Mining Capital Corporation Warrants November 10, 2008	6,540	19,947	30,738
Energy Fuels Inc.	74,000	244,950	303,400
Energy Fuels Inc. Warrants May 23, 2008	13,250	-	25,175
Equinox Minerals Limited Warrants May 6, 2008	9,600	4,992	5,568
Farallon Resources Limited	55,520	27,760	33,867
Farallon Resources Limited Warrants December 21, 2008	27,760	-	-
Fronteer Development Group Inc.	52,435	749,659	757,684
Frontera Copper Corporation	77,710	363,563	409,532
Frontier Pacific Mining Corporation	156,636	71,443	115,911
* Geovic Mining Corporation	107,658	274,561	364,961
* Geovic Mining Corporation Warrants April 27, 2012	5,956	1	5,003
* Geovic Mining Corporation Warrants March 6, 2012	43,334	9	76,268
* Geovic Mining Corporation Warrants November 3, 2011	11,794	-	23,588
* Global Alumina Corporation	97,296	136,043	175,537
Globestar Mining Corporation	236,164	344,646	425,095
Gold Eagle Mines Limited	50,258	448,460	427,193
Goldcorp Inc.	29,757	868,177	801,356
Great Basin Gold Limited	41,881	108,891	106,378
Great Basin Gold Limited Warrants April 19, 2009	25,632	-	12,047
Greystar Resources Limited	41,906	402,458	379,249
Guyana Goldfields Inc.	33,700	369,021	302,626
HudBay Minerals Inc.	13,545	281,611	282,278
International Nickel Venture Corporation	127,089	215,991	224,948
International Royalty Corporation	25,100	125,659	189,003
Kinross Gold Corporation	51,801	796,317	765,101
Linear Gold Corporation	47,826	264,063	242,000
Major Drilling Group International Inc.	11,278	264,083	394,166
Mercator Minerals Limited	64,361	294,977	347,549
Meridian Gold Inc.	19,381	572,255	540,536
* Mirabela Nickel Limited	14,023	74,322	79,230
Moto Goldmines Limited	17,085	84,058	69,536
NEO Materials Technologies Inc.	36,509	113,883	135,083
Nevsun Resources Limited	90,791	249,174	193,385
Nevsun Resources Limited Warrants June 29, 2008	1,000	903	580
Nevsun Resources Limited Warrants October 31, 2009	13,700	-	-
New Gold Inc.	8,272	66,424	67,913

See accompanying notes to the financial statements

Front Street Canadian Equity Fund Class
Statement Of Investment Portfolio
As At April 30, 2007

	Number of Shares/ Units	Cost \$	Market Value \$
Materials (24.6%) - continued			
Long Positions			
Northern Dynasty Minerals Limited	7,853	90,545	106,487
Northern Orion Resources Inc.	62,338	301,614	317,924
Peak Gold Limited	96,071	72,053	75,896
Peak Gold Limited Warrants April 3, 2012	55,183	-	22,073
Peregrine Diamonds Limited Warrants July 16, 2007	2,600	251	234
Phoscan Chemical Corporation Restricted	101,200	35,420	60,720
Pitchstone Exploration Limited Restricted	6,725	16,140	23,403
Platinum Group Metals Limited	4,734	9,879	17,468
Premier Gold Mines Limited	17,452	24,559	38,569
Queensland Minerals Limited Warrants August 31, 2008	16,000	320	-
Sherritt International Corporation	2,094	34,283	30,991
Skye Resources Inc.	40,981	565,480	563,489
Solex Resources Corporation Restricted	34,610	39,802	38,763
Solex Resources Corporation Warrants August 27, 2008	17,305	-	-
Southeast Asia Mining Corporation Restricted	21,000	5,250	5,250
Southwestern Resources Corporation	35,316	288,901	266,636
Sprott Molybdenum Participation Corporation	49,735	250,086	309,352
Sprott Molybdenum Participation Corporation Warrants April 16, 2009	31,631	6,492	64,844
Strateco Resources Inc. Restricted	76,436	198,734	256,825
Strateco Resources Inc. Warrants January 31, 2009	38,218	-	-
SXR Uranium One Inc.	35,902	571,644	598,127
Tawsho Mining Inc. Unit	100,163	50,082	50,082
Tiomin Resources Inc. Warrants December 7, 2007	66,800	2,705	1,670
Western Prospector Group Limited	2,923	14,140	16,369
Short Positions			
Barrick Gold Corporation	(524)	(16,677)	(16,344)
Centerra Gold Inc.	(30,730)	(387,970)	(344,483)
Inmet Mining Corporation	(905)	(61,084)	(61,178)
Northgate Minerals Corporation	(4,765)	(18,469)	(19,441)
Pitchstone Exploration Limited	(1,339)	(4,997)	(4,847)
Solex Resources Corporation	(20,333)	(24,704)	(25,213)
Strateco Resources Inc.	(49,964)	(165,779)	(176,873)
		<u>12,097,085</u>	<u>13,020,979</u>
Energy (14.1%)			
Long Positions			
Alberta Clipper Energy Inc. Subscription Receipts	23,826	100,069	90,062
Bayou Bend Petroleum Limited Subscription Receipts	35,000	42,000	97,650
BrazMin Corporation	8,297	6,845	9,542
Breaker Energy Limited 'A'	114,038	648,202	653,438
Celtic Exploration Limited	1,840	23,706	23,294
* Coastal Energy Company	157,730	102,928	129,339
Cordero Energy Inc.	69,063	404,080	410,234
Crew Energy Inc. Subscription Receipts	14,326	147,558	148,131
Cyries Energy Inc.	31	375	395
E-Energy Ventures Inc.	10,016	6,482	5,509
EnCana Corporation	15,978	959,911	928,320
Galleon Energy Inc.	23,558	386,584	381,640
Highpine Oil & Gas Limited	42,181	629,243	556,789
Iteration Energy Limited	99,374	498,385	536,620
Metallica Resources Inc. Warrants December 20, 2009	1,900	-	190
Nexen Inc.	7,005	477,620	462,680
Nuvista Energy Limited	35,725	528,129	538,733
Oilsexco Inc.	11,798	91,741	102,879
Pacific Stratus Energy Limited	7,591	95,675	93,369
Pacific Stratus Energy Limited Warrants July 20, 2007	1,600	4,832	14,416
Pan Orient Energy Corporation	47,218	181,118	231,368
Petrobank Energy and Resources Limited	20,045	428,616	451,614
Petro-Canada	2,754	120,561	135,910

See accompanying notes to the financial statements

Front Street Canadian Equity Fund Class
Statement Of Investment Portfolio
As At April 30, 2007

	Number of Shares/ Units	Cost \$	Market Value \$
Energy (14.1%) - continued			
Long Positions			
Rally Energy Corporation	40,065	256,060	259,621
Rider Resources Limited	14,323	115,943	119,024
Rider Resources Limited Subscription Receipts	24,130	174,943	197,866
Rock Energy Inc.	63,700	202,047	236,964
Storm Exploration Inc.	101,133	729,851	820,189
Tournigan Gold Corporation	99,863	308,511	299,589
Tusk Energy Inc.	105,847	267,402	206,402
Western Oil Sands Inc.	3,665	132,255	132,160
Xtreme Coil Drilling Corporation Restricted	17,500	183,750	187,600
Short Positions			
Ensign Energy Services Inc.	(2,455)	(48,290)	(46,105)
Husky Energy Inc.	(10,931)	(913,010)	(927,167)
		<u>7,294,122</u>	<u>7,488,265</u>
Information Technology (9.0%)			
01 Communique Laboratory Inc.	98,713	49,357	61,202
Absolute Software Corporation	25,006	236,156	453,609
Advantex Marketing International Inc.	185,335	10,293	12,973
Automated Benefits Corporation	43,800	7,984	9,198
Automated Benefits Corporation Warrants May 2, 2008	15,000	23	-
Call Genie Inc.	8,675	7,562	12,492
Call Genie Inc. Restricted	78,652	78,652	103,821
Certicom Corporation	29,626	169,195	118,504
CSI Wireless Inc.	145,811	300,958	390,773
DragonWave Inc.	221,186	864,176	818,388
Dynasty Gaming Inc. Warrants November 15, 2008	15,000	-	150
Enablence Technologies Inc. Restricted	133,882	80,329	180,741
Grey Island Systems International Inc.	444,323	233,251	231,048
Grey Island Systems International Inc. Restricted	91,760	55,056	44,962
Grey Island Systems International Inc. Warrants March 6, 2008	45,880	-	-
Kaboose Inc.	116,032	336,857	440,922
Pure Technologies Limited	124,277	205,512	231,155
Q9 Networks Inc.	2,263	32,316	30,890
QuStream Corporation	97,058	159,995	145,587
* Redline Communications Inc.	37,500	87,016	68,066
Sandvine Corporation	109,979	359,034	514,702
SMTC Corporation Warrants March 4, 2009	12,500	389	500
The Descartes Systems Group Inc.	169,077	794,335	845,384
View 22 Technology Inc. Restricted	31,411	54,969	54,969
View 22 Technology Inc. Warrants October 17, 2008	15,705	-	-
WellPoint Systems Inc.	40,000	13,467	17,600
		<u>4,136,882</u>	<u>4,787,636</u>
Health Care (3.2%)			
Long Positions			
AEterna Zentaris Inc.	50,224	213,512	203,407
Atrium Biotechnologies Inc.	12,643	194,483	205,828
BioSyntech Inc. Warrants March 30, 2009	18,000	99	-
Bradmer Pharmaceuticals Inc.	1,840	3,045	9,016
Cardiome Pharma Corporation	21,695	266,897	224,326
CryoCath Technologies Inc.	28,612	74,360	105,864
* Executive Development Corporation Restricted	2,500	2,264	2,214
* Executive Development Corporation Warrants August 30, 2007	1,250	-	-
Isotechnika Inc.	64,256	106,896	114,376
Isotechnika Inc. Warrants February 15, 2009	12,556	3	-
* IsoTis Inc.	15	230	112
Ondine Biopharma Corporation	17,300	25,588	25,085
Response Biomedical Corporation	92,500	77,313	87,875
Theratechnologies Inc.	74,820	389,893	704,056
Transition Therapeutics Inc.	19,200	9,907	34,176

See accompanying notes to the financial statements

Front Street Canadian Equity Fund Class
Statement Of Investment Portfolio
As At April 30, 2007

	Number of Shares/ Units	Cost \$	Market Value \$
Health Care (3.2%) - continued			
Short Positions			
QLT Inc.	(1,047)	(8,747)	(7,737)
		<u>1,355,743</u>	<u>1,708,598</u>
Consumer Discretionary (2.3%)			
Alimentation Couche-Tard 'B'	19,339	502,876	457,367
Evertz Technologies Limited	19,883	275,952	317,532
Immersive Media Corporation Restricted	24,000	60,000	87,082
Immersive Media Corporation Warrants March 8, 2009	12,000	-	10,320
Las Vegas From Home.com Warrants May 13, 2007	20,000	207	100
TireStamp Inc. Restricted	124,451	241,289	227,284
Tranzeo Wireless Technologies Inc.	38,304	97,965	78,906
* World Energy Solutions Inc.	17,250	18,113	25,530
		<u>1,196,402</u>	<u>1,204,121</u>
Industrials (2.0%)			
Avcorp Industries Inc. Preferred Series 'A'	500	5,025	5,000
CHC Helicopter Corporation 'A'	8,187	192,305	189,447
Hanfeng Evergreen Inc.	8,490	58,836	80,061
Intermap Technologies Limited	66,289	342,543	414,306
iseemedia Inc.	100,800	42,531	75,600
Magellan Aerospace Corporation	17,520	42,333	49,757
Polaris Minerals Corporation	25,411	228,699	251,315
		<u>912,272</u>	<u>1,065,486</u>
Telecommunication Services (1.1%)			
WebTech Wireless Inc.	65,692	257,839	438,823
Wi-LAN Inc.	25,692	111,530	142,591
		<u>369,369</u>	<u>581,414</u>
Utilities (0.4%)			
Bayou Bend Petroleum Limited	30,757	83,099	89,503
Plutonic Power Corporation Restricted	18,361	83,543	108,146
		<u>166,642</u>	<u>197,649</u>
Consumer Staples (-0.1%)			
Long Positions			
Saskatchewan Wheat Pool Inc. Subscriptions Receipts	10,500	85,050	84,735
Short Positions			
Loblaw Companies Limited	(2,618)	(134,593)	(130,979)
		<u>(49,543)</u>	<u>(46,244)</u>
Financials (-0.6%)			
Bank of Montreal	(52)	(3,607)	(3,612)
National Bank of Canada	(5,236)	(328,187)	(324,161)
		<u>(331,794)</u>	<u>(327,773)</u>
Corporate Bonds (0.1%)			
BlueGrouse Seismic Solutions Limited 10.00% Convertible Debentures November 21, 2008	60,000	60,024	60,000
Coalcorp Mining Inc. 12.00% August 31, 2011 Series 'A'	1,800	1,933	2,092
		<u>61,957</u>	<u>62,092</u>
Transaction costs (note 2)			
		<u>(164,708)</u>	-
TOTAL INVESTMENT PORTFOLIO (56.1%)		<u>\$ 27,044,429</u>	29,742,223
Cash and Short Term Notes (40.1%)			21,231,349
Other Assets less Other Liabilities (3.8%)			2,000,947
NET ASSETS (100.0%)			<u>\$ 52,974,519</u>

* Non Canadian Holdings

See accompanying notes to the financial statements

Front Street Canadian Equity Fund Class

NOTES TO FINANCIAL STATEMENTS

April 30, 2007 (Unaudited)

1. ABOUT THE FUND

Front Street Canadian Equity Fund Class (the "Fund") is a class of shares of Front Street Mutual Funds Limited (the "Corporation"), a mutual fund corporation incorporated under *Canada Business Corporations Act* on April 11, 2006 and is authorized to issue an unlimited number of classes of shares in multiple series. Reference is made to the Fund's simplified Prospectus for additional information on the Fund's structure. Series A commenced operations on June 28, 2006. Series B commenced operations on June 22, 2006. Series F commenced operations on August 3, 2006.

The foregoing 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, 2007.

Management of Front Street Mutual Funds Limited is the manager of the Fund (the "Manager"). Front Street Investment Management Inc. (the "Investment Advisor") has been retained by the Manager, on behalf of the Fund, to provide investment advisory and portfolio management services to the Fund. RBC Dominion Securities Inc. is the custodian and Felcom Data Services Inc. provides fund accounting and shareholder recordkeeping services.

The Fund's investment objective is to provide Fund shareholders with long term capital growth through the selection, management and strategic trading of long and short positions in equity, debt and derivative securities. The Fund's portfolio (the "Portfolio") will include securities which the Fund's Investment Advisor believes are undervalued and may include short positions in securities which the Investment Advisor believes are overvalued.

The Investment Advisor will manage the relative weightings of the Fund's long and short positions to achieve the Fund's investment objective. The Fund will also engage in pairs trading, special warrant arbitrage, merger arbitrage, convertible arbitrage and trading in securities of issuers that may be involved in restructurings or business unit dispositions. The Portfolio will consist primarily of investments, which generate capital gains, but will also include investments, which generate income.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of significant accounting policies followed by the Fund:

a) Adoption of new accounting standards

On April 1, 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3855, "Financial Instruments – Recognition and Measurement" of the CICA Handbook – Accounting, which establishes standards for the fair valuation of investments as well as the accounting treatment of transaction costs. Section 3855 applies to fiscal years beginning on or after October 1, 2006. Additionally, Section 14.2 of National Instrument 81-106 ("NI 81-106"), issued by the Canadian Securities Administrators in 2005, requires the daily net asset value of an investment fund to be calculated in accordance with Canadian generally accepted accounting principles ("GAAP"). The adoption of Section 3855 would result in the use of different valuation techniques for certain investments.

Front Street Canadian Equity Fund Class

NOTES TO FINANCIAL STATEMENTS

April 30, 2007 (Unaudited)

Canadian securities regulatory authorities granted relief to investment funds complying with Section 3855, for the purposes of calculating of net asset value used for the investor transactions (“Transactional NAV”) for a one year period ending September 30, 2007. The Canadian securities administrators is currently reviewing the suitability of applying Section 3855 for the purposes other than the preparation of financial statements. Depending on the outcome of such review, the method by which net asset value is calculated may change on October 1, 2007.

We adopted the provisions of Section 3855 retroactively without restatement of prior periods. Accordingly, the opening net asset value in the Statement of Changes in Net Assets for the period ended April 30, 2007 has been adjusted. Refer to note 8 for the amount adjusted for each series.

b) Valuation of investments

- (i) Securities listed upon a recognized public stock exchange are valued at their bid prices on the valuation date. Securities with no available bid prices are valued at their closing sale prices.
- (ii) Any investment for which a market quotation is not readily available (“private companies”) shall be valued at cost, in the absence of any subsequent financing, or shall be valued at its fair value as determined by the Fund Manager.
- (iii) Investments which are restricted as to transferability are valued at the fair value of the unrestricted investment as provided in paragraphs (i) and (ii) above less a discount of 2% per month up to four months.

The process of valuing investments for which no published market exists is inevitably based on inherent uncertainties and the resulting valuation may differ from values that would have been used had a ready market existed for the investments.

- (iv) Short-term investments are valued at amortized cost, which approximates market value.
- (v) Trust units are recorded at the closing bid price reported by the principal securities exchange in which the issue is traded or lacking any sales at the bid price on the financial statement date. The cost of the trust units is reduced on an annual basis by distributions from the trust and increased by annual income allocated to the units by the trust.
- (vi) The Fund may make short sales whereby a security that it does not own is sold in anticipation of a decline in the market value of the security. Securities which are sold short are valued at their asking prices on the valuation date. Securities with no available asking prices are valued at their closing price reported by the principal securities exchange on which the issue is traded or, lacking any purchase, at the closing offer price on the financial statement date. To enter a short sale, the Fund may need to borrow the security for delivery to the buyer.

While the transaction is open, the Fund will also incur a liability for any paid dividends or interest which is due to the lender of the security.

Front Street Canadian Equity Fund Class

NOTES TO FINANCIAL STATEMENTS

April 30, 2007 (Unaudited)

c) **Transaction Costs**

In accordance with Section 3855, transaction costs are expensed and are included in "Transaction costs" in the Statements of Operations. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges. Prior to the adoption of Section 3855, Transaction costs were capitalized and included in the cost of purchases or proceeds from sale of investments. There is no impact on the net asset value of the investment fund in using either of these methods.

d) **Cash and cash equivalents**

Cash and cash equivalents consist of cash balances with banks and highly liquid short-term investments with original terms to maturity of less than three months.

e) **Investment transactions and income recognition**

Investment transactions are accounted for on a trade date basis and gains and losses from such transactions are calculated based on average cost. Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date.

f) **Foreign exchange translation**

Income, expenses and investment transactions in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing on the dates of such transactions. Assets and liabilities in foreign currencies are translated into Canadian dollars at the closing exchange rates on each valuation day.

g) **Earnings (loss) per share**

Earnings (loss) per share are based on the increase (decrease) in net assets from operations attributable to each series of shares divided by the weighted average number of shares outstanding of that series during the period.

h) **Net asset value per share**

The net asset value per share is calculated by dividing the net asset value of a series of shares by the total number of shares of the series outstanding at the end of the period.

3. SHARES AUTHORIZED AND OUTSTANDING

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

Front Street Canadian Equity Fund Class

NOTES TO FINANCIAL STATEMENTS

April 30, 2007 (Unaudited)

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 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.

Series B shares

Commission fees paid 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.

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

	Number of shares
<hr/>	
Shares outstanding, beginning of the period:	
Series A	818,687
Series B	198,270
Series F	24,168
Shares issued during the period:	
Series A	2,195,844
Series B	1,156,104
Series F	56,867
Shares reinvested during the period:	
Series A	-
Series B	-
Series F	-
Shares redeemed during the period:	
Series A	(15,107)
Series B	(25,923)
Series F	(21,175)
Shares outstanding end of period:	
Series A	2,999,424
Series B	1,328,451
Series F	59,860
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Front Street Canadian Equity Fund Class

NOTES TO FINANCIAL STATEMENTS

April 30, 2007 (Unaudited)

4. MANAGEMENT AND PERFORMANCE FEES

The Fund pays the Investment Advisor a monthly management fee equal to 1/12 of 2.5 % of the net asset value of the Fund calculated and paid at the end of each month in arrears from each Fund series.

The Fund is responsible for payment of all operating and administrative expenses of the Fund. The main components of these expenses are professional fees, printing expenses, filing fees, custodial fees, and expenses of making distributions to shareholders.

The Fund pays the Investment Advisor a performance fee if the percentage gain in the net asset value of a series of the Fund (as adjusted for any prior return deficiencies) over the preceding calendar quarter or quarters since a performance fee was last payable exceeds the percentage gain or loss of the benchmark (the "Benchmark") over the same period. The Benchmark for the Fund will be the S&P/TSX Composite Index. The fee will be equal to this excess return per share multiplied by the number of shares outstanding at the end of the quarter multiplied by 20%, provided that the net asset value per share of the Fund (including distributions) is greater than all previous values at the end of each previous calendar quarter. The starting reference point for the next calendar quarter's calculation will be based on the higher of either the Benchmark performance adjusted net asset value per share or the adjusted actual net asset value per share, both with respect to the previous quarter in which a performance fee was payable.

5. INCOME TAX AND DISTRIBUTION

The Corporation will qualify as a mutual fund corporation under the Income Tax Act (Canada). The Corporation will have three types of income being Canadian dividends, taxable capital gains and other net taxable income. Income of the Corporation, including taxable capital gains, will be subject to tax at applicable corporate tax rates, subject to allowable deductions for expenses and to applicable credits for foreign taxes paid on foreign-source income. The Corporation is also subject to a 33 1/3% refundable tax on certain taxable dividends it receives in respect of shares of taxable Canadian corporations. This refundable tax is refunded when the Corporation pays taxable dividends to its shareholders at a rate of \$1 of refund for every \$3 of taxable dividends paid by the Corporation to its shareholders. Tax on capital gains is refundable to the Corporation to the extent that such gains are distributed to shareholders as capital gains dividends or its Fund securities are redeemed. Gains and losses realized by the Corporation 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 Corporation 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 Corporation's capital gains dividend account. The capital gains dividend account will be represented by the amount by which capital gains realized by the Corporation while it was a mutual fund corporation exceed the aggregate of:

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

Front Street Canadian Equity Fund Class

NOTES TO FINANCIAL STATEMENTS

April 30, 2007 (Unaudited)

The Corporation anticipates that gains and losses realized on the disposition of investments will normally give rise to capital gains not ordinary income. The Corporation intends to declare sufficient capital gains dividends so that it is entitled to a refund of the full amount of tax paid or payable on their capital gains. The suspended loss rules in the Income Tax Act (Canada) may prevent the Corporation from recognizing capital losses on the disposition of securities in certain circumstances, which may increase the amount of capital gains dividends that the Corporation must pay to Fund shareholders.

If allowable capital losses exceed taxable capital gains of the Fund in any taxation year, the excess cannot be allocated to shareholders, but may be carried back three years and carried forward indefinitely and be applied against taxable capital gains in such previous or subsequent years.

The Corporation will allocate taxes payable and recoverable of the Corporation to each of the classes. The Corporation can pay ordinary taxable dividends or capital gains dividends to shareholders of any class in order to receive a refund of taxes on Canadian dividends or capital gains taxes. The Corporation intends to pay out such dividends so as to maximize tax refunds and minimize taxes payable at the corporate level.

The Corporation may be subject to provincial capital taxes. The Corporation may also be subject to large corporations' capital tax under Part 1.3 of the Income Tax Act (Canada) although it is proposed that such tax be reduced and then eliminated by 2008.

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

6. BROKERAGE COMMISSIONS

The commissions paid in connection with portfolio transactions for the period ended April 30, 2007 totaled to \$283,108.

7. RELATED PARTY TRANSACTIONS

Management fees of \$357,546 were paid to the Fund Manager during the period [see note 4]. Performance fees of \$76,603 were also paid to the Fund Manager during the period [see note 4]. Included in accrued expenses is \$47,482 of management fees payable to the Fund 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, 2007, Tuscarora Capital Inc. received \$20,856 in commission on portfolio transactions for the Fund.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

Front Street Canadian Equity Fund Class

NOTES TO FINANCIAL STATEMENTS

April 30, 2007 (Unaudited)

8. RECONCILIATION OF NET ASSET VALUE

In accordance with the decision made by the Canadian securities regulatory authorities, a reconciliation between the Transactional NAV and the GAAP NAV of an investment fund is required for financial reporting periods (see note 2). For investments that are traded in an active market where quoted prices are readily and regularly available, Section 3855 requires bid prices (for investments held) and ask prices (for investments sold) to be used in the fair valuation of investments, rather than the use of closing sale prices currently used for the purpose of determining Transactional NAV. For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques, rather than the use of valuation techniques by virtue of general practice in the investment funds industry. These changes account for the difference between transactional NAV and GAAP NAV.

The impact of the adoption of Section 3855 on the net asset value of the Fund is as follows:

As at April 30, 2007

	Net Asset Value			Net Asset Value per Share		Opening NAV
	Transactional NAV	Section 3855 Adjustment	GAAP NAV	Transactional NAV	GAAP NAV	Section 3855 Adjustment
Series A	36,325,301	(105,085)	36,220,216	12.11	12.08	(41,078)
Series B	16,105,106	(46,596)	16,058,510	12.12	12.09	(9,976)
Series F	697,826	(2,033)	695,793	11.66	11.62	(1,187)
Total Net Asset Value	53,128,233	(153,714)	52,974,519			(52,241)