

FRONT STREET
Mutual Funds Limited

FRONT STREET MUTUAL FUNDS LIMITED.

Management Report of Fund Performance

and

Interim Financial Statements

April 30, 2008

Front Street Canadian Equity Fund

Interim Management Report of Fund Performance

As at April 30, 2008

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 Fund's investment objective is to provide securityholders 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 will invest primarily in Canadian equities and may focus its assets in specific industry sectors and asset classes based on analysis of business cycles, industry sectors and market outlook. The Fund may also invest in foreign equities.

The Fund's Investment Advisor, Front Street Investment Management Inc., may also consider non-investment factors such as cash flow and liquidity requirements, hold periods and restrictions, risk factors, stop-loss containment and tax efficient distributions.

The Front Street Canadian Equity Fund's portfolio will consist primarily of investments which generate capital gains, but will also include investments which generate income. In managing the portfolio, the Investment Advisor intends to use strategies including: investing in undervalued securities, short selling overvalued securities, managing long/short positions, pairs trading, trading in securities of distressed issuers, special warrant arbitrage, merger arbitrage, convertible arbitrage, and participation in restructurings.

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.

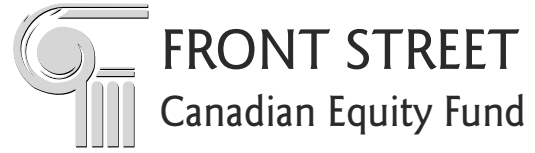
Risk

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 an 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.

Credit risk was another factor this year. Specifically, a weakening housing market in the United States finally became a crisis in August of 2007 as assets backed by sub prime mortgages collapsed, impacting global debt and equity markets. As the autumn progressed, the vicious circle caused by deteriorating credit impacted commercial banks -- holders of bonds and other securities backed by home loans. As a result, lending has been curtailed and the cost of money is higher. Although the Fund did not hold the debt in question, equity markets have been weak due to the general uncertainty and the fact that global growth could decelerate into 2008 as liquidity dries up.



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.

Results of Operations

The Investment Advisor continued to focus on long-term capital appreciation for the portfolio during 2007 and the early part of 2008. 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.

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. Despite this, and even with a changing interest rate and credit environment, economic growth has continued unabated.

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, 2008, Tuscarora Capital Inc. received \$4,268 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 interim financial statements for the six months ended April 30, 2008.

FRONT STREET CANADIAN EQUITY FUND CLASS SERIES A

FOR THE PERIODS ENDED	April 30, 2008 \$	October 31, 2007 \$	October 31, 2006 \$	October 31, 2005 \$	October 31, 2004 \$
The Fund's Net Asset Value (NAV) per Share					
Net asset value, beginning of period ⁽³⁾	12.63	10.15	10.00	-	-
Increase (decrease) from operations:					
Total revenue	0.07	0.16	0.05	-	-
Total expenses	(0.17)	(0.43)	(0.34)	-	-
Realized gains (losses)	(1.37)	0.83	0.08	-	-
Unrealized gains (losses)	(1.01)	1.36	0.52	-	-
Total increase (decrease) from operations ⁽¹⁾	(2.48)	1.92	0.31	-	-
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions ⁽²⁾	-	-	-	-	-
Net asset value, end of period ⁽³⁾	10.09	12.63	10.20	-	-
Ratios and Supplemental Data Series A					
Net assets (000's) ⁽⁴⁾	66,998	74,852	8,348	-	-
Number of shares outstanding ⁽⁴⁾	6,641,018	5,927,710	818,687	-	-
Management expense ratio ⁽⁵⁾	3.16%	3.59%	9.95%	-	-
Management expense ratio before waivers or absorptions	3.16%	3.59%	9.95%	-	-
Trading expense ratio ⁽⁶⁾	0.62%	1.31%	0.67%	-	-
Portfolio turnover rate ⁽⁷⁾	172.80%	310.74%	156.19%	-	-
Net asset value per share ⁽⁸⁾	10.09	12.63	10.20	-	-
Closing market price or transaccional NAV ⁽⁸⁾	10.13	12.75	10.20	-	-



FRONT STREET

Canadian Equity Fund

FRONT STREET CANADIAN EQUITY FUND CLASS SERIES B

FOR THE PERIODS ENDED

	April 30, 2008 \$	October 31, 2007 \$	October 31, 2006 \$	October 31, 2005 \$	October 31, 2004 \$
The Fund's Net Asset Value (NAV) per Share					
Net asset value, beginning of period ⁽³⁾	12.64	10.17	10.00	-	-
Increase (decrease) from operations:					
Total revenue	0.07	0.16	0.05	-	-
Total expenses	(0.17)	(0.43)	(0.32)	-	-
Realized gains (losses)	(1.37)	0.75	0.11	-	-
Unrealized gains (losses)	(0.99)	1.24	0.41	-	-
Total increase (decrease) from operations ⁽¹⁾	(2.46)	1.72	0.25	-	-
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions ⁽²⁾	-	-	-	-	-
Net asset value, end of period ⁽³⁾	10.10	12.64	10.22	-	-
Ratios and Supplemental Data Series B					
Net assets (000's) ⁽⁴⁾	31,632	33,571	2,026	-	-
Number of shares outstanding ⁽⁴⁾	3,132,066	2,655,860	198,270	-	-
Management expense ratio ⁽⁵⁾	3.18%	3.59%	8.86%	-	-
Management expense ratio before waivers or absorptions	3.18%	3.59%	8.86%	-	-
Trading expense ratio ⁽⁶⁾	0.62%	1.31%	0.67%	-	-
Portfolio turnover rate ⁽⁷⁾	172.80%	310.74%	156.19%	-	-
Net asset value per share ⁽⁸⁾	10.10	12.64	10.22	-	-
Closing market price or transaccional NAV ⁽⁸⁾	10.14	12.76	10.22	-	-

FRONT STREET CANADIAN EQUITY FUND CLASS SERIES F

FOR THE PERIODS ENDED	April 30, 2008 \$	October 31, 2007 \$	October 31, 2006 \$	October 31, 2005 \$	October 31, 2004 \$
The Fund's Net Asset Value (NAV) per Share					
Net asset value, beginning of period ⁽³⁾	12.15	9.93	10.00	-	-
Increase (decrease) from operations:					
Total revenue	0.07	0.14	0.03	-	-
Total expenses	(0.16)	(0.47)	(0.23)	-	-
Realized gains (losses)	(1.32)	0.58	0.04	-	-
Unrealized gains (losses)	(1.02)	1.32	0.26	-	-
Total increase (decrease) from operations	(2.43)	1.57	0.10	-	-
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions	-	-	-	-	-
Net asset value, end of period ⁽³⁾	9.72	12.15	9.98	-	-
Ratios and Supplemental Data Series F					
Net assets (000's) ⁽⁴⁾	3,745	4,474	241	-	-
Number of shares outstanding ⁽⁴⁾	385,427	368,183	24,168	-	-
Management expense ratio ⁽⁵⁾	3.16%	4.05%	9.38%	-	-
Management expense ratio before waivers or absorptions	3.16%	4.05%	9.38%	-	-
Trading expense ratio ⁽⁶⁾	0.62%	1.31%	0.67%	-	-
Portfolio turnover rate ⁽⁷⁾	172.80%	310.74%	156.19%	-	-
Net asset value per share ⁽⁸⁾	9.72	12.15	9.98	-	-
Closing market price or transaccional NAV ⁽⁸⁾	9.76	12.27	9.98	-	-

(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) 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 of prior periods. Accordingly, the beginning of year net asset value for the current year is adjusted.

(4) This information is provided as at period end of the year shown.

(5) 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.

(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 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.

(8) 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 of prior periods. Accordingly, the beginning of year net asset value for the current year 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.

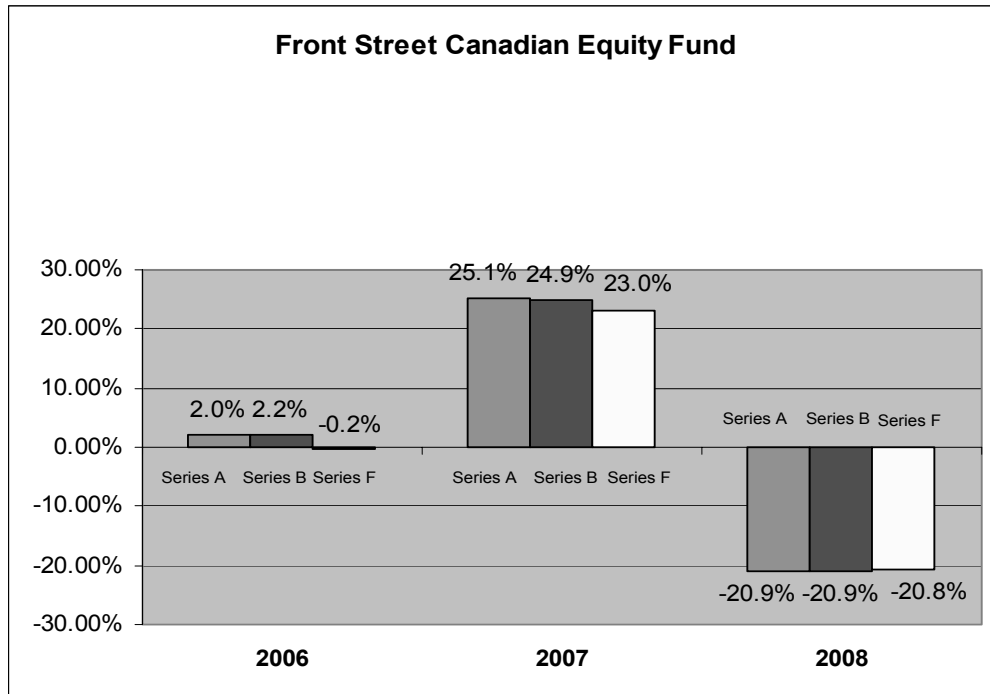
Series	Trailer Annual Rate	Annual Payment per \$1,000 of Fund securities held
A	1.00%	\$10.00
B	1.00%	\$10.00
F	0.00%	Nil

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.



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	0.88%
S&P/TSX Composite Index	22.98%
	Since Inception June 22, 2006
Front Street Canadian Equity Fund Series B	0.98%
S&P/TSX Composite Index	25.22%
	Since Inception August 3, 2006
Front Street Canadian Equity Fund Series F	-2.84%
S&P/TSX Composite Index	16.76%

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.

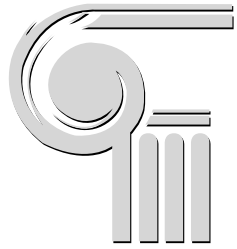
Summary of Investment Portfolio as at April 30, 2008

	% of Total
Cash and cash equivalents	36.6%
LONG POSITIONS	
Energy	18.6%
Materials	16.9%
Information Technology	12.3%
Industrials	7.4%
Consumer Staples	4.1%
Utilities	1.6%
Health Care	1.3%
Telecommunication Services	1.1%
Consumer Discretionary	1.1%
Financials	0.2%
Corporate Bonds	0.1%
SHORT POSITIONS	
Energy	-0.1%
Information Technology	-1.0%
Materials	-1.3%
Total Investments Portfolio	62.3%
Total Investments Portfolio Including Cash and Cash Equivalents	98.9%
Other Assets	1.1%
Total Net assets	100.0%

Top 25 Investments

LONG POSITIONS	
Storm Exploration Inc.	3.5%
Potash Corporation of Saskatchewan Inc.	2.6%
AG Growth Income Fund	2.6%
Hanfeng Evergreen Inc.	2.6%
Agrium Inc.	2.5%
Hemisphere GPS Inc.	2.4%
Viterra Inc.	2.1%
The Mosaic Company	1.7%
Intermap Technologies Limited	1.7%
Absolute Software Corporation	1.6%
NEO Materials Technologies Inc.	1.5%
DragonWave Inc.	1.4%
Antrim Energy Inc.	1.2%
TransGlobe Energy Corporation	1.1%
The Descartes Systems Group Inc.	1.1%
Duvernay Oil Corporation	1.0%
Fairborne Energy Limited	1.0%
Crew Energy Inc.	1.0%
Teck Cominco Limited 'B'	1.0%
Oilexco Inc.	0.9%
Pristine Power Inc.	0.9%
Anvil Mining Limited	0.9%
RuggedCom Inc.	0.8%
Juniper Networks Inc.	0.8%
SHORT POSITION	
SAP AG	-1.0%

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 MONTHS ENDED APRIL 30, 2008

Front Street Canadian Equity Fund Class
Statement of Net Assets
As at April 30, 2008 (unaudited) and October 31, 2007

	2008	2007
Assets		
Investments, at fair value (cost - \$66,307,451, 2007 - \$94,576,414)	\$ 66,330,079	\$ 101,252,344
Cash and cash equivalents	37,493,758	9,678,810
Accounts receivable relating to shares issued	284,904	1,083,495
Accounts receivable relating to portfolio assets sold	4,525,390	4,038,113
Amounts receivable relating to accrued income	41,854	11,036
	<u>108,675,985</u>	<u>116,063,798</u>
Liabilities		
Obligations from portfolio assets sold short, at fair value	\$ 2,567,362	\$ 1,068,871
Accrued expenses, note 7	429,802	378,174
Liabilities for portfolio assets purchased	3,099,374	1,673,907
Accounts payable relating to shares redeemed	203,274	45,004
	<u>6,299,812</u>	<u>3,165,956</u>
Net assets representing shareholders' equity	\$ 102,376,173	\$ 112,897,842
Net assets applicable to outstanding shares allocated as follows:		
Net assets, Series A	\$ 66,998,459	\$ 74,852,304
Shares outstanding, Series A, note 3	6,641,018	5,927,710
Net assets per share, Series A	<u>10.09</u>	<u>12.63</u>
Net assets, Series B	\$ 31,632,482	\$ 33,571,260
Shares outstanding, Series B, note 3	3,132,066	2,655,860
Net assets per share, Series B	<u>10.10</u>	<u>12.64</u>
Net assets, Series F	\$ 3,745,232	\$ 4,474,278
Shares outstanding, Series F, note 3	385,427	368,183
Net assets per share, Series F	<u>9.72</u>	<u>12.15</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

	2008	2007
Investment income		
Interest revenue	\$ 639,625	\$ 189,690
Dividend	8,420	213
	<u>648,045</u>	<u>189,903</u>
Expenses		
Management fees, notes 4 and 7	1,385,368	357,546
Performance fees, notes 4 and 7	-	76,603
Audit fees	13,426	13,142
Custodial fees	14,867	21,221
Legal fees	111,723	29,609
Securityholder reporting costs	22,027	23,664
Administration fees	112,597	42,002
Other expenses	5,331	251
	<u>1,665,339</u>	<u>564,038</u>
Net investment loss for the period	<u>(1,017,294)</u>	<u>(374,135)</u>
Net realized and unrealized gain (loss) on investments		
Net realized gain (loss) on sale of investments	(13,464,648)	2,532,610
Transaction costs, notes 2 and 6	(639,328)	(283,108)
Change in unrealized appreciation (depreciation) of value of investments	(9,190,514)	2,460,191
Net gain (loss) on investments for the period	<u>(23,294,490)</u>	<u>4,709,693</u>
Increase (decrease) in net assets from operations for the period	<u>\$ (24,311,784)</u>	<u>\$ 4,335,558</u>

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

Increase (decrease) in net assets from operations, Series A	\$ (15,851,989)	\$ 3,194,028
Increase (decrease) in net assets from operations per share, Series A	<u>\$ (2.48)</u>	<u>\$ 1.83</u>
Increase (decrease) in net assets from operations, Series B	\$ (7,447,981)	\$ 1,116,982
Increase (decrease) in net assets from operations per share, Series B	<u>\$ (2.46)</u>	<u>\$ 1.75</u>
Increase (decrease) in net assets from operations, Series F	\$ (1,011,814)	\$ 24,548
Increase (decrease) in net assets from operations per share, Series F	<u>\$ (2.43)</u>	<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

Series A	2008	2007
Net assets, beginning of period	\$ 74,852,304	\$ 8,347,619
Adoption of new accounting policy, note 2	-	(41,078)
Adjusted net assets, beginning of period	74,852,304	8,306,541
Increase (decrease) in net assets from operations	(15,851,989)	3,194,028
Proceeds from the issuance of shares	10,087,483	24,793,408
Aggregate amounts paid on redemption of shares	(1,459,587)	(112,655)
Net transfer from (to) shares of other funds	(629,752)	38,894
	7,998,144	24,719,647
Net increase (decrease) in net assets for the period	(7,853,845)	27,913,675
Net assets, end of period	\$ 66,998,459	\$ 36,220,216
Series B		
Net assets, beginning of period	\$ 33,571,260	\$ 2,025,513
Adoption of new accounting policy, note 2	-	(9,976)
Adjusted net assets, beginning of period	33,571,260	2,015,537
Increase (decrease) in net assets from operations	(7,447,981)	1,116,982
Shareholder transactions		
Proceeds from the issuance of shares	7,921,768	12,890,270
Aggregate amounts paid on redemption of shares	(2,386,693)	(238,604)
Net transfer from (to) shares of other funds	(25,872)	274,325
	5,509,203	12,925,991
Net increase (decrease) in net assets for the period	(1,938,778)	14,042,973
Net assets, end of period	\$ 31,632,482	\$ 16,058,510

Front Street Canadian Equity Fund Class

For the Period Ended April 30

Series F

Net assets, beginning of period	\$	4,474,278	\$	241,160
Adoption of new accounting policy, note 2		-		(1,187)
Adjusted net assets, beginning of period		4,474,278		239,973
Increase (decrease) in net assets from operations		(1,011,814)		24,548
Shareholder transactions				
Proceeds from the issuance of shares		1,250,019		647,337
Aggregate amounts paid on redemption of shares		(969,099)		(10,875)
Net transfer from (to) shares of other funds		1,848		(205,190)
		282,768		431,272
Net increase (decrease) in net assets for the period		(729,046)		455,820
Net assets, end of period	\$	3,745,232	\$	695,793

Total

Net assets, beginning of period	\$	112,897,842	\$	10,614,292
Adoption of new accounting policy, note 2		-		(52,241)
Adjusted net assets, beginning of period		112,897,842		10,562,051
Increase (decrease) in net assets from operations		(24,311,784)		4,335,558
Shareholder transactions				
Proceeds from the issuance of shares		19,259,270		38,331,015
Aggregate amounts paid on redemption of shares		(4,815,379)		(362,134)
Net transfer from (to) shares of other funds		(653,776)		108,029
		13,790,115		38,076,910
Net increase (decrease) in net assets for the period		(10,521,669)		42,412,468
Net assets, end of period	\$	102,376,173	\$	52,974,519

See accompanying notes to the financial statements

FRONT STREET CANADIAN EQUITY FUND CLASS
STATEMENT OF INVESTMENT PORTFOLIO (unaudited)
As at April 30, 2008

	Number of Shares or Par Value	Cost \$	Fair Value \$
Energy (18.5%)			
Long Positions (18.6%)			
Antrim Energy Inc.	330,778	2,007,220	1,240,418
Arcan Resources Limited	29,437	55,818	58,874
ARISE Technologies Corporation	315,891	540,325	701,278
C & C Energy Canada Limited	150,000	172,499	300,000
C & C Energy Canada Limited Restricted	159,400	520,400	520,400
Celtic Exploration Limited	5,000	82,673	83,350
* Coastal Energy Company	134,700	541,493	572,475
Crew Energy Inc.	69,608	909,688	1,003,051
Duvernay Oil Corporation	22,018	1,001,818	1,058,405
Fairborne Energy Limited	116,771	722,224	1,057,945
Galleon Energy Inc.	43,472	660,949	770,759
Hanwei Energy Services Corporation	95,815	534,719	378,469
Horizon North Logistics Inc.	200,000	628,560	620,000
Husky Energy Inc.	136	6,264	6,159
Kereco Energy Limited	75,574	318,605	319,678
Metallica Resources Inc. Warrants December 20, 2009	1,900	-	2,299
Norwood Resources Limited Restricted	226,755	113,378	148,026
Norwood Resources Limited Warrants February 20, 2009	226,755	-	18,140
Oilexco Inc.	61,798	799,899	949,835
Pacific Rubiales Energy Corporation Warrants July 12, 2012	617,302	-	358,035
Pearl Exploration and Production Limited	22,351	41,573	41,796
Petrobank Energy and Resources Limited	12,679	457,951	616,199
Petro-Canada	6,232	310,918	314,467
ProspEx Resources Limited	105,965	393,702	413,264
Questerre Energy Corporation 'A'	22,295	48,242	47,711
Rock Energy Inc.	180,466	472,236	667,724
Savanna Energy Services Corporation	862	14,254	18,119
Sterling Resources Limited	133,780	334,450	329,099
Storm Exploration Inc.	255,683	2,868,551	3,559,108
TransGlobe Energy Corporation	250,000	1,345,525	1,150,000
Tusk Energy Inc.	354,173	583,085	726,055
Twin Butte Energy Limited	79,897	238,648	234,897
Waratah Coal Inc.	29,400	85,730	74,970
Waratah Coal Inc. Restricted	150,000	472,350	359,550
Waratah Coal Inc. Warrants March 28, 2010	75,000	150	-
Xtreme Coil Drilling Corporation	29,586	208,672	257,398
		<u>17,492,569</u>	<u>18,977,953</u>
Short Positions (-0.1%)			
Canadian Natural Resources Limited	(880)	(78,439)	(75,284)
EnCana Corporation	(220)	(18,951)	(17,875)
		<u>(97,390)</u>	<u>(93,159)</u>
		<u>17,395,179</u>	<u>18,884,794</u>
Materials (15.6%)			
Long Positions (16.9%)			
Agrium Inc.	32,834	2,243,570	2,599,796
Anglo Potash Limited	17,468	82,718	106,380
Anvil Mining Limited	66,733	851,672	888,216
Ascot Resources Limited Warrants July 5, 2009	5,653	-	-
Athabasca Potash Inc.	52,261	331,990	391,435
Aurora Energy Resources Inc.	21,656	183,719	74,280
Barrick Gold Corporation	258	13,422	9,985
* Berkeley Resources Limited	284,699	203,097	202,987
Bio-Extraction Inc. Restricted	2,000,000	500,000	725,200
Bio-Extraction Inc. Warrants January 29, 2010	1,000,000	-	-
Blackstone Ventures Inc.	96,954	69,387	52,355
Cameco Corporation	8,900	331,833	311,500
Castillian Resources Corporation Warrants April 5, 2009	46,875	-	-
Coalcorp Mining Inc. Warrants August 17, 2011	1,350	1,153	74
Coalcorp Mining Inc. Warrants February 8, 2011	978	1,207	112
Creston Moly Corporation Warrants May 9, 2010	66,560	-	4,659
Crowflight Minerals Inc.	214,500	145,707	139,425
Denison Mines Corporation	34,260	255,742	232,968
DIRTT Environmental Solutions Limited Restricted	28,400	63,900	63,900
DIRTT Environmental Solutions Limited Warrants August 28, 2008	14,200	-	-
Energy Fuels Inc. Warrants May 23, 2008	13,250	-	-
Farallon Resources Limited Warrants December 21, 2008	27,760	-	1,110
FNX Mining Company Inc.	29,819	880,351	746,370

FRONT STREET CANADIAN EQUITY FUND CLASS
STATEMENT OF INVESTMENT PORTFOLIO (unaudited)
As at April 30, 2008

	Number of Shares or Par Value	Cost \$	Fair Value \$
Materials (15.6%) - continued			
Long Positions (16.9%) - continued			
* Geovic Mining Corporation Warrants April 27, 2012	5,955	1	1,608
* Geovic Mining Corporation Warrants March 6, 2012	43,334	9	13,217
* Geovic Mining Corporation Warrants November 3, 2011	11,794	-	5,897
Great Basin Gold Limited Warrants April 19, 2009	25,632	-	13,072
HudBay Minerals Inc.	21,066	422,934	400,254
Inspiration Mining Corporation Warrants January 5, 2009	13,107	-	-
Inter-Citic Minerals Inc. Warrants November 9, 2008	5,692	-	-
International Nickel Ventures Warrants November 18, 2008	19,000	8,360	190
Katanga Mining Limited	46,962	672,287	615,202
Lundin Mining Corporation	63,867	610,526	434,296
Mercator Minerals Limited	974	10,713	10,363
* Mirabela Nickel Limited	42,068	214,533	269,235
NEO Materials Technologies Inc.	324,009	1,518,468	1,490,441
Nevsun Resources Limited Warrants June 29, 2008	1,000	903	15
Nevsun Resources Limited Warrants October 31, 2009	13,700	-	-
Osisko Exploration Limited	1,550	9,390	6,572
Paladin Energy Limited	116,145	535,141	466,903
Peak Gold Limited Warrants April 3, 2012	55,183	-	7,450
* Petrominerales Limited	41,625	732,423	685,564
Phoscan Chemical Corporation	106,168	177,876	165,622
Platinum Group Metals Limited	49,300	171,046	117,334
Potash Corporation of Saskatchewan Inc.	14,631	2,279,047	2,712,442
Potash One Inc.	124,831	447,909	423,177
Potash One Inc. Restricted	86,620	346,480	276,023
Potash One Inc. Warrants June 5, 2009	43,310	-	-
Queensland Minerals Limited Warrants August 31, 2008	16,000	320	-
Quinto Mining Corporation Warrants December 29, 2008	22,468	-	17,525
Sherritt International Corporation	9,011	135,435	126,605
Sino-Forest Corporation	33,564	540,833	510,844
Solex Resources Corporation Warrants August 27, 2008	17,305	-	-
Southeast Asia Mining Corporation Restricted	21,000	5,250	5,250
Sprott Molybdenum Participation Corporation Warrants April 16, 2009	31,631	6,492	8,540
Sprott Resource Corporation	31,891	92,667	91,846
Spur Ventures Inc.	25,172	22,090	18,376
Strateco Resources Inc. Warrants January 31, 2009	38,218	-	-
Tawsho Mining Inc. 'A' Restricted	100,163	50,082	50,082
Tawsho Mining Inc. 'A' Warrants May 9, 2009	50,081	-	-
Teck Cominco Limited 'B'	22,657	1,029,009	992,603
TiCan Metals Inc. 'A'	281,377	70,344	70,344
Uranium Participation Corporation	48,676	469,221	417,153
Westshore Terminals Income Fund	16,662	310,278	275,756
Yamana Gold Inc.	10,004	152,454	129,052
		<u>17,201,989</u>	<u>17,379,605</u>
Short Positions (-1.3%)			
Aurizon Mines Limited	(21,890)	(100,907)	(98,505)
Centerra Gold Inc.	(6,909)	(96,994)	(60,039)
First Quantum Minerals Limited	(3,995)	(359,539)	(353,278)
Fronteer Development Group Inc.	(38,060)	(186,042)	(143,486)
Golden Star Resources Limited	(16,647)	(56,073)	(56,267)
Inmet Mining Corporation	(1,682)	(185,555)	(139,253)
Kinross Gold Corporation	(5,025)	(120,334)	(95,626)
Pan American Silver Corporation	(7,640)	(287,471)	(256,398)
Uranium One Inc.	(33,622)	(163,779)	(156,342)
		<u>(1,556,694)</u>	<u>(1,359,194)</u>
		<u>15,645,295</u>	<u>16,020,411</u>

FRONT STREET CANADIAN EQUITY FUND CLASS
STATEMENT OF INVESTMENT PORTFOLIO (unaudited)
As at April 30, 2008

	Number of Shares or Par Value	Cost \$	Fair Value \$
Information Technology (11.3%)			
Long Positions (12.3%)			
Absolute Software Corporation	132,233	1,619,535	1,619,854
Automated Benefits Corporation Warrants May 2, 2008	15,000	23	-
* Cisco Systems Inc.	15,000	468,045	388,063
DragonWave Inc.	486,529	2,333,823	1,483,913
Dynasty Gaming Inc. Warrants November 15, 2008	15,000	-	-
Embotics Corporation Restricted	56,782	633,040	652,993
Espial Group Inc.	43,783	337,883	61,296
EXFO Electro-Optical Engineering Inc.	65,000	487,872	371,800
Hemisphere GPS Inc.	592,302	1,788,516	2,434,362
* Juniper Networks Inc.	30,000	958,842	835,781
Miranda Technologies Inc.	24,222	226,713	218,240
Multiplied Media Corporation	909,090	500,000	54,545
OPEL International Inc.	338,556	507,606	457,051
Opel International Inc. Warrants December 13, 2009	166,500	-	-
OPEL International Inc. Warrants May 28, 2010	53,969	-	18,382
Pure Technologies Limited	176,277	329,512	493,576
Q9 Networks Inc.	78,308	891,500	802,657
QuStream Corporation	97,058	159,995	74,735
Research In Motion Limited	112	13,761	13,730
RuggedCom Inc.	74,141	853,681	838,535
SMTC Corporation Warrants March 4, 2009	12,500	389	188
The Descartes Systems Group Inc.	304,977	1,399,158	1,149,763
The Medipattern Corporation	455,000	500,500	523,250
View 22 Technology Inc. Restricted	31,411	54,969	54,969
View 22 Technology Inc. Warrants October 17, 2008	15,705	-	-
		<u>14,065,363</u>	<u>12,547,683</u>
Short Position (-1.0%)			
* SAP AG	(20,000)	(1,095,091)	(1,017,675)
		<u>12,970,272</u>	<u>11,530,008</u>
Industrials (7.4%)			
AG Growth Income Fund	80,910	2,368,076	2,652,231
Canadian Pacific Railway Limited	(1,320)	(91,785)	(91,582)
Davie Yards Inc.	106,478	150,134	143,745
Davie Yards Inc. Warrants February 20, 2010	52,678	10,536	8,428
Hanfeng Evergreen Inc.	218,016	2,738,074	2,651,075
Intermap Technologies Limited	308,759	2,119,904	1,763,014
Intrinsyc Software International Inc.	650,000	682,500	526,500
iseemedia Inc.	27,689	7,587	7,753
Sustainable Energy Technologies Limited Warrants November 16, 2008	93,619	-	-
		<u>7,985,026</u>	<u>7,661,164</u>
Consumer Staples (4.1%)			
CoolBrands International Inc.	346,787	315,919	277,430
* The Mosaic Company	14,411	1,596,222	1,769,136
Viterra Inc.	155,622	1,903,958	2,142,916
		<u>3,816,099</u>	<u>4,189,482</u>
Utilities (1.6%)			
Boralex Inc.	5,106	83,731	86,853
Plutonic Power Corporation	31,705	237,876	265,371
Pristine Power Inc.	221,674	886,696	897,780
Zongshen PEM Power Systems Inc.	133,691	363,640	387,704
		<u>1,571,943</u>	<u>1,637,708</u>
Health Care (1.3%)			
Atrium Innovations Inc.	49,203	1,012,180	755,758
BioSyntech Inc. Warrants March 30, 2009	18,000	99	-
* Executive Development Corporation Warrants June 30, 2008	2,500	-	-
Isotechnika Inc.	26,791	41,054	22,504
Isotechnika Inc. Warrants February 15, 2009	12,556	3	-
Medicare Inc.	200,000	306,325	15,000
Response Biomedical Corporation	217,500	199,490	134,850
SemBioSys Genetics Inc.	100,000	372,495	125,000
TSO3 Inc.	423,733	1,066,129	322,037
		<u>2,997,775</u>	<u>1,375,149</u>
Telecommunication Services (1.1%)			
COM DEV International Limited	75,000	414,738	273,750
International Datacasting Corporation	940,000	752,000	470,000
Redline Communications Group Inc.	111,474	724,581	70,229
Redline Communications Group Inc.	99,454	731,467	109,575
Wireless Matrix Corporation	221,500	179,758	168,340
		<u>2,802,544</u>	<u>1,091,894</u>

FRONT STREET CANADIAN EQUITY FUND CLASS
STATEMENT OF INVESTMENT PORTFOLIO (unaudited)
As at April 30, 2008

	Number of Shares or Par Value	Cost \$	Fair Value \$
Consumer Discretionary (1.1%)			
Cervus LP	36,477	734,247	802,859
* GlobalOptions Group Inc.	50,000	218,487	98,921
Immersive Media Corporation Warrants March 8, 2009	12,000	-	-
TireStamp Inc. Restricted	136,896	241,289	228,001
		<u>1,194,023</u>	<u>1,129,781</u>
Financials (0.2%)			
Bank of Montreal	63	3,121	3,156
Canadian Imperial Bank of Commerce	2,466	175,444	182,903
The Toronto-Dominion Bank	(87)	(5,519)	(5,752)
		<u>173,046</u>	<u>180,307</u>
Corporate Bonds (0.1%)			
Divestco Inc. 10.00% Convertible Debentures November 21, 2008	60,000	60,024	60,000
* Executive Development Corporation 8.00% June 30, 2008	2,000	2,264	2,019
		<u>62,288</u>	<u>62,019</u>
TOTAL LONG POSITIONS		<u>69,459,969</u>	<u>66,330,079</u>
TOTAL SHORT POSITIONS		<u>(2,846,479)</u>	<u>(2,567,362)</u>
Transaction costs, notes 2 and 6		<u>(306,039)</u>	<u>-</u>
Total Investments (62.3%)		<u>\$ 66,307,451</u>	<u>\$ 63,762,717</u>
Cash and cash equivalents (36.6%)			<u>37,493,758</u>
Other assets less other liabilities (1.1%)			<u>1,119,698</u>
Net assets (100.0%)			<u>\$ 102,376,173</u>

* Non Canadian Holdings

See accompanying notes to the financial statements

FRONT STREET CANADIAN EQUITY FUND CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2008

1. 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 the 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, 2008.

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 security holders 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 the Fund's Investment Advisor believes are undervalued and may include short positions in securities 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

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

a) Adoption of new accounting standards - Financial instruments

On November 1, 2007 the Fund adopted CICA Section 3862, Financial Instruments – Disclosures (“Section 3862”) and CICA Section 3863, Financial Instruments – Presentation (“Section 3863”), replacing Section 3861. Section 3862 requires enhanced disclosure of the nature and extent of the risks arising from financial instruments and how the Funds manage those risks. Section 3863 carries forward unchanged the presentation requirement of 3861 with respect to financial instruments.

In April 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3855, Financial Instruments - Recognition and Measurement, effective for financial statements relating to fiscal years beginning on or after October 1, 2006. This section establishes standards for the valuation of financial instruments, including the Fund's investments, and the accounting for transaction costs. Section 3855 requires that the fair value of financial instruments which are traded in active markets be measured based on the bid price for long securities and the ask price for short

FRONT STREET CANADIAN EQUITY FUND CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2008

securities. Prior to the implementation of this new standard, the fair value was based on the last traded price for the day, when available. Section 3855 also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities be charged to net income in the period. Prior to this new standard, these costs were added to the cost of the securities purchased or deducted from the proceeds of sale. Section 3855 has been applied retrospectively without restatement of prior periods effective November 1, 2006. The cost of individual investments in the Statement of Investment Portfolio are recorded at total cost including transaction costs. Accordingly, the opening net assets in the Statement of Changes in Net Assets for the period ended April 30, 2008 has been adjusted to reflect these changes in valuation.

National Instrument 81-106 ("NI 81-106") issued by the Canadian Securities Administrators ("CSA") in 2005, requires the daily net asset value ("NAV") of an investment fund to be calculated in accordance with Canadian GAAP. The CSA had granted relief to investment funds from the requirement to comply with Section 3855, for the purposes of calculating of net asset value used for the investor transactions ("Transactional NAV") to the earlier of (i) September 30, 2008, or (ii) the date on which changes to Section 14.2 of NI 81-106 come into effect. The CSA 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, 2008. These financial statements have been prepared on a basis consistent with the proposed amendments including a reconciliation between net assets and net asset value.

In accordance with the decision made by the Canadian securities regulatory authorities, a reconciliation between the transactional net asset value ("NAV") and net assets calculated using generally accepted accounting principles ("GAAP NAV") of an investment fund is required for financial reporting periods commencing October 31, 2007. 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 trade 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:

	Net Asset Value			Net Asset Value per Share	
	Transactional NAV	Section 3855 Adjustment	GAAP NAV	Transactional NAV	GAAP NAV
	\$	\$	\$	\$	\$
Series A	67,298,905	(300,446)	66,998,459	10.13	10.09
Series B	31,774,247	(141,765)	31,632,482	10.14	10.10
Series F	3,762,009	(16,777)	3,745,232	9.76	9.72
Total Net Asset Value	102,835,161	(458,988)	102,376,173		

FRONT STREET CANADIAN EQUITY FUND CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2008

b) Valuation of investments

- i) Investments listed on an exchange are valued at the last bid price reported by the principal securities exchange on which the issue is traded on the financial statement date. The difference between this amount and cost is shown as the change in the unrealized appreciation of the value of investments. Securities for which reliable quotations are not readily available are valued at fair value, as determined in good faith and pursuant to procedures established by the Manager.
- 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 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 values may differ from values that would have been established had a ready market existed for these investments.

- iv) Short-term investments are valued at amortized cost, which approximates fair value.
- v) Trust units are valued at the last bid price reported by the principal securities exchange on which the issue is traded 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 the annual income allocated to the units by the trust.
- vi) The Fund values its investments in limited partnerships at fair value as determined by the Manager. The Fund calculates the cost value of its investment in limited partnerships using the equity method. Under this method, the limited partnership investments are recorded at cost plus the Fund's pro rata share in undistributed earnings since acquisition.
- vii) The Fund may make short sales whereby a security that it does not own is sold in anticipation of a decline in the fair value of the security. Securities which are sold short are valued at the last ask price reported by the principal securities exchange on which the issue is traded 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 are due to the lender of the security.

- viii) The fair value of other financial assets and liabilities approximate their carrying values due to the short-term nature of these instruments.

c) Transaction costs

In accordance with Section 3855, portfolio transaction costs are expensed and are included in "Transaction costs" in the Statement of Operations. 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 Statement of Investment Portfolio includes only those transaction costs incurred on the acquisition of portfolio investments. Prior to the

FRONT STREET CANADIAN EQUITY FUND CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2008

adoption of Section 3855, transaction costs were capitalized and included in the cost of purchase or proceeds from sale of investments. The impact on the net assets of the investment fund is the same regardless of which accounting method is utilized.

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. Gains and losses from such transactions are calculated using the average cost of the securities on disposition.

Interest income is recorded on an accrual basis. Dividend income is recorded on the ex dividend date.

f) Foreign currency 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 assets per share

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

i) Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Manager to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

3. SHARES ISSUED 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:

Series A shares

Redemption fees payable to the Manager may be applicable upon the sale of shares of this series based on

FRONT STREET CANADIAN EQUITY FUND CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2008

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 after the first 18 months and prior 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 3% 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.

The following shares were issued and redeemed during the periods indicated:

For the Periods Ended April 30,	2008	2007
Shares outstanding, beginning of the period:		
Series A	5,927,710	818,687
Series B	2,655,860	198,270
Series F	368,183	24,168
Shares issued during the period:		
Series A	1,150,979	2,195,844
Series B	809,718	1,156,104
Series F	150,912	56,867
Shares reinvested during the period:		
Series A	-	-
Series B	-	-
Series F	-	-
Shares redeemed during the period:		
Series A	437,671	15,107
Series B	333,512	25,923
Series F	133,668	21,175
Shares outstanding end of period:		
Series A	6,641,018	2,999,424
Series B	3,132,066	1,328,451
Series F	385,427	59,860

FRONT STREET CANADIAN EQUITY FUND CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2008

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 legal and accounting fees, printing expenses, reporting issuer filing and sustaining fees, custodial fees, fees payable to and expenses incurred by the 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 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 fiscal 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 fiscal quarter. The starting reference point for the next fiscal 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 Fund qualifies as a mutual fund corporation under the Income Tax Act (Canada). The Corporation will earn three types of income being Canadian dividends, taxable capital gains and other net taxable income. The income of the Fund, including taxable capital gains, will be subject to tax at applicable corporate tax rates, after claiming allowable deductions for expenses and applicable credits for foreign taxes paid on foreign source 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 Fund anticipates that gains and losses realized on the disposition of investments will normally give rise to capital gains not ordinary income. The Fund intends to declare sufficient capital gains dividends so

FRONT STREET CANADIAN EQUITY FUND CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2008

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 Fund from recognizing capital losses on the disposition of securities in certain circumstances, which may increase the amount of capital gains dividends that the Fund 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 Fund will allocate taxes payable and recoverable of the Fund to each of the classes. The Fund 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 Fund intends to pay out such dividends so as to maximize tax refunds and minimize taxes payable at the corporate level.

The Fund may be subject to provincial capital taxes. The Fund 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. TRANSACTION COSTS

The total brokerage commissions paid by the Fund with respect to securities transactions for the period ended April 30, 2008 was \$639,328 (2007 - \$283,108)

7. RELATED PARTY TRANSACTIONS

Management fees of \$1,385,368 (2007 - \$357,546) were paid to the Investment Advisor, a company under common control to the Manager, during the period (see note 4). Performance fees of \$Nil (2007 - \$76,603) were also paid to the Investment Advisor during the period (see note 4). Included in accrued expenses are \$218,707 (2007 - \$47,482) of management fees payable to the Investment Advisor.

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, 2008, Tuscarora Capital Inc., a company under common control to the Manager, received \$4,268 (2007 - \$20,856) in commissions on portfolio transactions for the Fund.

Management fees and performance fees are measured at the exchange amount of consideration prescribed by the offering documents of the Fund. When related parties enter shareholder transactions with the Corporation, the exchange amount of consideration is the transactional NAV available to all other shareholders on the trade date. In the case of brokerage commissions, the exchange amount of consideration is that which is negotiated by the related parties.

FRONT STREET CANADIAN EQUITY FUND CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2008

8. MANAGEMENT OF FINANCIAL RISKS

The Fund's investment activities expose it to various types of risk associated with the financial instruments and markets in which it invests directly. The following is a summary of the main risks:

Credit risk

Financial assets which potentially expose the Fund to credit risk consist principally of investments 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 also invests 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 obligation 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 Statement of Net Assets.

As at April 30, 2008, the Fund had no significant investments in debt instruments.

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 sufficient cash and marketable securities, and manages liquidity risk through its ability to close out market positions

Price risk

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 or 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 and derivatives. The Investment Advisor manages the Fund's market risk on a daily basis in accordance with the Fund's investment objective and policies.

Price sensitivity

The following details the Fund's sensitivity to 5% increase and decrease in the fair value, with 5% being the sensitivity rate used when reporting price internally to key management personnel and representing management's assessment of possible change in fair value.

At April 30, 2008, if the fair value had been 5% higher with all other variables held constant, the increase in net assets representing shareholders' equity for the period would have been \$3,188,136 higher, arising due to the increase in the fair value of financial assets at fair value by \$3,316,504 offset by the increase in the fair value of the financial liabilities at fair value by \$128,368.

If fair value had been 5% lower with all other variables held constant, the decrease in net assets representing shareholders' equity for the period would have been \$3,188,136 lower, arising mainly due to the decrease in the fair value of financial assets at fair value by \$3,316,504 set off by decrease in fair value of the financial liabilities at fair value by \$128,368.

FRONT STREET CANADIAN EQUITY FUND CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2008

8. MANAGEMENT OF FINANCIAL RISKS (Continued)

Currency risk

The Fund holds assets denominated in currencies other than Canadian Dollars which is the functional currency. The Fund is therefore exposed to currency risk, as the value of the securities denominated in other currencies fluctuates due to change in exchange rates.

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 overdraft or broker margin account positions will be affected by fluctuations in interest rates. As at April 30, 2008, there were 0.1% of investments owned which are held in bonds. There were investments in short-term investments representing 11.2% of the investments owned, all maturing in less than 30 days. The remaining portion of the Fund's assets is substantially non-interest bearing equity investments and its exposure to interest rate changes is minimal.

Capital management

Management considers the Fund's capital to consist of the issued ordinary share capital and the net assets attributable to participating shareholders.

The Investment Advisor manages the capital of the Fund in accordance with the Fund's investment objectives, policies and restrictions, as outlined in the Fund's offering memorandum, while maintaining sufficient liquidity to meet participating shareholder redemptions. The Fund's overall strategy for managing capital remains unchanged from 2007.

The Fund does not have any externally imposed capital requirements.



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