



FRONT STREET GROWTH FUND
A FRONT STREET CAPITAL MUTUAL FUND

Interim Management Report of Fund Performance
&
Unaudited Interim Financial Statements

June 30, 2016

Interim Management Report of Fund Performance As at June 30, 2016 Front Street Growth Fund

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

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the Fund.

Forward Looking Information

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

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

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

Management Discussion of Fund Performance

INVESTMENT OBJECTIVES AND STRATEGIES

The Fund's principal investment objective is to seek capital appreciation primarily through investment in equity securities of a diversified group of publicly traded companies and to a lesser extent in equity securities of a diversified group of private companies, subject to prescribed limits on illiquid investments.

Front Street Capital 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 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

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

RESULTS OF OPERATIONS

Markets were volatile during the past six months. In the first quarter, investors were concerned about debt markets, bank exposures and the precarious economic wellbeing of energy nations. Oil prices fell, with the West Texas Intermediate (WTI) continuing its rapid descent, dropping a further 30% (to US \$26/barrel) by February 11, 2016. Share prices of energy companies followed suit. In the U.S., the U.S. Energy Producers Index (EPX) was down almost 30% towards the end of February and, in Canada, the story was much the same.

However, in March, oil prices rebounded on evidence that oil supply was beginning to drop in America and on increased speculation that OPEC would consider a production freeze. Natural gas dropped 16% after North America experienced one of the warmest winters on record, sharply reducing heating demand. Despite extreme volatility, the first quarter ended with the Canadian S&P/TSX Composite Index up a respectable 4.5%, while in the U.S., the S&P 500 Index finished up 1.35%. In commodities, the WTI spot price finished the first quarter up 3.5%, copper finished up approximately 2%, and the U.S. EPX finished the same period up 3.2%.

The second quarter continued to be characterized by uncertainty, fueled largely by negative interest rates in many countries and the U.K.'s June referendum on its membership in the European Union (also known as "Brexit"). The U.K.'s surprise vote to exit the EU was followed by currency and stock market volatility, as investors were left wondering not only about the state of the euro, but more importantly, on the resulting state of the EU. Within Canada, markets continued to be focused resources, including gold, metals and energy.

For the six-month period ended June 30, 2016, the Front Street Growth Fund returned 37.0%. The fund outperformed its benchmark, the S&P/TSX Composite Index (8.1%)

During the period ended June 30, 2016, the fund earned investment income of \$332,011 from dividends and interest. There were net realized losses on the sale of investments of \$3.7 million and an unrealized appreciation on the value of investments of \$18.3 million.

Operating expenses, excluding management fees and transaction costs, totalled \$152,143 during the period ended June 30, 2016.

The fund's focus on the energy sector boosted its return during the first half of the year as demand for energy rose and there were early signs of waning global oil production. Significant individual contributors to performance included holdings in TORC Oil & Gas, Tourmaline Oil Corp., Arizona Star Resource Corp., Crew Energy Inc. and Painted Pony Petroleum. Positions in Whitecap Resources, Phoenix Energy Services, Delavaco Residential Properties Corp. and Tidewater Inc. detracted from the fund's performance.

During the period, the Manager added to the fund's natural gas weighting and increased its exposure to the energy services group. The energy services industry has lagged energy producers year-to-date, but the Manager believes that the spending rebound by North American producers has begun, and expects that expanded drilling activities will occur initially on the better, low-cost energy shale deposits in North America. The Manager's strategy in the services group is to target companies that are exposed to these deposits with better drill rigs.

RECENT DEVELOPMENTS

The Manager expects commodity prices, including oil, to continue to recover amid further volatility. The fund is invested in low-cost companies with clean balance sheets, a combination that has done well defensively during the market rout. That same combination should continue to do well as commodities begin to recover and market conditions improve, as these companies will be first to ramp up capital spending and growth.

RELATED PARTY TRANSACTIONS

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

	2016	2015
Management fees	<u>\$ 544,765</u>	<u>\$ 860,829</u>

Included in accrued expenses are amounts payable to the Manager as follows:

	June 30, 2016	December 31, 2015
Management fees payable	<u>\$ 81,840</u>	<u>\$ 69,762</u>

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

	June 30, 2016	December 31, 2015
Series B units held by the Partners of the Manager	5,810	5,810
Percentage of Series B units held by the Partners of the Manager	0.08%	0.07%
Series B units held by the relatives of the Partners of the Manager	3,386	3,386
Percentage of Series B units held by the relatives of the Partners of the Manager	0.04%	0.04%
Series F units held by the Partners of the Manager	39,606	39,606
Percentage of Series F units held by the Partners of the Manager	4.23%	3.24%
Series F units held by the relatives of the Partners of the Manager	159,081	159,081
Percentage of Series F units held by the relatives of the Partners of the Manager	16.99%	13.00%

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 June 30, 2016, Tuscarora Capital Inc., a company under common control to the Manager, received \$1,604 (June 30, 2015 - \$4,442) in commissions on portfolio transactions for the Fund.

Management fees and performance fees are measured at the consideration prescribed by the offering documents of the Fund. When related parties enter unitholder transactions with the Fund, the consideration is the NAV available to all other unitholders on the trade date.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five financial years. This information is derived from the Fund's audited annual and unaudited interim financial statements for the six months ended June 30, 2016.

Series A

The Fund's Net Assets per redeemable unit ⁽¹⁾

	June 30 2016 \$	December 31 2015 \$	December 31 2014 \$	December 31 2013 \$	December 31 2012 \$	December 31 2011 \$
Net Assets, beginning of the period	2.77	4.57	6.12	6.49	7.96	10.14
Increase (decrease) from operations:						
Total revenue	0.02	0.13	0.16	0.16	0.12	0.12
Total expenses	(0.05)	(0.11)	(0.19)	(0.17)	(0.19)	(0.26)
Realized gains (losses) for the period	(0.26)	(1.35)	(0.08)	(1.08)	(0.39)	0.27
Unrealized gains (losses) for the period	1.29	(0.40)	(1.03)	0.64	(1.09)	(2.50)
Total increase (decrease) from operations ⁽²⁾	1.00	(1.73)	(1.14)	(0.45)	(1.55)	(2.37)
Distributions to redeemable unitholders:						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
Total distributions to redeemable unitholders ⁽³⁾	—	—	—	—	—	—
Net Assets, end of the period	3.79	2.77	4.57	6.12	6.44	7.96

- (1) The information for June 30, 2016, December 31, 2015, 2014 and 2013 is derived from the Fund's unaudited interim and audited annual financial statements and is prepared in accordance with IFRS. The information prior to 2013 is derived from the Fund's audited annual financial statements prepared based on Canadian GAAP.
- (2) Net assets and distributions are based on the actual number of redeemable units outstanding at the relevant time. The increase (decrease) from operations is based on the average number of redeemable units outstanding over the financial period.
- (3) Distributions were paid in cash/reinvested in additional redeemable units of the Fund or both.

Ratios and Supplemental Data

Total net asset value (000's) ⁽¹⁾	\$19,138	\$15,557	\$36,916	\$71,608	\$103,359	\$130,716
Number of redeemable units outstanding ⁽¹⁾	5,046,965	5,619,120	8,077,716	11,707,876	15,936,692	16,272,621
Management expense ratio ⁽²⁾	3.34%	2.52%	2.54%	2.54%	2.57%	2.65%
Management expense ratio before waivers or absorptions	3.34%	2.52%	2.54%	2.54%	2.57%	2.65%
Trading expense ratio ⁽³⁾	0.17%	0.19%	0.31%	0.25%	0.22%	0.26%
Portfolio turnover rate ⁽⁴⁾	13.38%	26.15%	46.26%	29.37%	46.02%	54.82%
Net asset value per redeemable unit ⁽⁵⁾	\$3.79	\$2.77	\$4.57	\$6.12	\$6.49	\$8.03

- (1) This information is provided as at end of the period shown.
- (2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as annualized percentage of daily average net asset value during the period.
- (3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
- (4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.
- (5) The information for June 30, 2016, December 31, 2015, 2014 and 2013 is derived from the Fund's unaudited interim and audited annual financial statements and is prepared in accordance with IFRS. The information prior to 2013 is derived from the Fund's audited annual financial statements prepared based on Canadian GAAP.

Series B
The Fund's Net Assets per redeemable unit ⁽¹⁾

	June 30 2016	December 31 2015	December 31 2014	December 31 2013	December 31 2012	December 31 2011
		\$	\$	\$	\$	\$
Net Assets, beginning of the period	2.77	4.57	6.11	6.49	7.95	10.13
Increase (decrease) from operations:						
Total revenue	0.02	0.13	0.17	0.15	0.12	0.12
Total expenses	(0.05)	(0.10)	(0.20)	(0.17)	(0.18)	(0.26)
Realized gains (losses) for the period	(0.26)	(1.34)	(0.13)	(1.06)	(0.38)	0.32
Unrealized gains (losses) for the period	1.30	(0.44)	(1.19)	0.63	(1.12)	(2.60)
Total increase (decrease) from operations ⁽²⁾	1.01	(1.75)	(1.35)	(0.45)	(1.56)	(2.42)
Distributions to redeemable unitholders:						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
Total distributions to redeemable unitholders ⁽³⁾	—	—	—	—	—	—
Net Assets, end of the period	3.79	2.77	4.57	6.11	6.44	7.95

(1) The information for June 30, 2016, December 31, 2015, 2014 and 2013 is derived from the Fund's unaudited interim and audited annual financial statements and is prepared in accordance with IFRS. The information prior to 2013 is derived from the Fund's audited annual financial statements prepared based on Canadian GAAP.

(2) Net assets and distributions are based on the actual number of redeemable units outstanding at the relevant time. The increase (decrease) from operations is based on the average number of redeemable units outstanding over the financial period.

(3) Distributions were paid in cash/reinvested in additional redeemable units of the Fund or both.

Ratios and Supplemental Data

Total net asset value (000's) ⁽¹⁾	\$28,620	\$21,715	\$45,992	\$77,258	\$118,961	\$171,117
Number of redeemable units outstanding ⁽¹⁾	7,548,159	7,846,043	10,067,447	12,638,040	18,352,079	21,316,936
Management expense ratio ⁽²⁾	3.31%	2.49%	2.52%	2.54%	2.55%	2.63%
Management expense ratio before waivers or absorptions	3.31%	2.49%	2.52%	2.54%	2.55%	2.63%
Trading expense ratio ⁽³⁾	0.17%	0.19%	31.00%	0.25%	0.22%	0.26%
Portfolio turnover rate ⁽⁴⁾	13.38%	26.15%	46.26%	29.37%	46.02%	54.82%
Net asset value per redeemable unit ⁽⁵⁾	\$3.79	\$2.77	\$4.57	\$6.11	\$6.48	\$8.03

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

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(5) The information for June 30, 2016, December 31, 2015, 2014 and 2013 is derived from the Fund's unaudited interim and audited annual financial statements and is prepared in accordance with IFRS. The information prior to 2013 is derived from the Fund's audited annual financial statements prepared based on Canadian GAAP.

Series F
The Fund's Net Assets per redeemable unit ⁽¹⁾

	June 30 2016 \$	December 31 2015 \$	December 31 2014 \$	December 31 2013 \$	December 31 2012 \$	December 31 2011 \$
Net Assets, beginning of the period	3.05	4.99	6.60	6.94	8.40	10.57
Increase (decrease) from operations:						
Total revenue	0.03	0.14	0.17	0.16	0.13	0.12
Total expenses	(0.04)	(0.07)	(0.13)	(0.11)	(0.11)	(0.15)
Realized gains (losses) for the period	(0.28)	(1.48)	(0.04)	(1.11)	(0.40)	0.29
Unrealized gains (losses) for the period	1.36	(0.61)	(1.07)	0.60	(1.19)	(2.69)
Total increase (decrease) from operations ⁽²⁾	1.07	(2.02)	(1.07)	(0.46)	(1.57)	(2.43)
Distributions to redeemable unitholders:						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
Total distributions to redeemable unitholders ⁽³⁾	—	—	—	—	—	—
Net Assets, end of the period	4.21	3.05	4.99	6.60	6.88	8.40

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(2) Net assets and distributions are based on the actual number of redeemable units outstanding at the relevant time. The increase (decrease) from operations is based on the average number of redeemable units outstanding over the financial period.

(3) Distributions were paid in cash/reinvested in additional redeemable units of the Fund or both.

Ratios and Supplemental Data

Total net asset value (000's) ⁽¹⁾	\$3,939	\$3,735	\$8,472	\$20,444	\$32,185	\$35,950
Number of redeemable units outstanding ⁽¹⁾	936,361	1,223,665	1,698,031	3,096,221	4,646,786	4,237,731
Management expense ratio ⁽²⁾	2.03%	1.53%	1.42%	1.45%	1.46%	1.50%
Management expense ratio before waivers or absorptions	2.03%	1.53%	1.42%	1.45%	1.46%	1.50%
Trading expense ratio ⁽³⁾	0.17%	0.19%	0.31%	0.25%	0.22%	0.26%
Portfolio turnover rate ⁽⁴⁾	13.38%	26.15%	46.26%	29.37%	46.02%	54.82%
Net asset value per redeemable unit ⁽⁵⁾	\$4.21	\$3.05	\$4.99	\$6.60	\$6.93	\$8.48

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

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(5) The information for June 30, 2016, December 31, 2015, 2014 and 2013 is derived from the Fund's unaudited interim and audited annual financial statements and is prepared in accordance with IFRS. The information prior to 2013 is derived from the Fund's audited annual financial statements prepared based on Canadian GAAP.

MANAGEMENT AND PERFORMANCE FEES

The Fund pays a monthly management fee equal to 1/12 of 2% of the net asset value of the Fund calculated and paid at the end of each month in arrears for series A and B units and a monthly management fee equal to 1/12 of 1% of the net asset value of the Fund calculated and paid at the end of each month in arrears for series F units.

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

The Manager uses the management fees to pay for sales and trailing commissions to registered dealers.

	Series A	Series B	Series F
Annual Rates	2.00%	2.00%	1.00%
As a percentage of management fees			
Dealer Compensation	25%	50%	-
Investment management, admin & other	75%	50%	100%

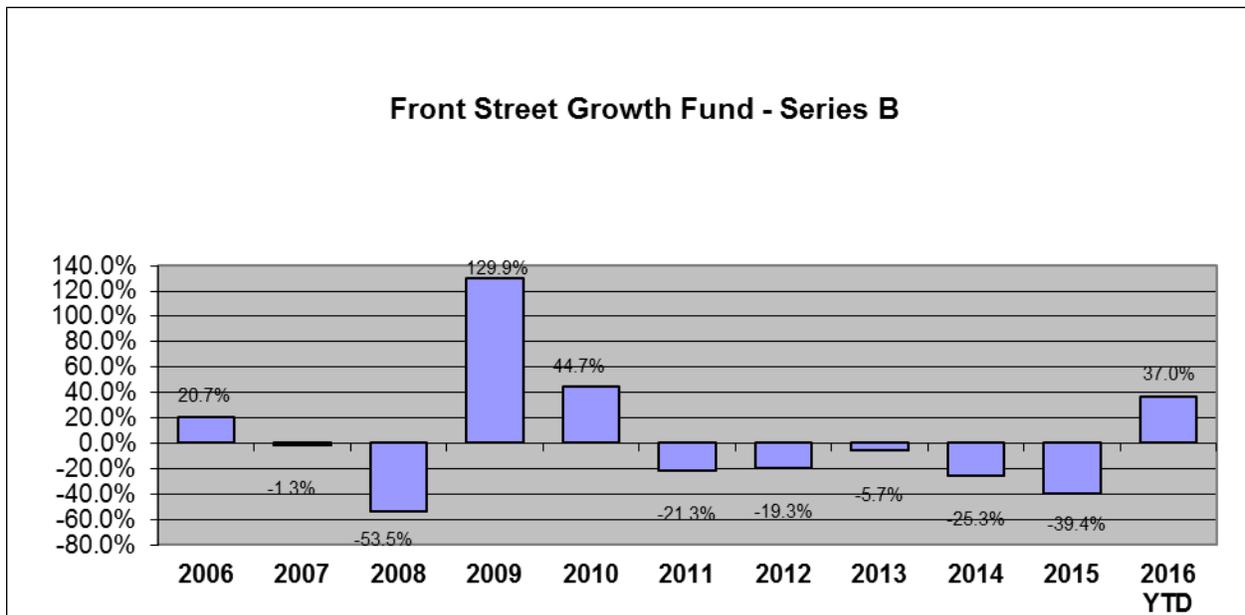
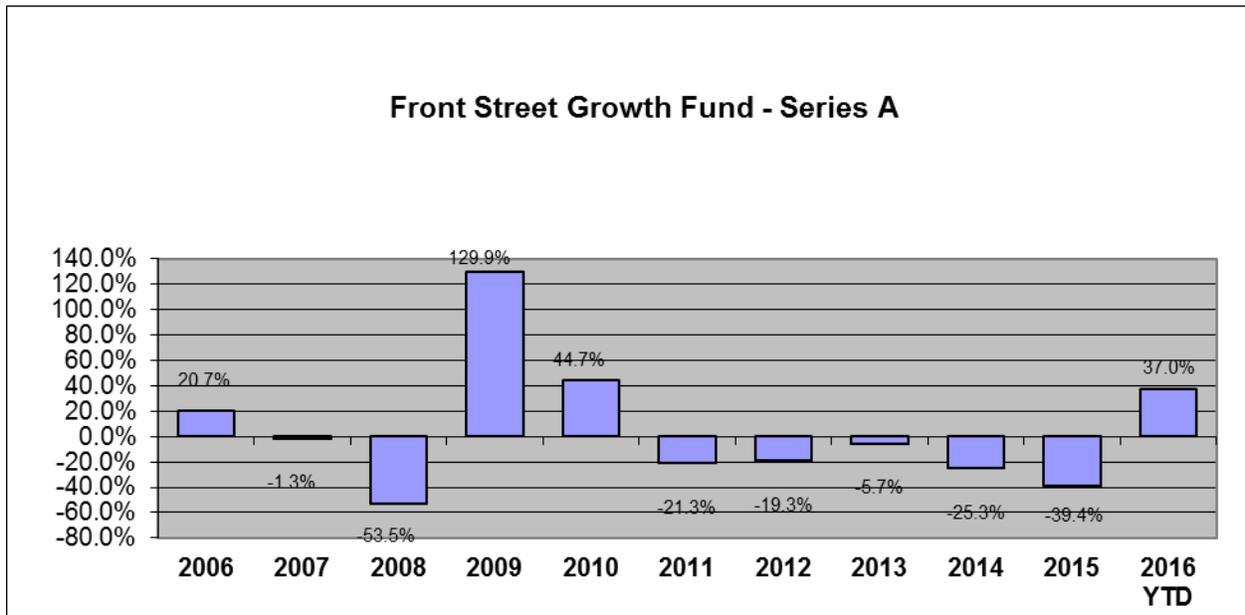
The Fund pays a performance fee if the percentage gain in the net asset value of a series of the Fund (as adjusted for any prior return deficiencies) over the preceding calendar quarter or quarters since a performance fee was last payable exceed the percentage gain or loss of the benchmark (the "Benchmark") over the same period. The Benchmark for the Fund is the S&P/TSX Composite Index. The fee is equal to this excess return per unit multiplied by the number of units outstanding at the end of the quarter multiplied by 20%, provided that the net asset value per unit 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 unit or the adjusted actual net asset value per unit, both with respect to the previous quarter in which a performance fee was payable.

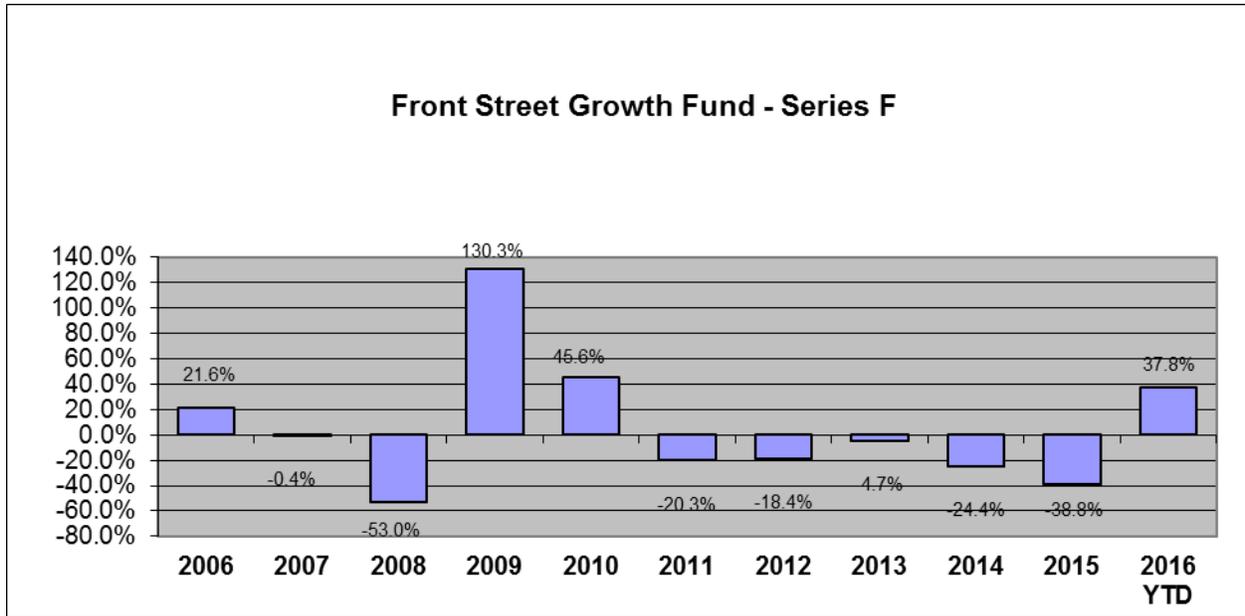
PAST PERFORMANCE

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

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

- (a) the returns or performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units 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.

YEAR-BY-YEAR RETURNS




Summary of Investment Portfolio as at June 30, 2016

Portfolio by Category

	% of Net Asset Value
LONG POSITIONS	
Energy	80.0%
Materials	16.6%
Cash and cash equivalents	2.5%
Financials	1.0%
Corporate Bonds	0.5%
Other assets less liabilities	-0.6%
Total net asset value	100.0%

Top 25 Holdings

Long Positions	% of Net Asset Value
Arizona Mining Inc.	10.4%
TORC Oil & Gas Limited	8.3%
Precision Drilling Corporation	7.8%
Tourmaline Oil Corporation	7.3%
Crew Energy Inc.	7.2%
Advantage Oil and Gas Limited	7.0%
ARC Resources Limited	6.7%
Whitecap Resources Inc.	6.6%
Crescent Point Energy Corporation	6.3%
PHX Energy Services Corporation	6.0%
Trinidad Drilling Limited	5.5%
Painted Pony Petroleum Limited	4.4%
Conifex Timber Inc.	3.6%
West Fraser Timber Company Limited	2.5%
Bonterra Energy Corporation	2.2%
Surge Energy Inc.	2.2%
Baytex Energy Corporation	2.1%
Delavaco Residential Properties Corporation	1.0%
Delavaco Properties Inc. 7.000% July 31, 2019*	0.5%
Sintana Energy Inc.	0.2%
Petro Rio SA	0.2%
Tolima Gold Inc.	0.1%
Trilliant Energy Services Inc.	0.0%
	98.1%
TOTAL NET ASSET VALUE (000s)	\$51,698

*Debt Instruments

The information presented in the foregoing list is subject to change due to the ongoing portfolio transactions of the Fund. A quarterly update may be obtained by contacting Front Street Capital.



FRONT STREET CAPITAL

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UNAUDITED INTERIM FINANCIAL STATEMENTS

FRONT STREET GROWTH FUND

FOR THE SIX MONTHS ENDED JUNE 30, 2016

NOTICE OF NO AUDITOR REVIEW OF THE INTERIM FINANCIAL STATEMENTS

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

FRONT STREET GROWTH FUND

STATEMENTS OF FINANCIAL POSITION AS AT JUNE 30, 2016 (UNAUDITED) AND DECEMBER 31, 2015 (AUDITED)

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
ASSETS		
Financial assets at fair value through profit or loss*	\$ 50,664,948	\$ 39,562,210
Cash and cash equivalents	1,294,087	1,484,220
Dividends receivable	36,196	120,954
Subscriptions receivable	6,815	4,712
Interest and other receivable	-	60
Receivables for investments sold	-	171,829
	\$ 52,002,046	\$ 41,343,985
LIABILITIES		
Accrued expenses, note 8	\$ 128,025	\$ 152,908
Redemptions payable	94,585	114,159
Management fees payable	81,840	69,762
	304,450	336,829
Liabilities before net assets attributable to unitholders of redeemable units	304,450	336,829
Net assets attributable to unitholders of redeemable units	\$ 51,697,596	\$ 41,007,156
Net assets attributable to unitholders of redeemable units		
Series A	\$ 19,138,092	\$ 15,556,934
Series B	\$ 28,620,426	\$ 21,715,171
Series F	\$ 3,939,078	\$ 3,735,051
Number of redeemable units outstanding, note 5		
Series A	5,046,965	5,619,120
Series B	7,548,159	7,846,043
Series F	936,361	1,223,665
Net assets attributable to unitholders of redeemable units per unit		
Series A	\$ 3.79	\$ 2.77
Series B	\$ 3.79	\$ 2.77
Series F	\$ 4.21	\$ 3.05

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

Approved on behalf of Front Street Capital 2004, The Manager:



Nevin Markwart
Chief Executive Officer



Susan Johnson
Chief Financial Officer

See accompanying notes to the financial statements

FRONT STREET GROWTH FUND

STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE PERIODS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Investment income		
Dividends	\$ 324,574	\$ 1,315,124
Interest income for distribution purposes	7,437	18,402
Security lending revenue, note 9	508	-
Foreign currency gain (loss) on cash and cash equivalents and other net assets	(17,157)	18,691
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss ("FVTPL")		
Net realized gain (loss) on financial assets and liabilities at FVTPL	(3,665,453)	(15,850,478)
Change in unrealized appreciation (depreciation) on financial assets and liabilities at FVTPL	18,295,423	12,251,534
	<u>14,945,332</u>	<u>(2,246,727)</u>
Expenses		
Management fees, notes 6 and 8	544,765	860,829
Transaction costs, note 7	36,798	97,291
Administration fees	108,656	118,539
Compensatory dividends	-	4,145
Custodial fees	4,611	16,899
Legal fees	10,191	19,836
Audit fees	17,836	19,000
Unitholder reporting costs	7,629	12,397
Independent review committee	3,220	4,959
	<u>733,706</u>	<u>1,153,895</u>
Increase (decrease) in net assets attributable to unitholders of redeemable units from operations	<u>\$ 14,211,626</u>	<u>\$ (3,400,622)</u>
Increase (decrease) in net assets attributable to unitholders of redeemable units from operations		
Series A	\$ 5,312,275	\$ (1,363,743)
Series B	\$ 7,787,206	\$ (1,733,500)
Series F	\$ 1,112,145	\$ (303,379)
Increase (decrease) in net assets attributable to unitholders of redeemable units from operations per unit		
Series A	\$ 1.00	\$ (0.19)
Series B	\$ 1.01	\$ (0.18)
Series F	\$ 1.07	\$ (0.18)

See accompanying notes to the financial statements

FRONT STREET GROWTH FUND

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF REDEEMABLE UNITS (UNAUDITED) FOR THE PERIODS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Net assets attributable to unitholders of redeemable units, beginning of period		
Series A	\$ 15,556,934	\$ 36,916,289
Series B	21,715,171	45,991,710
Series F	3,735,051	8,472,332
	<u>41,007,156</u>	<u>91,380,331</u>
Increase (decrease) in net assets attributable to unitholders of redeemable units from operations		
Series A	5,312,275	(1,363,743)
Series B	7,787,206	(1,733,500)
Series F	1,112,145	(303,379)
	<u>14,211,626</u>	<u>(3,400,622)</u>
Redeemable unit transactions		
Proceeds from redeemable units issued		
Series A	575,791	697,403
Series B	1,209,777	1,529,332
Series F	223,191	1,010,252
	<u>2,008,759</u>	<u>3,236,987</u>
Redemption of redeemable units		
Series A	(2,306,908)	(7,009,357)
Series B	(2,091,728)	(6,050,428)
Series F	(1,131,309)	(1,016,588)
	<u>(5,529,945)</u>	<u>(14,076,373)</u>
Net increase (decrease) from redeemable unit transactions	<u>(3,521,186)</u>	<u>(10,839,386)</u>
Net increase (decrease) in net assets attributable to unitholders of redeemable units	<u>10,690,440</u>	<u>(14,240,008)</u>
Net assets attributable to unitholders of redeemable units, end of period		
Series A	19,138,092	29,240,592
Series B	28,620,426	39,737,114
Series F	3,939,078	8,162,617
	<u>\$ 51,697,596</u>	<u>\$ 77,140,323</u>

See accompanying notes to the financial statements

FRONT STREET GROWTH FUND

STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE PERIODS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash Flow from Operating Activities		
Increase (decrease) in net assets attributable to unitholders of redeemable units from operations	\$ 14,211,626	\$ (3,400,622)
Adjustments for:		
Foreign currency (gain) loss on cash and other net assets	17,157	(18,691)
Net realized loss on financial assets and liabilities at FVTPL	3,665,453	15,850,478
Change in unrealized (appreciation) depreciation on financial assets and liabilities at FVTPL	(18,295,423)	(12,251,534)
(Increase) decrease in interest and other receivable	60	-
(Increase) decrease in dividends receivable	84,758	106,515
Increase (decrease) in other payable and accrued liabilities	(24,883)	(29,374)
Increase (decrease) in management fees payables	12,078	(39,135)
Purchase of financial assets and liabilities at FVTPL	(5,870,233)	(13,811,284)
Proceeds from sales of financial assets and liabilities at FVTPL	9,569,294	17,871,051
Net cash generated by operating activities	3,369,887	4,277,404
Cash flows from financing activities		
Proceeds from redeemable units issued	2,006,656	3,278,060
Amount paid on redemption of redeemable units	(5,549,519)	(13,537,648)
Net cash used by financing activities	(3,542,863)	(10,259,588)
Net change in cash and cash equivalents	(172,976)	(5,982,184)
Cash and cash equivalents, beginning of period	1,484,220	7,644,023
Foreign currency gain on cash and other net assets	(17,157)	18,691
Cash and cash equivalents, end of period	\$ 1,294,087	\$ 1,680,530
Cash and cash equivalents comprise:		
Cash at bank	\$ 1,294,087	\$ 1,680,530
Interest received, net of withholding tax	\$ 7,497	\$ 18,402
Dividends received, net of withholding tax	\$ 409,332	\$ 1,421,639
Compensatory dividends paid	\$ -	\$ (19,836)

See accompanying notes to the financial statements

FRONT STREET GROWTH FUND

SCHEDULE OF INVESTMENT PORTFOLIO (UNAUDITED) AS AT JUNE 30, 2016

	Number of Shares/Units/Par Value	Cost \$	Fair Value \$
Long Positions (98.1%)			
Equities			
Energy (80.0%)			
Advantage Oil and Gas Limited	503,077	\$ 2,210,695	\$ 3,632,216
ARC Resources Limited	156,000	4,477,444	3,449,160
Baytex Energy Corporation	146,700	2,291,416	1,100,250
Bonterra Energy Corporation	43,074	1,738,220	1,146,199
Crescent Point Energy Corporation	158,500	5,436,712	3,234,985
Crew Energy Inc.	640,134	6,771,432	3,719,179
Painted Pony Petroleum Limited	299,050	2,404,479	2,266,799
Petro Rio SA	17,700	2,637,887	96,174
PHX Energy Services Corporation	1,144,931	9,109,886	3,079,864
Precision Drilling Corporation	587,966	5,277,059	4,027,567
Sintana Energy Inc.	1,684,965	193,771	122,160
Surge Energy Inc.	440,700	1,140,227	1,123,785
TORC Oil & Gas Limited	521,960	6,808,846	4,280,072
Tourmaline Oil Corporation	110,603	3,153,448	3,761,608
Trinidad Drilling Limited	1,128,263	3,136,571	2,865,788
Whitecap Resources Inc.	346,853	3,883,799	3,426,908
		<u>\$ 60,671,892</u>	<u>\$ 41,332,714</u>
Financials (1.0%)			
Delavaco Residential Properties Corporation	2,442,361	\$ 2,760,274	\$ 528,531
Industrials (0.0%)			
Trilliant Energy Services Inc.	671,939	\$ 488,570	\$ 6,719
Materials (16.6%)			
Arizona Mining Inc.	3,241,741	\$ 3,798,303	\$ 5,381,290
Conifex Timber, Inc.	539,395	4,272,746	1,833,943
Tolima Gold Inc.	7,154,000	72,040	71,540
West Fraser Timber Company Limited	33,800	1,729,205	1,276,626
		<u>\$ 9,872,294</u>	<u>\$ 8,563,399</u>
Total Equities (97.6%)		<u>\$ 73,793,030</u>	<u>\$ 50,431,363</u>
Corporate Bonds (0.5%)			
Delavaco Properties Inc. 7.000% July 31, 2019	180,800	\$ 189,231	\$ 233,585
Total long positions (98.1%)		<u>\$ 73,982,261</u>	<u>\$ 50,664,948</u>
Transaction costs, note 3		<u>(124,123)</u>	-
Total investments (98.1%)		<u>\$ 73,858,138</u>	50,664,948
Cash and cash equivalents (2.5%)			1,294,087
Other assets less liabilities (-0.6%)			<u>(261,439)</u>
Net assets (100.0%)			<u>\$ 51,697,596</u>

See accompanying notes to the financial statements

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

1. THE FUND

Front Street Growth Fund (formerly Front Street Small Cap Canadian Fund) (the "Fund") changed its name pursuant to a special resolution of the Fund passed on June 20, 2008. The Fund is an open-ended mutual fund trust which was created under the laws of the Province of British Columbia on July 26, 1985. The Fund is domiciled in Canada, and the address of its registered office is 33 Yonge Street, Suite 600, Toronto, Ontario, Canada, M5E 1G4.

Front Street Capital 2004 is the manager (the "Manager") and investment advisor of the Fund (the "Investment Advisor"), on behalf of the Fund, to provide investment advisory and portfolio management services to the Fund. Front Street Capital 2004 assumed the portfolio management and investment advisory services from Front Street Investment Management Inc. on October 16, 2015. CIBC Mellon is the custodian and also provides fund accounting services and shareholder recordkeeping services. Effective November 13, 2015, CIBC Mellon replaced RBC Investor Services Trust, as the custodian of the Fund and replaced Citigroup Fund Services Canada, Inc. to provide shareholder recordkeeping services and fund accounting services.

The Fund's principal investment objective is to seek capital appreciation primarily through investment in equity securities of a diversified group of publicly traded companies and to a lesser extent in equity securities of a diversified group of private companies, subject to prescribed limits on illiquid investments.

The Fund is not a mutual fund for securities law purposes. As a result, certain of the protections provided to investors in mutual funds under such laws are not available to investors in the units.

2. BASIS OF PRESENTATION

(a) Statement of compliance

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

These interim financial statements have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective as at June 30, 2016, the Fund's interim reporting date.

These interim financial statements were authorized for issue by the Manager on August 19, 2016.

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

2. **BASIS OF PRESENTATION** (Continued...)

(b) Basis of measurement

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

(c) Functional and presentation currency

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

(a) Financial instruments

Classification of financial instruments

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

Financial assets and liabilities at fair value through profit or loss

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

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

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

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

(a) Financial instruments (Continued...)

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

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

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

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

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

(b) Fair value measurement:

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

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

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

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

For financial statement reporting purposes, under National Instrument 81-106 ("NI 81-106") the Fund is required to disclose the differences between net assets attributable to redeemable units per unit and net asset value per unit, including any differences in valuation principles or practices for the purposes of calculating net asset value versus those required under IFRS. A reconciliation between the net assets attributable to redeemable units per unit for financial reporting purposes and net asset value for investor transactions is presented in note 12 (Reconciliation of Net Asset Value to IFRS Net Assets Attributable to Unitholders of Redeemable Units).

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

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

(c) Cash and cash equivalents

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

(d) Redeemable units

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

(e) Impairment of financial assets

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

(f) Investment transactions and income recognition

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

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

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

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

(g) Securities lending, repurchase and reverse repurchase transactions

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

(h) Foreign currency translation

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

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

(i) Increase (decrease) in net assets attributable to unitholders of redeemable units from operations per unit

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

(j) Net assets attributable to unitholders of redeemable units per unit

The net assets attributable to unitholders of redeemable units per unit are calculated by dividing the net assets of a series of units by the total number of redeemable units of that series outstanding at the end of the period.

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

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

(k) Transaction costs

Portfolio transaction costs are expensed and are included in "Transaction costs" in the statements of comprehensive income. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges. The individual security's cost shown on the schedule of investment portfolio includes only those transaction costs incurred on the acquisition of portfolio investments.

(l) Provisions

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

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

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

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

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

(n) Income taxes

The Fund presently qualifies as a mutual fund trust under the Income Tax Act (Canada) and, accordingly, is not taxed on that portion of its taxable income that is paid or allocated to unitholders. The Fund allocates to its unitholders sufficient net income and net realized capital gains so that it will not be subject to income taxes. Foreign income is subject to foreign withholding taxes.

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

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

(o) Future changes in accounting standards:

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

(a) Valuation of investments

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

(b) Other judgments, estimates and assumptions

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

(c) Assessment as investment entity

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

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

5. REDEEMABLE UNITS

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

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

Series A units

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

Series B units

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

Series F units

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

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

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

5. REDEEMABLE UNITS (Continued...)

The following redeemable unit transactions took place during the periods ended June 30:

	2016	2015
Redeemable Units outstanding, beginning of the period:		
Series A	5,619,120	8,077,716
Series B	7,846,043	10,067,447
Series F	1,223,665	1,698,031
Redeemable Units issued during the period:		
Series A	188,138	155,563
Series B	411,124	346,300
Series F	66,234	205,455
Redeemable Units redeemed during the period:		
Series A	760,293	1,564,843
Series B	709,308	1,348,319
Series F	353,268	207,266
Redeemable Units outstanding, end of the period:		
Series A	5,046,965	6,668,436
Series B	7,548,159	9,065,428
Series F	936,631	1,696,220

6. MANAGEMENT AND PERFORMANCE FEES

The Fund pays a monthly management fee equal to 1/12 of 2% of the net asset value of the Fund calculated and paid at the end of each month in arrears for series A and B units and a monthly management fee equal to 1/12 of 1% of the net asset value of the Fund calculated and paid at the end of each month in arrears for series F units.

The Fund is responsible for payment of all operating and administrative expenses of the Fund. The main components of these expenses are legal and accounting fees, printing expenses, reporting issuer filing and sustaining fees, custodial fees, fees payable to, and expenses incurred by, the Fund's Independent Review Committee and expenses of making distributions to unitholders. As the Fund has more than one series of units, the unitholders 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.

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

6. **MANAGEMENT AND PERFORMANCE FEES** (Continued...)

The Fund pays 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 exceed the percentage gain or loss of the benchmark (the "Benchmark") over the same period. The Benchmark for the Fund is the S&P/TSX Composite Index. The fee is equal to this excess return per unit multiplied by the number of units outstanding at the end of the quarter multiplied by 20%, provided that the net asset value per unit 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 unit or the adjusted actual net asset value per unit, both with respect to the previous quarter in which a performance fee was payable.

7. **TRANSACTION COSTS AND SOFT DOLLARS**

The total brokerage commissions paid by the Fund with respect to security transactions for the period ended June 30, 2016 \$36,798 (June 30, 2015 - \$97,291).

There were no soft dollar amounts included in brokerage commissions.

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

8. RELATED PARTY TRANSACTIONS

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

	2016	2015
Management fees, note 6	<u>\$ 544,765</u>	<u>\$ 860,829</u>

Included in accrued expenses are amounts payable to the Manager as follows:

	June 30, 2016	December 31, 2015
Management fees payable	<u>\$ 81,840</u>	<u>\$ 69,762</u>

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

	June 30, 2016	December 31, 2015
Series B units held by the Partners of the Manager	5,810	5,810
Percentage of Series B units held by the Partners of the Manager	0.08%	0.07%
Series B units held by the relatives of the Partners of the Manager	3,386	3,386
Percentage of Series B units held by the relatives of the Partners of the Manager	0.04%	0.04%
Series F units held by the Partners of the Manager	39,606	39,606
Percentage of Series F units held by the Partners of the Manager	4.23%	3.24%
Series F units held by the relatives of the Partners of the Manager	159,081	159,081
Percentage of Series F units held by the relatives of the Partners of the Manager	16.99%	13.00%

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 June 30, 2016, Tuscarora Capital Inc., a company under common control to the Manager, received \$1,604 (June 30, 2015 - \$4,442) in commissions on portfolio transactions for the Fund.

Management fees and performance fees are measured at the consideration prescribed by the offering documents of the Fund. When related parties enter unitholder transactions with the Fund, the consideration is the NAV available to all other unitholders on the trade date.

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

9. SECURITIES LENDING

The Fund lends portfolio securities from time to time in order to earn additional income. Income is earned from securities lending transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. The Fund has entered into a securities lending program with its custodian, CIBC Mellon. The aggregate fair value of all securities loaned will not exceed 50% of the net assets of the Fund. The Fund receives collateral (in the form of obligations of, or guaranteed by, the Government of Canada, or a province thereof, by the United States government or its agencies and/or cash) or by corporate bonds and equities against the loaned securities. Collateral is maintained in an amount representing at least 102% of the fair value of the loaned securities during the year the loan is outstanding. The fair value of the loaned securities is determined daily at the close of business of the Fund and any additional collateral required is delivered to the Fund on the next business day.

A reconciliation of the gross amount generated from the securities lending transactions to the security lending income to the Fund or the periods ended June 30, 2016 and 2015 is as follows:

Securities lending income	June 30, 2016	June 30, 2015
Gross securities lending income	<u>\$ 1,016</u>	<u>\$ -</u>
Agent fees - The Bank of New York Mellon Corp.	<u>\$ (508)</u>	<u>\$ -</u>
Securities lending income to the Fund		
before tax reclaims (withholding taxes)	<u>\$ 508</u>	<u>\$ -</u>
Tax reclaims (withholding taxes)	<u>\$ -</u>	<u>\$ -</u>
Net securities lending income	<u>\$ 508</u>	<u>\$ -</u>

As at June 30, 2016 and December 31, 2015, the aggregate fair values of the Fund's securities loaned and the collateral received were as follows:

Securities lent and collateral received	June 30, 2016	December 31, 2015
Value of securities loaned	<u>\$ 7,677,182</u>	<u>\$ -</u>
Value of collateral received	<u>\$ 8,066,562</u>	<u>\$ -</u>

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

10. DISTRIBUTION POLICY

The Fund intends to distribute all of its income for purposes of the Income Tax Act, including sufficient net realized capital gains (less applicable losses), on an annual basis, so that the Fund will not be liable for income tax. Distributions over the life of the Fund will be derived primarily from net realized capital gains and income from the Portfolio.

The Fund has \$714,929 in non-capital losses available to be applied against taxable income of future periods which will expire in 2032.

The Fund has \$39,767,777 in allowable capital losses available to be applied against taxable capital gains of future periods. These losses do not expire.

11. INDEMNIFICATION OF THE MANAGER

The Fund, pursuant to the Trust Agreement, will indemnify the Manager, its partners, directors, officers, employees and agents out of the Trust Property from all claims that may arise in connection with the exercise of its duties as Manager if they do not result from the Manager's willful misconduct, bad faith, gross negligence or reckless disregard of its duties, or breach of its obligations as manager under the Trust Agreement.

12. RECONCILIATION OF NET ASSET VALUE TO IFRS NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF REDEEMABLE UNITS

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

As at June 30, 2016 and December 31, 2015, there is no variance between the IFRS NA per unit to net asset value per unit.

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

13. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

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

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

The schedule of investment portfolio presents the securities held by the Fund as at June 30, 2016 and groups the securities by asset type, sector and/or market segment. The investment portfolio is comprised primarily of issuers in the energy sector. The Manager will maintain a mix of debt instruments, equities and cash that represents its view of the most optimal combination of these investments based on economic outlook, market conditions and the relative value of these investments. Significant risks that are relevant to the Fund are discussed below.

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

i) Market price risk

Market price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument, its issuer, or factors affecting similar financial instruments traded in the market.

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

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

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

ii) Currency risk

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

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

As at June 30, 2016

Currency	Financial instruments at FVTPL	Cash and cash equivalents	Total	Percentage of Net Assets
United States Dollar	\$ 762,116	\$ 29,451	\$ 791,567	1.53%
Brazilian Real	<u>96,174</u>	<u>-</u>	<u>96,174</u>	<u>0.19%</u>
	<u>\$ 858,290</u>	<u>\$ 29,451</u>	<u>\$ 887,741</u>	<u>1.72%</u>

As at December 31, 2015

Currency	Financial instruments at FVTPL	Cash and cash equivalents	Total	Percentage of Net Assets
United States Dollar	\$ 1,165,225	\$ 308,851	\$ 1,474,076	3.59%
Brazilian Real	<u>75,835</u>	<u>-</u>	<u>75,835</u>	<u>0.18%</u>
	<u>\$ 1,241,060</u>	<u>\$ 308,851</u>	<u>\$ 1,549,911</u>	<u>3.77%</u>

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

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

iii) Interest rate risk

The Fund may invest in fixed and floating rate securities. The income of the Fund may be affected by changes to interest rates relevant to particular securities or as a result of management being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movement in the future. Interest payable on bank overdraft or broker margin account positions will be affected by fluctuations in interest rates. As at June 30, 2016, there were investments in corporate bonds representing 0.5% (December 31, 2015 - 0.8%) of the investments owned, maturing in 2019. The remaining portion of the Fund's investments are substantially non-interest bearing equity investments and its exposure to interest rate changes is minimal.

As at June 30, 2016

Financial assets	Floating Rate Financial Instruments	Fixed Rate Financial Instruments	Non-interest Bearing	Total
Financial assets at FVTPL	\$ -	\$ 233,585	\$ 50,431,363	\$ 50,664,948
Cash and cash equivalents	1,294,087	-	-	1,294,087
Loans and receivables	<u>-</u>	<u>-</u>	<u>43,011</u>	<u>43,011</u>
Total	<u>\$ 1,294,087</u>	<u>\$ 233,585</u>	<u>\$ 50,474,374</u>	<u>\$ 52,002,046</u>
Financial liabilities				
Other financial liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,450</u>	<u>\$ 304,450</u>
IFRS NA				<u>\$ 51,697,596</u>

As at December 31, 2015

Financial assets	Floating Rate Financial Instruments	Fixed Rate Financial Instruments	Non-interest Bearing	Total
Financial assets at FVTPL	\$ -	\$ 312,716	\$ 39,249,494	\$ 39,562,210
Cash and cash equivalents	1,484,220	-	-	1,484,220
Loans and receivables	<u>-</u>	<u>-</u>	<u>297,555</u>	<u>297,555</u>
Total	<u>\$ 1,484,220</u>	<u>\$ 312,716</u>	<u>\$ 39,547,049</u>	<u>\$ 41,343,985</u>
Financial liabilities				
Other financial liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 336,829</u>	<u>\$ 336,829</u>
IFRS NA				<u>\$ 41,007,156</u>

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

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

iv) Liquidity risk

Liquidity risk is the risk the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Unitholder 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.

As at June 30, 2016

Financial assets	0 - 12 months	1 - 3 periods	3 - 5 periods	Beyond 5 periods	Indefinite maturity	Total
Financial assets at FVTPL	\$ -	\$ -	\$ 233,585	\$ -	\$ 50,431,363	\$ 50,664,948
Cash and cash equivalents	1,294,087	-	-	-	-	1,294,087
Loans and receivables	<u>43,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,011</u>
Total	<u>\$ 1,337,098</u>	<u>\$ -</u>	<u>\$ 233,585</u>	<u>\$ -</u>	<u>\$ 50,431,363</u>	<u>\$ 52,002,046</u>
Financial liabilities						
Other financial liabilities	<u>\$ 304,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,550</u>
IFRS NA						<u>\$ 51,697,596</u>

As at December 31, 2015

Financial assets	0 - 12 months	1 - 3 periods	3 - 5 periods	Beyond 5 periods	Indefinite maturity	Total
Financial assets at FVTPL	\$ -	\$ 312,716	\$ -	\$ -	\$ 39,249,494	\$ 39,562,210
Cash and cash equivalents	1,484,220	-	-	-	-	1,484,220
Loans and receivables	<u>297,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>297,555</u>
Total	<u>\$ 1,781,775</u>	<u>\$ 312,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,249,494</u>	<u>\$ 41,343,985</u>
Financial liabilities						
Other financial liabilities	<u>\$ 336,829</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 336,829</u>
IFRS NA						<u>\$ 41,007,156</u>

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

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

Certain of the Fund's investments are in private securities which are thinly traded. As at June 30, 2016, the fair value of such assets was 0.5% (December 31, 2015 – 0.8%) of the total net assets.

v) Cash flow risk

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

vi) Credit risk

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

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

To partially mitigate credit risk with respect to its securities lending the Fund receive collateral against the securities loaned (note 9). As at June 30, 2016, the Fund loaned securities with an aggregate fair value of \$7,677,182 (December 31, 2015 - \$ Nil) and received collateral with an aggregate fair value of \$8,066,562 (December 31, 2015 - \$Nil).

As at June 30, 2016, the Fund had \$233,585 (December 31, 2015 - \$312,716) in debt instruments with the following credit ratings obtained from Standard and Poor's Moody's or DBRS:

Debt instruments by credit rating	Percentage of net assets	
	June 30, 2016	December 31, 2015
Not available or not rated	0.5%	0.8%

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

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

vii) Concentration risk

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

	June 30, 2016	December 31, 2015
Energy	80.0%	83.6%
Materials	16.6%	10.0%
Cash and cash equivalents	2.5%	3.6%
Financials	1.0%	2.1%
Corporate Bonds	0.5%	0.8%
Industrials	0.0%	0.0%
Other assets less liabilities	<u>(0.6)%</u>	<u>(0.1)%</u>
Total	<u>100.0%</u>	<u>100.0%</u>

14. CAPITAL MANAGEMENT

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

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

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

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

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

15. FAIR VALUE HIERARCHY

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

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

The following tables summarize the inputs used as at December 31, 2015 in valuing the Fund's financial assets and liabilities at FVTPL.

As at June 30, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	<u>\$ 49,896,113</u>	<u>\$ 528,531</u>	<u>\$ 240,304</u>	<u>\$ 50,664,948</u>
Financial liabilities at FVTPL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

As at December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	<u>\$ 39,200,285</u>	<u>\$ 35,770</u>	<u>\$ 326,155</u>	<u>\$ 39,562,210</u>
Financial liabilities at FVTPL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

15. FAIR VALUE HIERARCHY (Continued...)

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

	Financial assets at FVTPL Equities	Financial assets at FVTPL Bonds
Balance at December 31, 2014	\$ 3,666,473	\$ 250,679
Purchases	(72,752)	12,632
Gains (losses)		
Realized loss	(12,836,368)	-
Unrealized gain	<u>9,256,086</u>	<u>49,405</u>
Balance at December 31, 2015	\$ 13,439	\$ 312,716
Purchases	-	(22,796)
Gains (losses)		
Realized loss	-	(24,512)
Unrealized gain	<u>(6,720)</u>	<u>(31,823)</u>
Balance at June 30, 2016	<u>\$ 6,719</u>	<u>\$ 233,585</u>

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

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

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

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 (UNAUDITED)

15. FAIR VALUE HIERARCHY (Continued...)

Valuation techniques and framework (Continued...)

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

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

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

FRONT STREET GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 31, 2016 (UNAUDITED)

15. FAIR VALUE HIERARCHY (Continued...)

Valuation techniques and framework (Continued...)

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

As at June 30, 2016	Number of Shares/Units /Par Value	Cost \$	Fair Value \$
Delavaco Properties Inc. Convertible Debentures 7.000% July 31, 2019	180,800	\$ 189,231	\$ 233,585
Trilliant Energy Services Inc.	671,939	<u>488,570</u>	<u>6,719</u>
		<u>\$ 677,801</u>	<u>\$ 240,304</u>
As at December 31, 2015	Number of Shares/Units /Par Value	Cost \$	Fair Value \$
Delavaco Properties Inc. Convertible Debentures 7.000% July 31, 2018	226,000	\$ 236,538	\$ 312,716
Trilliant Energy Services Inc.	671,939	<u>488,570</u>	<u>13,439</u>
		<u>\$ 725,108</u>	<u>\$ 326,155</u>