

FRONT STREET GLOBAL OPPORTUNITIES CLASS
(Formerly Front Street Global Opportunities Fund)

FINANCIAL STATEMENTS
OCTOBER 31, 2012 AND 2011

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MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

The accompanying financial statements of Front Street Global Opportunities Class (formerly Front Street Global Opportunities Fund) have been prepared by the management of Front Street Capital 2004, the Manager of the Fund, and approved by the Board of Directors of Front Street Mutual Funds Limited. The Manager is responsible for the information and representations contained in these financial statements.

The Manager maintains processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. The significant accounting policies, which the Manager believes are appropriate for the Fund, are described in note 2 to the financial statements.

The Board of Directors of Front Street Mutual Funds Limited is responsible for reviewing the financial statements, the adequacy of internal controls, the audit process and financial reporting with the Manager and the external auditors. The Board of Directors approves the audited financial statements for publication.

Segal LLP are the external auditors of Front Street Global Opportunities Class. They are appointed by the Manager of the Fund. The external auditors have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the financial statements. Their report is set out below.

On behalf of Management of Front Street Capital 2004,
Manager of the Fund



Gary P. Selke
Management Committee Member
Front Street Capital 2004



Normand G. Lamarche
Management Committee Member
Front Street Capital 2004

January 18, 2013
Toronto, Ontario

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INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of
Front Street Global Opportunities Class
(Formerly Front Street Global Opportunities Fund) (the "Fund") of
Front Street Mutual Funds Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of Front Street Global Opportunities Class which comprise the statements of net assets as at October 31, 2012 and 2011, the statements of operations and the statements of changes in net assets for the year ended October 31, 2012 and for the period from June 29, 2011 to October 31, 2011, the statement of investment portfolio as at October 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



Assurance.
Business Advisory.
Financial Recovery.
Tax Solutions.

Independent Auditor's Report
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Front Street Global Opportunities Class as at October 31, 2012 and 2011 and its operations and changes in net assets for the year ended October 31, 2012 and for the period from June 29, 2011 to October 31, 2011 in accordance with Canadian generally accepted accounting principles.

Segal LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
January 18, 2013

FRONT STREET GLOBAL OPPORTUNITIES CLASS
(Formerly Front Street Global Opportunities Fund)

STATEMENTS OF NET ASSETS
AS AT OCTOBER 31, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	\$ 2,706,242	\$ 150,344
Investments, at fair value (cost - \$2,366,248, 2011 -\$201,040)	2,531,153	194,110
Accounts receivable relating to shares issued	227,679	22,200
Amounts receivable relating to accrued income	2,262	-
Accounts receivable relating to portfolio assets sold	-	53,247
Due from Manager, notes 4 and 6	-	3,558
	<u>\$ 5,467,336</u>	<u>\$ 423,459</u>
LIABILITIES		
Accounts payable relating to shares redeemed	\$ 30,224	\$ -
Obligations from portfolio assets sold short, at fair value	6,059	-
Accrued expenses, note 9	3,122	188
Liabilities for portfolio assets purchased	-	98,709
	<u>39,405</u>	<u>98,897</u>
Net assets representing shareholders' equity	<u>\$ 5,427,931</u>	<u>\$ 324,562</u>
Net assets applicable to outstanding shares allocated as follows:		
Net assets, Series A	\$ 2,889,972	\$ 175,648
Shares outstanding, Series A, note 3	269,334	17,976
Net assets per share, Series A	<u>\$ 10.73</u>	<u>\$ 9.77</u>
Net assets, Series B	\$ 1,016,030	\$ 94,398
Shares outstanding, Series B, note 3	94,545	9,649
Net assets per share, Series B	<u>\$ 10.75</u>	<u>\$ 9.78</u>
Net assets, Series F	\$ 301,815	\$ 54,516
Shares outstanding, Series F, note 3	27,771	5,564
Net assets per share, Series F	<u>\$ 10.87</u>	<u>\$ 9.80</u>
Net assets, Series X	\$ 1,220,114	\$ -
Shares outstanding, Series X, note 3	113,260	-
Net assets per share, Series X	<u>\$ 10.77</u>	<u>\$ -</u>

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



Gary P. Selke
Chief Executive Officer and Director



Susan Johnson
Chief Financial Officer

See accompanying notes to the financial statements

FRONT STREET GLOBAL OPPORTUNITIES CLASS
(Formerly Front Street Global Opportunities Fund)

STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED OCTOBER 31, 2012 AND
FOR THE PERIOD FROM JUNE 29, 2011 TO OCTOBER 31, 2011

	2012 (12 Months)	2011 (4 Months)
Investment income		
Interest	\$ 3,800	\$ 105
Dividends	1,753	-
Security lending revenue, note 8	<u>8</u>	<u>-</u>
	<u>5,561</u>	<u>105</u>
Expenses		
Administration fees	50,094	19,468
Management fees, notes 4 and 9	34,342	1,139
Performance fees, notes 4 and 9	25,479	-
Legal fees	15,456	3,000
Servicing fees, notes 4 and 9	13,242	351
Audit fees	12,432	10,000
Securityholder reporting costs	1,170	2,000
Independent review committee	64	300
Operating costs, notes 4 and 9	<u>-</u>	<u>4,238</u>
	152,279	40,496
Expenses waived or absorbed by Manager, notes 4 and 9	<u>(139,037)</u>	<u>(40,145)</u>
	<u>13,242</u>	<u>351</u>
Net investment loss for the period	<u>(7,681)</u>	<u>(246)</u>
Net realized and unrealized gains (losses) on investments		
Net realized gain on the sale of investments	23,183	6,925
Transaction costs, note 7	(16,294)	(991)
Change in the unrealized appreciation (depreciation) of the value of investments	<u>180,145</u>	<u>(6,930)</u>
Net gain (loss) on investments for the period	<u>187,034</u>	<u>(996)</u>
Net increase (decrease) in net assets from operations for the period	<u>\$ 179,353</u>	<u>\$ (1,242)</u>

See accompanying notes to the financial statements

FRONT STREET GLOBAL OPPORTUNITIES CLASS
(Formerly Front Street Global Opportunities Fund)

STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED OCTOBER 31, 2012 AND
FOR THE PERIOD FROM JUNE 29, 2011 TO OCTOBER 31, 2011

	2012 (12 Months)	2011 (4 Months)
Increase (decrease) in net assets from operations applicable to outstanding shares allocated as follows:		
Increase in net assets from operations, Series A	\$ 75,356	\$ 52
Increase in net assets from operations per share, Series A	<u>\$ 1.00</u>	<u>\$ -</u>
Increase (decrease) in net assets from operations, Series B	\$ 30,028	\$ (171)
Increase (decrease) in net assets from operations per share, Series B	<u>\$ 1.10</u>	<u>\$ (0.02)</u>
Increase (decrease) in net assets from operations, Series F	\$ 10,435	\$ (1,123)
Increase (decrease) in net assets from operations per share, Series F	<u>\$ 1.27</u>	<u>\$ (0.02)</u>
Increase in net assets from operations, Series X	\$ 63,534	\$ -
Increase in net assets from operations per share, Series X	<u>\$ 0.74</u>	<u>\$ -</u>

See accompanying notes to the financial statements

FRONT STREET GLOBAL OPPORTUNITIES CLASS
(Formerly Front Street Global Opportunities Fund)

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED OCTOBER 31, 2012 AND
FOR THE PERIOD FROM JUNE 29, 2011 TO OCTOBER 31, 2011

	2012 (12 Months)	2011 (4 Months)
Series A		
Net assets, beginning of period	\$ 175,648	\$ -
Net increase in net assets from operations	<u>75,356</u>	<u>52</u>
Shareholder transactions		
Proceeds from the issuance of shares	2,740,067	175,596
Aggregate amounts paid on the redemption of shares	<u>(101,099)</u>	<u>-</u>
	<u>2,638,968</u>	<u>175,596</u>
Net increase in net assets for the period	<u>2,714,324</u>	<u>175,648</u>
Net assets, end of period	<u>\$ 2,889,972</u>	<u>\$ 175,648</u>
Series B		
Net assets, beginning of period	\$ 94,398	\$ -
Net increase (decrease) in net assets from operations	<u>30,028</u>	<u>(171)</u>
Shareholder transactions		
Proceeds from the issuance of shares	1,081,543	97,569
Aggregate amounts paid on the redemption of shares	<u>(189,939)</u>	<u>(3,000)</u>
	<u>891,604</u>	<u>94,569</u>
Net increase in net assets for the period	<u>921,632</u>	<u>94,398</u>
Net assets, end of period	<u>\$ 1,016,030</u>	<u>\$ 94,398</u>

See accompanying notes to the financial statements

FRONT STREET GLOBAL OPPORTUNITIES CLASS
(Formerly Front Street Global Opportunities Fund)

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED OCTOBER 31, 2012 AND
FOR THE PERIOD FROM JUNE 29, 2011 TO OCTOBER 31, 2011

	2012 (12 Months)	2011 (4 Months)
Series F		
Net assets, beginning of period	\$ 54,516	\$ -
Net increase (decrease) in net assets from operations	<u>10,435</u>	<u>(1,123)</u>
Shareholder transactions		
Proceeds from the issuance of shares	236,864	55,639
Aggregate amounts paid on the redemption of shares	<u>-</u>	<u>-</u>
Net increase in net assets for the period	<u>247,299</u>	<u>55,516</u>
Net assets, end of period	<u>\$ 301,815</u>	<u>\$ 54,516</u>
Series X		
Net assets, beginning of period	\$ -	\$ -
Net decrease in net assets from operations	<u>63,534</u>	<u>-</u>
Shareholder transactions		
Proceeds from the issuance of shares	1,219,595	-
Aggregate amounts paid on the redemption of shares	<u>(63,015)</u>	<u>-</u>
	<u>1,156,580</u>	<u>-</u>
Net increase in net assets for the period	<u>1,220,114</u>	<u>-</u>
Net assets, end of period	<u>\$ 1,220,114</u>	<u>\$ -</u>

See accompanying notes to the financial statements

FRONT STREET GLOBAL OPPORTUNITIES CLASS
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STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED OCTOBER 31, 2012 AND
FOR THE PERIOD FROM JUNE 29, 2011 TO OCTOBER 31, 2011

	2012 (12 Months)	2011 (4 Months)
Total		
Net assets, beginning of period	\$ 324,562	\$ -
Net decrease in net assets from operations	<u>179,353</u>	<u>(1,242)</u>
Shareholder transactions		
Proceeds from the issuance of shares	5,278,069	328,804
Aggregate amounts paid on the redemption of shares	<u>(354,053)</u>	<u>(3,000)</u>
	<u>4,924,016</u>	<u>325,804</u>
Net increase in net assets for the period	<u>5,103,369</u>	<u>324,562</u>
Net assets, end of period	<u>\$ 5,427,931</u>	<u>\$ 324,562</u>

See accompanying notes to the financial statements

FRONT STREET GLOBAL OPPORTUNITIES CLASS
(Formerly Front Street Global Opportunities Fund)

STATEMENT OF INVESTMENT PORTFOLIO
AS AT OCTOBER 31, 2012

	Number of Shares / Units	Cost \$	Fair Value \$
Long Positions (46.6%)			
Energy (1.7%)			
Xtreme Drilling and Coil Services Corporation	67,290	\$ 90,130	\$ 90,169
Materials (1.6%)			
EcoSynthetix Inc.	29,500	\$ 102,928	\$ 87,320
Industrials (3.6%)			
CAE Inc.	18,000	\$ 184,264	\$ 197,640
Consumer Discretionary (11.4%)			
Amaya Gaming Group Inc.	21,300	\$ 77,900	\$ 78,810
Astral Media Inc. 'A'	5,000	191,108	204,399
Bauer Performance Sports Limited	15,000	141,114	159,900
DHX Media Limited	100,000	160,679	175,000
		<u>\$ 570,801</u>	<u>\$ 618,109</u>
Health Care (1.2%)			
IMRIS Inc.	17,600	\$ 62,111	\$ 66,528
Information Technology (23.4%)			
Absolute Software Corporation	34,700	\$ 157,578	\$ 138,800
Avigilon Corporation	18,000	77,561	178,560
Celestica Inc.	11,400	78,780	82,536
Destiny Media Technologies Inc.	12,000	11,243	9,720
Edgewater Wireless Systems, Inc.	35,000	9,517	2,450
Pure Technologies Limited	15,500	57,209	69,905
QHR Technologies Inc.	148,000	70,415	63,640
Redknee Solutions Inc.	110,000	130,825	159,500
Sierra Wireless Inc.	21,300	176,794	170,400
Sphere 3D Inc. Units	50,000	42,500	42,500
TeraGo Inc.	3,000	28,518	31,200
The Descartes Systems Group Inc.	22,100	182,151	189,176
WI-LAN Inc.	25,000	132,923	133,000
		<u>\$ 1,156,014</u>	<u>\$ 1,271,387</u>

See accompanying notes to the financial statements

FRONT STREET GLOBAL OPPORTUNITIES CLASS
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STATEMENT OF INVESTMENT PORTFOLIO
AS AT OCTOBER 31, 2012

	Number of Shares / Units	Cost \$	Fair Value \$
Corporate Bonds (3.7%)			
ePals Corporation			
Convertible Debentures, 6.500%, October 31, 2014	100,000	\$ 100,000	\$ 100,000
Oak Point Energy Limited			
Convertible Debentures, 15.000%, September 30, 2013	100,000	<u>100,000</u>	<u>100,000</u>
		<u>\$ 200,000</u>	<u>\$ 200,000</u>
Total Long Positions (46.6%)		<u>\$ 2,366,248</u>	<u>\$ 2,531,153</u>
Short Positions (-0.1%)			
Written Put Option (-0.1%)			
Apple Inc. Dec/550 WPO	(2)	\$ (2,433)	\$ (2,109)
Apple Inc. Nov/550 WPO	(6)	(1,265)	(1,775)
The Dow Chemical Company Nov/28 WPO	(25)	(735)	(725)
The Dow Chemical Company Nov/28 WPO	(25)	<u>(1,301)</u>	<u>(1,450)</u>
		<u>\$ (5,734)</u>	<u>\$ (6,059)</u>
Total Short Positions (-0.1%)		<u>\$ (5,734)</u>	<u>\$ (6,059)</u>
Transaction costs, note 2		<u>\$ (8,635)</u>	
Total Investments (46.5%)		<u>\$ 2,351,879</u>	2,525,094
Cash (49.9%)			2,706,242
Other assets less other liabilities (3.6%)			<u>196,595</u>
Net assets (100.0%)			<u>\$ 5,427,931</u>

See accompanying notes to the financial statements

FRONT STREET GLOBAL OPPORTUNITIES CLASS
(Formerly Front Street Global Opportunities Fund)

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2012 AND 2011

1. THE FUND

Front Street Global Opportunities Class (formerly Front Street Global Opportunities Fund) (the "Fund") is a class of shares of Front Street Mutual Funds Limited (the "Corporation"), a mutual fund corporation incorporated under the Canada Business Corporations Act on April 11, 2006, and is authorized to issue an unlimited number of classes of shares in multiple series. Pursuant to the notice of change in legal structure, the name of the fund was changed to Front Street Global Opportunities Class on June 27, 2012. Reference is made to the Fund's Simplified Prospectus for additional information on the Fund's structure. The Fund was established on June 29, 2011. Series A commenced operations on July 8, 2011. Series B commenced operations on July 8, 2011. Series F commenced operations on July 8, 2011. Series X commenced operations on January 19, 2012.

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 October 31, 2012.

Front Street Capital 2004 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. NBCN Inc. is the custodian. Citigroup Fund Services Canada Inc. provides fund accounting services and shareholder recordkeeping services.

The Fund's investment objective is to provide shareholders with long term capital growth through the selection, management and strategic sector rotation and trading of global positions in equity, debt and derivative securities. The Fund may have exposure to all sectors of the economy, with the ability to focus its assets in specific industry sectors and asset classes based on analysis of business cycles, industry sectors and market outlook. The Fund will be global in nature and invest in small, medium and large cap companies.

FRONT STREET GLOBAL OPPORTUNITIES CLASS
(Formerly Front Street Global Opportunities Fund)

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2012 AND 2011

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The following is a summary of the significant accounting policies followed by the Fund:

a) Financial instruments

Investments, at fair value, and obligations from portfolio assets sold short, at fair value are classified as held for trading. Accounts receivable relating to shares issued, amounts receivable relating to accrued income, accounts receivable relating to portfolio assets sold and due from Manager are classified as loans and receivables. Accounts payable relating to shares redeemed, accrued expenses and liabilities for portfolio assets purchased have been classified as other financial liabilities.

The Canadian Securities Administrators adopted changes to National Instrument 81-106 on Investment Fund Continuous Disclosure. The changes are essentially aimed at modifying the requirements pertaining to the calculation of the unit value due to the inclusion of Section 3855, Financial Instruments - Recognition and Measurement of the CICA Handbook. These changes allow the Fund to report two distinct net asset values: one for the financial statements, which is calculated in accordance with Canadian GAAP (called "net assets") and another for all other purposes, such as unit pricing (called "net asset value"). A reconciliation between the net assets per unit and the net asset value per unit is required (see note 10) as well as description of the differences between the valuation principles and practices used by the Manager to calculate the net asset value and those prescribed by Canadian GAAP.

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 (depreciation) of the value of investments. For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques to be used in the determination of fair value. When current market prices or quotations are not readily available, valuations are established using specific procedures in order to estimate what the fair value would be, in an arms length transaction, motivated by normal business considerations. Valuation techniques principally include the use of the last publicly traded price, the issuance price of securities at the date of the most recent financing of the entity or a price established by the Manager in accordance with its fair value policy.

FRONT STREET GLOBAL OPPORTUNITIES CLASS
(Formerly Front Street Global Opportunities Fund)

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2012 AND 2011

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

b) Valuation of investments (Continued...)

- ii) Investments which are restricted as to transferability are valued at the fair value of the unrestricted investment as provided in paragraph (i) 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.

- iii) 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.
- iv) Investments in mutual funds or pooled funds are valued based on the net asset value per unit at the close of trading on the financial statement date.
- v) The Fund values its investments in limited partnerships at the last bid price reported by the principal securities exchange on which the issue is traded on the financial statement date. 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.
- vi) 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.

- vii) The Fund invests in derivatives which represent financial instruments which may require little or no initial investment and which are settled in the future. These investments are commonly referred to as options, forwards or futures contracts. Futures contracts listed upon a principal exchange are valued at their last bid price (for long contracts) and last ask price (for short contracts) at the financial statement date. Contracts with no available bid and ask prices are valued at the fair value as determined by the Manager.

FRONT STREET GLOBAL OPPORTUNITIES CLASS
(Formerly Front Street Global Opportunities Fund)

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2012 AND 2011

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

c) Financial instruments disclosure and presentation and fair value measurements

The Fund has adopted CICA Handbook Sections 3862, Financial Instruments - Disclosures and 3863, Financial Instruments - Presentation. These standards place increased emphasis on disclosures with respect to the nature and extent of risks arising from financial instruments and how the Fund has managed those risks. See note 11 for additional details.

The Fund adopted the amendments to CICA 3862, Financial Instruments - Disclosures. CICA 3862 establishes a three tier hierarchy as a framework for disclosing fair value based on the inputs used to value the Fund's investments. The hierarchy of inputs is summarized below:

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

See note 13 for additional details.

d) Transaction costs

Portfolio transaction costs are expensed and are included in "Transaction costs" in the Statements of Operations. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and 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.

e) 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.

f) 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 weighted average cost of the securities on disposition.

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

FRONT STREET GLOBAL OPPORTUNITIES CLASS
(Formerly Front Street Global Opportunities Fund)

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2012 AND 2011

2. **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 be at least 102% of the fair value of the securities loaned, sold or purchased. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is recognized on an accrual basis and included in the statements of operations - securities lending revenue.

h) 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.

i) Net increase (decrease) in net assets from operations per share

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

j) 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.

k) Capital disclosures

The Fund has adopted CICA Handbook Section 1535, Capital Disclosures, which requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. See note 12 for additional details.

l) General standards on financial statement presentation

CICA Handbook Section 1400, General Standards on Financial Statement Presentation, includes the requirement to assess and disclose an entity's ability to continue as a going concern. The Manager of the Fund has made this assessment and concluded that there are currently no material uncertainties that cast doubt on the Fund's ability to continue as a going concern.

FRONT STREET GLOBAL OPPORTUNITIES CLASS
(Formerly Front Street Global Opportunities Fund)

NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2012 AND 2011

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

m) 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 amounts 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 year. Significant estimates include the fair value of the Fund's investments in private companies and the fair value of the Fund's investments in corporate warrants not traded in active markets. Actual results may differ from those estimates.

n) Future accounting pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, which have a potential implication for the Fund, are as follows:

International financial reporting standards ("IFRS")

Effective for its fiscal year commencing November 1, 2014, the Fund must adopt IFRS. In preparation thereof, the Manager continues to monitor and implement the Fund's changeover plan and will continue to assess the impact on the implementation as new IFRS guidance become available from the International Accounting Standards Board ("IASB").

The Manager has reviewed the current IFRS against the Fund's current accounting policies and financial statement presentation under Canadian generally accepted accounting principles ("Canadian GAAP"), and the following areas of differences have been identified:

- (a) IAS 32, Financial Instruments: Disclosure and Presentation, requires shareholders' equity to be classified as liability unless certain criteria are met.
- (b) IFRS 13, Fair Value Measurements, that was released in May 2011 provides guidance on the fair value measurements and allows for the possible use of closing prices to value investments.

The Manager is monitoring these developments and will assess the impact of any changes in accounting policies or financial statement presentation as necessary to determine an appropriate approach.

The anticipated impact of IFRS on accounting policies and implementation decisions will be on the financial statement presentation and note disclosures in the Fund's financial statements. In particular, the Fund will be required to present a statement of shareholders' equity and a statement of cash flows, and will be required to include certain additional and enhanced disclosures.

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2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

n) Future accounting pronouncements (Continued...)

The Fund's changeover plan includes key activities in (a) preparation of financial statements, (b) information processing and record-keeping, (c) business policy assessment and (d) systems and controls. Based on the Manager's current analysis, the Manager believes the changeover to IFRS will not materially affect the Fund's existing business arrangements.

3. **SHARES ISSUED AND OUTSTANDING**

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

Series A shares

Redemption fees payable to the Manager may be applicable upon the sale of shares of this series based on the original cost amount and the time to disposition. A redemption fee of 3% applies to shares of this series sold within the first 18 months following acquisition. A redemption fee of 2% applies to shares of this series sold 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 5% of the gross purchase amount, at the discretion of the broker, dealer or advisor.

Series F shares

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

Series X shares

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

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

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3. **SHARES ISSUED AND OUTSTANDING** (Continued...)

The following share transactions took place during the periods:

	2012 (12 Months)	2011 (4 Months)
Shares outstanding, beginning of the period:		
Series A	17,976	-
Series B	9,649	-
Series F	5,564	-
Series X	-	-
Shares issued during the period:		
Series A	261,149	17,976
Series B	103,063	9,975
Series F	22,207	5,564
Series X	119,128	-
Shares redeemed during the period:		
Series A	9,791	-
Series B	18,167	326
Series F	-	-
Series X	5,868	-
Shares outstanding, end of the period:		
Series A	269,334	17,976
Series B	94,545	9,649
Series F	27,771	5,564
Series X	113,260	-

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4. FEES AND EXPENSES

The Fund pays a monthly management fee equal to 1/12 of 1.5% 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 pays a monthly service fee of 1/12 of 1% of the net asset value of the Series A and Series B shares calculated at the end of each month. The Fund pays a monthly service fee of 1/12 of 0.50% of the net asset value of Series X shares.

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

The 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 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 is the S&P 500 Index. The fee is 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, in which a performance fee was paid. The starting reference point for the next fiscal quarter's calculation is 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.

The Manager may, at its discretion, add a service charge of up to 15% of the costs incurred for any operating and administrative costs charged to the Fund other than management services which are already included in the management fee rate which the Manager receives from the Fund.

The Manager absorbed certain expenses relating to the operation of the Fund. These expenses include administration fees, audit fees, operating costs, legal fees, securityholder reporting costs, management fees and independent review committee expenses.

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

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6. DUE FROM MANAGER

Due from Manager represents fees and expenses paid to Manager prior to the announcement of the retroactive adjustment to waive certain fees and expenses relating to the Fund in 2011. These balances are non-interest bearing and were repaid in 2012.

7. TRANSACTION COSTS

The total brokerage commissions paid by the Fund with respect to securities transactions for the period ended October 31, 2012 was \$16,294 (2011 - \$991).

8. SECURITIES LENDING

The Fund lends portfolio securities from time to time in order to earn additional income. The Fund has entered into a securities lending program with its custodian, NBCN Inc. The aggregate fair value of all securities loaned will not exceed 50% of the net assets of the Fund. The Fund receives collateral (in the form of obligations of, or guaranteed by, the Government of Canada, or a province thereof, or by the United States government or its agencies and/or cash) against the loaned securities. Collateral is maintained in an amount representing at least 102% of the fair value of the loaned securities during the period the loan is outstanding. The fair value of the loaned securities is determined daily at the close of business of the Fund and any additional collateral required is delivered to the Fund on the next business day. As at October 31, 2012 and 2011, the aggregate fair values of the Fund's securities loaned and the collateral received were as follows.

	2012	2011
Value of securities loaned	\$ 71,630	\$ -
Value of collateral received	\$ 135,748	\$ -

9. RELATED PARTY TRANSACTIONS

During the periods ended October 31, 2012 and 2011, fees paid to (waived or absorbed by) the Manager were as follows:

	2012 (12 Months)	2011 (4 Months)
Management fees, note 4	\$ 34,342	\$ 1,139
Servicing fees, note 4	13,242	351
Operating costs, note 4	-	4,238
Performance fees, note 4	25,479	-
Expenses waived or absorbed by Manager, note 4	<u>(139,037)</u>	<u>(40,145)</u>
	<u>\$ (65,974)</u>	<u>\$ (34,417)</u>

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OCTOBER 31, 2012 AND 2011

9. **RELATED PARTY TRANSACTIONS** (Continued...)

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

	2012	2011
Servicing fees payable	<u>\$ 3,030</u>	<u>\$ 188</u>

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

	2012	2011
Series A held by the Manager	5,000	5,000
Percentage of Series A held by the Manager	1.86%	27.81%
Series B held by the Manager	5,000	5,000
Percentage of Series B held by the Manager	5.29%	51.44%
Series F held by the Manager	5,000	5,000
Percentage of Series F held by the Manager	18.00%	89.86%

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 year ended October 31, 2012, Tuscarora Capital Inc., a company under common control to the Manager, received \$12,535 (2011 - \$977) in commissions on portfolio transactions for the Fund.

Management fees, servicing fees, operating costs 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 Fund, 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.

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NOTES TO THE FINANCIAL STATEMENTS
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10. RECONCILIATION OF NET ASSET VALUE TO NET ASSETS FOR FINANCIAL STATEMENTS

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 NA") of an investment fund is required. For investments that are traded in an active market where quoted prices are readily and regularly available, Section 3855 requires bid prices (for investments held) and ask prices (for investments sold) to be used in the fair valuation of investments, rather than the use of closing sale prices currently used for the purpose of determining transactional NAV. For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques (see note 2) rather than the use of valuation techniques in general practice in the investment funds industry.

These changes account for the difference between transactional NAV and GAAP NA. The impact of the adoption of Section 3855 on the net asset value of the Fund is as follows:

As at October 31, 2012

	Transactional NAV	Section 3855 Adjustment	GAAP NA	Transactional NAV per share	GAAP NA per share
Series A	\$ 2,900,075	\$ (10,102)	\$ 2,889,972	\$ 10.77	\$ 10.73
Series B	1,019,451	(3,422)	1,016,030	10.78	10.75
Series F	302,848	(1,033)	301,815	10.91	10.87
Series X	1,224,379	(4,265)	1,220,114	10.81	10.77
Total	\$ 5,446,753	\$ (18,822)	\$ 5,427,931		

As at October 31, 2011

	Transactional NAV	Section 3855 Adjustment	GAAP NA	Transactional NAV per share	GAAP NA per share
Series A	\$ 177,632	\$ (1,984)	\$ 175,648	\$ 9.88	\$ 9.77
Series B	95,407	(1,009)	94,398	9.89	9.78
Series F	55,132	(616)	54,516	9.91	9.80
Series X	-	-	-	-	-
Total	\$ 328,171	\$ (3,609)	\$ 324,562		

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OCTOBER 31, 2012 AND 2011

11. FINANCIAL INSTRUMENTS

The Fund's assets and liabilities classified in accordance with CICA Handbook Section 3855 are as follows:

As at October 31,

	2012	2011
Assets		
Held for trading	\$ 2,531,153	\$ 194,110
Cash and cash equivalents	2,706,242	150,344
Loans and receivables	<u>229,941</u>	<u>79,005</u>
Total Assets	<u>\$ 5,467,336</u>	<u>\$ 423,459</u>
Liabilities		
Other financial liabilities at amortized cost	\$ 33,346	\$ 98,897
Held for trading	<u>6,059</u>	<u>-</u>
Total liabilities	<u>\$ 39,405</u>	<u>\$ 98,897</u>
Net Assets	<u>\$ 5,427,931</u>	<u>\$ 324,562</u>

The Fund's financial instruments consist of cash and cash equivalents, investments at fair value, accounts receivable relating to shares issued, accounts receivable relating to accrued income, accounts receivable relating to portfolio assets sold, due from manager, accounts payable relating to shares redeemed, obligations from portfolio assets sold short of fair value, liabilities for portfolio assets purchased and accrued expenses. 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 and credit risks arising from these financial instruments except as described below. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Risk Management

The Investment Advisor 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.

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11. **FINANCIAL INSTRUMENTS** (Continued...)

The Fund's investment activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The Statement of Investment Portfolio presents the securities held by the Fund as at October 31, 2012, and groups the securities by asset type, sector and/or market segment. Significant risks that are relevant to the Fund are discussed below.

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

ii) Currency risk

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

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

Currency	Obligations from portfolio assets sold short, at fair value	Cash	Net exposure	Percentage of GAAP NA
United States Dollar	\$ <u>(6,059)</u>	\$ <u>1,170,707</u>	\$ <u>1,164,648</u>	<u>21.57%</u>

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11. **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.

Financial assets	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non-interest Bearing	Total
Held for trading	\$ -	\$ 200,000	\$ 2,331,153	\$ 2,531,153
Other receivables	-	-	229,941	229,941
Cash and cash equivalents	<u>2,706,242</u>	<u>-</u>	<u>-</u>	<u>2,706,242</u>
Total	<u>\$ 2,706,242</u>	<u>\$ 200,000</u>	<u>\$ 2,561,094</u>	<u>\$ 5,467,336</u>
Financial liabilities				
Held for trading	\$ -	\$ -	\$ 6,059	\$ 6,059
Other financial liabilities	<u>-</u>	<u>-</u>	<u>33,346</u>	<u>33,346</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,405</u>	<u>\$ 39,405</u>
GAAP NA				<u>\$ 5,427,931</u>

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NOTES TO THE FINANCIAL STATEMENTS
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11. **FINANCIAL INSTRUMENTS** (Continued...)

iv) Liquidity risk

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

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

Financial assets	0-12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Held for trading	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ 2,331,153	\$ 2,531,153
Other receivables	229,941	-	-	-	-	229,941
Cash and cash equivalents	<u>2,706,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,706,242</u>
Total	<u>\$ 3,036,183</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,331,153</u>	<u>\$ 5,467,336</u>
Financial liabilities						
Held for trading	\$ 6,059	\$ -	\$ -	\$ -	\$ -	\$ 6,059
Other financial liabilities	<u>33,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,346</u>
Total	<u>\$ 39,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>39,405</u>
GAAP NA						<u>\$ 5,427,931</u>

Certain of the Fund's investments are in private securities which are thinly traded. As at October 31, 2012, the fair value of such assets was 4.47% (2011 - Nil) 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.

FRONT STREET GLOBAL OPPORTUNITIES CLASS
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NOTES TO THE FINANCIAL STATEMENTS
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11. **FINANCIAL INSTRUMENTS** (Continued...)

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 and the Fund's securities lending activities. 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 investments in bonds and amounts due from brokers. 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 Statement of Net Assets.

To partially mitigate credit risk with respect to its securities lending the Fund receives collateral against the securities loaned (note 8). As at October 31, 2012, the Fund has loaned securities with an aggregate fair value of \$71,630 and received collateral with an aggregate fair value of \$135,748.

As at October 31, 2012, the Fund had 3.68% (2011 - Nil) of holdings in long term debt instruments for which credit ratings were not available.

12. **CAPITAL MANAGEMENT**

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

The Manager manages the capital of the Fund in accordance with the Fund's investment objectives, policies and restrictions, as outlined in the Fund's prospectus, while maintaining sufficient liquidity to meet participating shareholder redemptions. The Fund's overall strategy for managing capital remains unchanged from 2011.

The Fund does not have any externally imposed capital requirements.

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NOTES TO THE FINANCIAL STATEMENTS
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13. **FAIR VALUE HIERARCHY**

The following is a summary of inputs used as of October 31, 2012 in valuing the Fund's investments and derivatives at fair value as discussed in note 2c):

	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs	Total
Assets at fair value as at October 31, 2012	Level 1	Level 2	Level 3	Total
Investments, at fair value	<u>\$ 2,288,653</u>	<u>\$ -</u>	<u>\$ 242,500</u>	<u>\$ 2,531,153</u>
Liabilities at fair value as at October 31, 2012				
Obligations from portfolio assets sold short at fair value	<u>\$ 6,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,059</u>

During the year ended October 31, 2012, the reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

	Investments, at fair value
Balance as at October 31, 2011	\$ -
Purchases	<u>242,500</u>
Balance as at October 31, 2012	<u>\$ 242,500</u>