

Interim Management Report of Fund Performance

As at April 30, 2016

Front Street Special Opportunities Class

This Interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements for Front Street Special Opportunities Class (the "Fund"), a class of shares of Front Street Mutual Funds Limited. The interim financials of the Fund are attached behind this report and you can 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, 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 investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the investment fund.

Forward Looking Information

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

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

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

Management Discussion of Fund Performance

Investment Objective and Strategies

The Fund's investment objective is to provide Fund securityholders capital appreciation through the investment in equity securities of companies whose product, service or management team the Manager believes can realize value and growth. The Manager may rely on "top down" fundamental research to identify equity securities of companies in a particular industry or sector, but portfolio diversification will be driven primarily from the Fund's investments, as opposed to targeting sector weights.

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

From time to time the Fund may use clearing corporation options and listed warrants ("permitted derivatives") as permitted by Canadian securities regulators 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. In addition to the risks listed in the simplified prospectus, over the period the fund was also exposed to "concentration risks" and "risks of changes in royalty rates" (definitions can be found in pages A-2 to A-8 of the simplified prospectus).

Results of Operations

For the six-month period ended April 30, 2016, the Front Street Special Opportunities Class returned +13.5% (net of expenses).

During the period ended April 30, 2016, the Fund outperformed its benchmark, and earned investment income of \$198,982 from dividends. There were net realized losses on the sale of investments of \$12.6 million and an unrealized appreciation on the value of investments of \$29.5 million.

Operating expenses, excluding management fees, servicing fees and compensatory dividends, totaled \$253,977 during the period ended April 30, 2016.

The period, and the first quarter of 2016 in particular, was characterized by extreme volatility, but for the six-month period, the Canadian S&P/TSX Composite Index was up a respectful 3.1% while in the U.S., the S&P 500 Index finished the period down 0.7%. In commodities, the West Texas Intermediate (WTI) finished the period down 7.8% (although it was up 3.5% in Q1 of 2016), copper finished the period down 2% (up approximately 2% in Q1 of 2016), and the U.S. Energy Producers Index finished the period down 4% (up 3.2% in Q1 of 2016).

Commodity markets began the year where the previous one had left off – lower. After falling by 18% in the final quarter of 2015, the WTI continued its rapid descent, dropping a further 30% (to U.S.\$26/barrel) by February 11. Share prices of Energy sector companies followed suit, and debt market concerns dragged on the returns of banking companies exposed to Energy.

Resurging oil prices propelled Energy shares higher, and helped to propel global capital markets along with it. Oil prices rebounded in March on evidence that oil supply was beginning to drop in America and on increased speculation that OPEC would consider a production freeze. The Energy sector ended the period up with the recognition that demand was very healthy, but more importantly, oil supply was starting to contract in many parts of the world.

Contributors to the Fund's performance included holdings in Arizona Star, Spartan and Bankers' Petroleum, while Granite Oil, Pine Cliff and Western Energy Services weighed on the portfolio. The Fund had a few positions subject to takeovers; that is, Bankers Petroleum and Boulder Energy.

The portfolio is invested in companies that are both low cost and have clean balance sheets, a combination that has served well defensively during the market rout. That same combination will also serve the Fund well as commodities begin to recover, as these companies will be "first responders" – in other words, the first to ramp up capital spending and growth.

Recent Developments

The Manager believes that energy price recoveries are self-induced rather than relying on the global macroeconomic picture, and therefore, will continue to focus the Fund in the Energy sector.

Related Party Transactions

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

	2016	2015
Management fees	\$ 815,462	\$ 1,432,348
Servicing fees	\$ 430,456	\$ 780,531
Operating costs	\$ -	\$ 65,683

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

	April 30, 2016	October 31, 2015
Management fees payable	\$ 142,925	\$ 163,861
Servicing fees payable	\$ 77,901	\$ 91,291

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

	April 30, 2016	October 31, 2015
Series F shares held by the Partners and Officers of the Manager	494,031.05	9,230.47
Percentage of Series F shares held by the Partners and Officers of the Manager	12.13%	0.25%
Series F shares held by the relatives of the Partners of the Manager	7,192.79	-
Percentage of Series F shares held by the relatives of the Partners of the Manager	0.18%	-%
Series Y shares held by the Partners of the Manager	1,454,439.41	1,632,265.32
Percentage of Series Y shares held by the Partners of the Manager	18.57%	19.55 %
Series Y shares held by the relatives of the Partners of the Manager	1,625,515.32	1,630,980.13
Percentage of Series Y shares held by the relatives of the Partners of the Manager	20.75%	19.54 %

The Fund may place a portion of its portfolio transactions with brokerage firms which are affiliates of the Manager provided it determines that these affiliates' trade execution abilities and costs are comparable to those non-affiliated, qualified brokerage firms, on an execution-only basis. During the period ended April 30, 2016, Tuscarora Capital Inc., a company under common control to the Manager, received \$18,013 (April 30, 2015 - \$1,800) 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 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.

Financial Highlights

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

Series A

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

	April 30 2016 \$	October 31 2015 \$	October 31 2014 \$	October 31 2013 \$	October 31 2012 \$	October 31 2011 \$
Net assets, beginning of the period	3.97	6.38	6.69	7.13	8.85	9.91
Increase (decrease) from operations:						
Total revenue	0.01	0.02	0.03	0.05	0.04	0.03
Total expenses	(0.06)	(0.17)	(0.27)	(0.20)	(0.23)	(0.43)
Realized gains (losses) for the period	(0.42)	(1.31)	0.40	(0.22)	(0.98)	0.52
Unrealized gains (losses) for the period	0.96	(1.02)	(0.27)	(0.21)	(0.62)	(2.26)
Total increase (decrease) from operations ⁽²⁾	0.49	(2.48)	(0.11)	(0.58)	(1.79)	(2.14)
Distributions to redeemable Shareholders:						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
Total distributions to redeemable Shareholders ⁽³⁾	—	—	—	—	—	—
Net assets, end of the period	4.51	3.97	6.38	6.64	7.13	8.85

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

Ratios and Supplemental Data

Total net asset value (000's) ⁽¹⁾	\$29,163	\$27,573	\$60,408	\$78,438	\$98,701	\$99,061
Number of redeemable shares outstanding ⁽¹⁾	6,469,564	6,942,639	9,474,363	11,732,520	13,763,999	11,120,549
Management expense ratio ⁽²⁾	3.14%	3.08%	3.06%	3.05%	3.05%	4.15%
Management expense ratio before waivers or absorptions ⁽²⁾	3.14%	3.08%	3.06%	3.05%	3.05%	4.15%
Trading expense ratio ⁽³⁾	0.32%	0.32%	0.33%	0.40%	0.34%	0.24%
Portfolio turnover rate ⁽⁴⁾	17.36%	15.00%	46.73%	50.92%	47.70%	32.82%
Net asset value per redeemable share ⁽⁵⁾	\$4.51	\$3.97	\$6.38	\$6.69	\$7.17	\$8.91

- (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 transaction costs) for the stated period and is expressed as an 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 April 30, 2016, October 31, 2015 and 2014 is derived from the Fund's unaudited interim and audited annual financial statements and is prepared in accordance with IFRS. The information prior to 2014 is derived from the Fund's audited annual financial statements prepared based on Canadian GAAP.

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

	April 30 2016 \$	October 31 2015 \$	October 31 2014 \$	October 31 2013 \$	October 31 2012 \$	October 31 2011 \$
Net assets, beginning of the period	3.97	6.37	6.68	7.12	8.85	9.90
Increase (decrease) from operations:						
Total revenue	0.01	0.02	0.03	0.05	0.04	0.03
Total expenses	(0.06)	(0.17)	(0.27)	(0.20)	(0.23)	(0.43)
Realized gains (losses) for the period	(0.42)	(1.33)	0.40	(0.21)	(1.01)	0.53
Unrealized gains (losses) for the period	0.96	(0.96)	(0.29)	(0.24)	(0.61)	(2.18)
Total increase (decrease) from operations ⁽²⁾	0.49	(2.44)	(0.13)	(0.60)	(1.81)	(2.05)
Distributions to redeemable Shareholders:						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
Total distributions to redeemable Shareholders ⁽³⁾	—	—	—	—	—	—
Net assets, end of the period	4.51	3.97	6.37	6.63	7.12	8.85

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

Ratios and Supplemental Data

Total net asset value (000's) ⁽¹⁾	\$40,636	\$37,981	\$72,888	\$89,329	\$121,668	\$148,345
Number of redeemable shares outstanding ⁽¹⁾	9,015,398	9,566,248	11,434,196	13,366,728	16,976,892	16,664,913
Management expense ratio ⁽²⁾	3.12%	3.06%	3.05%	3.03%	3.03%	4.21%
Management expense ratio before waivers or absorptions ⁽²⁾	3.12%	3.06%	3.05%	3.03%	3.03%	4.21%
Trading expense ratio ⁽³⁾	0.32%	0.32%	0.33%	0.40%	0.34%	0.24%
Portfolio turnover rate ⁽⁴⁾	17.36%	15.00%	46.73%	50.92%	47.70%	32.82%
Net asset value per redeemable share ⁽⁵⁾	\$4.51	\$3.97	\$6.37	\$6.68	\$7.17	\$8.90

- (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 transaction costs) for the stated period and is expressed as an 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.
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Series F
The Fund's Net Assets per Redeemable Share ⁽¹⁾

	April 30 2016 \$	October 31 2015 \$	October 31 2014 \$	October 31 2013 \$	October 31 2012 \$	October 31 2011 \$
Net assets, beginning of the period	4.35	6.92	7.18	7.58	9.32	10.32
Increase (decrease) from operations:						
Total revenue	0.01	0.02	0.03	0.05	0.04	0.03
Total expenses	(0.05)	(0.13)	(0.21)	(0.14)	(0.16)	(0.37)
Realized gains (losses) for the period	(0.46)	(1.37)	0.44	(0.24)	(1.06)	0.57
Unrealized gains (losses) for the period	1.22	(1.63)	(0.55)	(0.21)	(0.63)	(1.73)
Total increase (decrease) from operations ⁽²⁾	0.72	(3.11)	(0.29)	(0.54)	(1.81)	(1.50)
Distributions to redeemable Shareholders:						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
Total distributions to redeemable Shareholders ⁽³⁾	—	—	—	—	—	—
Net assets, end of the period	4.97	4.35	6.92	7.13	7.58	9.32

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

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

Ratios and Supplemental Data

Total net asset value (000's) ⁽¹⁾	\$20,228	\$16,099	\$42,781	\$43,146	\$56,431	\$64,099
Number of redeemable shares outstanding ⁽¹⁾	4,074,148	3,698,574	6,186,050	6,009,766	7,401,198	6,835,684
Management expense ratio ⁽²⁾	2.13%	2.05%	2.07%	2.05%	2.05%	3.37%
Management expense ratio before waivers or absorptions ⁽²⁾	2.13%	2.05%	2.07%	2.05%	2.05%	3.37%
Trading expense ratio ⁽³⁾	0.32%	0.32%	0.33%	0.40%	0.34%	0.24%
Portfolio turnover rate ⁽⁴⁾	17.36%	15.00%	46.73%	50.92%	47.70%	32.82%
Net asset value per redeemable share ⁽⁵⁾	\$4.97	\$4.35	\$6.92	\$7.18	\$7.62	\$9.38

(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 transaction costs) for the stated period and is expressed as an 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 April 30, 2016, October 31, 2015 and 2014 is derived from the Fund's unaudited interim and audited annual financial statements and is prepared in accordance with IFRS. The information prior to 2014 is derived from the Fund's audited annual financial statements prepared based on Canadian GAAP.

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

	April 30 2016 \$	October 31 2015 \$	October 31 2014 \$	October 31 2013 \$	October 31 2012 \$	October 31 2011 \$
Net assets, beginning of the period	4.15	6.63	6.91	7.32	9.05	10.04
Increase (decrease) from operations:						
Total revenue	0.01	0.02	0.03	0.05	0.04	0.02
Total expenses	(0.06)	(0.15)	(0.23)	(0.17)	(0.20)	(0.44)
Realized gains (losses) for the period	(0.43)	(1.36)	0.41	(0.17)	(1.11)	0.58
Unrealized gains (losses) for the period	0.85	(1.11)	(0.06)	(0.43)	(0.54)	(0.97)
Total increase (decrease) from operations ⁽²⁾	0.37	(2.60)	0.15	(0.72)	(1.81)	(0.81)
Distributions to redeemable Shareholders:						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
Total distributions to redeemable Shareholders ⁽³⁾	—	—	—	—	—	—
Net assets, end of the period	4.72	4.15	6.63	6.86	7.32	9.05

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

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

Ratios and Supplemental Data

Total net asset value (000's) ⁽¹⁾	\$7,676	\$8,650	\$19,635	\$29,731	\$53,628	\$82,474
Number of redeemable shares outstanding ⁽¹⁾	1,626,227	2,085,163	2,963,689	4,302,635	7,275,494	9,056,325
Management expense ratio ⁽²⁾	2.60%	2.55%	2.53%	2.51%	2.50%	4.11%
Management expense ratio before waivers or absorptions ⁽²⁾	2.60%	2.55%	2.53%	2.51%	2.50%	4.11%
Trading expense ratio ⁽³⁾	0.32%	0.32%	0.33%	0.40%	0.34%	0.24%
Portfolio turnover rate ⁽⁴⁾	17.36%	15.00%	46.73%	50.92%	47.70%	32.82%
Net asset value per redeemable share ⁽⁵⁾	\$4.72	\$4.15	\$6.63	\$6.91	\$7.37	\$9.11

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(2) Management expense ratio is based on total expenses (excluding commissions and other transaction costs) for the stated period and is expressed as an 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.

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

	April 30 2016 \$	October 31 2015 \$	October 31 2014 \$	October 31 2013 \$	October 31 2012 \$	October 31 2011 \$
Net assets, beginning of the period	4.19	6.68	6.96	7.37	9.09	10.07
Increase (decrease) from operations:						
Total revenue	0.01	0.02	0.03	0.05	0.04	0.02
Total expenses	(0.05)	(0.14)	(0.22)	(0.16)	(0.19)	(0.41)
Realized gains (losses) for the period	(0.44)	(1.40)	0.42	(0.22)	(1.10)	0.58
Unrealized gains (losses) for the period	1.02	(1.02)	(0.37)	(0.24)	(0.56)	(1.04)
Total increase (decrease) from operations ⁽²⁾	0.54	(2.54)	(0.14)	(0.57)	(1.81)	(0.85)
Distributions to redeemable Shareholders:						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
Total distributions to redeemable Shareholders ⁽³⁾	—	—	—	—	—	—
Net assets, end of the period	4.77	4.19	6.68	6.91	7.37	9.09

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

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

Ratios and Supplemental Data

Total net asset value (000's) ⁽¹⁾	\$37,380	\$34,978	\$65,348	\$78,261	\$104,724	\$149,128
Number of redeemable shares outstanding ⁽¹⁾	7,832,968	8,347,981	9,779,860	11,246,394	14,123,916	16,299,465
Management expense ratio ⁽²⁾	2.44%	2.41%	2.39%	2.39%	2.38%	3.90%
Management expense ratio before waivers or absorptions ⁽²⁾	2.44%	2.41%	2.39%	2.39%	2.38%	3.90%
Trading expense ratio ⁽³⁾	0.32%	0.32%	0.33%	0.40%	0.34%	0.24%
Portfolio turnover rate ⁽⁴⁾	17.36%	15.00%	46.73%	50.92%	47.70%	32.82%
Net asset value per redeemable share ⁽⁵⁾	\$4.77	\$4.19	\$6.68	\$6.96	\$7.41	\$9.15

(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 transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

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

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

Management and Performance Fees

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

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

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

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 quarter or quarters since a performance fee was last payable exceeds the percentage gain or loss of the S&P/TSX Composite Index (the "Benchmark") over the same period. 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 quarter. The starting reference point for the next 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.

Dealer Compensation

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

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

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

Past Performance

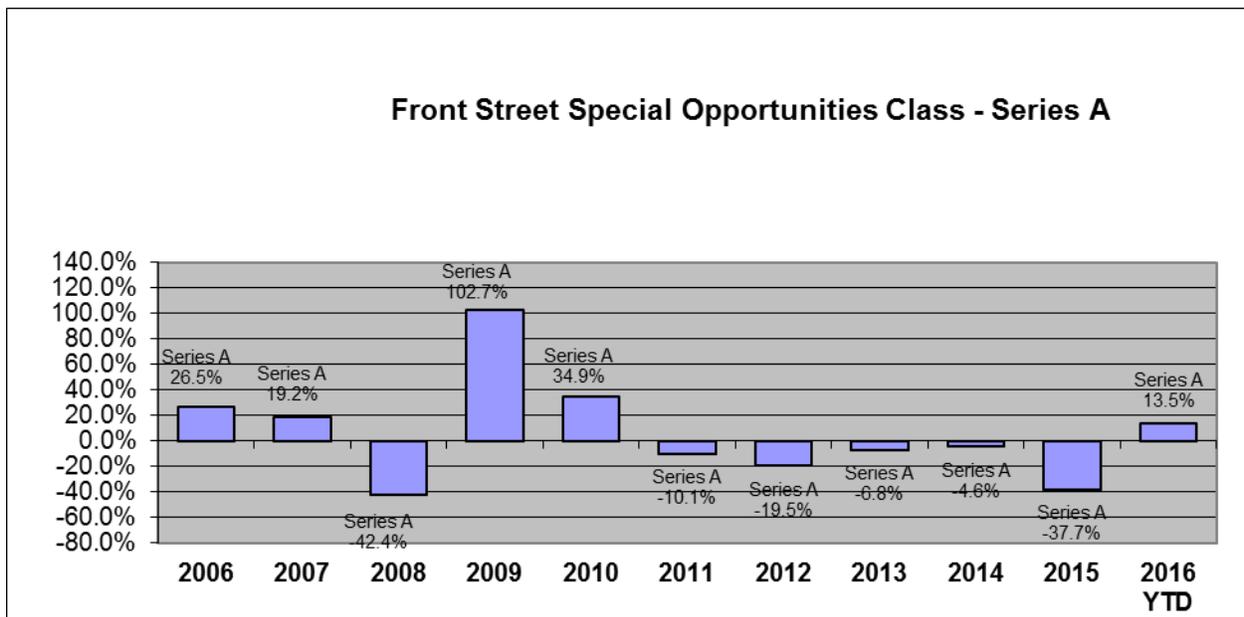
The past performance of the Fund is set out below and includes year-by-year returns and annual compound returns.

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

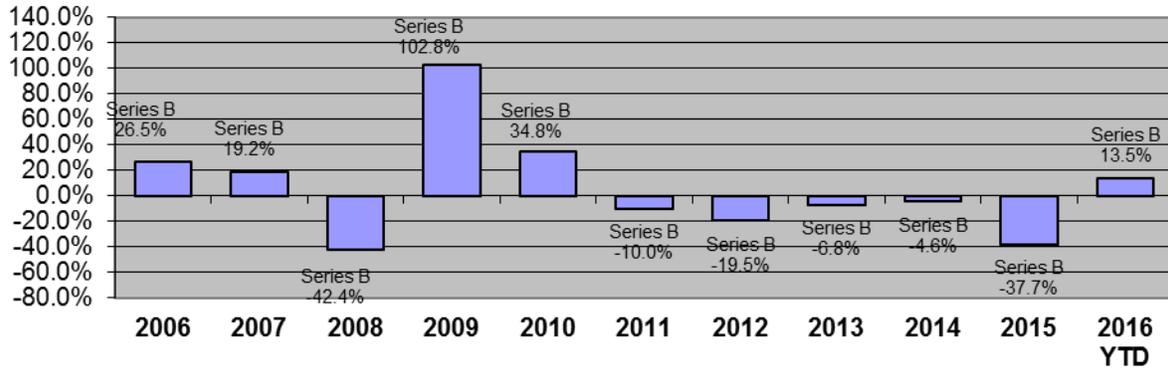
- (a) the returns or performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund;
- (b) the return or performance information does not take into account sales, redemption, distribution or other optional charges or 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

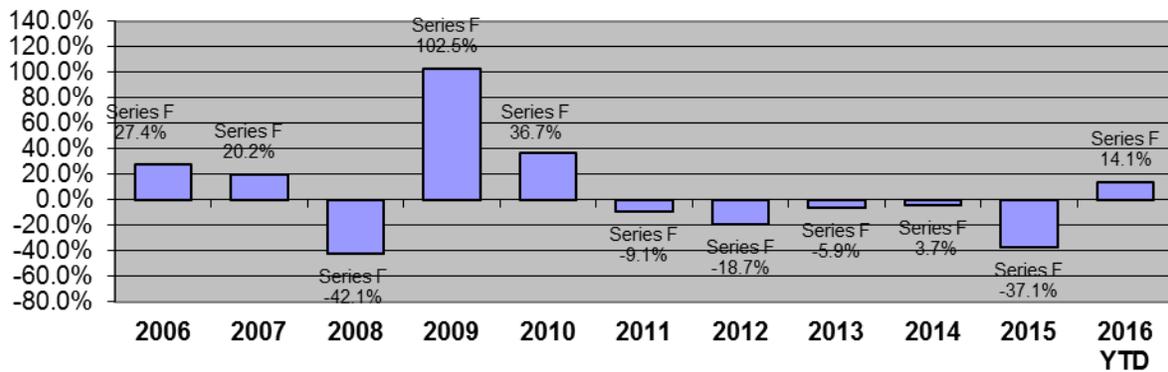
The bar chart below shows the Fund's annual total return in each of the past 10 financial years. It illustrates how the Fund's performance has changed from year to year. This chart shows, in percentage terms, how much an investment made the first day of each financial year would have grown or decreased by the last day of each financial year.



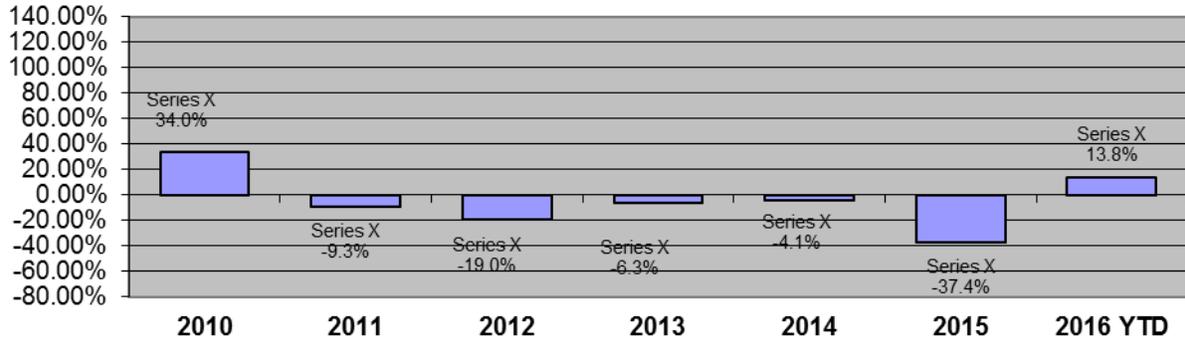
Front Street Special Opportunities Class - Series B



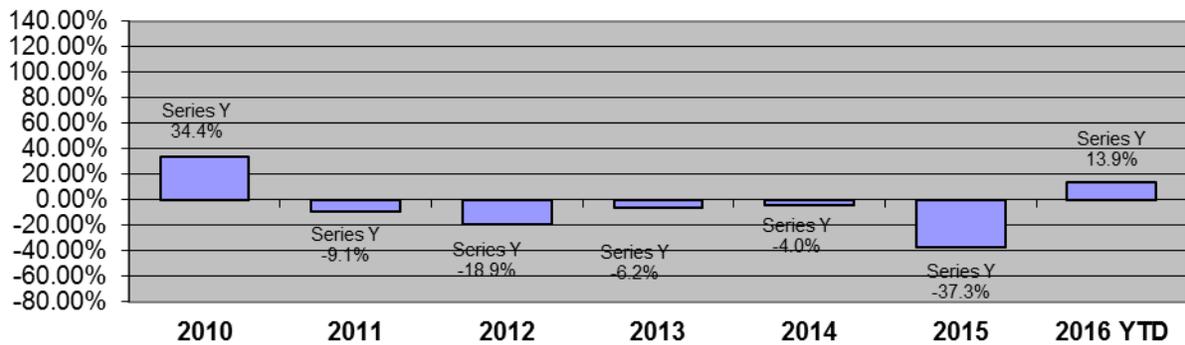
Front Street Special Opportunities Class - Series F



Front Street Special Opportunities Class - Series X



Front Street Special Opportunities Class - Series Y



Summary of Investment Portfolio as at April 30, 2016*Portfolio by Category*

	Percentage of Net Asset Value
LONG POSITIONS	
Energy	76.7%
Materials	19.9%
Cash and cash equivalents	2.8%
Industrials	1.0%
Financials	1.0%
SHORT POSITIONS	
Index Equivalent	-0.3%
Energy	-0.1%
Other assets less other liabilities	-1.0%
<hr/>	
	100.0%
<hr/>	

Top 25 Holdings

	Percentage of Net Asset Value
LONG POSITIONS	
Arizona Mining Inc.	10.4%
Spartan Energy Corporation	8.9%
Raging River Exploration Inc.	8.6%
Parex Resources Inc.	8.2%
Crew Energy Inc.	7.2%
Granite Oil Corporation	7.0%
Xtreme Drilling and Coil Services Corporation	6.0%
RMP Energy Inc.	5.3%
Canacol Energy Limited	4.9%
Kelt Exploration Limited	4.6%
Dalradian Resources Inc.	4.5%
Western Energy Services Corporation	4.3%
Birchcliff Energy Limited	4.1%
Lundin Mining Corporation	3.3%
Pine Cliff Energy Limited	3.2%
Chinook Energy Inc.	2.6%
Ceiba Energy Services Inc.	1.0%
Committed Capital Acquisition Corporation II	0.8%
Sintana Energy Inc.	0.6%
Leucrotta Exploration Inc.	0.6%
Canyon Services Group Inc.	0.6%
Silver Wheaton Corporation	0.5%
IronCo LLC	0.5%
Altius Minerals Corporation	0.4%
SHORT POSITIONS	
iShares S&P/TSX Capped Energy Index ETF	-0.3%
	97.8%
TOTAL NET ASSET VALUE (000's)	\$135,084

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.



INTERIM FINANCIAL STATEMENTS

FRONT STREET SPECIAL OPPORTUNITIES CLASS

FOR THE SIX MONTHS PERIOD ENDED APRIL 30, 2016

NOTICE OF NO AUDITOR REVIEW OF THE INTERIM FINANCIAL STATEMENTS

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

FRONT STREET SPECIAL OPPORTUNITIES CLASS

STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

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

	April 30, 2016 (Unaudited)	October 31, 2015 (Audited)
ASSETS		
Current Assets		
Financial assets at fair value through profit or loss*	\$ 133,254,099	\$ 123,152,370
Cash and cash equivalents	3,725,839	3,135,133
Receivable for investments sold	2,208,024	303,256
Subscriptions receivable	108,874	89,281
Dividends receivable	30,728	29,768
	<u>\$ 139,327,564</u>	<u>\$ 126,709,808</u>
LIABILITIES		
Current Liabilities		
Payable for investments purchased	3,040,674	-
Financial liabilities at fair value through profit or loss*	484,230	544,150
Accrued expenses, note 9	316,566	342,474
Redemptions payable	259,298	379,015
Management fees payable, note 6 and 9	142,925	163,861
	<u>4,243,693</u>	<u>1,429,500</u>
Liabilities before net assets attributable to shareholders of redeemable shares		
	<u>4,243,693</u>	<u>1,429,500</u>
Net assets attributable to shareholders of redeemable shares	<u>\$ 135,083,871</u>	<u>\$ 125,280,308</u>
Net assets attributable to shareholders of redeemable shares		
Series A	\$ 29,163,150	\$ 27,572,920
Series B	\$ 40,636,463	\$ 37,981,117
Series F	\$ 20,228,221	\$ 16,098,919
Series X	\$ 7,675,884	\$ 8,649,829
Series Y	\$ 37,380,153	\$ 34,977,523
Number of redeemable shares outstanding, note 5		
Series A	6,469,564	6,942,639
Series B	9,015,398	9,566,248
Series F	4,074,148	3,698,574
Series X	1,626,227	2,085,163
Series Y	7,832,968	8,347,981
Net assets attributable to shareholders of redeemable shares per share		
Series A	\$ 4.51	\$ 3.97
Series B	\$ 4.51	\$ 3.97
Series F	\$ 4.97	\$ 4.35
Series X	\$ 4.72	\$ 4.15
Series Y	\$ 4.77	\$ 4.19

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

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



Gerard Ferguson
Chief Executive Officer



Susan Johnson
Chief Financial Officer

See accompanying notes to the financial statements.

FRONT STREET SPECIAL OPPORTUNITIES CLASS

STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

For the periods ended April 30, 2016 and 2015

	2016	2015
Investment income		
Dividends	\$ 198,982	\$ 318,044
Interest income for distribution purposes and other	-	5,863
Securities lending revenue	-	1,734
Foreign currency gain (loss) on cash and cash equivalents	(29,840)	37,220
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	(12,615,285)	(22,680,293)
Change in unrealized appreciation (depreciation) on financial assets and liabilities at FVTPL	29,452,933	(10,293,404)
	<u>17,006,790</u>	<u>(32,610,836)</u>
Expenses		
Management fees, notes 6 and 9	815,462	1,432,348
Service fees, notes 6 and 9	430,456	780,531
Transaction costs, note 8 and 9	174,719	384,043
Administration fees	170,625	268,487
Legal fees	34,310	43,201
Audit fees	15,037	32,232
Securityholder reporting costs	12,680	19,836
Custodial fees	12,434	27,590
Independent review committee	8,891	9,982
Compensatory dividends	1,297	3,976
Operating costs, notes 6 and 9	-	65,683
	<u>1,675,911</u>	<u>3,067,909</u>
Increase (decrease) in net assets attributable to shareholders of redeemable shares from operations	<u>\$ 15,330,879</u>	<u>\$ (35,678,745)</u>
Increase (decrease) in net assets attributable to shareholders of redeemable shares from operations		
Series A	\$ 3,206,575	\$ (8,001,957)
Series B	\$ 4,461,879	\$ (9,643,051)
Series F	\$ 2,680,532	\$ (6,830,431)
Series X	\$ 673,952	\$ (2,633,006)
Series Y	\$ 4,307,941	\$ (8,570,300)
Increase (decrease) in net assets attributable to shareholders of redeemable shares from operations per share		
Series A	\$ 0.49	\$ (0.90)
Series B	\$ 0.49	\$ (0.88)
Series F	\$ 0.72	\$ (1.40)
Series X	\$ 0.37	\$ (0.99)
Series Y	\$ 0.54	\$ (0.92)

See accompanying notes to financial statements.

FRONT STREET SPECIAL OPPORTUNITIES CLASS

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

For the periods ended April 30, 2016 and 2015

	2016	2015
Net assets attributable to shareholders of redeemable shares, beginning of period		
Series A	\$ 27,572,920	\$ 60,408,212
Series B	37,981,117	72,887,588
Series F	16,098,919	42,781,046
Series X	8,649,829	19,634,745
Series Y	34,977,523	65,347,767
	<u>125,280,308</u>	<u>261,059,358</u>
Increase (decrease) in net assets attributable to shareholders of redeemable shares from operations		
Series A	3,206,575	(8,001,957)
Series B	4,461,879	(9,643,051)
Series F	2,680,532	(6,830,431)
Series X	673,952	(2,633,006)
Series Y	4,307,941	(8,570,300)
	<u>15,330,879</u>	<u>(35,678,745)</u>
Redeemable share transactions		
Proceeds from redeemable shares issued		
Series A	1,964,755	3,088,683
Series B	4,260,558	6,387,515
Series F	4,559,594	7,626,010
Series X	-	23,829
Series Y	-	-
	<u>10,784,907</u>	<u>17,126,037</u>
Redemption of redeemable shares		
Series A	(3,581,100)	(8,026,741)
Series B	(6,067,091)	(11,122,955)
Series F	(3,110,824)	(17,969,801)
Series X	(1,647,897)	(3,088,855)
Series Y	(1,905,311)	(4,275,394)
	<u>(16,312,223)</u>	<u>(44,483,746)</u>
Net increase (decrease) in net assets from redeemable share transactions	<u>(5,527,316)</u>	<u>(27,357,709)</u>
Increase (decrease) in net assets attributable to shareholders of redeemable shares	<u>9,803,563</u>	<u>(63,036,454)</u>
Net assets attributable to shareholders of redeemable shares, end of period		
Series A	29,163,150	47,468,197
Series B	40,636,463	58,509,097
Series F	20,228,221	25,606,824
Series X	7,675,884	13,936,713
Series Y	37,380,153	52,502,073
	<u>\$ 135,083,871</u>	<u>\$ 198,022,904</u>

See accompanying notes to financial statements.

FRONT STREET SPECIAL OPPORTUNITIES CLASS

STATEMENTS OF CASH FLOWS (UNAUDITED)

For the periods ended April 30, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Increase (decrease) in net assets attributable to shareholders of redeemable shares from operations	\$ 15,330,879	\$ (35,678,745)
Adjustments for:		
Foreign currency (gain) loss on cash and other net assets	29,840	(37,220)
Net realized (gain) loss on financial assets and liabilities at FVTPL	12,615,285	22,680,293
Change in unrealized (appreciation) depreciation on financial assets and liabilities at FVTPL	(29,452,933)	10,293,404
(Increase) decrease in dividends receivable	(960)	-
Increase (decrease) in other payables and accrued liabilities	(46,844)	(301,535)
Purchases of financial assets and liabilities at FVTPL	(16,577,706)	(17,101,100)
Proceeds from sales of financial assets and liabilities at FVTPL	24,388,564	42,947,215
Proceeds from(to) settlement of foreign exchange forward contracts and futures	1,047	-
Net cash generated (used) by operating activities	6,287,172	22,802,312
Cash flows from financing activities		
Proceeds from redeemable shares issued	10,765,314	17,268,634
Amounts paid on redemption of redeemable shares	(16,431,940)	(44,482,149)
Net cash generated (used) by financing activities	(5,666,626)	(27,213,515)
Net change in cash and cash equivalents	620,546	(4,411,203)
Foreign currency gain (loss) on cash and other net assets	(29,840)	37,220
Cash and cash equivalents, beginning of period	3,135,133	7,037,639
Cash and cash equivalents, end of period	\$ 3,725,839	\$ 2,663,656
Cash and cash equivalents comprise:		
Cash at bank	\$ 3,725,839	\$ 2,663,656
Interest received, net of withholding tax	\$ -	\$ 5,863
Dividends received, net of withholding tax	\$ 212,251	\$ 318,044
Compensatory dividend paid	\$ (1,297)	\$ (3,976)

See accompanying notes to financial statements

FRONT STREET SPECIAL OPPORTUNITIES CLASS

SCHEDULE OF INVESTMENT PORTFOLIO (UNAUDITED)

AS AT APRIL 30, 2016

	Number of Shares/Units/ Par Value	Cost	Fair Value
		\$	\$
Long Positions (98.6%)			
Energy (76.7%)			
Birchcliff Energy Limited	1,048,200	8,339,302	5,471,604
Canacol Energy Limited	1,651,734	9,965,470	6,656,488
Canyon Services Group Inc.	160,000	640,000	780,800
Chinook Energy Inc.	6,484,026	15,321,591	3,501,374
Crew Energy Inc.	1,908,128	24,951,042	9,693,290
Granite Oil Corporation	1,232,452	9,496,992	9,489,881
Kelt Exploration Limited	1,286,200	8,846,308	6,225,208
Leucrotta Exploration Inc.	532,350	635,595	798,525
Parex Resources Inc.	884,866	6,194,146	11,122,766
Petro Rio SA	88,550	2,639,378	121,142
Pine Cliff Energy Limited	5,176,894	5,298,020	4,245,053
Raging River Exploration Inc.	1,136,900	6,304,728	11,562,273
RMP Energy Inc.	3,910,534	12,095,762	7,156,277
Sintana Energy Inc.	8,758,220	1,007,195	832,031
Spartan Energy Corporation	4,188,898	13,483,031	12,022,137
Western Energy Services Corporation	2,005,755	14,004,406	5,856,805
Xtreme Drilling and Coil Services Corporation	3,329,624	8,937,533	8,090,986
		148,160,499	103,626,640
Financials (1.0%)			
Committed Capital Acquisition Corporation II	200,000	1,095,854	1,129,230
Delavaco Residential Properties Corporation	780,010	983,209	200,629
		2,079,063	1,329,859
Industrials (1.0%)			
Ceiba Energy Services Inc.	7,755,800	4,138,902	1,396,044
Trilliant Energy Services Inc.	671,939	403,163	6,719
		4,542,065	1,402,763
Materials (19.9%)			
Altius Minerals Corporation	45,000	506,250	504,900
Arizona Mining Inc.	12,534,952	10,165,639	14,039,146
Calston Exploration Inc.	18,260,868	4,565,217	-
Dalradian Resources Inc.	5,524,082	6,158,750	5,910,768
Dalradian Resources Inc., Warrants July 31, 2017	700,000	42,000	154,000
HudBay Minerals Inc., Warrants July 20, 2018	734,284	1,762,282	308,400
Ironco Enterprises LLC	5,000	4,889,020	627,350
Lundin Mining Corporation	904,100	4,496,530	4,457,213
SEMAFO Inc.	37,500	163,125	209,625
Silver Wheaton Corporation	26,000	564,015	683,435
		33,312,828	26,894,837
Total Long Positions (98.6%)		188,094,455	133,254,099

See the accompanying notes to the financial statements

FRONT STREET SPECIAL OPPORTUNITIES CLASS

SCHEDULE OF INVESTMENT PORTFOLIO (UNAUDITED)

AS AT APRIL 30, 2016

	Number of Shares/Units/ Par Value	Cost	Fair Value
		\$	\$
Short Positions (-0.4%)			
Energy (-0.1%)			
Bellatrix Exploration Limited	(100,000)	(312,641)	(140,000)
Index Equivalents (-0.3%)			
iShares S&P/TSX Capped Energy Index ETF	(29,000)	(533,020)	(344,230)
Total Short Positions (-0.4%)		(845,661)	(484,230)
Transaction costs, note 3		(354,988)	-
Total Investments (98.2%)		186,893,806	132,769,869
Cash and cash equivalents (2.8%)			3,725,839
Other assets less liabilities (-1.0%)			(1,411,837)
Net assets (100.0%)			135,083,871

FRONT STREET SPECIAL OPPORTUNITIES CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

1. THE FUND

Front Street Special Opportunities Class (the "Fund") is a class of shares of Front Street Mutual Funds Limited (the "Corporation"), a mutual fund corporation incorporated under the Canada Business Corporations Act on April 11, 2006, and is authorized to issue an unlimited number of classes of shares in multiple series.

Pursuant to an amalgamation of Front Street Mutual Funds Limited and Front Street Special Opportunities Canadian Fund Ltd. on December 1, 2009, a new class of shares of Front Street Mutual Funds Limited was created, being Front Street Special Opportunities Canadian Fund (of which Series A, B, F, X and Y shares were created). Existing shareholders of the Series A, Series B and Series F shares of the Front Street Special Opportunities Canadian Fund Ltd. received Series X, Series Y or Series F shares respectively of Front Street Special Opportunities Canadian Fund class of shares of Front Street Mutual Funds Limited.

Pursuant to the notice of change in legal structure, the name of the Fund was changed to Front Street Special Opportunities Class on June 27, 2012. Reference is made to the Fund's Simplified Prospectus for additional information on the Fund's structure.

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

Front Street Capital 2004 is the manager (the "Manager") and investment advisor of the Fund (the "Investment Advisor"), on behalf of the Fund, to provide investment advisory and portfolio management services to the Fund. Front Street Capital 2004 assumed the portfolio management and investment advisory services from Front Street Investment Management Inc. on October 16, 2015. CIBC Mellon is the custodian and CIBC Capital Markets Inc. is the prime broker of the Fund. CIBC Mellon provides fund accounting services and shareholder recordkeeping services. Effective November 16, 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 investment objective is to provide Fund security holders capital appreciation through the investment in equity securities of companies whose product, service or management team the Investor Advisor believes can realize value and growth. The Investor Advisor may rely on "top down" fundamental research to identify equity securities of companies in a particular industry or sector, but portfolio diversification will be driven primarily from the Fund's investments, as opposed to targeting sector weights.

FRONT STREET SPECIAL OPPORTUNITIES CLASS

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

2. BASIS OF PRESENTATION

(a) Statement of compliance

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

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

(b) Basis of measurement

These interim financial statements have been prepared on the historical cost basis, except for financial assets and liabilities at fair value through profit 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 SPECIAL OPPORTUNITIES CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 investment strategies of the Fund as set out in the Fund's Investment Guidelines.

The Fund recognizes financial instruments at fair value upon initial recognition. Transaction costs include brokerage commissions incurred in the purchase and sale of portfolio investments in which the Fund invests. All such costs are expensed in the period incurred and presented in the statements of comprehensive income. Purchases and sales of financial assets are recognized at their trade date. The Fund's investments and derivative assets and liabilities are measured at fair value through profit or loss (FVTPL), including certain investments in debt securities which have been designated at FVTPL. The Fund's obligations for net assets attributable to holders of redeemable shares 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 shareholders.

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

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 year 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. 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

FRONT STREET SPECIAL OPPORTUNITIES CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

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

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 in the above paragraph less a discount of 2% per month up to four months.

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

For financial statement reporting purposes, under National Instrument 81-106 (“NI 81-106”) the Fund is required to disclose the differences between net assets attributable to redeemable shares per share and net asset value per share, including any differences in valuation principles or practices for the purposes of calculating net asset value versus those required under IFRS. A reconciliation between the net assets attributable to redeemable shares per share for financial reporting purposes and net asset value for investor transactions is presented in note 10 (Reconciliation of Net Asset Value to IFRS Net Assets Attributable to Shareholders of Redeemable Shares).

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

c) Cash and cash equivalents

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

d) Redeemable shares

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

FRONT STREET SPECIAL OPPORTUNITIES CLASS

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

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

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 year, 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 and unrealized gains and losses from such transactions are calculated using the weighted average cost of the securities on disposition.

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 and loss. Dividend revenue is recognized on the ex-dividend date.

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 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 purchases 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 and loss".

FRONT STREET SPECIAL OPPORTUNITIES CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

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

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

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

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

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

- 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 shares 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 shares 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 and loss in the statements of financial position.

FRONT STREET SPECIAL OPPORTUNITIES CLASS

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

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

n) Future changes in accounting standards:

IFRS 9 – Financial Instruments

IFRS 9 was issued in November 2009 with an implementation date of annual periods beginning on or after January 1, 2018. It addresses classification and measurement of financial assets and replaces the multiple 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 and 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 articles of incorporation and prospectus; the investments are predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties, 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 SPECIAL OPPORTUNITIES CLASS

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

5. REDEEMABLE SHARES

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

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

Series A shares

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

Series Y shares

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

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

FRONT STREET SPECIAL OPPORTUNITIES CLASS

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

5. REDEEMABLE SHARES (Continued...)

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

	2016	2015
Redeemable shares outstanding, beginning of the period:		
Series A	6,942,639	9,474,363
Series B	9,566,248	11,434,196
Series F	3,698,574	6,186,050
Series X	2,085,163	2,963,689
Series Y	8,347,981	9,779,860
Redeemable shares issued during the period:		
Series A	539,557	588,445
Series B	1,179,634	1,220,669
Series F	1,156,486	1,349,726
Series X	-	3,951
Series Y	-	-
Redeemable shares redeemed during the period:		
Series A	1,012,632	1,498,637
Series B	1,730,484	2,095,905
Series F	780,912	3,298,373
Series X	458,936	554,004
Series Y	515,013	770,188
Redeemable shares outstanding, end of period:		
Series A	6,469,564	8,564,171
Series B	9,015,398	10,558,960
Series F	4,074,148	4,237,403
Series X	1,626,227	2,413,636
Series Y	7,832,968	9,009,672

FRONT STREET SPECIAL OPPORTUNITIES CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

6. FEES AND EXPENSES

The Fund pays a monthly management fee equal to 1/12 of 1.5% of the net asset value of the Fund calculated and paid at the end of each month payable monthly in arrears for series A, B, F and X of the Fund. The Fund pays a monthly management fee equal to 1/12 of 1% of the net asset value of Series Y calculated and paid at the end of each month payable monthly in arrears.

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

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

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

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

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 quarter or quarters since a performance fee was last payable exceeds the percentage gain or loss of the S&P/TSX Composite Index (the "Benchmark") over the same year. 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 quarter. The starting reference point for the next 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.

FRONT STREET SPECIAL OPPORTUNITIES CLASS

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

7. 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 income tax at applicable corporate tax rates, after claiming allowable deductions for expenses and applicable credits for foreign taxes paid on foreign-source income. Income tax on capital gains is refundable to the Fund to the extent that such gains are distributed to shareholders as capital gains dividends or the Fund's share are redeemed. Gains and losses realized by the Fund in relation to certain derivative transactions and short sale transactions may be taxed on account of income as opposed to on account of capital. Other income is subject to tax at normal corporate rates and is not subject to refundable tax treatment.

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

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

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

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

8. TRANSACTION COSTS AND SOFT DOLLARS

The total brokerage commissions paid by the Fund with respect to security transactions for the period ended April 30, 2016 was \$174,719 (2015 - \$384,043).

There were no soft dollar amounts included in brokerage commissions.

FRONT STREET SPECIAL OPPORTUNITIES CLASS

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

9. RELATED PARTY TRANSACTIONS

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

	2016	2015
Management fees, note 6	\$ 815,462	\$ 1,432,348
Servicing fees, note 6	\$ 430,456	\$ 780,531
Operating costs, note 6	\$ -	\$ 65,683

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

	April 30, 2016	October 31, 2015
Management fees payable	\$ 142,925	\$ 163,861
Servicing fees payable	\$ 77,901	\$ 91,291

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

	April 30, 2016	October 31, 2015
Series F shares held by the Partners and Officers of the Manager	494,031.05	9,230.47
Percentage of Series F shares held by the Partners and Officers of the Manager	12.13%	0.25%
Series F shares held by the relatives of the Partners of the Manager	7,192.79	-
Percentage of Series F shares held by the relatives of the Partners of the Manager	0.18%	- %
Series Y shares held by the Partners of the Manager	1,454,439.41	1,632,265.32
Percentage of Series Y shares held by the Partners of the Manager	18.57%	19.55 %
Series Y shares held by the relatives of the Partners of the Manager	1,625,515.32	1,630,980.13
Percentage of Series Y shares held by the relatives of the Partners of the Manager	20.75%	19.54 %

The Fund may place a portion of its portfolio transactions with brokerage firms which are affiliates of the Manager provided it determines that these affiliates' trade execution abilities and costs are comparable to those non-affiliated, qualified brokerage firms, on an execution-only basis. During the period ended April 30, 2016, Tuscarora Capital Inc., a company under common control to the Manager, received \$18,013 (April 30, 2015 - \$1,800) 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 NAV available to all other shareholders on the trade date. In the case of brokerage commissions, the exchange amount of consideration is that which is negotiated by the related parties.

FRONT STREET SPECIAL OPPORTUNITIES CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

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

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

As at April 30, 2016 and October 31, 2015, there were no variances between the IFRS NA per share to net asset value per share.

11. 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 receivables, receivables 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 approximates their carrying values, unless otherwise noted.

All securities present a risk of loss of capital. 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.

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

The Fund is exposed to financial risks, including market risk, currency risk, interest rate risk, 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.

FRONT STREET SPECIAL OPPORTUNITIES CLASS

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

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

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:

As at April 30, 2016

Currency	Financial Instruments at FVTPL	Cash and cash equivalents	Total	Percentage of Net Assets
Brazilian Real	\$ 121,142	\$ -	\$ 121,142	0.09%
United States Dollar	<u>2,640,644</u>	<u>413,639</u>	<u>3,054,283</u>	<u>2.26%</u>
	<u>\$ 2,761,786</u>	<u>\$ 413,639</u>	<u>\$ 3,175,425</u>	<u>2.35%</u>

FRONT STREET SPECIAL OPPORTUNITIES CLASS

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

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

ii) Currency risk (Continued...)

As at October 31, 2015

Currency	Financial Instruments at FVTPL	Cash and cash equivalents	Total	Percentage of Net Assets
Brazilian Real	\$ 63,533	\$ -	\$ 63,533	0.05%
United States Dollar	<u>3,218,941</u>	<u>584,508</u>	<u>3,803,449</u>	<u>3.04%</u>
	<u>\$ 3,282,474</u>	<u>\$ 584,508</u>	<u>\$ 3,866,982</u>	<u>3.09%</u>

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 April 30, 2016 there were Nil% (October 30, 2015 – Nil %) of investments owned which are held in bonds. The remaining portion of the Fund's investments is substantially non-interest bearing equity investments and its exposure to interest rate changes is minimal.

As at April 30, 2016

Financial assets	Floating Rate Financial Instruments	Fixed Rate Financial Instruments	Non-interest bearing	Total
Financial assets at FVTPL	\$ -	\$ -	\$ 133,254,099	\$ 133,254,099
Cash and cash equivalents	3,725,839	-	-	3,725,839
Loans and receivables	<u>-</u>	<u>-</u>	<u>2,347,626</u>	<u>2,347,626</u>
Total	<u>\$ 3,725,839</u>	<u>\$ -</u>	<u>\$ 135,601,725</u>	<u>\$ 139,327,564</u>
Financial liabilities				
Financial liabilities at FVTPL	\$ -	\$ -	\$ 484,230	\$ 484,230
Other financial liabilities	<u>-</u>	<u>-</u>	<u>3,759,463</u>	<u>3,759,463</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,243,693</u>	<u>\$ 4,243,693</u>
IFRS NAV				<u>\$135,083,871</u>

FRONT STREET SPECIAL OPPORTUNITIES CLASS

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

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

iii) Interest risk (Continued...)

As at October 31, 2015

Financial assets	Floating Rate Financial Instruments	Fixed Rate Financial Instruments	Non-interest bearing	Total
Financial assets at FVTPL	\$ -	\$ -	\$ 123,152,370	\$ 123,152,370
Cash and cash equivalents	3,135,133	-	-	3,135,133
Loans and receivables	-	-	422,305	422,305
Total	<u>\$ 3,135,133</u>	<u>\$ -</u>	<u>\$ 123,574,675</u>	<u>\$ 126,709,808</u>
Financial liabilities				
Financial liabilities at FVTPL	\$ -	\$ -	\$ 544,150	\$ 544,150
Other financial liabilities	-	-	885,350	885,350
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,429,500</u>	<u>\$ 1,429,500</u>
IFRS NAV				<u>\$ 125,280,308</u>

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.

As at April 30, 2016

Financial assets	0-12 months	1 - 3 Years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Financial assets at FVTPL	\$ -	\$ -	\$ -	\$ -	\$ 133,254,099	\$ 133,254,099
Cash and cash equivalents	3,725,839	-	-	-	-	3,725,839
Loans and receivables	<u>2,347,626</u>	-	-	-	-	<u>2,347,626</u>
Total	<u>\$ 6,073,465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,254,099</u>	<u>\$ 139,327,564</u>
Financial liabilities						
Financial liabilities at FVTPL	\$ -	\$ -	\$ -	\$ -	\$ 484,230	\$ 484,230
Other financial liabilities	<u>3,759,463</u>	-	-	-	-	<u>3,759,463</u>
Total	<u>\$ 3,759,463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484,230</u>	<u>\$ 4,243,693</u>
IFRS NAV						<u>\$ 135,083,871</u>

FRONT STREET SPECIAL OPPORTUNITIES CLASS

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

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

iii) Liquidity risk (Continued...)

As at October 31, 2015

Financial assets	0-12 months	1 - 3 Years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Financial assets at FVTPL	\$ 1	\$ 455,671	\$ -	\$ -	\$ 122,696,698	\$123,152,370
Cash and cash equivalents	3,135,133	-	-	-	-	3,135,133
Loans and receivables	<u>422,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>422,305</u>
Total	<u>\$ 3,557,439</u>	<u>\$ 455,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,696,698</u>	<u>\$ 126,709,808</u>
Financial liabilities						
Financial liabilities at FVTPL	\$ -	\$ -	\$ -	\$ -	\$ 544,150	\$ 544,150
Other financial liabilities	<u>885,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>885,350</u>
Total	<u>\$ 885,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 544,150</u>	<u>\$ 1,429,500</u>
IFRS NAV						<u>\$ 125,280,308</u>

Certain of the Fund's investments are in private securities which are thinly traded. As at April 30, 2016, the fair value of such assets was 0.5% (October 31, 2015 – 1.7%) 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.

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

vi) Credit risk (Continued...)

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 investments in bonds, amounts due from brokers and derivatives. The Fund seeks to mitigate its exposure to credit risk by placing its cash, and transacting its securities activity with large financial institutions. The Fund 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 values as recorded in the Fund's Statement of Financial Position.

As at April 30, 2016, the Fund had Nil% (October 31, 2015 – Nil %) of holdings in debt instruments.

vii) Concentration risk

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

	April 30, 2016	October 31, 2015
Energy	76.7%	83.4%
Materials	19.9%	11.9%
Cash and cash equivalents	2.8%	2.5%
Industrials	1.0%	1.4%
Financials	1.0%	1.2%
Index Equivalents	(0.4)%	0.0%
Other assets less liabilities	<u>(1.0)%</u>	<u>(0.4)%</u>
Total	<u>100.0%</u>	<u>100.0%</u>

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12. CAPITAL MANAGEMENT

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

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

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

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

13. FAIR VALUE HIERARCHY

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

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

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

As at April 30, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	<u>\$131,336,800</u>	<u>\$ 1,283,230</u>	<u>\$ 634,069</u>	<u>\$133,254,099</u>
Financial liabilities at FVTPL	<u>\$ 484,230</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484,230</u>

As at October 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	<u>\$121,007,714</u>	<u>\$ 1</u>	<u>\$ 2,144,655</u>	<u>\$ 123,152,370</u>
Financial liabilities at FVTPL	<u>\$ 544,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 544,150</u>

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13. 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
Balance as at October 31, 2014	\$ 22,145,271
Purchases	15,400
Proceeds from sales	(11,138,310)
Transfers out	(2,278,465)
Gains (losses)	
Realized	(5,611,219)
Unrealized	<u>(988,022)</u>
Balance as at October 31, 2015	\$ 2,144,655
Purchases	-
Proceeds from sales	-
Gains (losses)	-
Realized	
Unrealized	<u>(1,510,586)</u>
Balance at April 30, 2016	<u>\$ 634,069</u>

Valuation techniques and framework

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

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

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13. FAIR VALUE HIERARCHY (Continued...)

Valuation techniques and framework (Continued...)

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

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

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.

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13. 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 April 30, 2016 and October 31, 2015.

As at April 30, 2016	Number of Shares/Units /Par Value	Cost \$	Fair Value \$
Calston Exploration Inc.	18,260,868	4,565,217	-
Ironco Enterprises LLC	5,000	4,889,020	627,350
Trilliant Energy Services Inc.	671,939	<u>403,163</u>	<u>6,719</u>
		<u>\$9,857,400</u>	<u>\$ 634,069</u>

As at October 31, 2015	Number of Shares/Units /Par Value	Cost \$	Fair Value \$
Calston Exploration Inc.	18,260,868	4,565,217	365,217
IronCo LLC	5,000	4,889,019	1,765,999
Trilliant Inc.	671,939	<u>403,163</u>	<u>13,439</u>
		<u>\$ 9,857,399</u>	<u>\$ 2,144,655</u>