

Interim Management Report of Fund Performance

As at April 30, 2016

Front Street Tactical Equity Class

This Interim Management Report of Fund Performance contains financial highlights but does not contain the complete interim financial statements for Front Street Tactical Equity 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 also get a copy of the interim or annual financial statements at your request, and at no cost, by calling 1-800-513-2832, by writing to us at Front Street Capital 2004, 33 Yonge Street, Suite 600, Toronto, Ontario M5E 1G4 or by visiting our website at www.frontstreetcapital.com or SEDAR at www.sedar.com

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

Forward Looking Information

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

Although the Fund believes it has a reasonable basis for making the forecasts or projections included in this Management Report of Fund Performance, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, the forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that 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 shareholders with long term capital growth through the selection, management and strategic trading of long and short positions in equity, debt and derivative securities. The Fund will invest primarily in Canadian equities and may focus its assets in specific industry sectors and asset classes based on analysis of business cycles, industry sectors and market outlook. The Fund may also invest in foreign equities.

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

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

From time to time the Fund may invest in other mutual funds and may purchase securities of, or enter into specified derivative transactions for which the underlying interest is based on the securities of other mutual funds. Such investments may be entered into in conjunction with other strategies and investments in a manner considered most appropriate to achieving the Fund's investment objectives stated above and enhancing returns as permitted by securities regulations. The Fund may invest in securities of other mutual funds, including funds managed by the Manager or an associate or affiliate. No percentage of net assets is dedicated to such investments. Accordingly, all the assets of Fund may be invested in other mutual funds in accordance with securities legislation including NI 81-102.

Risk

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

Results of Operations

For the six-month period ended April 30, 2016, the Front Street Tactical Equity Class returned +3.1%, keeping pace with its benchmark, the S&P/TSX Composite Index. During the period ended April 30, 2016 the Fund earned investment income of \$221,783 from dividends and interest. There were net realized gains on the sale of investments of \$1,806,550 and an unrealized depreciation on the value of investments of \$1,042,241.

Operating expenses, excluding management fees, servicing fees and compensatory dividends, totalled \$116,371 during the period ended April 30, 2016.

Markets were preoccupied with anticipating the U.S. Federal Reserve Board's sentiment, which quickly went from hawkish, when it raised interest rates in mid-December, to dovish as markets struggled early in 2016. Not surprisingly, gold—and gold stocks in particular—experienced a strong upward move, reacting to increasing occurrences of negative interest rates around the globe, as well as the Fed's increasingly dovish stance. The U.S. dollar weakened, and Canadian equities outperformed relative to the U.S. From a sector perspective, Financials did poorly, while the Materials and Energy sectors performed well.

Gold stocks made a positive contribution to the Fund's performance, benefiting from rising gold prices. Top contributors to the Fund's performance included mining holdings in Franco-Nevada Corporation, Tahoe Resources and Detour Gold. The Fund's position in Linamar Corporation detracted from its performance.

During the period, the Manager increased the Fund's gold weighting from 0% to 13% and reduced its U.S. dollar exposure.

Recent Developments

The Manager believes that markets are likely to be range-bound; that is, equities will likely trade within a relatively tight range in the coming period.

Related Party Transactions

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

	2016	2015
Management fees	<u>\$ 166,596</u>	<u>\$ 312,918</u>
Servicing fees	<u>\$ 94,115</u>	<u>\$ 186,650</u>
Operating costs	<u>\$ -</u>	<u>\$ 26,035</u>

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

	April 30, 2016	October 31, 2015
Management fees payable	<u>\$ 24,891</u>	<u>\$ 32,789</u>
Servicing fees payable	<u>\$ 14,103</u>	<u>\$ 18,086</u>

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

	April 30, 2016	October 31, 2015
Series F shares held by the relatives of the Partners of the Manager	955.97	4,538.18
Percentage of Series F shares held by the relatives of the Partners of the Manager	1.16%	2.30%

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 \$23,034 (April 30, 2015 - \$44,801) in commissions on portfolio transactions for the Fund.

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

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	10.11	10.78	9.64	8.75	9.24	10.79
Increase (decrease) from operations:						
Total revenue	0.11	0.21	0.21	0.19	0.10	0.08
Total expenses	(0.28)	(0.51)	(0.45)	(0.29)	(0.30)	(0.55)
Realized gains (losses) for the period	0.86	0.98	2.44	0.12	(0.93)	1.05
Unrealized gain (losses) for the period	(0.46)	(1.20)	(0.89)	0.68	0.60	(2.03)
Total increase (decrease) from operations⁽²⁾	0.23	(0.52)	1.31	0.70	(0.53)	(1.45)
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	10.42	10.11	10.78	9.61	8.75	9.24

- (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⁾	\$6,881	\$8,022	\$15,361	\$21,639	\$32,658	43,836
Number of redeemable shares outstanding ⁽¹⁾	660,748	794,461	1,425,317	2,244,213	3,714,060	4,736,818
Management expense ratio ⁽²⁾	3.80%	3.67%	3.30%	3.22%	3.33%	4.89%
Management expense ratio before waivers or absorptions	3.80%	3.67%	3.30%	3.22%	3.33%	4.89%
Trading expense ratio ⁽³⁾	1.87%	0.96%	0.82%	1.33%	1.64%	1.46%
Portfolio turnover rate ⁽⁴⁾	138.47%	177.52%	212.25%	280.49%	386.98%	326.81%
Net asset value per redeemable share ⁽⁵⁾	\$10.41	\$10.10	\$10.78	\$9.64	\$8.79	\$9.25

- (1) This information is provided as at end of the period shown.
- (2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as annualized percentage of daily average net asset value during the period.
- (3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
- (4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.
- (5) The information for 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	10.10	10.76	9.64	8.74	9.24	10.78
Increase (decrease) from operations:						
Total revenue	0.11	0.21	0.21	0.19	0.10	0.08
Total expenses	(0.28)	(0.50)	(0.45)	(0.29)	(0.30)	(0.54)
Realized gains (losses) for the period	0.85	0.75	2.42	0.14	(0.93)	0.96
Unrealized gain (losses) for the period	(0.48)	(1.06)	(0.99)	0.74	0.62	(2.16)
Total increase (decrease) from operations⁽²⁾	0.20	(0.60)	1.19	0.78	(0.51)	(1.66)
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	10.41	10.10	10.76	9.61	8.74	9.24

(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⁾	\$11,238	\$13,450	\$35,334	\$36,869	\$43,394	\$55,839
Number of redeemable shares outstanding ⁽¹⁾	1,080,213	1,333,254	3,282,407	3,826,811	4,937,796	6,036,717
Management expense ratio ⁽²⁾	3.81%	3.64%	3.34%	3.23%	3.33%	4.82%
Management expense ratio before waivers or absorptions	3.81%	3.64%	3.34%	3.23%	3.33%	4.82%
Trading expense ratio ⁽³⁾	1.87%	0.96%	0.82%	1.33%	1.64%	1.46%
Portfolio turnover rate ⁽⁴⁾	138.47%	177.52%	212.25%	280.49%	386.98%	326.81%
Net asset value per redeemable share ⁽⁵⁾	\$10.40	\$10.09	\$10.76	\$9.63	\$8.79	\$9.25

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

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

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

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

(5) The information for 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 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	10.20	10.76	9.54	8.57	8.96	10.37
Increase (decrease) from operations:						
Total revenue	0.10	0.22	0.21	0.18	0.10	0.08
Total expenses	(0.23)	(0.38)	(0.35)	(0.20)	(0.20)	(0.40)
Realized gains (losses) for the period	0.64	0.70	2.39	0.12	(0.82)	0.48
Unrealized gain (losses) for the period	(0.86)	(1.42)	(1.03)	0.58	0.60	(2.18)
Total increase (decrease) from operations⁽²⁾	(0.35)	(0.88)	1.22	0.68	(0.32)	(2.02)
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	10.57	10.20	10.76	9.51	8.57	8.96

(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 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⁾	\$874	\$2,011	\$1,321	\$1,262	\$2,621	6,504
Number of shares redeemable outstanding ⁽¹⁾	82,726	197,478	122,715	132,278	304,287	725,107
Management expense ratio ⁽²⁾	2.72%	2.41%	2.36%	2.26%	2.25%	3.73%
Management expense ratio before waivers or absorptions	2.72%	2.41%	2.36%	2.26%	2.25%	3.73%
Trading expense ratio ⁽³⁾	1.87%	0.96%	0.82%	1.33%	1.64%	1.46%
Portfolio turnover rate ⁽⁴⁾	138.47%	177.52%	212.25%	280.49%	386.98%	326.81%
Net asset value per redeemable share ⁽⁵⁾	\$10.56	\$10.18	\$10.76	\$9.54	\$8.61	\$8.97

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

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

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

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

(5) The information for 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 in arrears from each Fund series.

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 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 fiscal 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 fiscal quarter. The starting reference point for the next fiscal quarter's calculation is based on the higher of either the Benchmark performance adjusted net asset value per share or the adjusted actual net asset value per share, both with respect to the previous quarter in which a performance fee was payable.

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 and Series X Fund securities. The Fund may, at its discretion, negotiate, change the terms and conditions of, or discontinue the trailer commission with brokers, dealers and advisors.

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

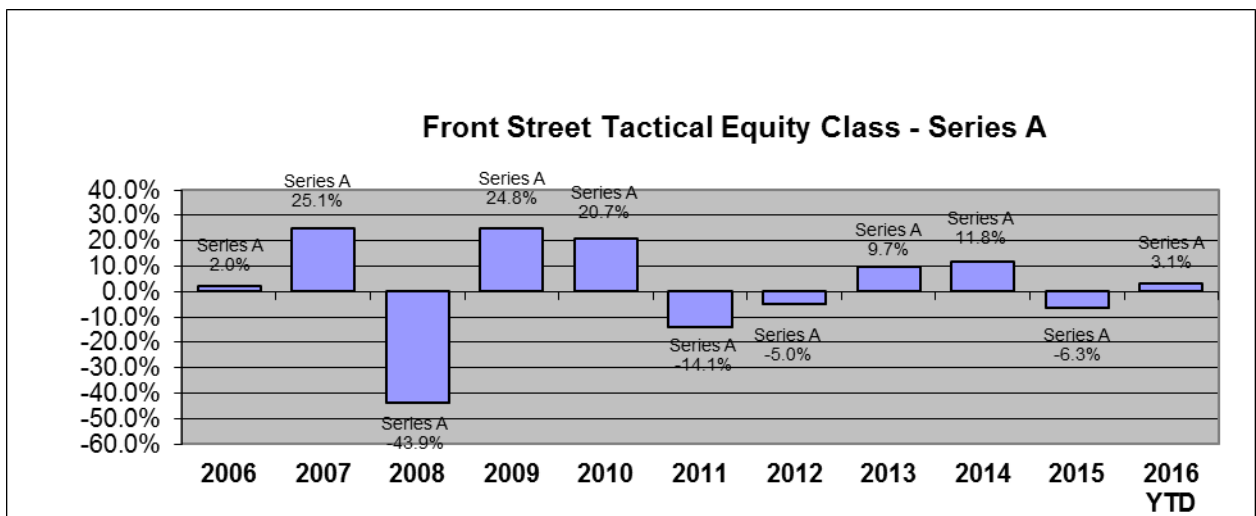
Series	Trailer Annual Rate	Annual Payment per \$1,000 of Fund securities held
A	1.00%	\$10.00
B	1.00%	\$10.00
F	0.00%	Nil
X	0.50%	\$5.00

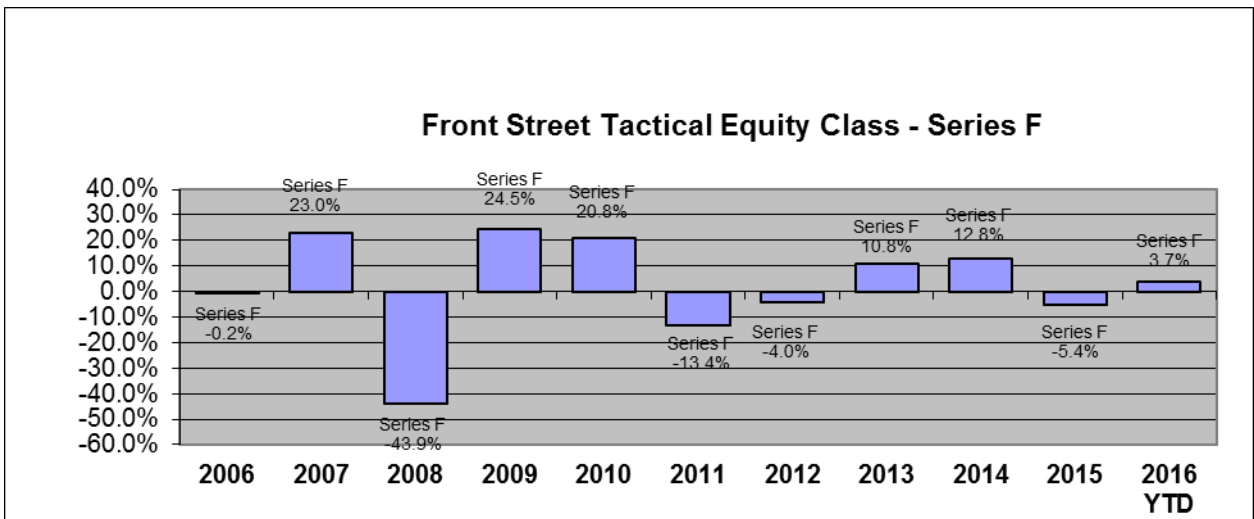
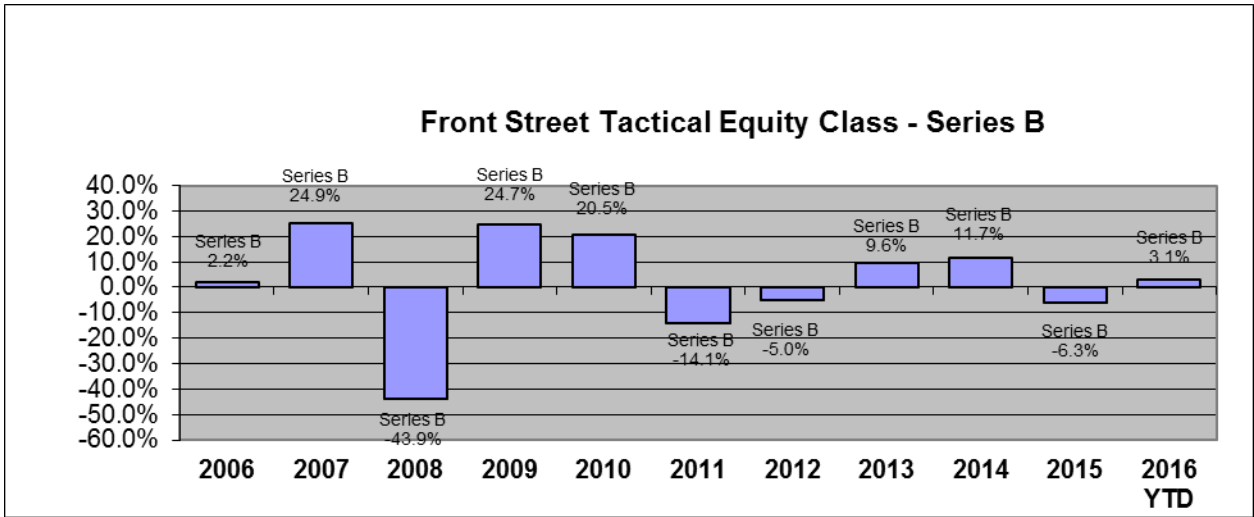
Past Performance

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

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

- (a) the returns or performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional shares of the Fund;
- (b) the return or performance information does not take into account sales, redemption, distribution or other optional charges or income taxes payable that would have reduced returns or performance; and
- (c) how the Fund has performed in the past does not necessarily indicate how it will perform in the future.





The above chart is the year-by-year returns for Front Street Tactical Equity Class, a class of Front Street Mutual Funds Ltd. The Fund was merged with the discontinuing Front Street Equity Opportunities Fund on November 1, 2008 and fund performance for the discontinued fund has not been included in the chart above in the 2008 period.

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

	Percentage of Net Asset Value
LONG POSITIONS	
Consumer Discretionary	21.7%
Cash and cash equivalents	14.2%
Materials	12.7%
Industrials	12.6%
Energy	8.9%
Financials	8.4%
Consumer Staples	6.6%
Utilities	6.2%
Corporate Bonds	5.5%
Health Care	5.2%
Purchased Call Options	3.2%
Information Technology	2.9%
Purchased Put Options	0.1%
SHORT POSITIONS	
Written Put Options	-0.7%
Energy	-4.2%
Materials	-4.4%
Other assets less liabilities	1.1%
	<hr/> 100.0% <hr/>

Top 25 Holdings

	Percentage of Net Asset Value
LONG POSITIONS	
Sun Life Financial Inc.	4.9%
The Toronto-Dominion Bank	4.3%
Intertape Polymer Group Inc.	4.2%
Canfor Corporation	3.8%
Canam Group Inc.	3.4%
Franco-Nevada Corporation	3.2%
Alphabet Inc. 'C'	3.1%
The ONE Group Hospitality Inc.	3.0%
Alimentation Couche-Tard Inc. 'B'	2.9%
Bank of America Corporation	2.9%
The Descartes Systems Group Inc.	2.9%
Facebook Inc. 'A'	2.8%
Delavaco Properties Inc.*	2.8%
Element Financial Corporation	2.6%
Boyd Group Income Fund	2.6%
Estrella International Energy Services Limited*	2.5%
Uni-Select Inc.	2.5%
Allergan PLC	2.3%
CCL Industries Inc. 'B'	2.3%
Visa Inc. 'A'	2.1%
New Flyer Industries Inc.	2.1%
Air Canada	2.0%
Transcontinental Inc. 'A'	2.0%
Gilead Sciences Inc.	2.0%
SHORT POSITIONS	
CGI Group Inc. 'A'	-4.1%
	65.1%
TOTAL NET ASSET VALUE (000's)	\$18,993

*Debt Instruments

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



FRONT STREET TACTICAL EQUITY CLASS

INTERIM FINANCIAL STATEMENTS

FRONT STREET TACTICAL EQUITY CLASS

FOR THE SIX MONTHS 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 TACTICAL EQUITY CLASS

STATEMENTS OF FINANCIAL POSITION

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*	\$ 17,870,779	\$ 23,401,820
Cash and cash equivalents	2,700,552	255,286
Receivables for investments sold	756,480	696,414
Dividends receivable	3,930	24,449
Interest and other receivables	2,302	14,659
	\$ 21,334,043	\$ 24,392,628
LIABILITIES		
Current Liabilities		
Financial liabilities at fair value through profit or loss*	\$ 1,784,773	\$ 509,850
Payable for investments purchased	332,500	114,580
Accrued expenses, note 9	125,020	118,880
Redemptions payable	61,202	96,990
Management fees payable, note 9	24,891	32,789
Dividends payable	1,463	-
	2,329,849	873,089
Liabilities before net assets attributable to shareholders of redeemable shares	2,329,849	873,089
Net assets attributable to shareholders of redeemable shares	\$ 19,004,194	\$ 23,519,539
Net assets attributable to shareholders of redeemable shares		
Series A	\$ 6,884,914	\$ 8,034,790
Series B	\$ 11,244,892	\$ 13,470,609
Series F	\$ 874,388	\$ 2,014,140
Number of redeemable shares outstanding, note 5		
Series A	660,748	794,461
Series B	1,080,213	1,333,254
Series F	82,726	197,478
Net assets attributable to shareholders of redeemable shares per share		
Series A	\$ 10.42	\$ 10.11
Series B	\$ 10.41	\$ 10.10
Series F	\$ 10.57	\$ 10.20

*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 financial statements.

FRONT STREET TACTICAL EQUITY CLASS

STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

For the periods ended April 30, 2016 and 2015

	2016	2015
Income		
Dividends	\$ 137,572	\$ 301,702
Interest income for distribution purposes and other	84,211	37,127
Securities lending income, note 10	-	1,358
Foreign currency gain (loss) on cash and other net assets	216,164	262,908
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	1,806,550	1,792,672
Net realized gain (loss) on foreign exchange forward contracts	(278,328)	-
Change in unrealized appreciation (depreciation) on financial assets and liabilities at FVTPL	(1,042,241)	(1,556,660)
	923,928	839,107
Expenses		
Transaction costs, notes 8 and 9	188,935	175,646
Management fees, note 6 and 9	166,596	312,918
Servicing fees, note 6 and 9	94,115	186,650
Administration fees	74,366	96,559
Custodial fees	21,169	59,507
Legal fees	10,470	9,917
Compensatory dividends	8,180	3,043
Audit fees	6,384	27,273
Withholding taxes	4,499	12,052
Securityholder reporting costs	2,316	3,472
Independent review committee	1,666	1,984
Operating costs, note 6 and 9	-	26,035
	578,696	915,056
Increase (decrease) in net assets attributable to shareholders of redeemable shares from operations	\$ 345,232	\$ (75,949)
Increase (decrease) in net assets attributable to shareholders of redeemable shares from operations		
Series A	\$ 162,512	\$ 33,522
Series B	\$ 234,755	\$ (122,970)
Series F	\$ (52,035)	\$ 13,499
Increase (decrease) in net assets attributable to shareholders of redeemable shares from operations per share		
Series A	\$ 0.23	\$ 0.03
Series B	\$ 0.20	\$ (0.05)
Series F	\$ (0.35)	\$ 0.12

See accompanying notes to financial statements.

FRONT STREET TACTICAL EQUITY 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	\$ 8,034,790	\$ 15,358,817
Series B	13,470,609	35,328,869
Series F	2,014,140	1,320,838
	<u>23,519,539</u>	<u>52,008,524</u>
Increase (decrease) in net assets attributable to shareholders of redeemable shares from operations		
Series A	162,512	33,522
Series B	234,755	(122,970)
Series F	(52,035)	13,499
	<u>345,232</u>	<u>(75,949)</u>
Redeemable share transactions		
Proceeds from redeemable shares issued		
Series A	600	79,409
Series B	16,034	12,312
Series F	197,441	27,215
	<u>214,075</u>	<u>118,936</u>
Redemption of redeemable shares		
Series A	(1,312,988)	(4,445,190)
Series B	(2,476,506)	(18,207,226)
Series F	(1,285,158)	(598,276)
	<u>(5,074,652)</u>	<u>(23,250,692)</u>
Net increase (decrease) from redeemable share transactions	<u>(4,860,577)</u>	<u>(23,131,756)</u>
Net increase (decrease) in net assets attributable to shareholders of redeemable shares	<u>(4,515,345)</u>	<u>(23,207,705)</u>
Net assets attributable to shareholders of redeemable shares, end of period		
Series A	6,884,914	11,026,558
Series B	11,244,892	17,010,985
Series F	874,388	763,276
Total	<u>\$ 19,004,194</u>	<u>\$ 28,800,819</u>

See accompanying notes to financial statements.

FRONT STREET TACTICAL EQUITY CLASS

STATEMENTS OF CASH FLOWS (UNAUDITED)

For the periods ended April 30, 2016 and 2015

	2016	2015
Cash flow from operating activities		
Increase (decrease) in net assets attributable to shareholders of redeemable shares from operations	\$ 345,232	\$ (75,949)
Adjustments for:		
Foreign currency (gain) loss on cash and other net assets	(216,164)	(262,908)
Net realized (gain) loss on financial assets and liabilities at FVTPL	(1,806,550)	(1,792,672)
Net realized (gain) loss on foreign exchange forward contracts	278,328	-
Change in unrealized (appreciation) depreciation on financial assets and liabilities at FVTPL	1,042,241	1,556,660
(Increase) decrease in interest and other receivable	12,357	65,865
(Increase) decrease in dividends receivable	20,519	14,948
Increase (decrease) in dividends payable	1,463	338
Increase (decrease) in other payable and accrued liabilities	(1,758)	(27,187)
Purchases of financial assets and liabilities at FVTPL	(26,957,044)	(19,396,443)
Proceeds from sales of financial assets and liabilities at FVTPL	34,685,171	37,713,748
Proceeds from (to) settlement of foreign exchange forward contracts and futures	(278,328)	-
Net cash generated (used) by operating activities	7,125,467	17,796,400
Cash flows from financing activities		
Proceeds from redeemable shares issued	214,075	121,436
Amount paid on redemption of redeemable shares	(5,110,440)	(23,304,052)
Net cash generated (used) by financing activities	(4,896,365)	(23,182,616)
Foreign currency gain (loss) on cash and other net assets	216,164	262,908
Net increase in cash and cash equivalents	2,229,102	(5,386,216)
Cash and cash equivalents, beginning of period	255,286	6,129,836
Cash and cash equivalents, end of period	\$ 2,700,552	\$ 1,006,528
Cash and cash equivalents comprise:		
Cash at bank	2,700,552	1,006,528
	\$ 2,700,552	\$ 1,006,528
Interest received, net of withholding tax	\$ 98,089	\$ 102,992
Dividends received, net of withholding tax	\$ 153,592	\$ 304,598
Compensatory dividends paid	\$ (8,180)	\$ (2,705)

See accompanying notes to financial statements

FRONT STREET TACTICAL EQUITY CLASS
SCHEDULE OF INVESTMENT PORTFOLIO (UNAUDITED)
AS AT APRIL 30, 2016

	Number of Shares/Units/ Par Value	Cost	Fair Value
		\$	\$
Long Positions (94.0%)			
Consumer Discretionary (21.7%)			
Amazon.com Inc.	465	352,749	384,828
The Home Depot Inc.	1,950	337,640	327,584
Linamar Corporation	11,000	615,644	597,630
Magna International Inc.	5,000	245,210	263,500
Magna International Inc. 'A'	500	29,978	26,361
MTI LP "A" Series 3	301,946	30	-
PESA Corporation	787,280	263,528	15,746
Qyou Media Inc. (Restricted)	96,000	48,000	48,000
Qyou Media Inc., Warrants January 9, 2018	96,000	-	-
Qyou Media Inc., Warrants January 15, 2018	48,000	-	-
Sequential Brands Group Inc.	30,000	245,893	208,908
Sleep Country Canada Holdings Inc.	27,000	450,495	530,280
The ONE Group Hospitality Inc.	111,253	604,373	339,900
The ONE Group Hospitality Inc., Warrants October 13, 2016	88,000	-	497
Uni-Select Inc.	10,000	604,666	642,100
Yellow Pages Limited	35,000	583,812	730,100
		4,382,018	4,115,434
Consumer Staples (6.6%)			
Constellation Brands Inc.	2,400	462,787	469,940
Costco Wholesale Corporation	2,100	430,991	390,303
Maple Leaf Foods Inc.	15,000	362,675	389,700
		1,256,453	1,249,943
Energy (8.9%)			
Advantage Oil & Gas Limited	77,000	545,900	553,630
Ensign Energy Services Inc.	11,300	87,268	85,880
Interex Oilfield Services Limited, Special Warrants	203,500	-	-
Mullen Group Limited	25,000	332,500	365,250
RMP Energy Inc.	233,800	330,351	427,854
TransCanada Corporation	5,000	228,750	260,500
Weatherford International PLC	2	24	20
		1,524,793	1,693,134
Financials (8.4%)			
Bank of America Corporation	32,800	620,708	599,205
Canaccord Financial Inc.	104,000	454,088	434,720
Committed Capital Acquisition Corp II	38,900	246,723	226,956
Committed Capital Acquisition Corp II, Warrants April 19, 2019	38,900	-	11,104
Delavaco Properties Inc., Warrants June, 3 2017	77,000	-	-
Dundee Acquisition Limited	32,000	320,000	314,560
Dundee Acquisition Limited, Warrants April 14, 2020	16,000	-	4,240
		1,641,519	1,590,785

See accompanying notes to the financial statements

FRONT STREET TACTICAL EQUITY CLASS

SCHEDULE OF INVESTMENT PORTFOLIO (UNAUDITED)

AS AT APRIL 30, 2016

	Number of Shares/Units/ Par Value	Cost	Fair Value
		\$	\$
Health Care (5.2%)			
Allergan PLC	2,000	740,097	543,436
Aphria Inc., Warrants December 2, 2019	16,850	-	10,483
Concordia Healthcare Corporation	9,500	365,544	346,560
Nobilis Health Corporation, Warrants May 13, 2017	23,850	-	3,578
Pfizer Inc.	1,500	64,316	61,562
Savaria Corporation, Warrants April 15, 2017	11,500	-	22,646
		1,169,957	988,265
Industrials (12.6%)			
Air Canada	100,000	838,812	933,000
Boyd Group Income Fund	7,000	431,813	527,730
Embotics Corporation 'A' Preferred	56,874	244,292	569
New Flyer Industries Inc.	15,000	413,252	554,550
Transcontinental Inc. 'A'	19,000	388,263	374,680
Trilliant Energy Services Inc.	833,056	499,459	8,331
		2,815,891	2,398,860
Information Technology (2.9%)			
Alphabet Inc.	550	552,964	478,236
Dealnet Capital Corp., Warrant February 18, 2017	37,500	-	5,985
Embotics Corporation	100,224	1,046,893	1,002
iON Worldwide LLC	40,000	49,238	50,188
Sphere 3D Corp.	5,000	8,810	7,277
VersaPay Corporation., Warrants May 7, 2017	37,750	-	-
XMG Studio Inc. Restricted	463,160	440,002	4,632
		2,097,907	547,320
Materials (12.7%)			
CCL Industries Inc. 'B'	2,150	449,028	493,962
Franco-Nevada Corporation	9,000	679,936	792,900
GoviEx Uranium Inc.	365,000	795,017	30,112
GoviEx Uranium Inc., Special Warrants	196,880	428,830	16,243
Jemi Fibre Corp., Warrants March 24, 2018	283,000	-	17,985
Lundin Mining Corporation	102,000	409,020	502,860
Tahoe Resources Inc.	32,000	382,620	567,040
Tolima Gold Inc., Warrants December 5, 2016	220,000	-	-
		3,144,451	2,421,102
Utilities (6.2%)			
Boralex Inc., 'A'	50,000	779,044	821,500
Crius Energy Trust	43,300	316,353	363,720
		1,095,397	1,185,220

See accompanying notes to the financial statements

FRONT STREET TACTICAL EQUITY CLASS

SCHEDULE OF INVESTMENT PORTFOLIO (UNAUDITED)

AS AT APRIL 30, 2016

	Number of Shares/Units/ Par Value	Cost	Fair Value
		\$	\$
Corporate Bonds (5.5%)			
Delavaco Properties Inc., Conv. 7.5% due June 30, 2016	300,000	307,784	376,410
Estrella International Energy Services Limited due December 31, 2017	838,722	838,722	335,489
Gran Colombia Gold Corporation Conv. (USD) Callable 1% due August 11, 2018	532,918	584,986	334,326
Ivanhoe Energy Inc. 5.75% due June 30, 2016	100,000	77,625	-
		1,809,117	1,046,225
Purchased Call Options (3.2%)			
Agnico Eagle Mines Limited. Jun/52 PCO	120	44,797	79,200
Air Canada Oct/10 PCO	500	51,500	38,750
Barrick Gold Corporation Jul/22 PCO	160	25,280	53,600
Detour Gold Corporation Jul/27 PCO	310	41,297	55,800
iShares S&P/TSX Capped Energy Index ETF May/11 PCO	900	41,697	85,500
iShares S&P/TSX Capped Financials Index ETF Jun/30 PCO	200	17,000	24,700
Paramount Resources Limited. Aug/8 PCO	500	74,000	116,250
Potash Corporation of Saskatchewan Inc. Jul/24 PCO	150	12,601	8,400
Silver Wheaton Corporation May/18.PCO	150	14,611	58,153
Tahoe Resources Inc. Jul/17 PCO	100	10,550	17,800
Whitecap Resources Inc. Jul/8 PCO	465	45,105	74,400
		378,438	612,553
Purchased Put Options (0.1%)			
iShares S&P/TSX 60 Index ETF Sep/18.5 PPO	675	59,475	21,938
		59,475	21,938
Total Long Positions (94.0%)		21,375,416	17,870,779
Short Positions (-9.3%)			
Consumer Staples (0.0%)			
AGT Food & Ingredients Inc.	-2	-36	-81
		-36	-81
Energy (-4.2%)			
Ensign Energy Services Inc.	-11,300	-124,380	-85,880
Mullen Group Limited	-25,000	-355,500	-365,250
TransCanada Corporation	-5,000	-253,811	-260,500
Whitecap Resources Inc.	-10,000	-94,900	-94,100
		-828,591	-805,730
Information Technology (0.0%)			
Sphere 3D Corp.	-5,000	-33,900	-7,277
		-33,900	-7,277
Materials (-4.4%)			
Barrick Gold Corporation	-32,000	-484,231	-777,280
Franco-Nevada Corporation, Warrants June 16, 2017	-3,000	-42,286	-60,090
		-526,517	-837,370

See accompanying notes to the financial statements

FRONT STREET TACTICAL EQUITY CLASS

SCHEDULE OF INVESTMENT PORTFOLIO (UNAUDITED)

AS AT APRIL 30, 2016

	Number of Shares/Units/ Par Value	Cost	Fair Value
		\$	\$
Written Call Options (0.0%)			
Concordia Healthcare Corporation May/46 WCO	-30	-9,510	-2,250
		-9,510	-2,250
Written Put Options (-0.7%)			
Agnico Eagle Mines Limited June/48 WPO	-120	-28,267	-7,800
Air Canada Oct/8 WPO	-500	-39,000	-42,500
Detour Gold Corporation Jul/24 WPO	-310	-64,880	-38,905
iShares S&P/TSX Capped Energy Index ETF May/9.75 WPO	-900	-10,503	-3,150
iShares S&P/TSX Capped Financials Index ETF Jun/28 WPO	-200	-13,500	-2,100
Paramount Resources Limited Aug/5 WPO	-500	-24,000	-15,000
Potash Corp of Saskatchewan Inc. Jul/21 WPO	-150	-12,000	-12,900
Silver Wheaton Corporation May/16 WPO	-75	-7,305	-282
Tahoe Resources Inc. Jul/14 WPO	-100	-8,300	-3,150
Whitecap Resources Inc. Jul/7 WPO	-465	-29,295	-6,278
		-237,051	-132,065
		-246,561	-134,315
Total Short Positions (-9.3%)		-1,635,605	-1,784,773
Transaction costs (0.0%)		-76,313	
Total Investments (84.7%)		19,663,499	16,086,006
Cash and cash equivalents (14.2%)			2,700,552
Other assets, less liabilities (1.1%)			217,636
Total Net Assets (100.0%)			19,004,194

FRONT STREET TACTICAL EQUITY CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

1. THE FUND

Front Street Tactical Equity 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 the notice of change in legal structure, the name of the fund was changed to Front Street Tactical Equity Class on June 27, 2012. Reference is made to the Fund's Simplified Prospectus for additional information on the Fund's structure. Series A commenced operations on June 28, 2006. Series B commenced operations on June 22, 2006. Series F commenced operations on August 3, 2006. Series X commenced operations on February 11, 2013.

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 Capital Markets Inc. is the prime broker and custodian. CIBC Mellon provides fund accounting services and shareholder recordkeeping services. Effective November 16, 2015, CIBC Capital Markets Inc. replaced NBCN Inc. as the custodian of the Fund and CIBC Mellon replaced Citigroup Fund Services Canada, Inc. to provide shareholder recordkeeping services and fund accounting services.

The Fund's investment objective is to provide shareholders with long term capital growth through the selection, management and strategic trading of long and short positions in equity, debt and derivative securities. The Fund will invest primarily in Canadian equities and may focus its assets in specific industry sectors and asset classes based on analysis of business cycles, industry sectors and market outlook. The Fund may also invest in foreign equities.

The fundamental investment objective of the Fund cannot be changed without the approval of its shareholders.

FRONT STREET TACTICAL EQUITY 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 Board of Directors 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 or 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 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:

FRONT STREET TACTICAL EQUITY CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

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

(a) Financial instruments: (Continued...)

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.

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

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

FRONT STREET TACTICAL EQUITY CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

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

(b) Fair value measurement:

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

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

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

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

For financial statement reporting purposes, under National Instrument 81-106 ("NI 81-106") the Fund is required to disclose the differences between net assets attributable to redeemable 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 11 (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.

FRONT STREET TACTICAL EQUITY CLASS

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

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

(c) Cash and cash equivalents

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

(d) Redeemable 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.

(e) Impairment of financial assets

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

(f) Investment transactions and income recognition

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

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

FRONT STREET TACTICAL EQUITY CLASS

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

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

(g) Securities lending, repurchase and reverse repurchase transactions

The Fund is permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in the Simplified Prospectus. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver the same securities on a future date. The value of cash or securities held as collateral must at least 102% of the fair value of the securities loaned, sold or purchased. Income 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 purchase and sales of investments, investment income and expenses are translated at the exchange rate between the functional currency and the foreign currency at the date of the transaction.

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

(i) Increase (decrease) in net assets attributable to 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.

FRONT STREET TACTICAL EQUITY CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

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

(k) Transaction costs

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

(l) Provisions

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

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

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

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

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

(n) 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 categories 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.

FRONT STREET TACTICAL EQUITY CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

(a) Valuation of investments

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

(b) Other judgments, estimates and assumptions

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

(c) Assessment as investment entity

The Manager has concluded that the Fund has 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. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

FRONT STREET TACTICAL EQUITY 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 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 four series. Redemption and commission fees vary according to each series of shares as follows:

Series A shares

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

Series B shares

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

Series F shares

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

Series X shares

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

FRONT STREET TACTICAL EQUITY CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

5. REDEEMABLE SHARES (Continued...)

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

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

	2016	2015
Redeemable shares outstanding, beginning of the period:		
Series A	794,461	1,425,317
Series B	1,333,254	3,282,407
Series F	197,478	122,715
Redeemable shares issued during the period:		
Series A	61	7,304
Series B	1,645	1,141
Series F	20,123	2,529
Redeemable shares redeemed during the period:		
Series A	133,774	413,168
Series B	254,686	1,709,509
Series F	134,875	54,920
Redeemable shares outstanding, end of the period:		
Series A	660,748	1,019,453
Series B	1,080,213	1,574,039
Series F	82,726	70,324

FRONT STREET TACTICAL EQUITY 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 in arrears from each Fund series.

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 1.0% of the net asset value of the Series A and Series B shares and 1/12 of 0.5% of the net asset value of the 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 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 fiscal 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 fiscal quarter. The starting reference point for the next fiscal quarter's calculation is based on the higher of either the Benchmark performance adjusted net asset value per share or the adjusted actual net asset value per share, both with respect to the previous quarter in which a performance fee was payable.

FRONT STREET TACTICAL EQUITY CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

7. INCOME TAX 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 \$188,935 (April 30, 2015 - \$175,646).

There were no soft dollar amounts included in brokerage commissions.

FRONT STREET TACTICAL EQUITY CLASS

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

9. RELATED PARTY TRANSACTIONS

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

	2016	2015
Management fees, note 6	<u>\$ 166,596</u>	<u>\$ 312,918</u>
Servicing fees, note 6	<u>\$ 94,115</u>	<u>\$ 186,650</u>
Operating costs, note 6	<u>\$ -</u>	<u>\$ 26,035</u>

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

	April 30, 2016	October 31, 2015
Management fees payable	<u>\$ 24,891</u>	<u>\$ 32,789</u>
Servicing fees payable	<u>\$ 14,103</u>	<u>\$ 18,086</u>

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

	April 30, 2016	October 31, 2015
Series F shares held by the relatives of the Partners of the Manager	955.97	4,538.18
Percentage of Series F shares held by the relatives of the Partners of the Manager	1.16%	2.30%

FRONT STREET TACTICAL EQUITY CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

9. RELATED PARTY TRANSACTIONS (Continued...)

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 \$23,034 (April 30, 2015 - \$44,801) in commissions on portfolio transactions for the Fund.

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

10. SECURITIES LENDING

The Fund lends portfolio securities from time to time in order to earn additional income. The Fund has entered into a securities lending program with its custodian, CIBC Capital Markets Inc. The aggregate fair value of all securities loaned will not exceed 50% of the net assets of the Fund. The Fund receives collateral (in the form of obligations of, or guaranteed by, the Government of Canada, or a province thereof, or by the United States government or its agencies and/or cash) against the loaned securities. Collateral is maintained in an amount representing at least 102% of the fair value of the loaned securities during the period the loan is outstanding. The fair value of the loaned securities is determined daily at the close of business of the Fund and any additional collateral required is delivered to the Fund on the next business day. As at April 30, 2016 and October 31, 2015, the aggregate fair values of the Fund's securities loaned and the collateral received were as follows:

	April 30, 2016	October 31, 2015
Value of securities loaned	<u>\$ Nil</u>	<u>\$ 53,118</u>
Value of collateral received	<u>\$ Nil</u>	<u>\$ 99,877</u>

FRONT STREET TACTICAL EQUITY CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

11. 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 annual 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, that reconciliation is as follows:

	Net asset value	Financial reporting adjustment	IFRS NA	Net asset value per share	IFRS NA per share
Series A	\$ 6,880,745	\$ 4,169	\$ 6,884,914	\$ 10.41	\$ 10.42
Series B	11,238,084	6,808	11,244,892	10.40	10.41
Series F	873,859	529	874,388	10.56	10.57
Total	\$ 18,992,688	\$ 11,506	\$ 19,004,194		

As at October 31, 2015, that reconciliation is as follows:

	Net asset value	Financial reporting adjustment	IFRS NA	Net asset value per share	IFRS NA per share
Series A	\$ 8,022,334	\$ 12,456	\$ 8,034,790	\$ 10.10	\$ 10.11
Series B	13,449,833	20,776	13,470,609	10.09	10.10
Series F	2,011,036	3,104	2,014,140	10.18	10.20
Total	\$ 23,483,203	\$ 36,336	\$ 23,519,539		

FRONT STREET TACTICAL EQUITY CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

12. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

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

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

The schedule of investment portfolio presents the securities held by the Fund as at 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.

FRONT STREET TACTICAL EQUITY CLASS

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

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

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

i) Market price risk

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

The Fund is exposed to market price risk arising from its investments in securities. The Investment Manager 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
United States Dollar	<u>\$ 4,829,764</u>	<u>\$ (879,784)</u>	<u>\$ 3,949,980</u>	<u>20.78%</u>

FRONT STREET TACTICAL EQUITY CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

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

ii) Currency risk (Continued...)

As at October 31, 2015

	Financial instruments at FVTPL	Cash and cash equivalents	Total	Percentage of Net Assets
Currency				
United States Dollar	<u>\$ 5,872,457</u>	<u>\$ 167,670</u>	<u>\$ 6,040,127</u>	<u>25.68%</u>

FRONT STREET TACTICAL EQUITY CLASS

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

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

iii) Interest rate risk

The Fund may invest in fixed and floating rate securities. The income of the Fund may be affected by changes to interest rates relevant to particular securities or as a result of management being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movement in the future. Interest payable on bank overdraft or broker margin account positions will be affected by fluctuations in interest rates. As at April 30, 2016, there were 5.5% (October 31, 2015 – 4.9%) of net assets invested in bonds. The remaining portion of the Fund's investments are substantially non-interest bearing equity investments.

As at April 30, 2016

	Floating Rate Financial Instruments	Fixed Rate Financial Instruments	Non-interest Bearing	Total
Financial assets				
Financial assets at FVTPL	\$ -	\$ 1,046,225	\$ 16,824,554	\$ 17,870,779
Cash and cash equivalents	2,700,552	-	-	2,700,552
Loans and receivables	<u>-</u>	<u>-</u>	<u>762,712</u>	<u>762,712</u>
Total	<u>\$ 2,700,552</u>	<u>\$ 1,046,225</u>	<u>\$ 17,587,266</u>	<u>\$ 21,334,043</u>
Financial liabilities				
Financial liabilities at FVTPL	\$ -	\$ -	\$ 1,784,773	\$ 1,784,773
Other financial liabilities	<u>-</u>	<u>-</u>	<u>545,076</u>	<u>545,076</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,329,849</u>	<u>\$ 2,329,849</u>
IFRS NA				<u>\$ 19,004,194</u>

FRONT STREET TACTICAL EQUITY CLASS

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

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

iii) Interest rate 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	\$ -	\$ 1,146,505	\$ 22,255,315	\$ 23,401,820
Cash and cash equivalents	255,286	-	-	255,286
Loans and receivables	<u>-</u>	<u>-</u>	<u>735,522</u>	<u>735,522</u>
Total	<u>\$ 255,286</u>	<u>\$ 1,146,505</u>	<u>\$ 22,990,837</u>	<u>\$ 24,392,628</u>
Financial liabilities				
Financial liabilities at FVTPL	\$ -	\$ -	\$ 509,850	\$ 509,850
Other financial liabilities	<u>-</u>	<u>-</u>	<u>363,239</u>	<u>363,239</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 873,089</u>	<u>\$ 873,089</u>
IFRS NA				<u>\$ 23,519,539</u>

FRONT STREET TACTICAL EQUITY CLASS

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

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

iv) Liquidity risk

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

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

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	\$ 405,538	\$ 702,481	\$ 14,723	\$ -	\$ 16,748,037	\$ 17,870,779
Cash and cash equivalents	2,700,552	-	-	-	-	2,700,552
Loans and receivables	<u>762,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>762,712</u>
Total	<u>\$ 3,868,802</u>	<u>\$ 702,481</u>	<u>\$ 14,723</u>	<u>\$ -</u>	<u>\$ 16,748,037</u>	<u>\$ 21,334,043</u>
Financial liabilities						
Financial liabilities at FVTPL	\$ 134,315	\$ 60,090	\$ -	\$ -	\$ 1,590,368	\$ 1,784,773
Other financial liabilities	<u>545,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>545,076</u>
Total	<u>\$ 545,076</u>	<u>\$ 60,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,724,683</u>	<u>\$ 2,329,849</u>
IFRS NA						<u>\$ 19,004,194</u>

FRONT STREET TACTICAL EQUITY CLASS

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

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

iv) Liquidity risk (Continued...)

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 4.4% (October 31, 2015 – 4.8%) of the total net assets.

v) Cash flow risk

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

vi) Credit risk

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

Financial assets which potentially expose the Fund to credit risk consist principally of investment in 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 value as recorded in the Fund's Statements of Financial Position.

To partially mitigate credit risk with respect to its securities lending the Fund receive collateral against the securities loaned (note 10). As at April 30, 2016, the Fund loaned securities with an aggregate fair value of \$Nil (October 31, 2015 - \$53,118) and received collateral with an aggregate fair value of \$Nil (October 31, 2015 - \$99,877).

FRONT STREET TACTICAL EQUITY CLASS

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

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

As at April 30, 2016, the Fund had 5.5% (October 31, 2015 - 4.9%) of holdings in debt instruments with the following credit ratings obtained from Standard and Poor's Moody's or DBRS:

Debt instruments by credit rating	Percentage of net assets	
	April 30, 2016	October 31, 2015
B	2.0%	- %
BB	3.5%	- %
Not available or not rated	- %	4.9%

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
Consumer discretionary	21.7%	8.9%
Cash and cash equivalents	14.2%	1.1%
Materials	12.7%	8.2%
Industrials	12.6%	2.9%
Energy	8.9%	3.8%
Financials	8.4%	48.2%
Consumer staples	6.6%	3.4%
Utilities	6.2%	1.4%
Corporate bonds	5.5%	4.9%
Health care	5.2%	2.8%
Purchased call options	3.2%	- %
Information technology	2.9%	14.9%
Other assets less liabilities	1.1%	1.6%
Purchased put options	0.1%	- %
Telecommunication services	- %	0.1%
Written call options	- %	(0.3)%
Information Technology	- %	(0.1)%
Written put options	(0.7)%	(1.4)%
Energy	(4.2)%	(0.4)%
Materials	(4.4)%	- %
Total	<u>100.0%</u>	<u>100.0%</u>

FRONT STREET TACTICAL EQUITY CLASS

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

13. 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.

14. 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>\$ 15,798,421</u>	<u>\$ 1,231,992</u>	<u>\$ 840,366</u>	<u>\$ 17,870,779</u>
Financial liabilities at FVTPL	<u>\$ 1,784,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,784,773</u>

FRONT STREET TACTICAL EQUITY CLASS

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

14. FAIR VALUE HIERARCHY (Continued...)

As at October 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	<u>\$ 21,782,795</u>	<u>\$ 488,642</u>	<u>\$ 1,130,383</u>	<u>\$ 23,401,820</u>
Financial liabilities at FVTPL	<u>\$ 509,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 509,850</u>

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

	Financial assets at FVTPL Equities	Financial assets at FVTPL Bonds
Balance at October 31, 2014	\$ 1,512,550	\$ 1,664,073
Purchases	360,796	-
Proceeds from sales	(1,106,684)	(192,274)
Transfers in	-	77,625
Transfers out	(1,487,375)	-
Gains (losses)		
Realized	(542,578)	38,382
Unrealized	<u>1,495,822</u>	<u>(689,954)</u>
Balance at October 31, 2015	232,531	897,852
Purchases	-	-
Proceeds from sales	-	(225,332)
Transfers in	-	-
Transfers out	(74,826)	-
Gains (losses)		
Realized	-	(104,511)
Unrealized	<u>(29,238)</u>	<u>143,890</u>
Balance at April 30, 2016	<u>\$ 128,467</u>	<u>\$ 711,899</u>

FRONT STREET TACTICAL EQUITY CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

(UNAUDITED)

14. FAIR VALUE HIERARCHY (Continued...)

The transfers in of equities represents an equity that has moved from level two to level three as a result of no longer having observable market data. The transfers out of equities represents an equity reallocated to level one as it became a listed company.

The transfers in of bonds represent a bond that has moved from level two to level three as a result of no longer having observable market data.

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).

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.

FRONT STREET TACTICAL EQUITY CLASS

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

14. FAIR VALUE HIERARCHY (Continued...)

Valuation techniques and framework (Continued...)

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 judgement and estimation in the determination of fair value. Management judgement 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.

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 \$
Delavaco Properties Inc., Secured Senior Note 7.500%, June 30, 2016	300,000	\$ 307,784	\$ 376,410
Delavaco Properties Inc., Warrants June 3, 2017	77,000	-	-
Embotics Corporation 'A' Preferred	56,874	244,292	569
Embotics Corporation	100,224	1,046,893	1,002
Estrella International Energy Services 12.000% Convertible, Debentures, December 31, 2015	838,722	838,722	335,489
iON World LLC	40,000	49,238	50,188
Ivanhoe Energy Inc. 5.750%, June 30, 2016	100,000	77,625	-
MTI LP "A" Series 3	301,946	30	-
PESA Corporation	787,280	263,528	15,746
QYOU Media Inc. Restricted	96,000	48,000	48,000
QYOU Media Inc., Warrants January 15, 2018	48,000	-	-
QYOU Media Inc., Warrants	96,000	-	-
Tolima Gold Inc., Warrants December 5, 2016	220,000	-	-
Trilliant Energy Services Inc.	833,056	499,459	8,331
XMG Studio Inc. Restricted	463,160	440,002	4,632
		<u>\$ 4,128,148</u>	<u>\$ 840,366</u>

FRONT STREET TACTICAL EQUITY CLASS

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

14. FAIR VALUE HIERARCHY (Continued...)

Valuation techniques and framework (Continued...)

As at October 31, 2015	Number of Shares/Units /Par Value	Cost \$	Fair Value \$
The ONE Group Hospitality Inc., Warrants October 13, 2016	88,000	\$ -	\$ 74,826
Delavaco Properties Inc., Secured Senior Note 7.500%, June 30, 2016	350,000	359,081	457,852
Estrella International Services Limited 12.000% Convertible, Debentures, December 31, 2015	1,100,000	1,100,000	440,000
Ivanhoe Energy Inc. 5.750%, June 30, 2016	100,000	77,625	-
Interex Oilfield Services Limited, Special Warrants	203,500	-	-
Embotics Corporation 'A' Preferred	56,874	244,292	5,687
Embotics Corporation	100,224	1,046,893	10,022
iON Worlwide LLC	40,000	49,238	52,326
Mobidia Technology Inc. 'A' Series 3 Preferred	301,946	30	-
QYOU Media Inc. Restricted	96,000	48,000	48,000
QYOU Media Inc., Warrants	96,000	-	-
QYOU Media Inc., Warrants January 15, 2018	48,000	-	-
Tolima Gold Inc., Warrants December 5, 2016	220,000	-	-
PESA Corporation	787,280	263,528	15,746
XMG Studio Inc. Restricted	463,160	440,002	9,263
Trilliant Inc.	833,056	499,459	16,661
		<u>\$ 4,128,148</u>	<u>\$ 1,130,383</u>