

Restated Annual Management Report of Fund Performance As at October 31, 2013 Front Street Growth and Income Class

The Front Street Growth and Income Class (the "Fund") Annual Management Report of Fund Performance ("MRFP") dated as at October 31, 2013 is being restated and re-filed to include (i) an annual compound returns table of past performance for the 1-year period ended on the last day of the Fund's financial year and the Fund's past performance since the inception of the Fund, (ii) the past performance of Series X shares of the Fund in the annual compound returns table, and (iii) disclosure of the returns of an appropriate broad-based market index, each of which was inadvertently omitted in the original MRFP filed on SEDAR. No other changes have been made to the MRFP.

This Restated Annual Management Report of Fund Performance contains financial highlights but does not contain the complete Annual financial statements for Front Street Growth and Income Class (the "Fund"), a class of shares of Front Street Mutual Funds Limited. The annual 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 Annual 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 Annual Management Report of Fund Performance, and the Fund undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Management Discussion of Fund Performance

INVESTMENT OBJECTIVES AND STRATEGIES

The fundamental investment objective of the Fund is to provide current income and long-term capital appreciation by investing primarily in a diversified portfolio of North American equity and income securities, including dividend paying or distribution paying equity and income securities, such as common shares, convertible bonds, income trust units, and, to a lesser extent, interest-bearing securities such as corporate and government bonds. The Fund may also engage in option writing strategies to enhance income and manage risk and may, from time to time, engage in the short-selling of securities that the Investment Advisor believes are overvalued.

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

A key strategy of the Fund will be to use a combination of option writing strategies, including covered calls and cash covered puts, to generate premium income. The strategy will take advantage of the inherent volatility in the equity markets, in addition to equities and debt instruments (bonds, convertible debt), to generate investment returns and provide investors with an exposure to strategies to mitigate market risk.

The Fund will invest in a diversified portfolio of securities in a variety of sectors, including resource-based issuers (including oil and gas, mining), agricultural stocks as well as financial sector securities, convertible shares and REITS. The Fund will also seek to invest in growth-oriented companies that are poised to increase in enterprise value over a short-to-medium term horizon. Securities selection will be based on fundamental bottom-up credit analysis. While the Fund may invest in foreign securities, including debt and equity securities, of issuers with business activities outside of Canada and that are traded on U.S., European or Asian exchanges, a majority of the Fund's assets will be invested in Canadian securities. In advising the Fund, the Investment Advisor will position the Fund's investment portfolio to reduce its correlation to Canadian and global equity and fixed-income indices.

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 will not enter any such transaction where the other mutual fund is managed by the Manager or any of its associates or affiliates. 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

Most of the Fund's assets will be invested in securities that include yield components, whether interest, dividends or return of capital. It may also invest in dividend-paying common shares or preferred shares. The Fund will therefore be subject to "Stock Market Risk", "Interest Rate Risk" and "Credit Risk". Since the Fund may also invest in foreign securities, this may expose the Fund, to a limited extent, to "Risks of Investing in Foreign Securities" and "Foreign Currency Risk". The Fund may invest in relatively illiquid securities that may expose the Fund to "Liquidity Risk". The Fund may also be exposed to "Sector Risk" due to its investments being concentrated in a limited number of sectors. The Fund may also be exposed to the "Risks Associated with Short Sales" and "Risks of Investing in Derivatives". The Fund will also be subject to "Risks Associated with Securities of REITS", "Series Risk", "Securities Lending, Repurchase and Reverse Repurchase Risk" and "Tax Risk".

Equity risk also affected Fund volatility. Equity returns have been volatile partly as a result of uneven global economic growth, fear of contagion arising from a possible sovereign debt default in Europe as well as concerns that corporate profit margins might have peaked.

Interest-rate risk was also a factor, as global central banks generally kept administered rates at very low levels. Should global growth resume or expectations for price inflation appear, even moderately, interest rates generally are likely to rise, negatively impacting bond values.

Credit risk will continue to be a factor for the fund. Although the possibility of an economic “double dip” is low, credit spreads could widen if economic growth should start to trend below consensus, while a “flight to quality” as the result of concerns over sovereign credit ratings was being cut or crisis of confidence in another major currency such as the Japanese Yen or the U.S. dollar.

Economic risk has also impacted the holdings of the Fund. As governments reduce fiscal stimulus or reduce spending to lower national indebtedness, economic growth could slow. The risk of rising taxes, currency manipulation and the possibility of international trade disputes could further erode confidence in the global economy.

The Fund has multiple risks associated with equity and corporate debt markets. Investors whose primary concern is preservation of capital should not be invested in this Fund. The Fund is suitable for investors seeking monthly income and long-term growth with a tolerance for risk and volatility and a long-term investment horizon.

The risks of investing in the Fund are further discussed in the Fund’s Annual Information Form.

RESULTS OF OPERATIONS

For the year ended October 31, 2013, the Front Street Growth and Income Class returned 10.8% while the benchmark returned 4.8%.

To date, the U.S. stock market has meaningfully outperformed the S&P/TSX. As we write this in late 2013, U.S. politicians are continuing to play their games, despite the likelihood that the partisan fighting could have significant and largely unnecessary consequences. Nonetheless, we are optimistic that things will get worked out, albeit with some likely, marginal unsettling in the markets. We are anticipating strong market conditions after these issues are resolved, for a number of reasons. First, since World War II, the average 4th quarter return of the S&P 500 is roughly 4%. Second, typically, when we have a strong January (5% or greater), calendar year performance continues in the 4th quarter. Third, the last time we had a government shutdown (17 years ago), the markets posted a 7%-plus return. Fourth, we are entering a seasonal strong period for commodities. Typically, November to March have been the best seasonal periods for commodity stocks. Fifth, geopolitical risks are reduced. While tensions in the Middle East remain high, there appears to be no major imminent threats. Both the German elections and the Italian confidence vote have alleviated immediate concerns in those markets and provided some comfort to the region in general. Sixth, the case for reaccelerating global growth continues. The number of countries with a PMI above 50 increased to 22 in September. With an increasing number of countries recording growth, the Global Purchasing Managers Index had increased to a 27-month high of 51.8, from 51.6 in August, with gains in both developed and emerging markets. We now see, for the first time since 2008-2009, the three major economic zones (Asia, Europe and USA) going in the same, positive direction in terms of economic growth. Seventh, in the fourth-quarter earnings season, we have to date seen very little in the way of warning signs of stalled momentum. Cash-flows have favored equities over recent quarters.

During the year ended October 31, 2013, the Fund earned investment income of \$480,388 from interest, dividends and security lending revenue. There were net realized gains on the sale of investments of \$480,054, loss from derivatives of \$67,518 and an unrealized appreciation on the value of investments of \$1,910,796.

Operating expenses, excluding management fees, servicing fees and compensatory dividends, totaled \$198,306 and the Manager waived and absorbed \$Nil of expenses during the year ended October 31, 2013.

RECENT DEVELOPMENTS

Pursuant to the press release dated December 30, 2013, the Manager decided not to proceed with the mergers of Front Street Tactical Equity Class and Front Street Value Class into Front Street Growth and Income Class and Front Street Resource Growth and Income Class, respectively, each a mutual fund class within Front Street Mutual Funds Limited

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

International Financial Reporting Standards (“IFRS”)

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

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

- a) IAS 32, Financial Instruments: Disclosure and Presentation and IFRS 9, Financial Instruments, require shareholders’ equity to be classified as liability unless certain criteria are met. The Fund’s shareholders’ equity meets the definition of a puttable instrument. The Manager has assessed the Fund’s shareholder structure and has determined the liability treatment is the most appropriate classification. IFRS 9 defines an investment entity and introduces exceptions to the consolidation requirements.
- b) IFRS 7, Financial Instruments: Disclosures requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity’s financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.
- c) IFRS 13, Fair Value Measurements, that was released in May 2011 provides guidance on the fair value measurements and allows for the possible use of closing prices to value investments. The Manager has assessed the guidance that will apply under IFRS and has determined that the use of closing market prices is appropriate in valuing investments. While IFRS does not require interest income to be disclosed for debt instruments measured at Fair Value through Profit or Loss, when interest income is disclosed, IFRS requires that the effective interest rate method of calculating accrued interest be used rather than the straight-line amortization method. The Manager is assessing the impact of this change to the Fund’s financial statements.

The anticipated impact of IFRS on accounting policies and implementation decisions will predominantly be on the financial statement presentation and note disclosures in the Fund’s financial statements. The adoption of IFRS is not expected to have a significant impact on the calculation of NAV per share. In particular, the Fund will be required to present a statement of cash flows, and will be required to include certain additional and enhanced disclosures.

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

RELATED PARTY-TRANSACTIONS

During the periods ended October 31, 2013 and 2012, fees paid to (waived or absorbed by) the Manager were as follows:

	2013	2012
Management fees	<u>\$ 239,451</u>	<u>\$ 127,905</u>
Servicing fees	<u>\$ 133,722</u>	<u>\$ 67,200</u>
Operating costs	<u>\$ 22,075</u>	<u>\$ 9,628</u>
Expenses waived or absorbed by Manager	<u>\$ -</u>	<u>\$ (58,791)</u>

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

	2013	2012
Management fees payable	\$ 27,017	\$ 14,408
Servicing fees payable	15,974	8,923
Operating costs payable	<u>5,585</u>	<u>592</u>
	<u>\$ 48,576</u>	<u>\$ 23,923</u>

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

	2013	2012
Series A shares held by the Manager	5,735	5,000
Percentage of Series A shares held by the Manager	0.34%	0.36%
Series B shares held by the Manager	5,735	5,000
Percentage of Series B shares held by the Manager	0.84%	1.62%
Series B shares held by the Partners of the Manager	343,690	-
Percentage of Series B shares held by the Partners of the Manager	50.05%	Nil%
Series F shares held by the Manager	5,727	5,000
Percentage of Series F shares held by the Manager	3.86%	3.55%
Series F shares held by the Partners of the Manager	30,447	-
Percentage of Series F shares held by the Partners of the Manager	20.53%	Nil%

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 October 31, 2013, Tuscarora Capital Inc, a company under common control to the Manager, received \$96,027 (2012 - \$Nil) 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 since inception. This information is derived from the Fund's audited annual financial statements.

Series A

The Fund's Net Assets per Share ⁽¹⁾

	October 31 2013 \$	October 31 2012 \$	For the period from commencement of operations on July 8, 2011 to October 31 2011 \$
Net Assets, beginning of the year	7.65	8.79	10.00*
Increase (decrease) from operations:			
Total revenue	0.21	0.23	0.06
Total expenses	(0.26)	(0.29)	(0.02)
Realized gains (losses) for the year	0.10	(0.51)	(1.00)
Unrealized gains (losses) for the year	0.81	0.06	(0.15)
Total increase (decrease) from operations ⁽²⁾	0.86	(0.51)	(1.11)
Distributions to Shareholders:			
From income (excluding dividends)	—	—	—
From dividends	—	—	—
From capital gains	—	—	—
Return of capital	(0.44)	(0.50)	(0.17)
Total distributions to Shareholders ⁽³⁾	(0.44)	(0.50)	(0.17)
Net Assets, end of the year	8.02	7.65	8.79

- (1) This information is derived from the Fund's audited annual financial statements. The net assets per share presented in the financial statements differ from the net asset value per share calculated for fund pricing purposes. [An explanation of these differences can be found in the notes to the financial statements].
- (2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/(decrease) from operations is based on the average number of shares outstanding over the financial year.
- (3) Distributions were paid in cash/reinvested in additional shares of the Fund or both.

Ratios and Supplemental Data

Total net asset value (\$000's) ⁽¹⁾	21,371	10,467	2,470
Number of shares outstanding ⁽¹⁾	2,666,280	1,371,067	279,649
Management expense ratio ⁽²⁾	3.26%	3.61%	0.88%
Management expense ratio before waivers or absorptions ⁽²⁾	3.26%	4.25%	10.94%
Trading expense ratio ⁽³⁾	0.99%	1.27%	2.56%
Portfolio turnover rate ⁽⁴⁾	237.62%	165.92%	49.56%
Net asset value per share (\$)	8.02	7.63	8.83

- (1) This information is provided as at end of the year shown.
- (2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The manager waived certain fees or absorbed certain expenses otherwise payable by the Fund. The amount of expenses waived or absorbed is at the discretion of the manager.
- (3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets value during the year.
- (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 year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

* Initial Price

Series B

The Fund's Net Assets per Share ⁽¹⁾

	October 31 2013 \$	October 31 2012 \$	For the period from commencement of operations on July 8, 2011 to October 31 2011 \$
Net Assets, beginning of the year	7.65	8.79	10.00*
Increase (decrease) from operations:			
Total revenue	0.21	0.23	0.06
Total expenses	(0.25)	(0.23)	(0.03)
Realized gains (losses) for the year	0.11	(0.54)	(1.05)
Unrealized gains (losses) for the year	0.92	(0.16)	(0.16)
Total increase (decrease) from operations ⁽²⁾	0.99	(0.70)	(1.18)
Distributions to Shareholders:			
From income (excluding dividends)	—	—	—
From dividends	—	—	—
From capital gains	—	—	—
Return of capital	(0.44)	(0.50)	(0.17)
Total distributions to Shareholders ⁽³⁾	(0.44)	(0.50)	(0.17)
Net Assets, end of the year	8.02	7.65	8.79

- (1) This information is derived from the Fund's audited annual financial statements. The net assets per share presented in the financial statements differ from the net asset value per share calculated for fund pricing purposes. [An explanation of these differences can be found in the notes to the financial statements].
- (2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/(decrease) from operations is based on the average number of shares outstanding over the financial year.
- (3) Distributions were paid in cash/reinvested in additional shares of the Fund or both.

Ratios and Supplemental Data

Total net asset value (\$000's) ⁽¹⁾	5,502	2,349	1,785
Number of shares outstanding ⁽¹⁾	686,753	307,861	202,131
Management expense ratio ⁽²⁾	3.24%	2.85%	1.12%
Management expense ratio before waiver or absorptions ⁽²⁾	3.24%	3.49%	10.68%
Trading expense ratio ⁽³⁾	0.99%	1.27%	2.56%
Portfolio turnover rate ⁽⁴⁾	237.62%	165.92%	49.56%
Net asset value per share (\$)	8.01	7.63	8.83

- (1) This information is provided as at end of the year shown.
- (2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The manager waived certain fees or absorbed certain expenses otherwise payable by the Fund. The amount of expenses waived or absorbed is at the discretion of the manager.
- (3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets value during the year.
- (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 year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

* Initial Price

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

	October 31 2013 \$	October 31 2012 \$	For the period from commencement of operations on July 8, 2011 to October 31 2011 \$
Net Assets, beginning of the year	7.74	8.81	10.00*
Increase (decrease) from operations:			
Total revenue	0.21	0.23	0.06
Total expenses	(0.18)	(0.19)	—
Realized gains (losses) for the year	0.06	(0.56)	(0.97)
Unrealized gains (losses) for the year	0.79	(0.06)	(0.14)
Total increase (decrease) from operations ⁽²⁾	0.88	(0.58)	(1.05)
Distributions to Shareholders:			
From income (excluding dividends)	—	—	—
From dividends	—	—	—
From capital gains	—	—	—
Return of capital	(0.44)	(0.50)	(0.17)
Total distributions to Shareholders ⁽³⁾	(0.44)	(0.50)	(0.17)
Net Assets, end of the year	8.20	7.74	8.81

- (1) This information is derived from the Fund's audited annual financial statements. The net assets per share presented in the financial statements differ from the net asset value per share calculated for fund pricing purposes. [An explanation of these differences can be found in the notes to the financial statements].
- (2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/(decrease) from operations is based on the average number of shares outstanding over the financial year.
- (3) Distributions were paid in cash/reinvested in additional shares of the Fund or both.

Ratios and Supplemental Data

Total net asset value (\$000's) ⁽¹⁾	1,216	1,088	520
Number of shares outstanding ⁽¹⁾	148,309	140,975	58,697
Management expense ratio ⁽²⁾	2.18%	2.35%	0.16%
Management expense ratio before waivers or absorptions ⁽²⁾	2.18%	2.99%	10.11%
Trading expense ratio ⁽³⁾	0.99%	1.27%	2.56%
Portfolio turnover rate ⁽⁴⁾	237.62%	165.92%	49.56%
Net asset value per share (\$)	8.20	7.72	8.85

- (1) This information is provided as at end of the year shown.
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- (3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets value during the year.
- (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 year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

* Initial Price

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

	October 31 2013 \$	For the period from commencement of operations on July 9, 2012 to October 31 2012 \$
Net Assets, beginning of the year	7.68	7.66*
Increase (decrease) from operations:		
Total revenue	0.21	0.07
Total expenses	(0.23)	(0.09)
Realized gains for the year	0.07	—
Unrealized gains for the year	0.79	0.38
Total increase from operations ⁽²⁾	0.84	0.36
Distributions to Shareholders:		
From income (excluding dividends)	—	—
From dividends	—	—
From capital gains	—	—
Return of capital	(0.44)	(0.25)
Total distributions to Shareholders ⁽³⁾	(0.44)	(0.25)
Net Assets, end of the year	8.07	7.68

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- (2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase from operations is based on the average number of shares outstanding over the financial year.
- (3) Distributions were paid in cash/reinvested in additional shares of the Fund or both.

Ratios and Supplemental Data

Total net asset value (\$000's) ⁽¹⁾	22	20
Number of shares outstanding ⁽¹⁾	2,739	2,589
Management expense ratio ⁽²⁾	2.91%	3.67%
Management expense ratio before waivers or absorptions ⁽²⁾	2.91%	5.71%
Trading expense ratio ⁽³⁾	0.99%	1.27%
Portfolio turnover rate ⁽⁴⁾	237.62%	165.92%
Net asset value per share (\$)	8.07	7.66

- (1) This information is provided as at end of the year shown.
- (2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The manager waived certain fees or absorbed certain expenses otherwise payable by the Fund. The amount of expenses waived or absorbed is at the discretion of the manager.
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* Initial Price

MANAGEMENT AND PERFORMANCE FEES

The Fund pays a monthly management fee equal to 1/12 of 1.25% of the net asset value of Series A and Series X shares and 1/12 of 1.00% of the net asset value of Series B and Series F shares of the Fund calculated and paid at the end of each month in arrears from each Fund series.

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

The Fund pays a performance fee if the percentage gain in the net asset value of a series of the Fund (as adjusted for any prior return deficiencies) over the preceding fiscal quarter or quarters since a performance fee was last payable exceeds the percentage gain or loss of the benchmark (the "Benchmark") over the same year. The Benchmark for the Fund is 50% of the percentage gain or loss of the S&P/TSX Composite Index plus 50% of the percentage gain or loss of the DEX Universe All Corporate Bond Index. The fee is equal to this excess return per share multiplied by the number of shares outstanding at the end of the quarter multiplied by 20%, provided that the net asset value per share of the Fund (including distributions) is greater than all previous values at the end of each previous fiscal quarter, in which a performance fee was paid. The starting reference point for the next fiscal quarter's calculation is based on the higher of either the Benchmark performance adjusted net asset value per share or the adjusted actual net asset value per share, both with respect to the previous quarter in which a performance fee was payable.

The Manager has waived any applicable performance fees until further notice.

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

The Manager absorbed certain expenses relating to the operation of the Fund in the 2012 fiscal year. These expenses include administration fees, audit fees, legal fees, management fees, securityholder reporting costs, operating costs and independent review committee expenses.

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 monthly at rates set within ranges according to the following table.

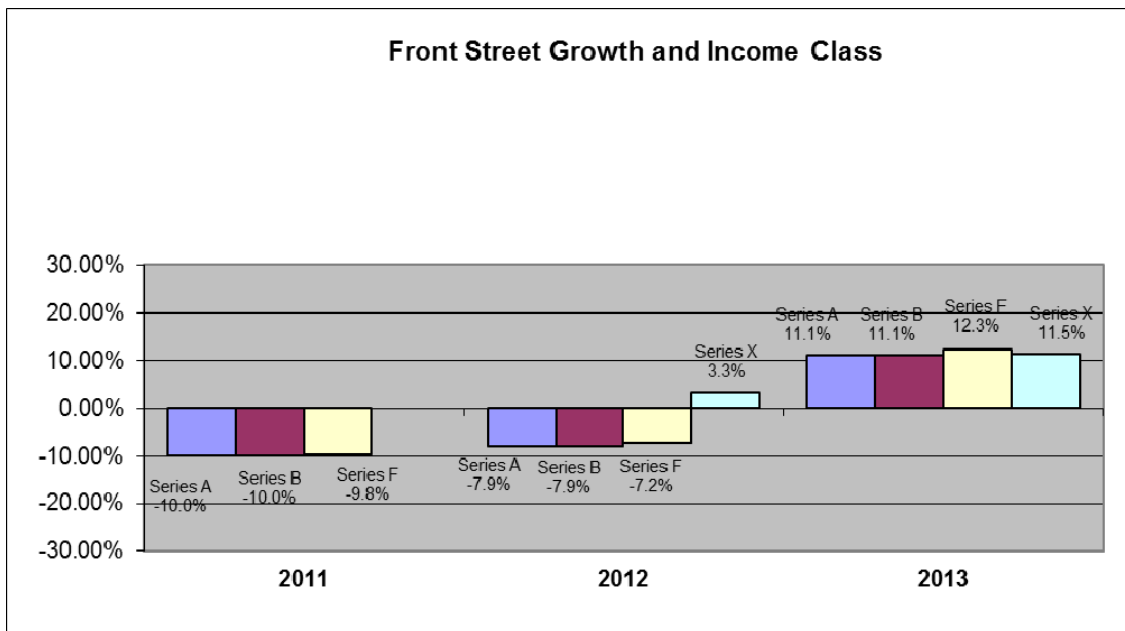
Series	Trailer Annual Rate	Annual Payment per \$1,000 of Fund securities held
A	0.75%	\$7.50
B	1.00%	\$10.00
F	0.00%	Nil
X	0.50%	\$5.00

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.



ANNUAL COMPOUND RETURNS

The following table shows the Fund's historical annual compound total return for the past one financial year and since inception, as at October 31, 2013 and as compared to the performance of S&P/TSX Composite Index ("Index").

Front Street Growth and Income Class	Past 1 year	Since inception on July 8, 2011
Series A	11.12%	-3.54%
Series B	11.13%	-3.56%
Series F	12.27%	-2.67%
S&P/TSX Composite Index	7.55%	0.19%

Front Street Growth and Income Class	Past 1 year	Since inception on July 9, 2012
Series X	11.45%	12.52%
S&P/TSX Composite Index	7.55%	11.21%

The S&P/TSX Composite Index is a capitalization-weighted index designed to measure market activity of stocks listed on the TSX.

Summary of Investment Portfolio as at October 31, 2013

Portfolio by Category

	Percentage of Transactional Net Asset Value
LONG POSITIONS	
Financials	23.5%
Energy	16.2%
Cash	15.0%
Industrials	10.9%
Corporate Bonds	8.9%
Consumer Discretionary	8.9%
Information Technology	6.8%
Materials	6.1%
Telecommunication Services	0.7%
Consumer Staples	0.2%
SHORT POSITIONS	
Written Put Option	-0.2%
Written Call Option	-0.1%
Other assets less other liabilities	3.1%
	100.0%

Top 25 Holdings

	Percentage of Transactional Net Asset Value
LONG POSITIONS	
The Toronto-Dominion Bank	3.2%
Whitecap Resources Inc.	2.8%
Royal Bank of Canada	2.7%
Bonterra Energy Corporation	2.3%
Great-West Lifeco Inc.	2.3%
The Bank of Nova Scotia	2.3%
Suncor Energy Inc.	2.1%
Bank of America Corporation	2.1%
Altus Group Limited	2.1%
Bauer Performance Sports Limited	1.8%
Sun Life Financial Inc.	1.8%
Martinrea International Inc.	1.7%
Canadian Natural Resources Limited	1.7%
Magna International Inc.	1.7%
Air Canada	1.7%
GENIVAR Inc.	1.6%
Bank of Montreal	1.6%
Amaya Gaming Group Inc.	1.5%
Manulife Financial Corporation	1.5%
Boyd Group Income Fund	1.4%
Canadian Imperial Bank of Commerce	1.4%
LyondellBasell Industries	1.4%
Vicwest Inc.	1.4%
Ford Credit Canada Limited*	1.3%
American International Group Inc.	1.3%
	46.7%
TOTAL TRANSACTIONAL NET ASSET VALUE (000's)	\$28,111

* Debt instruments

The information contained in the foregoing list may change due to the ongoing portfolio transactions of the Fund.

FRONT STREET GROWTH AND INCOME CLASS

**FINANCIAL STATEMENTS
OCTOBER 31, 2013 AND 2012**

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MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

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

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

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

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

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



Gary P. Selke
Management Committee Member
Front Street Capital 2004



Normand G. Lamarche
Management Committee Member
Front Street Capital 2004

January 24, 2014
Toronto, Ontario



SEGAL LLP
Chartered Professional Accountants
An independent member of DFK International

2005 Sheppard Ave. E., No. 500
Toronto, Ontario M2J 5B4

416 391 4499 | 800 206 7307
info@segallp.com

segallp.com

INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of
Front Street Growth and Income Class of Front Street Mutual Funds Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of Front Street Growth and Income Class which comprise the statements of net assets as at October 31, 2013 and 2012, the statements of operations, the statements of changes in net assets for the years then ended and the statement of investment portfolio as at October 31, 2013 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Independent Auditor's Report

Page 2

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Front Street Growth and Income Class as at October 31, 2013 and 2012 and its operations and changes in net assets for the years then ended and the investment portfolio as at October 31, 2013 in accordance with Canadian generally accepted accounting principles.

Segal LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
January 24, 2014

FRONT STREET GROWTH AND INCOME CLASS

STATEMENTS OF NET ASSETS AS AT OCTOBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Investments, at fair value (cost - \$21,299,001; 2012 - \$13,526,793)	\$ 23,072,265	\$ 13,410,400
Cash and cash equivalents	4,221,217	2,173,916
Accounts receivable relating to portfolio assets sold	1,204,196	44,041
Accounts receivable relating to shares issued	460,869	27,500
Amounts receivable relating to accrued income	<u>89,464</u>	<u>107,319</u>
	<u>\$ 29,048,011</u>	<u>\$ 15,763,176</u>
LIABILITIES		
Liabilities for portfolio assets purchased	\$ 711,358	\$ 576,413
Accrued expenses, note 8	118,857	84,636
Obligations from portfolio assets sold short, at fair value	65,281	970,292
Distributions payable	21,742	69,314
Accounts payable relating to shares redeemed	3,530	104,110
Forward contracts, at fair value, note 11	<u>-</u>	<u>938</u>
	<u>920,768</u>	<u>1,805,703</u>
Net assets representing shareholders' equity	<u>\$ 28,127,243</u>	<u>\$ 13,957,473</u>
Net assets applicable to outstanding shares allocated as follows:		
Net assets, Series A	\$ 21,383,349	\$ 10,492,065
Shares outstanding, Series A, note 3	2,666,280	1,371,067
Net assets per share, Series A	<u>\$ 8.02</u>	<u>\$ 7.65</u>
Net assets, Series B	\$ 5,505,315	\$ 2,354,595
Shares outstanding, Series B, note 3	686,753	307,861
Net assets per share, Series B	<u>\$ 8.02</u>	<u>\$ 7.65</u>
Net assets, Series F	\$ 1,216,468	\$ 1,090,939
Shares outstanding, Series F, note 3	148,309	140,975
Net assets per share, Series F	<u>\$ 8.20</u>	<u>\$ 7.74</u>
Net assets, Series X	\$ 22,111	\$ 19,874
Shares outstanding, Series X, note 3	2,739	2,589
Net assets per share, Series X	<u>\$ 8.07</u>	<u>\$ 7.68</u>

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



Gary P. Selke
Chief Executive Officer and Director



Susan Johnson
Chief Financial Officer

See accompanying notes to the financial statements

FRONT STREET GROWTH AND INCOME CLASS

STATEMENTS OF OPERATIONS FOR THE YEARS ENDED OCTOBER 31, 2013 AND 2012

	2013	2012
Investment income		
Dividends	\$ 263,201	\$ 84,863
Interest	213,629	173,373
Security lending revenue, note 7	<u>3,558</u>	<u>1,397</u>
	<u>480,388</u>	<u>259,633</u>
Expenses		
Management fees, notes 4 and 8	239,451	127,905
Servicing fees, notes 4 and 8	133,722	67,200
Administration fees	105,333	76,472
Legal fees	32,333	21,656
Operating costs, notes 4 and 8	22,075	9,628
Audit fees	21,708	25,000
Custodial fees	8,952	11,237
Compensatory dividends	7,286	13,833
Securityholder reporting costs	6,785	8,113
Independent review committee	<u>1,120</u>	<u>465</u>
	578,765	361,509
Expenses waived or absorbed by Manager, notes 4 and 8	<u>-</u>	<u>(58,791)</u>
	<u>578,765</u>	<u>302,718</u>
Net investment loss for the year	<u>(98,377)</u>	<u>(43,085)</u>
Net realized and unrealized gains (losses) on investments		
Net realized gain (loss) on the sale of investments	480,054	(450,861)
Loss from derivatives	(67,518)	(20,099)
Transaction costs, note 6	(177,228)	(116,048)
Change in the unrealized appreciation (depreciation) of the value of investments	<u>1,910,796</u>	<u>(11,174)</u>
Net gain (loss) on investments for the year	<u>2,146,104</u>	<u>(598,182)</u>
Net increase (decrease) in net assets from operations for the year	<u>\$ 2,047,727</u>	<u>\$ (641,267)</u>

See accompanying notes to the financial statements

FRONT STREET GROWTH AND INCOME CLASS

STATEMENTS OF OPERATIONS FOR THE YEARS ENDED OCTOBER 31, 2013 AND 2012

	2013	2012
<hr/>		
Increase (decrease) in net assets from operations applicable to outstanding shares allocated as follows:		
Increase (decrease) in net assets from operations, Series A	\$ 1,482,851	\$ (381,057)
Increase (decrease) in net assets from operations per share, Series A	<u>\$ 0.86</u>	<u>\$ (0.51)</u>
Increase (decrease) in net assets from operations, Series B	\$ 439,836	\$ (197,143)
Increase (decrease) in net assets from operations per share, Series B	<u>\$ 0.99</u>	<u>\$ (0.70)</u>
Increase (decrease) in net assets from operations, Series F	\$ 122,803	\$ (63,903)
Increase (decrease) in net assets from operations per share, Series F	<u>\$ 0.88</u>	<u>\$ (0.58)</u>
Increase in net assets from operations, Series X	\$ 2,237	\$ 836
Increase in net assets from operations per share, Series X	<u>\$ 0.84</u>	<u>\$ 0.36</u>

See accompanying notes to the financial statements

FRONT STREET GROWTH AND INCOME CLASS

STATEMENTS OF CHANGES IN NET ASSETS FOR THE YEARS ENDED OCTOBER 31, 2013 AND 2012

	2013	2012
Series A		
Net assets, beginning of year	\$ 10,492,065	\$ 2,458,591
Net increase (decrease) in net assets from operations	<u>1,482,851</u>	<u>(381,057)</u>
Distributions to shareholders		
Return of capital	<u>(782,359)</u>	<u>(431,585)</u>
Shareholder transactions		
Proceeds from the issuance of shares	10,910,319	8,968,817
Aggregate amounts paid on the redemption of shares	(1,258,534)	(415,833)
Shares issued on the reinvestment of distributions	<u>539,007</u>	<u>293,132</u>
	<u>10,190,792</u>	<u>8,846,116</u>
Net increase in net assets for the year	<u>10,891,284</u>	<u>8,033,474</u>
Net assets, end of year	<u>\$ 21,383,349</u>	<u>\$ 10,492,065</u>
Series B		
Net assets, beginning of year	\$ 2,354,595	\$ 1,776,133
Net increase (decrease) in net assets from operations	<u>439,836</u>	<u>(197,143)</u>
Distributions to shareholders		
Return of capital	<u>(202,619)</u>	<u>(143,997)</u>
Shareholder transactions		
Proceeds from the issuance of shares	3,571,079	1,203,962
Aggregate amounts paid on the redemption of shares	(829,858)	(392,592)
Shares issued on the reinvestment of distributions	<u>172,282</u>	<u>108,232</u>
	<u>2,913,503</u>	<u>919,602</u>
Net increase in net assets for the year	<u>3,150,720</u>	<u>578,462</u>
Net assets, end of year	<u>\$ 5,505,315</u>	<u>\$ 2,354,595</u>

See accompanying notes to the financial statements

FRONT STREET GROWTH AND INCOME CLASS

STATEMENTS OF CHANGES IN NET ASSETS FOR THE YEARS ENDED OCTOBER 31, 2013 AND 2012

	2013	2012
Series F		
Net assets, beginning of year	<u>\$ 1,090,939</u>	<u>\$ 517,220</u>
Net increase (decrease) in net assets from operations	<u>122,803</u>	<u>(63,903)</u>
Distributions to shareholders		
Return of capital	<u>(62,440)</u>	<u>(58,024)</u>
Shareholder transactions		
Proceeds from the issuance of shares	418,467	678,763
Aggregate amounts paid on the redemption of shares	(406,851)	(32,473)
Shares issued on the reinvestment of distributions	<u>53,550</u>	<u>49,356</u>
	<u>65,166</u>	<u>695,646</u>
Net increase in net assets for the year	<u>125,529</u>	<u>573,719</u>
Net assets, end of year	<u>\$ 1,216,468</u>	<u>\$ 1,090,939</u>
Series X		
Net assets, beginning of year	<u>\$ 19,874</u>	<u>\$ -</u>
Net increase in net assets from operations	<u>2,237</u>	<u>836</u>
Distributions to shareholders		
Return of capital	<u>(1,165)</u>	<u>(632)</u>
Shareholder transactions		
Proceeds from the issuance of shares	-	19,038
Aggregate amounts paid on the redemption of shares	-	-
Shares issued on the reinvestment of distributions	<u>1,165</u>	<u>632</u>
	<u>1,165</u>	<u>19,670</u>
Net increase in net assets for the year	<u>2,237</u>	<u>19,874</u>
Net assets, end of year	<u>\$ 22,111</u>	<u>\$ 19,874</u>

See accompanying notes to the financial statements

FRONT STREET GROWTH AND INCOME CLASS

STATEMENTS OF CHANGES IN NET ASSETS FOR THE YEARS ENDED OCTOBER 31, 2013 AND 2012

	2013	2012
<hr/>		
Total		
Net assets, beginning of year	\$ 13,957,473	\$ 4,751,944
Net increase (decrease) in net assets from operations	<u>2,047,727</u>	<u>(641,267)</u>
Distributions to shareholders		
Return of capital	<u>(1,048,583)</u>	<u>(634,238)</u>
Shareholder transactions		
Proceeds from the issuance of shares	14,899,865	10,870,580
Aggregate amounts paid on the redemption of shares	(2,495,243)	(840,898)
Shares issued on the reinvestment of distributions	<u>766,004</u>	<u>451,352</u>
	<u>13,170,626</u>	<u>10,481,034</u>
Net increase in net assets for the year	<u>14,169,770</u>	<u>9,205,529</u>
Net assets, end of year	<u>\$ 28,127,243</u>	<u>\$ 13,957,473</u>

See accompanying notes to the financial statements

FRONT STREET GROWTH AND INCOME CLASS

STATEMENT OF INVESTMENT PORTFOLIO AS AT OCTOBER 31, 2013

	Number of Shares / Units	Cost \$	Fair Value \$
Long Positions (82.0%)			
Energy (16.2%)			
AltaGas Limited	7,000	\$ 226,220	\$ 270,130
Bellatrix Exploration Limited	20,000	139,768	156,200
Bonterra Energy Corporation	11,100	588,949	644,355
Brasil Ecoetanol Limited Restricted	500,000	150,000	10,000
Canadian Natural Resources Limited	14,800	473,305	489,693
Crew Energy Inc.	25,100	144,846	151,604
Gran Tierra Energy Inc.	3,900	28,033	30,615
Keyera Corporation	3,500	171,449	215,845
Lignol Energy Corporation Warrants December 17, 2014	650,000	-	12,660
Long Run Exploration Limited	5,600	31,700	31,920
McCoy Corporation	13,600	95,511	97,648
Parex Resources Inc.	51,800	276,849	310,282
Precision Drilling Corporation	22,659	236,045	249,702
Raging River Exploration Inc.	32,200	176,371	181,930
RMP Energy Inc.	30,000	168,600	185,700
Suncor Energy Inc.	16,000	523,767	606,366
Whitecap Resources Inc.	65,000	648,543	786,500
Xtreme Drilling and Coil Services Corporation	32,000	<u>41,934</u>	<u>112,320</u>
		<u>\$ 4,121,890</u>	<u>\$ 4,543,470</u>
Materials (6.1%)			
Banro Corporation Warrants March 1, 2017	9,600	\$ 17,202	\$ 1,382
Barrick Gold Corporation	2,000	42,906	40,459
Canfor Corporation	2,100	45,075	45,360
Compass Gold Corporation Warrants August 23, 2014	416,666	833	-
Conifex Timber Inc.	17,848	138,012	142,784
E. I. du Pont de Nemours and Company	4,170	254,575	266,254
EcoSynthetix Inc.	43,000	168,548	139,750
Enpar Technologies Inc. Warrants	1,250,000	-	1
Immy Inc. Warrants March 31, 2015	2	-	-
International Forest Products Limited 'A'	2,500	26,180	29,500
Intertape Polymer Group Inc.	20,000	243,750	299,400
Lundin Mining Corporation	23,300	105,564	109,044
LyondellBasell Industries NV 'A'	5,000	362,099	389,150
The Dow Chemical Company	2,500	98,481	102,947
Western Forest Products Inc.	95,000	125,400	140,600
Western Forest Products Inc. Warrants July 31, 2014	49,400	<u>6,422</u>	<u>6,175</u>
		<u>\$ 1,635,047</u>	<u>\$ 1,712,806</u>

See accompanying notes to the financial statements

FRONT STREET GROWTH AND INCOME CLASS

STATEMENT OF INVESTMENT PORTFOLIO AS AT OCTOBER 31, 2013

	Number of Shares / Units	Cost \$	Fair Value \$
Consumer Discretionary (8.8%)			
Amaya Gaming Group Inc.	46,900	\$ 252,958	\$ 392,084
Amaya Gaming Group Inc. Warrants April 30, 2015	5,000	-	26,750
Bauer Performance Sports Limited	38,700	472,057	496,134
BRP Inc/CA Subordinate Voting Shares	6,500	176,635	180,440
DHX Media Limited	73,500	122,262	294,735
Magna International Inc.	5,530	470,825	488,324
Martinrea International Inc.	44,400	409,255	488,400
Neulion Inc. Warrants March 25, 2015	437,500	-	122,255
		<u>\$ 1,903,992</u>	<u>\$ 2,489,122</u>
Consumer Staples (0.2%)			
Alimentation Couche-Tard Inc. 'B'	700	\$ 45,703	\$ 49,350
Crumbs Bake Shop Inc.	2,097	2,161	2,800
		<u>\$ 47,864</u>	<u>\$ 52,150</u>
Financials (23.4%)			
Altus Group Limited	42,310	\$ 558,889	\$ 590,225
American International Group Inc.	6,900	334,515	371,743
Bank of America Corporation	41,155	597,883	599,399
Bank of Montreal	6,100	421,836	442,860
Canadian Imperial Bank of Commerce	4,400	363,182	390,280
Citigroup Inc.	3,600	188,507	183,249
Element Financial Corporation	3,000	36,662	39,900
First Capital Realty Inc.	160	2,625	2,893
Great-West Lifeco Inc.	20,100	608,098	646,215
JPMorgan Chase & Company	600	32,558	32,269
Manulife Financial Corporation	22,100	358,372	407,745
Royal Bank of Canada	10,800	688,920	756,216
Sun Life Financial Inc.	14,200	446,327	498,704
The Bank of Nova Scotia	10,000	607,573	633,900
The Toronto-Dominion Bank	9,410	830,652	899,808
Wells Fargo & Company	2,380	105,641	106,026
		<u>\$ 6,182,240</u>	<u>\$ 6,601,432</u>

See accompanying notes to the financial statements

FRONT STREET GROWTH AND INCOME CLASS

STATEMENT OF INVESTMENT PORTFOLIO AS AT OCTOBER 31, 2013

	Number of Shares / Units	Cost \$	Fair Value \$
Industrials (10.9%)			
AG Growth International Inc.	4,000	\$ 138,531	\$ 151,520
Air Canada 'A'	700	2,005	3,997
Air Canada 'B'	79,400	281,173	454,168
Bombardier Inc. 'B'	42,600	210,786	201,924
Boyd Group Income Fund	15,100	316,468	399,395
CAE Inc.	22,700	244,685	271,038
CERF Inc.	130,000	351,000	340,600
CERF Inc. Warrant January 25, 2015	185,185	-	7,690
GENIVAR Inc.	15,348	409,660	457,217
New Flyer Industries Inc.	5,000	57,066	54,050
Ocean Harvest Technology (Canada) Inc. 'Private Placement'	50,000	50,000	50,000
Progressive Waste Solutions Limited	9,600	256,948	267,840
Vicwest Inc.	30,800	398,115	386,540
WaterFurnace Renewable Energy Inc.	400	8,374	9,180
		<u>\$ 2,724,811</u>	<u>\$ 3,055,159</u>
Health Care (0.0%)			
ISEE3D Inc.	920,000	\$ 92,000	\$ -
ISEE3D Inc. Warrants December 19, 2013	460,000	-	-
ISEE3D Inc. Warrants September 16, 2014	266,666	-	-
		<u>\$ 92,000</u>	<u>\$ -</u>
Information Technology (6.8%)			
Avigilon Corporation	1,850	\$ 29,942	\$ 35,983
CGI Group Inc. 'A'	3,000	87,938	104,880
COM DEV International Limited	44,200	176,524	183,430
Edgewater Wireless Systems Inc. Warrants November 20, 2014	1,818,182	-	15,938
Edgewater Wireless Systems Inc.	750,243	46,421	26,259
Enpar Techs warrants April 23, 2014	1,250,000	-	1
Facebook Inc. 'A'	4,500	158,725	235,869
First Global Data Limited	333,785	127,040	40,054
First Global Data Limited Warrants November 21, 2014	356,831	-	31,430
Mobidia Technology Inc. 'A' Series 4 Preferred Shares	120,000	150,000	150,000
QHR Corp.	105,000	58,275	94,500
Qualcomm Inc.	2,000	133,959	144,955

See accompanying notes to the financial statements

FRONT STREET GROWTH AND INCOME CLASS

STATEMENT OF INVESTMENT PORTFOLIO AS AT OCTOBER 31, 2013

	Number of Shares / Units	Cost \$	Fair Value \$
Information Technology (6.8%) (Continued...)			
Redknee Solutions Inc.	57,500	73,218	318,550
Redline Communications Group Inc.	800	3,538	2,680
Redline Communications Group Inc. Restricted	15,000	90,000	49,245
Redline Communications Group Inc. Warrants July 30, 2015	7,500	-	1,339
Sierra Wireless Inc.	6,800	56,179	126,616
The Descartes Systems Group Inc.	19,000	168,258	242,440
ViXS Systems Inc.	31,000	108,500	112,220
Windtronics LLC Warrants January 1, 2014	375	-	-
Windtronics LLC Warrants June 27, 2017	6,000	-	-
		<u>\$ 1,468,517</u>	<u>\$ 1,916,389</u>
Telecommunication Services (0.7%)			
Verizon Communications Inc.	3,600	<u>\$ 175,079</u>	<u>\$ 189,709</u>
Corporate Bonds (8.9%)			
Aecon Group Inc., 6.25%, October 31, 2015	150,000	\$ 155,813	\$ 156,750
American Apparel Inc., 13.00%, April 15, 2020	335,000	330,425	340,330
Atlantic Power Corporation, 5.60%, June 30, 2017	88,000	77,319	70,506
Canwel Building Material, 5.85%, April 30, 2017	50,000	40,000	41,500
Crumbs Bake Shop Inc., Convertible Note, 6.50%, May 7, 2018	200,000	201,049	208,659
Delavaco Properties Inc., Convertible Debentures, 7.00%, July 31, 2018	250,000	259,151	260,824
First Cap Realty Inc., Convertible Bond, 5.25%, March 31, 2018	100,000	102,125	100,000
Flint Energy Services Limited, 7.50%, June 15, 2019	75,000	75,000	83,604
Ford Credit Canada Limited, 4.20%, November 14, 2013	100,000	99,949	100,064
Ford Credit Canada Limited, 7.50%, August 18, 2015	250,000	277,175	271,950
Fortress Paper Limited, Convertible Bond, 7.00%, December 31, 2019	250,000	250,000	166,875
Gasfrac Energy Services, 7.00%, February 28, 2017	105,000	105,000	80,430
Huntingdon Capital Corporation, 7.50%, December 31, 2016	100,000	100,000	102,250
Immy Inc. Convertible Note, 6.00%, May 8, 2015	42,000	41,983	18,842
ISEE3D Inc. Promissory Notes, 6.00%, September 16, 2014	100,000	100,000	-
Ivanhoe Energy Inc., 5.75%, June 30, 2016	20,000	15,525	13,016
Just Energy Exchange Corporation, Convertible Debentures, 6.00%, September 30, 2014	100,000	95,000	99,800

See accompanying notes to the financial statements

FRONT STREET GROWTH AND INCOME CLASS

STATEMENT OF INVESTMENT PORTFOLIO AS AT OCTOBER 31, 2013

	Number of Shares / Units	Cost \$	Fair Value \$
Corporate Bonds (8.9%) (Continued...)			
Renewable Energy Developers Inc. Convertible Bond, 6.75%, December 31, 2017	150,000	150,000	151,650
TransAlta Corporation, 6.45%, May 29, 2014	100,000	104,483	102,462
VoodooVox Inc., Non-Convertible Debentures, 15% March 1, 2014	99,000	99,000	99,000
Windtronics LLC, Promissory Note, 15.00%, September 30, 2012	75,000	76,425	-
Windtronics LLC Promissory Notes, 15.00%, September 7, 2012	150,000	150,000	-
YPG Financing Inc., 9.25%, November 30, 2018	42,139	<u>42,139</u>	<u>43,516</u>
		<u>\$ 2,947,561</u>	<u>\$ 2,512,028</u>
Total Long Positions (82.0%)		<u>\$ 21,299,001</u>	<u>\$ 23,072,265</u>
Short Positions (-0.2%)			
Written Options (-0.2%)			
Alimentation Couche-Tard Inc. Nov/68 WPO	(17)	\$ (918)	\$ (425)
Alimentation Couche-Tard Inc. Nov/70 WPO	(17)	(2,091)	(1,785)
Barrick Gold Corporation Nov/17 WPO	(20)	(1,767)	(146)
Barrick Gold Corporation Nov/19 WPO	(24)	(1,001)	(1,127)
Barrick Gold Corporation Nov/20 WPO	(40)	(2,546)	(4,215)
Canadian Imperial Bank of Commerce Nov/80 WPO	(40)	(2,920)	(400)
Canadian Imperial Bank of Commerce Nov/86 WPO	(16)	(1,008)	(320)
Canadian Natural Resources Limited Nov/32 WCO	(30)	(1,568)	(2,191)
Canfor Corporation Nov/21 WPO	(40)	(1,960)	(800)
Canfor Corporation Nov/22 WPO	(48)	(1,872)	(3,360)
Cenovus Energy Inc. Nov/30 WPO	(19)	(741)	(266)
Cenovus Energy Inc. Nov/31 WPO	(40)	(2,560)	(1,800)
CGI Group Inc. 'A' Nov/34 WPO	(20)	(940)	(1,000)
CGI Group Inc. 'A' Nov/35 WPO	(20)	(1,680)	(2,040)
CGI Group Inc. 'A' Nov/36 WPO	(20)	(2,060)	(3,200)
CGI Group Inc. 'A' Nov/40 WCO	(30)	(1,785)	(420)
Citigroup Inc. Nov/48 WPO	(21)	(3,799)	(964)
Citigroup Inc. Nov/52.5 WCO	(5)	(212)	(21)
Eldorado Gold Corporation Nov/7 WPO	(56)	(728)	(1,680)

See accompanying notes to the financial statements

FRONT STREET GROWTH AND INCOME CLASS

STATEMENT OF INVESTMENT PORTFOLIO AS AT OCTOBER 31, 2013

	Number of Shares / Units	Cost \$	Fair Value \$
Written Options (-0.2%) (Continued...)			
Facebook Inc. 'A' Nov/50 WPO	(17)	(4,109)	(3,228)
Facebook Inc. 'A' Nov/55 WCO	(6)	(1,653)	(351)
Goldcorp Inc. Nov/26 WPO	(81)	(8,980)	(9,633)
JPMorgan Chase & Company Nov/50 WPO	(40)	(1,276)	(1,335)
JPMorgan Chase & Company Nov/52.5 WPO	(32)	(2,748)	(4,474)
LyondellBasell Industries NV 'A' Dec/80 WCO	(24)	(5,257)	(1,377)
Magna International Inc. Nov/92 WCO	(40)	(3,760)	(2,600)
Qualcomm Inc. Nov/70 WCO	(14)	(926)	(2,001)
Royal Bank of Canada Dec/70 WCO	(52)	(5,148)	(7,227)
Sun Life Financial Inc. Dec/35 WCO	(25)	(1,600)	(1,900)
Suncor Energy Inc. Nov/37 WCO	(62)	(5,168)	(2,458)
The Toronto-Dominion Bank Nov/93 WPO	(12)	(900)	(300)
Verizon Communications Inc. Dec/52.5 WCO	(31)	(2,364)	(1,488)
Verizon Communications Inc. Nov/49 WPO	(31)	(868)	(615)
Wells Fargo & Company Nov/39 WPO	(32)	(2,410)	(134)
		<u>\$ (79,323)</u>	<u>\$ (65,281)</u>
Total Short Positions (-0.2%)		<u>\$ (79,323)</u>	<u>\$ (65,281)</u>
Transaction costs, note 2		<u>\$ (62,931)</u>	
Total Investments (81.8%)		<u>\$ 21,156,747</u>	23,006,984
Cash and cash equivalents (15.0%)			4,221,217
Other assets less other liabilities (3.2%)			<u>899,042</u>
Net assets (100.0%)			<u>\$ 28,127,243</u>

See accompanying notes to the financial statements

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

1. THE FUND

Front Street Growth And Income Class (the "Fund") is a class of shares of Front Street Mutual Funds Limited (the "Corporation"), a mutual fund corporation incorporated under the Canada Business Corporations Act on April 11, 2006, and is authorized to issue an unlimited number of classes of shares in multiple series. Reference is made to the Fund's Simplified Prospectus for additional information on the Fund's structure. The Fund was established on June 29, 2011. Series A commenced operations on July 8, 2011. Series B commenced operations on July 8, 2011. Series F commenced operations on July 8, 2011. Series X commenced operations on July 9, 2012.

The foregoing financial statements and accompanying notes to the financial statements presented herein are for the Fund. Separate financial statements of each of the other classes of shares of the Corporation have also been prepared as at October 31, 2013.

Front Street Capital 2004 is the manager of the Fund (the "Manager"). Front Street Investment Management Inc. (the "Investment Advisor") has been retained by the Manager, on behalf of the Fund, to provide investment advisory and portfolio management services to the Fund. NBCN Inc. is the custodian. Citigroup Fund Services Canada Inc. provides fund accounting services and shareholder recordkeeping services.

The fundamental investment objective of the Fund is to provide current income and long-term capital appreciation by investing primarily in a diversified portfolio of North American equity and income securities, including dividend paying or distribution paying equity and income securities, such as common shares, convertible bonds, income trust units, and, to a lesser extent, interest-bearing securities such as corporate and government bonds. The Fund may also engage in option writing strategies to enhance income and manage risk and may, from time to time, engage in the short-selling of securities that the Investment Advisor believes are overvalued.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) Financial instruments

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

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

a) Financial instruments (Continued...)

The Canadian Securities Administrators adopted changes to National Instrument 81-106 on Investment Fund Continuous Disclosure. The changes are essentially aimed at modifying the requirements pertaining to the calculation of the unit value due to the inclusion of Section 3855, Financial Instruments - Recognition and Measurement of the CICA Handbook. These changes allow the Fund to report two distinct net asset values: one for the financial statements, which is calculated in accordance with Canadian GAAP (called "net assets") and another for all other purposes, such as unit pricing (called "net asset value"). A reconciliation between the net assets per unit and the net asset value per unit is required (see note 9) as well as description of the differences between the valuation principles and practices used by the Manager to calculate the net asset value and those prescribed by Canadian GAAP.

b) Valuation of investments

- i) Investments listed on an exchange are valued at the last bid price reported by the principal securities exchange on which the issue is traded on the financial statement date. The difference between this amount and cost is shown as the change in the unrealized appreciation (depreciation) of the value of investments. For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques to be used in the determination of fair value. When current market prices or quotations are not readily available, valuations are established using specific procedures in order to estimate what the fair value would be, in an arms length transaction, motivated by normal business considerations. Valuation techniques principally include the use of the last publicly traded price, the issuance price of securities at the date of the most recent financing of the entity or a price established by the Manager in accordance with its fair value policy.
- ii) Investments which are restricted as to transferability are valued at the fair value of the unrestricted investment as provided in paragraph (i) above less a discount of 2% per month up to four months.

The process of valuing investments for which no published market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been established had a ready market existed for these investments.

- iii) Trust units are valued at the last bid price reported by the principal securities exchange on which the issue is traded on the financial statement date. The cost of the trust units is reduced on an annual basis by distributions from the trust and increased by the annual income allocated to the units by the trust.
- iv) Investments in mutual funds or pooled funds are valued based on the net asset value per unit at the close of trading on the financial statement date.

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

b) Valuation of investments (Continued...)

- v) The Fund values its investments in limited partnerships at the last bid price reported by the principal securities exchange on which the issue is traded on the financial statement date. The Fund calculates the cost value of its investment in limited partnerships using the equity method. Under this method, the limited partnership investments are recorded at cost plus the Fund's pro rata share in undistributed earnings since acquisition.
- vi) The Fund may make short sales whereby a security that it does not own is sold in anticipation of a decline in the fair value of the security. Securities which are sold short are valued at the last ask price reported by the principal securities exchange on which the issue is traded on the financial statement date. To enter a short sale, the Fund may need to borrow the security for delivery to the buyer.

While the transaction is open, the Fund will also incur a liability for any paid dividends or interest which are due to the lender of the security.

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

c) Financial instruments disclosure and presentation and fair value measurements

The Fund adopted CICA Handbook Sections 3862, Financial Instruments - Disclosures and 3863, Financial Instruments - Presentation. These standards place increased emphasis on disclosures with respect to the nature and extent of risks arising from financial instruments and how the Fund has managed those risks. See note 10 for additional details.

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

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

See note 13 for additional details.

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

d) Transaction costs

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

e) Cash and cash equivalents

Cash and cash equivalents consist of cash balances with banks and highly liquid short-term investments with original terms to maturity of less than three months.

f) Investment transactions and income recognition

Investment transactions are accounted for on a trade date basis. Realized and unrealized gains and losses from such transactions are calculated using the weighted average cost of the securities on disposition.

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

g) Securities lending, repurchase and reverse repurchase transactions

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

h) Foreign currency translation

Income, expenses and investment transactions in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing on the dates of such transactions. Assets and liabilities in foreign currencies are translated into Canadian dollars at the closing exchange rates on each valuation day.

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

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

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

j) Net assets per share

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

k) Capital disclosures

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

l) General standards on financial statement presentation

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

m) Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting year. Significant estimates include the fair value of the Fund's investments in private companies and the fair value of the Fund's investments in corporate warrants which are not traded in active markets. Actual results may differ from those estimates.

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

n) Future accounting pronouncements

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

International financial reporting standards ("IFRS")

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

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

- (a) IAS 32, Financial Instruments: Disclosure and Presentation and IFRS 9, Financial Instruments, require shareholders' equity to be classified as liability unless certain criteria are met. The Fund's shareholders' equity meets the definition of a puttable instrument. The Manager has assessed the Fund's shareholder structure and has determined the liability treatment is the most appropriate classification. IFRS 9 defines an investment entity and introduces exceptions to the consolidation requirements.
- (b) IFRS 7, Financial Instruments: Disclosures requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.
- (c) IFRS 13, Fair Value Measurements, that was released in May 2011 provides guidance on the fair value measurements and allows for the possible use of closing prices to value investments. The Manager has assessed the guidance that will apply under IFRS and has determined that the use of closing market prices is appropriate in valuing investments. While IFRS does not require interest income to be disclosed for debt instruments measured at Fair Value through Profit or Loss, when interest income is disclosed, IFRS requires that the effective interest rate method of calculating accrued interest be used rather than the straight-line amortization method. The Manager is assessing the impact of this change to the Fund's financial statements.

The anticipated impact of IFRS on accounting policies and implementation decisions will predominantly be on the financial statement presentation and note disclosures in the Fund's financial statements. The adoption of IFRS is not expected to have a significant impact on the calculation of NAV per share. In particular, the Fund will be required to present a statement of cash flows, and will be required to include certain additional and enhanced disclosures.

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

n) Future accounting pronouncements (Continued...)

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

3. SHARES ISSUED AND OUTSTANDING

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

Series A shares

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

Series B shares

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

Series F shares

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

Series X shares

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

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

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

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

The following share transactions took place during the years:

	2013	2012
Shares outstanding, beginning of the year:		
Series A	1,371,067	279,649
Series B	307,861	202,131
Series F	140,975	58,697
Series X	2,589	-
Shares issued during the year:		
Series A	1,388,591	1,106,025
Series B	464,005	141,669
Series F	51,863	80,247
Series X	-	2,506
Share distributions reinvested during the year:		
Series A	69,925	37,247
Series B	22,342	13,588
Series F	6,826	6,184
Series X	150	83
Shares redeemed during the year:		
Series A	163,303	51,854
Series B	107,455	49,527
Series F	51,355	4,153
Series X	-	-
Shares outstanding, end of the year:		
Series A	2,666,280	1,371,067
Series B	686,753	307,861
Series F	148,309	140,975
Series X	2,739	2,589

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

4. FEES AND EXPENSES

The Fund pays a monthly management fee equal to 1/12 of 1.25% of the net asset value of Series A and Series X shares and 1/12 of 1.00% of the net asset value of Series B and Series F shares of the Fund calculated and paid at the end of each month in arrears from each Fund series.

The Fund pays a monthly service fee of 1/12 of 0.75% of the net asset value of the Series A shares, 1/12 of 1.00% of the net asset value of Series B shares and 1/12 of 0.50% of the net asset value of Series X shares calculated 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 Fund pays a performance fee if the percentage gain in the net asset value of a series of the Fund (as adjusted for any prior return deficiencies) over the preceding fiscal quarter or quarters since a performance fee was last payable exceeds the percentage gain or loss of the benchmark (the "Benchmark") over the same period. The Benchmark for the Fund is 50% of the percentage gain or loss of the S&P/TSX Composite Index plus 50% of the percentage gain or loss of the DEX Universe All Corporate Bond Index. The fee is equal to this excess return per share multiplied by the number of shares outstanding at the end of the quarter multiplied by 20%, provided that the net asset value per share of the Fund (including distributions) is greater than all previous values at the end of each previous fiscal quarter, in which a performance fee was paid. The starting reference point for the next fiscal quarter's calculation is based on the higher of either the Benchmark performance adjusted net asset value per share or the adjusted actual net asset value per share, both with respect to the previous quarter in which a performance fee was payable.

The Manager waived any applicable performance fees until further notice.

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

The Manager absorbed certain expenses relating to the operation of the Fund in the 2012 fiscal year. These expenses include administration fees, audit fees, legal fees, management fees, securityholder reporting costs, operating costs and independent review committee expenses.

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

5. INCOME TAX AND DISTRIBUTION

The Fund qualifies as a mutual fund corporation under the Income Tax Act (Canada). The Corporation will earn three types of income, Canadian dividends, taxable capital gains and other net taxable income. The income of the Fund, including taxable capital gains, will be subject to tax at applicable corporate tax rates, after claiming allowable deductions for expenses and applicable credits for foreign taxes paid on foreign source income. Income tax on capital gains is refundable to the Fund to the extent that such gains are distributed to shareholders as capital gains dividends or the Fund's share is redeemed. Gains and losses realized by the Fund in relation to certain derivative transactions and short sale transactions may be taxed on account of income as opposed to on account of capital. Other income is subject to tax at normal corporate rates and is not subject to refundable tax treatment.

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

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

The Fund anticipates that gains and losses realized on the disposition of investments will normally give rise to capital gains not ordinary income. The Fund intends to declare sufficient capital gains dividends so that it is entitled to a refund of the full amount of tax paid or payable on their capital gains. The suspended loss rules in the Income Tax Act (Canada) may prevent the Fund from recognizing capital losses on the disposition of securities in certain circumstances, which may increase the amount of capital gains dividends that the Fund must pay to Fund shareholders.

If allowable capital losses exceed taxable capital gains of the Fund in any taxation year, the excess cannot be allocated to shareholders, but may be carried back three years and carried forward indefinitely and be applied against taxable capital gains in such previous or subsequent years.

The Fund will allocate taxes payable and recoverable of the Fund to each of the classes. The Fund can pay ordinary taxable dividends or capital gains dividends to shareholders of any class in order to receive a refund of taxes on Canadian dividends or capital gains taxes. The Fund intends to pay out such dividends so as to maximize tax refunds and minimize taxes payable at the corporate level.

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

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

6. TRANSACTION COSTS

The total brokerage commissions paid by the Fund with respect to securities transactions for the year ended October 31, 2013 was \$177,228 (2012 - \$116,048).

7. SECURITIES LENDING

The Fund lends portfolio securities from time to time in order to earn additional income. The Fund has entered into a securities lending program with its custodian, NBCN Inc. The aggregate fair value of all securities loaned will not exceed 50% of the net assets of the Fund. The Fund receives collateral (in the form of obligations of, or guaranteed by, the Government of Canada, or a province thereof, or by the United States government or its agencies and/or cash) against the loaned securities. Collateral is maintained in an amount representing at least 102% of the fair value of the loaned securities during the period the loan is outstanding. The fair value of the loaned securities is determined daily at the close of business of the Fund and any additional collateral required is delivered to the Fund on the next business day. As at October 31, 2013 and 2012, the aggregate fair values of the Fund's securities loaned and the collateral received were as follows.

	2013	2012
Value of securities loaned	\$ <u>-</u>	\$ <u>207,190</u>
Value of collateral received	\$ <u>-</u>	\$ <u>230,015</u>

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

8. RELATED PARTY TRANSACTIONS

During the years ended October 31, 2013 and 2012, fees paid to (waived or absorbed by) the Manager were as follows:

	2013	2012
Management fees, note 4	<u>\$ 239,451</u>	<u>\$ 127,905</u>
Servicing fees, note 4	<u>\$ 133,722</u>	<u>\$ 67,200</u>
Operating costs, note 4	<u>\$ 22,075</u>	<u>\$ 9,628</u>
Expenses waived or absorbed by Manager, note 4	<u>\$ -</u>	<u>\$ (58,791)</u>

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

	2013	2012
Management fees payable	\$ 27,017	\$ 14,408
Servicing fees payable	15,974	8,923
Operating costs payable	<u>5,585</u>	<u>592</u>
	<u>\$ 48,576</u>	<u>\$ 23,923</u>

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

	2013	2012
Series A shares held by the Manager	5,735	5,000
Percentage of Series A shares held by the Manager	0.34%	0.36%
Series B shares held by the Manager	5,735	5,000
Percentage of Series B shares held by the Manager	0.84%	1.62%
Series B shares held by the Partners of the Manager	343,690	-
Percentage of Series B shares held by the Partners of the Manager	50.05%	Nil%
Series F shares held by the Manager	5,727	5,000
Percentage of Series F shares held by the Manager	3.86%	3.55%
Series F shares held by the Partners of the Manager	30,447	-
Percentage of Series F shares held by the Partners of the Manager	20.53%	Nil%

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

8. 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 year ended October 31, 2013, Tuscarora Capital Inc, a company under common control to the Manager, received \$96,027 (2012 \$Nil) 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.

9. RECONCILIATION OF NET ASSET VALUE TO NET ASSETS FOR FINANCIAL STATEMENTS

In accordance with the decision made by the Canadian securities regulatory authorities, a reconciliation between the transactional net asset value ("NAV") and net assets calculated using generally accepted accounting principles ("GAAP NA") of an investment fund is required. For investments that are traded in an active market where quoted prices are readily and regularly available, Section 3855 requires bid prices (for investments held) and ask prices (for investments sold) to be used in the fair valuation of investments, rather than the use of closing sale prices currently used for the purpose of determining transactional NAV. For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques (see note 2) rather than the use of valuation techniques in general practice in the investment funds industry.

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

9. RECONCILIATION OF NET ASSET VALUE TO NET ASSETS FOR FINANCIAL STATEMENTS (Continued...)

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

As at October 31, 2013

	Transactional NAV	Section 3855 Adjustment	GAAP NA	Transactional NAV per share	GAAP NA per share
Series A	\$ 21,370,843	\$ 12,506	\$ 21,383,349	\$ 8.02	\$ 8.02
Series B	5,502,029	3,286	5,505,315	8.01	8.02
Series F	1,215,743	725	1,216,468	8.20	8.20
Series X	22,098	13	22,111	8.07	8.07
Total	\$ 28,110,713	\$ 16,530	\$ 28,127,243		

As at October 31, 2012

	Transactional NAV	Section 3855 Adjustment	GAAP NA	Transactional NAV per share	GAAP NA per share
Series A	\$ 10,467,353	\$ 24,712	\$ 10,492,065	\$ 7.63	\$ 7.65
Series B	2,349,051	5,544	2,354,595	7.63	7.65
Series F	1,088,380	2,559	1,090,939	7.72	7.74
Series X	19,827	47	19,874	7.66	7.68
Total	\$ 13,924,611	\$ 32,862	\$ 13,957,473		

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

10. FINANCIAL INSTRUMENTS

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

As at October 31,

	2013	2012
Assets		
Held for trading	\$ 23,072,265	\$ 13,410,400
Cash and cash equivalents	4,221,217	2,173,916
Loans and receivables	<u>1,754,529</u>	<u>178,860</u>
Total Assets	<u>\$ 29,048,011</u>	<u>\$ 15,763,176</u>
Liabilities		
Held for trading	\$ 65,281	\$ 971,230
Other financial liabilities at amortized cost	<u>855,487</u>	<u>834,473</u>
Total liabilities	<u>\$ 920,768</u>	<u>\$ 1,805,703</u>
Net Assets	<u>\$ 28,127,243</u>	<u>\$ 13,957,473</u>

The Fund's financial instruments consist of investments at fair value, cash and cash equivalents, accounts receivable relating to portfolio assets sold, accounts receivable relating to shares issued, accounts receivable relating to accrued income, liabilities for portfolio assets purchased, accrued expenses, obligations from portfolio assets sold short, distributions payable, accounts payable relating to shares redeemed and forward contracts, at fair value. It is the Manager's opinion that due to the short term nature of these financial instruments, the Fund is not exposed to significant market price, currency, interest rate, liquidity, cash flow and credit risks arising from these financial instruments except as described below. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Risk Management

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

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

10. FINANCIAL INSTRUMENTS (Continued...)

The Fund's investment activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The Statement of Investment Portfolio presents the securities held by the Fund as at October 31, 2013, and groups the securities by asset type, sector and/or market segment. Significant risks that are relevant to the Fund are discussed below.

i) Market price risk

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

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

ii) Currency risk

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

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

Currency	Marketable securities, at fair value	Cash	Forward currency contracts (note 11)	Net Exposure	Percentage of GAAP NA
United States Dollar	<u>\$ 4,332,401</u>	<u>\$ 83,767</u>	<u>\$ -</u>	<u>\$ 4,416,168</u>	<u>15.70%</u>

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

10. 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 October 31, 2013, there were 8.9% (2012 20.8%) of net assets which are held in bonds. The remaining portion of the Fund's investments are substantially non-interest bearing equity investments and its exposure to interest rate changes is minimal.

Financial assets	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non-interest Bearing	Total
Held for trading	\$ -	\$ 2,512,029	\$ 20,560,236	\$ 23,072,265
Other receivables	-	-	1,754,529	1,754,529
Cash and cash equivalents	<u>4,221,217</u>	<u>-</u>	<u>-</u>	<u>4,221,217</u>
Total	<u>\$ 4,221,217</u>	<u>\$ 2,512,029</u>	<u>\$ 22,314,765</u>	<u>\$ 29,048,011</u>
Financial liabilities				
Held for trading	\$ -	\$ -	\$ 65,281	\$ 65,281
Other financial liabilities	<u>-</u>	<u>-</u>	<u>855,487</u>	<u>855,487</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 920,768</u>	<u>\$ 920,768</u>
GAAP NA				<u>\$ 28,127,243</u>

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

10. FINANCIAL INSTRUMENTS (Continued...)

iv) Liquidity risk

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

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

	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Financial assets						
Held for trading	\$ 407,502	\$ 678,620	\$ 1,017,201	\$ 634,326	\$ 20,334,616	\$ 23,072,265
Other receivables	1,754,529	-	-	-	-	1,754,529
Cash and cash equivalents	<u>4,221,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,221,217</u>
Total	<u>\$ 6,383,248</u>	<u>\$ 678,620</u>	<u>\$ 1,017,201</u>	<u>\$ 634,326</u>	<u>\$ 20,334,616</u>	<u>\$ 29,048,011</u>
Financial liabilities						
Held for trading	\$ 65,281	\$ -	\$ -	\$ -	\$ -	\$ 65,281
Financial liabilities	<u>855,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>855,487</u>
Total	<u>\$ 920,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>920,768</u>
GAAP NA						<u>\$ 28,127,243</u>

Certain of the Fund's investments are in private securities which are thinly traded. As at October 31, 2013, the fair value of such assets was 2.8% (2012 – 8.8%) 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.

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

10. FINANCIAL INSTRUMENTS (Continued...)

vi) Credit risk

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

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

To partially mitigate credit risk with respect to its securities lending the Fund receives collateral against the securities loaned (note 7). As at October 31, 2013, the Fund loaned securities with an aggregate fair value of \$Nil (2012 - \$207,190) and received collateral with an aggregate fair value of \$Nil (2012 - \$230,015).

As at October 31, 2013, the Fund had 8.9% (2012 - 20.8%) of holdings in debt instruments for which the following credit ratings have been obtained from Standard and Poor's, Moody's or DBRS:

Debt Instruments by Credit Rating	Percentage of GAAP NA
BBB-	1.6%
B-	1.2 %
B+	0.2 %
Not available or not rated	5.9 %

As at October 31, 2013, the Fund's investment portfolio included \$18,842 (2012 - \$593,978) (face value of \$367,000) in investments in debt obligations where repayments of interest or principal were contractually in arrears. The fair values have been discounted to reflect the extended period to ultimate collection.

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

11. FORWARD FOREIGN CURRENCY CONTRACTS

The Fund has entered into forward foreign currency contracts to protect against fluctuations in the U.S. dollar exchange rate.

As at October 31, 2013, the Fund had no outstanding forward currency contracts.

As at October 31, 2012, the fund contracted to sell U.S. dollar currency amounting to CDN \$1,769,646 at a forward rate of 0.9998 maturing on November 30, 2012. The net unrealized loss from the contracts amounted to \$938.

12. CAPITAL MANAGEMENT

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

The Manager manages the capital of the Fund in accordance with the Fund's investment objectives, policies and restrictions, as outlined in the Fund's prospectus, while maintaining sufficient liquidity to meet participating shareholder redemptions. The Fund's overall strategy for managing capital remains unchanged from 2012.

The Fund does not have any externally imposed capital requirements.

13. FAIR VALUE HIERARCHY

The following is a summary of inputs used as of October 31, 2013 in valuing the Fund's investments and derivatives at fair value as discussed in note 2(c):

	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs	
Assets at fair value as at October 31, 2013	Level 1	Level 2	Level 3	Total
Investments, at fair value	<u>\$ 20,082,036</u>	<u>\$ 2,192,903</u>	<u>\$ 797,326</u>	<u>\$ 23,072,265</u>
Liabilities at fair value as at October 31, 2013	Level 1	Level 2	Level 3	
Obligations from portfolio assets sold short at fair value	<u>\$ 65,281</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,281</u>

FRONT STREET GROWTH AND INCOME CLASS

NOTES TO THE FINANCIAL STATEMENTS OCTOBER 31, 2013 AND 2012

13. FAIR VALUE HIERARCHY (Continued...)

During the year ended October 31, 2013, the reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

	Investments, at fair value Equities	Investments, at fair value Bonds
Balance as at beginning of year	\$ 537,789	\$ 694,965
Purchases	200,000	460,200
Sales	(150,000)	-
Transfers in	92,000	-
Transfers out	(269,973)	(278,250)
Gains (losses) Unrealized	<u>(199,815)</u>	<u>(289,590)</u>
Balance as at October 31, 2013	<u>\$ 210,001</u>	<u>\$ 587,325</u>

The transfer in of equities represents equities reallocated to level three as a result of no longer having observable market data on these equities.

The transfer out of equities represents equities reallocated to level one as a result of having quoted prices in active markets for identical assets now available with respect to these holdings.

The transfer out of bonds represents bonds reallocated to level one as a result of having quoted prices in active markets conversion to equities.

14. SUBSEQUENT EVENT

Pursuant to the press released dated December 30, 2013, the Manager decided not to proceed with the mergers of Front Street Tactical Equity Class and Front Street Value Class into Front Street Growth and Income Class and Front Street Resource Growth and Income Class, respectively, each a mutual fund class within Front Street Mutual Funds Limited.