

Mersch's Front Street uncaps energy venture fund

REPORT ON BUSINESS

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February 5, 2002

Front Street Capital Inc., which was founded late last year by High-profile fund manager Frank Mersch, his former partner, Norm Lamarche, and three other investors, has unveiled an energy venture fund that will finance microcapitalization startups in the oil patch.

The fund is part of Front Street's plan to provide "alternative" investment vehicles.

Front Street was founded in December as the result of a merger between Mr. Mersch's Casurina LP and Mr. Lamarche's Tuscarora Capital Inc. The former had assets of about \$150-million; the latter about \$350-million.

Both are investment management companies. Casurina handled hedge funds, while Tuscarora handled flow-through issues and a labour-sponsored fund."

"We get some economies of scale by putting the two firms together," Mr. Mersch said, "We basically reduce some overhead but we also add the ability for better client serving and the like." Moreover, he said the pair, who worked together between 1987 and 1995 at Altamira Investment Services Inc., also saw the opportunity for new products.

"The world doesn't need another mutual fund company and that is not our goal," Mr. Mersch said. Rather, Front Street Capital's goal is to provide niche products that can give clients "more torque" and performance in their portfolios, he said.

Front Street Capital hopes to raise \$35-million to \$40-million and maybe more in funding for the Tuscarora Energy Growth Fund. The initial offering price is \$10 a share until March 1, and the minimum initial investment is \$500.

Canadian investors are eligible for a 15-per-cent federal tax credit on the first \$5,000 they invest each year.

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