

FRONT STREET
Growth Fund

FRONT STREET GROWTH FUND
A FRONT STREET CAPITAL MUTUAL FUND

Management Report of Fund Performance

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Interim Financial Statements

June 30, 2010

Interim Management Report of Fund Performance As at June 30, 2010 Front Street Growth Fund (formerly Front Street Small Cap Canadian Fund)

This Interim Management Report of Fund Performance contains financial highlights but does not contain the complete Interim financial statements for Front Street Growth Fund, a Front Street Capital mutual fund, formerly the Front Street Small Cap Canadian Fund (the "Fund"). The Interim financials of the Fund are attached behind this report and you can also get a copy of the annual (or interim) financial statements at your request, and at no cost, by calling 1-800-513-2832, by writing to us at Front Street Capital 2004, 33 Yonge Street, Suite 600, Toronto, Ontario M5E 1G4 or by visiting our web site at www.frontstreetcapital.com or SEDAR at www.sedar.com.

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

Forward Looking Information

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

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

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

Management Discussion of Fund Performance

INVESTMENT OBJECTIVES AND STRATEGIES

The investment objective of the Fund is to seek capital appreciation through investment in equity securities of companies whose product, service or management team Front Street Capital believes can realize value and growth. Front Street Capital may rely on "top down" fundamental research to identify equity securities of companies in a

particular industry or sector, but portfolio diversification will be driven primarily from the Fund's investments, as opposed to targeting sector weights.

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

From time to time the Fund may use clearing corporation options and listed warrants ("permitted derivatives") as permitted by Canadian securities regulators and consistent with the investment objectives and strategies of the Fund. The Fund may use these permitted derivatives for hedging and non-hedging purposes.

RISK

Most of the Fund's assets will be invested in common shares and other equity securities. The Fund will therefore be subject to stock market risk. Since the Fund may also invest in foreign securities, this may expose the Fund, to a limited extent, to the risk of investments in foreign securities and foreign currency risk. The Fund invests 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 of selling securities short, the risks of investing in derivatives, and the risk associated with investing in securities of junior industrial, technology and natural resource companies.

Currency risk proved to have an effect on the Canadian equity market's returns, as the Canadian dollar traded in a wide range relative to the U.S. dollar over the year. As most commodities are priced in U.S. dollars, the sharp swings in the Canadian dollar this year had an impact on revenues of natural resource companies. Volatility in currency markets appears to be high, suggesting uncertainty going forward on this front.

Equity risk also affected the Canadian equity markets as market volatility remained high. The year started on a strong note, however the TSX fell 8% in the months of May and June, on fears of another economic slowdown.

Interest rate risk was also a factor, as central bankers around the world attempt to figure out the correct time to raise interest rates from all time lows. If they raise rates too early they threaten cutting off economic growth, but by waiting they run the risk of inflation caused by the easy money policies practiced during the recession.

Credit risk was a factor in the aftermath of the financial crisis as banks are only now starting to lend, but with higher fees attached. Many companies that are relying on debt to finance expansions have had to halt plans as funds are currently not available. This may lead to bottlenecks in supplies of certain commodities coming out of the recession.

The Fund has multiple risks associated with equity markets. The Fund is a suitable investment for investors or portfolios seeking capital appreciation as an important objective, a medium tolerance for risk and volatility, with the expectation of long-term returns.

RESULTS OF OPERATIONS

After a strong start to the year equity markets sold off sharply through May and June, leaving the TSX flat overall on the year. The European sovereign debt crisis and fears of a double dip recession sent investors to the sidelines. Base metal prices retreated on fears of a slowing in economic growth out of China. We do not hold to the double dip recession theory, seeing a slow economic recovery, and will attempt to buy stocks at compelling valuations.

The price of oil averaged over \$78 per barrel during the first half of the year, helped by strong demand from countries such as China. There were also fears that excessive regulation in response to the BP oil spill in the Gulf of Mexico may limit future exploration and supplies. The price of natural gas was off about 17% during the first half of

the year. A lack of industrial demand from the US and significant supplies of gas in inventory led to this fall. We continue to believe that oil will outperform natural gas for the foreseeable future. The Fund is long the group, focusing on companies with strong balance sheets or strategic assets, whose values now will look very attractive when the world comes out of its economic slowdown.

RECENT DEVELOPMENTS

After the Fund's year end, equity and commodity markets continued to perform strongly. Strong manufacturing number out of many countries including China helped fuel this rally. Although the worst part of the downturn appears to be behind us, there are still pockets of the world experiencing financial crises. Dubai, Spain, and Greece are amongst a group of countries who have either threatened to default on their debt, or who have had their debt ratings severely downgraded.

International Financial Reporting Standards ("IFRS")

Effective for its fiscal year commencing January 1, 2011, 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 of the implementation as new IFRS guidance become available from the International Accounting Standards Board.

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 does not expect the adoption of IFRS will have a material effect on the Fund's net asset value per share for all series of Class A shares. The primary impact of IFRS on accounting policies and implementation decisions will be on the financial statement presentation and note disclosures in the Fund's financial statements. In particular, the Fund will be required to present a statement of shareholders' equity and a statement of cash flows, and will be required to include certain additional and enhanced disclosures.

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 preliminary analysis, the Manager believes the changeover to IFRS will not materially affect the Fund's existing business arrangements.

RELATED PARTY-TRANSACTIONS

Front Street Capital 2004 ("FSC") provides or arranges for the provision of all general management and administrative services required by the Fund in its day-to-day operations, including providing or arranging the provision of investment advice, establishment of brokerage arrangements relating to the purchase and sale of the investment portfolio, and bookkeeping, record-keeping and other administrative services for the Fund.

The Fund's portfolio advisor (the "Portfolio Advisor") is Front Street Investment Management Inc. ("FSIMI"). FSIMI is an affiliate of FSC and has entered into a Sub-Advisory Agreement to provide advisory services to the Fund.

As a result of providing investment advisory and management services, FSC receives a monthly management fee, based on the average net assets of each Series, calculated daily and payable monthly.

The Fund may place a portion of its portfolio transactions with brokerage firms which are affiliates of FSC, 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. For the six months ended June 30, 2010, Tuscarora Capital Inc. received \$26,835 (2009 - \$1,964) in commission on portfolio transactions for the Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five financial years. This information is derived from the Fund's audited financial statements and for the interim financial statements for the first six months of 2010

Series A						
The Fund's Net Assets per Unit ⁽¹⁾	June 30 2010	December 31 2009	December 31 2008	December 31 2007	December 31 2006	December 31 2005
Net assets, beginning of the period	\$ 6.98	\$ 3.05	\$ 6.56	\$ 6.70	\$ 5.98	\$ 4.18
Increase (decrease) from operations:						
Total revenue	0.03	0.04	0.05	0.09	0.08	0.01
Total expenses	(0.09)	(0.11)	(0.24)	(0.19)	(0.27)	(0.11)
Realized gains (losses) for the period	0.66	0.49	(0.38)	0.10	1.00	0.27
Unrealized gains (losses) for the period	(0.71)	3.51	(3.19)	(0.13)	0.38	0.30
Total increase (decrease) from operations ⁽²⁾	(0.11)	3.93	(3.76)	(0.13)	1.19	0.47
Distributions to Shareholders:						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	(0.52)	(0.18)
Return of capital	—	—	—	—	—	—
Total distributions to Shareholders ⁽³⁾	—	—	—	—	(0.52)	(0.18)
Net assets, end of the period	\$ 6.89	\$ 6.98	\$ 3.05	\$ 6.56	\$ 6.70	\$ 5.98

- (1) This information is derived from the Fund's audited annual financial statements. The net assets per security presented in the financial statements differ from the net asset value 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 units outstanding at the relevant time. The increase/decrease from operations is based on the average number of units outstanding over the financial period.
- (3) Distributions were paid in cash/reinvested in additional units of the Fund or both.

Ratios and Supplemental Data

Total net asset value (000's) ⁽¹⁾	90,050	88,760	38,871	79,411	81,531	36,460
Number of units outstanding ⁽¹⁾	13,021,740	12,580,413	12,625,181	12,097,480	12,168,022	6,099,596
Management expense ratio ⁽²⁾	2.42%	2.46%	4.20%	2.73%	4.10%	8.53%
Management expense ratio before waivers or absorptions	2.42%	2.46%	4.20%	2.73%	4.10%	8.53%
Trading expense ratio ⁽³⁾	0.14%	0.46%	0.34%	0.26%	0.33%	0.57%
Portfolio turnover rate ⁽⁴⁾	19.62%	89.37%	65.94%	56.05%	66.03%	59.30%
Net asset value per unit	\$ 6.92	\$ 7.06	\$ 3.08	\$ 6.60	\$ 6.70	\$ 5.98

- (1) This information is provided as at end of the period shown
- (2) Management expense ratio is based on total expenses (excluding commissions and other transaction costs) for the stated year and is expressed as an annualized percentage of daily average net assets during the period.
- (3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.
- (4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the 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 necessary a relationship between a high turnover rate and the performance of a fund.

Series B The Fund's Net Assets per Unit ⁽¹⁾	June 30 2010	December 31 2009	December 31 2008	December 31 2007	December 31 2006	December 31 2005
Net assets, beginning of the period	\$ 6.98	\$ 3.05	\$ 6.56	\$ 6.70	\$ 5.98	\$ 4.18
Increase (decrease) from operations:						
Total revenue	0.03	0.04	0.05	0.09	0.08	0.02
Total expenses	(0.09)	(0.11)	(0.24)	(0.19)	(0.27)	(0.30)
Realized gains (losses) for the period	0.66	0.49	(0.39)	0.20	1.04	0.74
Unrealized gains (losses) for the period	(0.72)	3.52	(2.94)	(0.18)	0.26	0.82
Total increase (decrease) from operations ⁽²⁾	(0.12)	3.94	(3.52)	(0.08)	1.11	1.28
Distributions to Shareholders:						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	(0.52)	(0.18)
Return of capital	—	—	—	—	—	—
Total distributions to Shareholders ⁽³⁾	—	—	—	—	(0.52)	(0.18)
Net assets, end of the period	\$ 6.89	\$ 6.98	\$ 3.05	\$ 6.56	\$ 6.70	\$ 5.98

- (1) This information is derived from the Fund's audited annual financial statements. The net assets per security presented in the financial statements differ from the net asset value 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 units outstanding at the relevant time. The increase/decrease from operations is based on the average number of units outstanding over the financial period.
- (3) Distributions were paid in cash/reinvested in additional units of the Fund or both.

Ratios and Supplemental Data

Total net asset value (000's) ⁽¹⁾	131,117	130,009	53,203	125,183	158,841	99,387
Number of units outstanding ⁽¹⁾	18,960,328	18,426,847	17,279,941	19,070,322	23,704,773	16,626,989
Management expense ratio ⁽²⁾	2.39%	2.45%	4.15%	2.73%	4.10%	8.53%
Management expense ratio before waivers or absorptions	2.39%	2.45%	4.15%	2.73%	4.10%	8.53%
Trading expense ratio ⁽³⁾	0.14%	0.46%	0.34%	0.26%	0.33%	0.57%
Portfolio turnover rate ⁽⁴⁾	19.62%	89.37%	65.94%	56.05%	66.03%	59.30%
Net asset value per unit	\$ 6.92	\$ 7.06	\$ 3.08	\$ 6.90	\$ 6.70	\$ 5.98

- (1) This information is provided as at end of the period shown
- (2) Management expense ratio is based on total expenses (excluding commissions and other transaction costs) for the stated period and is expressed as an annualized percentage of daily average net assets during the period.
- (3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.
- (4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessary a relationship between a high turnover rate and the performance of a fund.

Series F The Fund's Net Assets per Unit ⁽¹⁾	June 30 2010	December 31 2009	December 31 2008	December 31 2007	December 31 2006	December 31 2005
Net assets, beginning of the period	\$ 7.23	\$ 3.15	\$ 6.72	\$ 6.80	\$ 5.97	\$ 4.18
Increase (decrease) from operations:						
Total revenue	0.03	0.05	0.05	0.09	0.08	—
Total expenses	(0.09)	(0.12)	(0.25)	(0.13)	(0.20)	(0.01)
Realized gains (losses) for the period	0.68	0.51	(0.40)	0.06	0.97	0.02
Unrealized gains (losses) for the period	(0.75)	3.56	(3.39)	(0.12)	0.17	0.02
Total increase (decrease) from operations ⁽²⁾	(0.13)	4.00	(3.99)	(0.10)	1.02	0.03
Distributions to Shareholders:						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	(0.48)	(0.20)
Return of capital	—	—	—	—	—	—
Total distributions to Shareholders ⁽³⁾	—	—	—	—	(0.48)	(0.20)
Net assets, end of the period	\$ 7.13	\$ 7.23	\$ 3.15	\$ 6.72	\$ 6.80	\$ 5.97

- (1) This information is derived from the Fund's audited annual financial statements. The net assets per security presented in the financial statements differ from the net asset value 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 units outstanding at the relevant time. The increase/decrease from operations is based on the average number of units outstanding over the financial period.
- (3) Distributions were paid in cash/reinvested in additional units of the Fund or both.

Ratios and Supplemental Data

Total net asset value (000's) ⁽¹⁾	24,894	24,038	4,713	13,553	9,087	2,582
Number of units outstanding ⁽¹⁾	3,478,149	3,289,635	1,480,689	2,006,235	1,337,207	477,382
Management expense ratio ⁽²⁾	2.40%	2.29%	4.10%	1.89%	2.97%	7.63%
Management expense ratio before waivers or absorptions	2.40%	2.29%	4.10%	1.89%	2.97%	7.63%
Trading expense ratio ⁽³⁾	0.14%	0.46%	0.34%	0.26%	0.33%	0.57%
Portfolio turnover rate ⁽⁴⁾	19.62%	89.37%	65.94%	56.05%	66.03%	59.30%
Net asset value per unit	\$ 7.16	\$ 7.31	\$ 3.18	\$ 6.76	\$ 6.80	\$ 5.97

- (1) This information is provided as at end of the period shown
- (2) Management expense ratio is based on total expenses (excluding commissions and other transaction costs) for the stated period and is expressed as an annualized percentage of daily average net assets during the period.
- (3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.
- (4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessary a relationship between a high turnover rate and the performance of a fund.

MANAGEMENT AND PERFORMANCE FEES

Until April 2005, the Fund paid FSIMI a monthly management fee equal to 1/12 of 2% of the net asset value of the Fund calculated and paid at the end of each month payable monthly in arrears. Commencing in May 2005, the Fund began to pay FSIMI a monthly management fee equal to 1/12 of 2% of the net asset value of the Fund calculated and paid at the end of each month payable monthly in arrears for series A and B shares; the Fund commenced paying FSIMI a monthly management fee equal to 1/12 of 1% of the net asset value of the Fund calculated and paid at the end of each month payable monthly in arrears for Series F shares.

The Manager uses the management fees to pay for sales and trailing commissions to registered dealers.

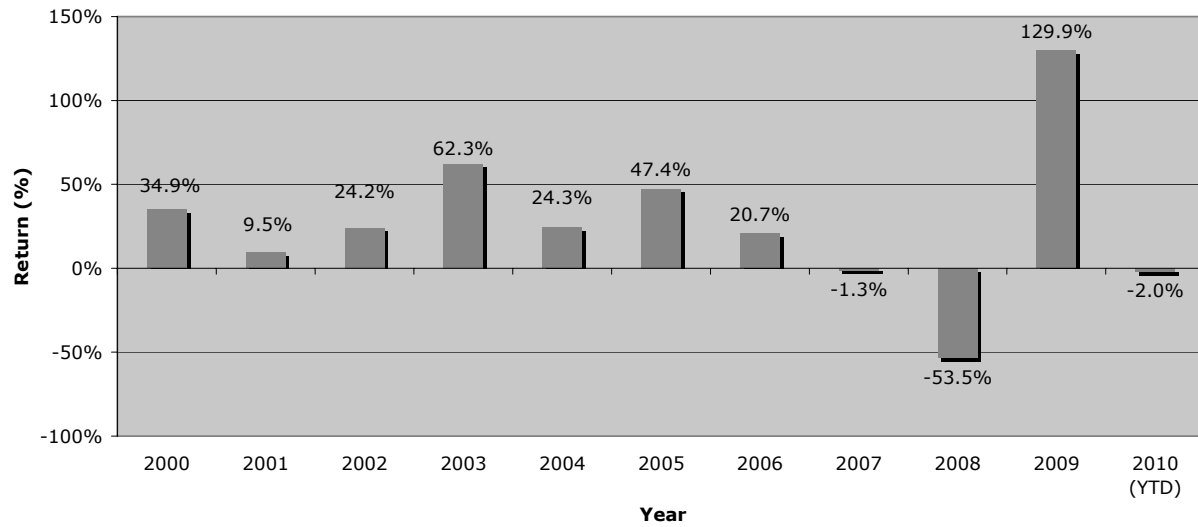
	Series A	Series B	Series F
Annual Rates	2.00%	2.00%	1.00%
As a percentage of management fees			
Dealer Compensation	25%	50%	-
Investment management, admin & other	75%	50%	100%

The Manager is also entitled to 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 calendar quarter or quarters since a performance fee was last payable exceeds the percentage gain or loss of the S&P/TSX Composite Index (the “Benchmark”) over the same period. The fee will be equal to this excess return per security multiplied by the number of securities outstanding at the end of the quarter multiplied by 20%, provided that the net asset value per security of the Fund (including distributions) is greater than all previous values at the end of each previous calendar quarter. The starting reference point for the next calendar quarter’s calculation will be based on the higher of either the Benchmark performance adjusted net asset value per security or the adjusted actual net asset value per security, both with respect to the previous quarter in which a performance fee was payable.

PAST PERFORMANCE

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

Year-by-Year Returns



Summary of Investment Portfolio as at June 30, 2010
Portfolio by Category

	Percentage of Transactional Net Asset Value
LONG POSITIONS	
Energy	56.8%
Materials	32.3%
Other	3.3%
Australia	3.1%
Corporate Bonds	1.4%
Financials	1.4%
Cash and cash equivalents	1.4%
Brazil	1.1%
Industrials	1.1%
SHORT POSITIONS	
Energy	-1.9%
	100.0%

Top 25 Holdings

	Percentage of Transactional Net Asset Value
LONG POSITIONS	
Bankers Petroleum Limited	8.2%
Laricina Energy Limited	6.9%
Crew Energy Inc.	6.8%
Pacific Rubiales Energy Corporation	5.1%
Lundin Mining Corporation	4.8%
Phoenix Technology Income Fund	4.4%
Athabasca Oil Sands Corporation	3.6%
Silver Wheaton Corporation	3.4%
Petrobank Energy and Resources Limited	3.4%
Petrolifera Petroleum Limited	3.2%
Trican Well Service Limited	3.2%
East Asia Minerals Corporation	3.1%
Western Areas NL	3.1%
Baytex Energy Trust	3.1%
GasFrac Energy Services Inc.	2.6%
Franco-Nevada Corporation	2.4%
Sherritt International Corporation	2.2%
Wild Stream Exploration Inc.	2.1%
Flint Energy Services Limited	2.0%
Pristine Power Inc.	2.0%
Ram Power Corporation	1.8%
Xinergy Limited	1.8%
Birchcliff Energy Limited	1.7%
Shamaran Capital Inc.	1.6%
Whitecap Resources Inc.	1.5%
	83.9%
TOTAL TRANSACTIONAL NET ASSET VALUE (000)	\$246,061

The information contained in the foregoing list may change due to the ongoing portfolio transactions of the Fund. A quarterly update may be obtained by contacting FSC.



FRONT STREET CAPITAL

33 Yonge Street, Suite 600
Toronto, ON M5E 1G4

Tel.: 1 (800) 513-2832

or (416) 364-1990

Fax: (416) 364-8893

www.FrontStreetCapital.com