

frontier*A/t* Funds Management Limited

Interim Management Report of Fund Performance

frontier*A/t* Resource Capital Class Fund

March 31, 2010

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Interim Management Report of Fund Performance frontierAlt Resource Capital Class Fund As at March 31, 2010

This Interim Management Report of Fund Performance contains financial highlights but does not contain either interim or annual financial statements of the Fund. You can get a copy of the interim or annual financial statements at your request, and at no cost, by calling (416) 848-7749, by writing to us at frontierAlt Funds Management Limited, 350 Bay Street, Suite 1300, Toronto, Ontario, M5H 2S6 or by visiting our website at www.frontieralt.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.

Forward-Looking Information

This Interim 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 achievement 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 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.

The Manager of the investment fund believes it has a reasonable basis for making the forecasts or projections included in this Interim Management Report of Fund Performance, however, 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, which 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.

Any forward-looking information presented in this Interim Management Report of Fund Performance is solely the view of the Manager of the investment fund at March 31, 2010, and is subject to change at any time without notice as markets and events warrant. The Manager has no specific intention of updating any forward-looking information whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance, unless required by law.

Management Discussion of Fund Performance

Investment Objectives and Strategies

The Fund's aim is to achieve long-term capital appreciation by investing primarily in the equity securities of Canadian resource issuers.

The Fund will initially invest in shares of resources issuers engaged in oil and gas or mining exploration, development or production or energy production, including alternative energy production such as from wind, and that

- (i) have experienced management;
- (ii) have a strong exploration program in place;
- (iii) may require time to mature; and
- (iv) offer potential for future growth.

It is anticipated that the resource issuers will include a significant number of junior resource issuers. The Fund may also invest in corporate debt, government bonds (capital preservation) or small exposures to small capitalization companies (high growth) throughout the world, including Canada and the U.S.

Risk

Please see the simplified prospectus for a full discussion of the overall risk. The financial period saw no material changes affecting the overall level of risk.

Recent Developments

The frontier*Alt* Resource Capital Class Fund was established on June 7, 2007. The Fund comprises of the first Fund within frontier*Alt* Capital Class Limited, a mutual fund corporation.

On December 1, 2009, net assets of \$3.6 million from frontier*Alt* 2007 Energy & Precious Metals Flow-Through Limited Partnership transferred on a tax-deferred basis.

Results from Operations

The Fund maintains a strategy of holding positions for recovery from very depressed levels. Therefore, portfolio divestitures are related to redemptions from time to time. The Flow-Through Limited Partnership rolled into the mutual fund late 2009 increasing assets under management from \$5.1 to \$8.8 million. Following a roll over of a flow through limited partnership the Fund generally experiences a period of increased redemptions.

Realized losses the last reporting period (September 2009) to the end of March declined quite substantially from (\$3.45) to (\$0.78). This was attributed to a decrease in expenses and was reflected in the increase in the NAV from \$4.30 to \$4.41 by 2.6% for the six month period.

Total net assets from operations increased 2009 from (\$1.17) to \$0.08 (14.5%), mostly due to the recovery of the base metals sector.

The Fund currently offers A-series units.

The Portfolio Manager's general strategy has been to hold positions in the fund with the expectation that share prices may recover from depressed levels. While there has been significant recovery in senior metal producers, many junior explorers have lagged the over all market and are still in the early stages of share price recovery. There are encouraging signs for the recovery of gold exploration equities, particularly those companies that are considered advanced stage or near term producers as opposed to grass roots explorers. As a result, the Portfolio manager has concentrated holdings that focus on gold.

Portfolio Manager Commentary

The Venture Exchange Index, consisting of about 60% junior mining and oil and gas equities with a heavy emphasis in junior gold companies, experienced steady recovery during 2009 rising over 100% from its lowest level in 2008. In the first quarter of 2010 the rate of recovery for the Venture Exchange index and junior resource equities slowed significantly with the Index rising only 3.7%. Surprisingly, gold and energy S&P TSX Indices actually declined modestly in the quarter while the Diversified Mining Index increased modestly. In other words, the junior equities actually out performed the senior resource Index. Since the end of the quarter gold, junior intermediate and senior equities were relatively strong performers, while base metals and energy equities have experienced weakness.

The Portfolio Manager continues to believe that base metal prices recovered at an earlier time in the economic cycle, as witnessed in previous cycles. This is attributed to the Chinese and Indians becoming more important consumers of base metals than in the past. As a result, base metal prices may have over reacted on the upside as evidenced by a recent pull back in prices. Longer term supply, demand and price will be a function of the strength of world economic recovery. Gold and silver, on the other hand, are considered by the portfolio manager to offer near and longer term upside potential.

Other issues are affecting the mining and metals industry in general and Canadian operations in particular. The Canadian-US dollar exchange ratio has experienced extreme volatility over the last two years, ranging from \$1.10 from its high,

November 2007, to the recent low of \$0.76, March of 2009, before recovering close to par. Since most metal prices are quoted in U.S. dollars, a strong rise in the Canadian dollar causes lower revenue for Canadian producers and recent strength in the currency is beginning to have a negative affect on metal price net backs in Canadian dollars for domestic producers. The Portfolio manager believes that costs pressures in the mining industry have now abated reflecting weak economies around the world and labour availability improved substantially.

The Portfolio Manager believes that the decline in equity prices for mineral exploration companies provides an excellent opportunity for investors to purchase mineral exploration companies at more realistic share prices than the extreme valuations experienced a few years ago. Canada is home to over 50% of all publicly listed mineral exploration companies and the correction in share prices have dramatically improved the opportunity to invest in shares of mineral exploration companies at very attractive prices.

New Accounting Policy or Adoption of New Accounting Standards

On January 1, 2008, the Fund adopted CICA Section 3862, Financial Instruments – Disclosures (“Section 3862”) and CICA Section 3863, Financial Instruments – Presentation (“Section 3863”), replacing Section 3861. Section 3862 required enhanced disclosure of the nature and extent of the risks arising from financial instruments and how the Funds manage those risks. Section 3863 carries forward unchanged the presentation requirements of 3861 with respect to the financial instruments. Financial statements have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP).

The Fund also adopted CICA Section 1535, Capital Disclosures, which establishes standards for disclosing information about an entity’s capital and how it is managed.

The Manager is on target to meet the deadline of January 1, 2011, for the changeover to International Financial Reporting Standards (“IFRS”). In addition, the Manager does not expect that net assets or net asset value per share will be impacted by the changeover to IFRS. Currently, the Manager expects that the impact of IFRS on the Fund’s financial statements will be additional disclosures and possible changes to their overall presentation.

Related Party Transactions

The following arrangements result in fees paid by the Fund to frontier*A/t* Funds Management Limited or to companies affiliated with frontier*A/t* Funds Management Limited:

Management and Admin Services

In consideration for management services, the Fund paid \$74,749 (2.0%) per annum in management fees to frontier*Alt* Funds Management Limited. This management fee is based on the Net Asset Value of the Fund. It is accrued daily and paid at month-end as a percentage of the daily net assets.

The Fund paid \$31,500 to KeiData Back-office Solutions Inc. (“KeiData”) for administration services. KeiData is an affiliate of frontier*Alt* Funds Management Limited.

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 two years. The information is derived from the Fund's audited annual financial statements.

Net Asset Value (NAV) per Share Series A	Mar. 2010	Sept 2009	Sept 2008	Sept. 2007
Net asset value, beginning of period	\$ 4.30	\$ 5.38	\$ 10.68	\$ 10.00
Increase (decrease) from operations:				
Total revenue	0.00	0.01	0.05	0.06
Total expenses	(0.13)	(0.30)	(0.74)	(0.18)
Realized gains (losses)	(0.78)	(3.45)	0.45	0.92
Unrealized gains (losses)	0.99	2.57	(9.09)	0.08
Total increase (decrease) from operations (1)	0.08	(1.17)	(9.33)	0.88
Distributions:				
From income (excluding dividends)	-	-	-	-
From dividends	-	-	-	-
From capital gains	-	-	(0.13)	-
Return of capital	-	-	-	-
Total distributions (2)	0.00	0.00	(0.13)	0.00
Net asset value, end of period	\$ 4.41	\$ 4.30	\$ 5.38	\$ 10.68

(1) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(2) Distributions were paid in cash/reinvested in additional units of the Fund, or both.

Ratios and Supplemental Data

For the periods ended	Mar. 2010	Sept 2009	Sept 2008	Sept 2007
Net assets Series A (000's) (1)	\$ 5,829	\$ 4,631	\$ 6,966	\$ 1,454
Number of shares outstanding	1,322,559	1,077,694	1,293,811	136,118
Management expense ratio (2)	5.20%	7.93%	8.03%	7.75%
Management expense ratio before waivers or absorptions (2)	5.20%	7.93%	8.47%	10.62%
Portfolio turnover rate (3)	86.47%	89.89%	388.27%	137.76%
Trading expense ratio (4)	0.94%	0.88%	1.50%	0.00%

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

(2) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period

(3) 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.

4) 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.

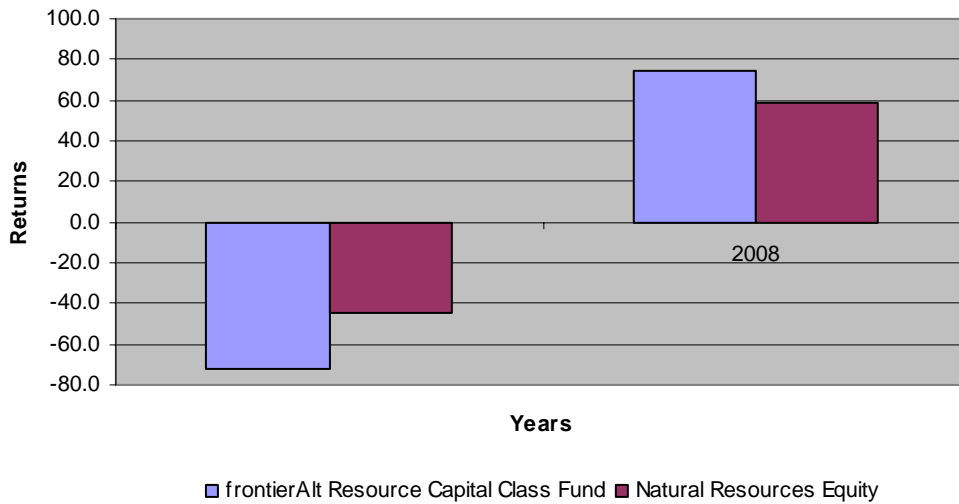
Past Performance

The following charts show the past performance of the Fund and do not necessarily indicate how the Fund will perform in the future. The performance information assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. Note that the performance does not take into account sales, redemption, distribution or the changes that would have reduced returns or performance.

Year by Year Returns:

The following chart shows the annual performance for the Fund for each year shown, indicating how the Fund's performance has varied from year to year. It shows, in percentage terms, how much an investment made on the first day of each year would have grown or decreased by the last day of each year.

Calendar Returns



Annual Compound Returns:

The following chart shows the annual compound total return for each period indicated (period ending March 31, 2010)

As at March 31, 2010	frontierAlt Resource Capital Class Fund (%)	Natural Resources Equity (%)
3-month	-10.4	4.0
6-month	1.2	14.1
YTD	-10.4	4.0
1 Year	30.4	57.5
2 Year	-34.8	-5.3
PSD	-27.0	n/a

PSD: July 9, 2007

Summary of Investment Portfolio as at March 31, 2010:

Portfolio Allocation

Regional Allocation: Canada – 100%

<u>Sector Allocation</u>	<u>% of Net Assets</u>
Materials	82.5%
Energy	19.3%
Cash	0.3%
Other assets less other liabilities	-2.1%
	<hr/>
	100.0%

Top 25 Investments

<u>Issuer</u>	<u>% of Net Assets</u>
Tamerlane Ventures Inc.	22.0%
Rx Exploration Inc.	11.6%
Century Mining Corporation	9.2%
Module Resources Incorporated	8.9%
Cadillac Ventures Inc.	5.9%
Everton Resources Inc.	4.9%
Great Pacific International Inc.	4.5%
Houston Lake Mining Inc.	4.4%
Shoal Point Energy Ltd.	4.3%
Donner Metals Ltd.	4.1%
HY Lake Gold Inc.	3.2%
Seafield Resources Ltd.	3.1%
GGL Diamond Corp.	2.6%
Halo Resources Ltd.	1.9%
Carpathian Gold Inc.	1.6%
Logan Copper Inc.	1.5%
NuWest Oil & Gas Ltd.	1.5%
Romios Gold Resources Inc.	1.5%
Bison Gold Exploration Inc.	1.4%
St. Andrews Goldfields Ltd. Warrants	1.4%
Augen Gold Corp.	1.3%
Apollo Gold Corporation	0.6%
Donner Metals Ltd. Warrants	0.3%
Wedge Energy International Inc.	0.1%

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.