



**frontierAlt Oasis™ Funds Management Inc.**

# **Management Report on Fund Performance**

**frontierAlt Oasis™ Canada Fund  
frontierAlt Oasis™ World Fund**

**June 30, 2007**

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# Management Report on Fund Performance:

## frontierAlt Oasis™ Canada Fund

This semi-annual management report of fund performance (“MRFP”), contains highlights and it should read in conjunction with the financial statements and the accompanying notes. Additional information is available on our website at [www.frontieralt.com](http://www.frontieralt.com) or SEDAR at [www.sedar.com](http://www.sedar.com) or contacting us toll free by calling 1-866-745-5545; by writing to us at frontierAlt Capital Corporation, 350 Bay Street, Suite 1300, Toronto, Ontario M5H 2S6 or by e-mailing us at [oasis@frontieralt.com](mailto:oasis@frontieralt.com)

### Management Discussion of Fund Performance

#### Investment Objectives

The Fund’s principal investment objective is to provide investors with long-term capital growth. The Fund invests principally in equity securities of Canadian public companies in accordance with Islamic investment principles.

The fundamental investment objectives may only be changed with the approval of a majority of unitholders at a meeting called for that purpose.

#### Investment Strategies

The Fund seeks to achieve its fundamental investment objective by investing in a portfolio of securities within the Dow Jones Islamic Market Capital Index.

We may change the Fund’s investment strategies at our discretion without notice or approval.

#### Risk

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

#### Results from Operations

The frontierAlt Oasis Canada Fund was launched November 23, 2006. Since inception through the period ended June 30, 2007, the Fund generated a total loss of 7.8%. As at June 30, 2007, the Fund held investments totalling \$1.7 million and overall cash and cash equivalents of \$0.2 million.

## **Recent Developments**

The frontierAlt Oasis Canada Fund was established on July 27, 2006 and began trading on November 23, 2006. MAK, Allen & Day Capital Partners is the current portfolio manager to the Fund.

Rates going forward will be contingent upon the Feds stance on inflation versus growth. The inflation outlook seems to be under control with supply side economics improving efficiencies and monetary policy may loosen to surprise in the months to come.

There was substantial geopolitical premium built into the price of crude which saw an upside in performance. The fund employed a conservative strategy which affected the fund's performance. Energy will be added back to the portfolio, in particular natural gas, as prices are expected to revise upwards.

Continuing earnings growth, decent liquidity and valuations and robust M & A activity suggest that equities will continue to perform. Certain markets, such as China, currently seem overvalued. To better diversify risk, stocks chosen within these themes, sectors and geographical boundaries, should unfold within our macroeconomic framework.

frontierAlt Oasis Canada Fund owns a significant position in foreign securities within its portfolio to provide diversification and better risk management from the Dow Jones Islamic Canadian Index. This index is subject to Shari'ah Law, consisting mainly of resource companies and no interest or debt bearing securities such as banks or financials.

## **Related Party Transactions**

In consideration of the portfolio and distribution services, the Fund paid no management fees to frontierAlt Oasis Funds Management Inc. for the period ended June 30, 2007. The management fee is based on the Net Asset Value per Unit of the Fund. It is accrued daily and paid at month-end as a percentage of the daily net assets.

## 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 period ended June 30 and December 31. The information is derived from the Fund's interim and audited annual financial statements.

<b>Net Asset Value (NAV) per Unit Class A</b>	<b>Jun 2007</b>	<b>Dec 2006</b>
<b>Net asset value, beginning of period</b>	\$ 9.85	\$ 10.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.07	0.00
Total expenses	(0.19)	(0.08)
Realized gains (losses)	(0.08)	0.00
Unrealized gains (losses)	<u>(0.42)</u>	<u>(0.07)</u>
<b>Total increase (decrease) from operations(1)</b>	<b>(0.62)</b>	<b>(0.15)</b>
<b>Distributions:</b>		
From income (excluding dividends)	0.00	0.00
From dividends	0.00	0.00
From capital gains	0.00	0.00
Return of capital	<u>0.00</u>	<u>0.00</u>
<b>Total distributions(2)</b>	<b><u>0.00</u></b>	<b><u>0.00</u></b>
<b>Net asset value, end of period</b>	<b><u>\$ 9.21</u></b>	<b><u>\$ 9.85</u></b>

(1) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease in 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	Jun 2007	Dec 2006
Net assets Class A (000's) (1)	\$ 1,969	\$ 1,564
Number of units outstanding	213,841	158,762
Management expense ratio (2)	3.58%	8.08%
Management expense ratio before waivers or absorptions (2)	7.64%	12.49%
Portfolio turnover rate (3)	102.82%	102.04%
Trading expense ratio (4)	0.51%	1.41%

- (1) This information is provided as at period 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 investment. 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 daily average net assets during the period.

## Past Performance

The Fund was in operation only from November 23, 2006 to June 30, 2007; accordingly, it has no annual performance data.

## Summary of Investment Portfolio as at June 30, 2007:

<b><u>Sector Allocation</u></b>	<b>Percentage of Fund</b>
Materials	22.4%
Energy	12.5%
Industrials	8.8%
Health Care	4.1%
Utilities	2.4%
Telecommunication Services	1.2%
Foreign Equities	35.8%
Cash	13.2%
Other assets less other liabilities	-0.4%

### **Top Holdings**

<b>Issuer</b>	<b>Percentage of Fund</b>
Canadian National Railway Company	7.7%
Microsoft Corporation	7.1%
GlaxoSmithKline PLC ADR	7.0%
Novartis International AG ADR	7.0%
Barrick Gold Corporation	6.7%
Talisman Energy Inc.	5.2%
Dell Inc.	4.6%
Biovail Corporation	4.1%
Motorola Inc.	4.1%
Breakwater Resources Ltd.	3.7%
Teck Cominco Limited Class B SV	3.4%
United Parcel Services Inc.	3.2%
The Western Union Company	2.9%
Enbridge Inc.	2.4%
Goldcorp Inc.	2.2%
Kinross Gold Corporation	2.0%
IAMGOLD Corporation	1.9%
Compton Petroleum Corporation	1.9%
Duvernay Oil Corp.	1.5%
ProEx Energy Ltd.	1.4%
Canadian Natural Resources Limited	1.4%
Ivanhoe Mines Ltd.	1.3%
Manitoba Telecom Services Inc.	1.2%
TransCanada Corporation	1.1%
Cameco Corporation	1.1%

This Summary of Investment Portfolio may change due to the ongoing portfolio transactions of the Fund and a quarterly update is available at [www.frontieralt.com](http://www.frontieralt.com). The weightings of the positions are calculated based on total net asset value of the portfolio as at June 30, 2007.

# Management Report on Fund Performance:

## frontierAlt Oasis™ World Fund

This semi-annual management report of fund performance (“MRFP”) contains highlights and it should read in conjunction with the financial statements and the accompanying notes. Additional information is available on our website at [www.frontieralt.com](http://www.frontieralt.com) or SEDAR at [www.sedar.com](http://www.sedar.com) or contacting us toll free by calling 1-866-745-5545; by writing to us at frontierAlt Capital Corporation, 350 Bay Street Suite 1300, Toronto, Ontario M5H 2S6 or by e-mailing us at [oasis@frontieralt.com](mailto:oasis@frontieralt.com)

### Management Discussion of Fund Performance

#### Investment Objectives

The Fund aims to achieve long-term capital appreciation through investing in a diversified portfolio of securities of public companies in accordance with Islamic investment principles.

The fundamental investment objectives may only be changed with the approval of a majority of unitholders at a meeting called for that purpose.

#### Investment Strategies

The Fund seeks to achieve its fundamental investment objective by investing in its a portfolio of securities within the Dow Jones Islamic Market Capital Index.

We may change the Fund’s investment strategies at our discretion without notice or approval.

#### Risk

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

#### Results from Operations

The frontierAlt Oasis World Fund was launched November 28, 2006. Since inception through the period ended June 30, 2007, the Fund generated a total loss of 7.2% for class A units and 2.8% for class F units. As at June 30, 2007, the Fund held investments totalling \$1.1 million and overall cash and cash equivalents of \$0.3 million.

## **Recent Developments**

The frontier*Alt* Oasis World Fund was established on July 27, 2006. MAK, Allen & Day Capital Partners is the current portfolio manager to the Fund.

Rates going forward will be contingent upon the Feds stance on inflation versus growth. The inflation outlook seems to be under control with supply side economics improving efficiencies and monetary policy may loosen to surprise in the months to come.

There was substantial geopolitical premium built into the price of crude which saw an upside in performance. The fund employed a conservative strategy which affected the fund's performance. Energy will be added back to the portfolio, in particular natural gas, as prices are expected to revise upwards.

Continuing earnings growth, decent liquidity and valuations and robust M & A activity suggest that equities will continue to perform. Certain markets, such as China, currently seem overvalued. To better diversify risk, stocks chosen within these themes, sectors and geographical boundaries, should unfold within our macroeconomic framework.

The fund is positioned to take advantage of macroeconomic trends and catalysts for growth on a global basis.

## **Related Party Transactions**

In consideration of the portfolio and distribution services, the Fund paid no management fee to frontier*Alt* Oasis Funds Management Inc. The management fee is based on the Net Asset Value per Unit of the Fund. It is accrued daily, and paid at month-end as a percentage of the daily net assets.

## 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 period. The information is derived from the Fund's interim and audited financial statements.

<b>Net Asset Value (NAV) per Unit Series A</b>	<b>Jun 2007</b>	<b>Dec 2006</b>
<b>Net asset value, beginning of period</b>	\$ 10.13	\$ 10.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.06	0.00
Total expenses	(0.21)	(0.11)
Realized gains (losses)	(0.09)	0.00
Unrealized gains (losses)	<u>(0.56)</u>	<u>0.27</u>
<b>Total increase (decrease) from operations(1)</b>	(0.80)	0.16
<b>Distributions:</b>		
From income (excluding dividends)	0.00	0.00
From dividends	0.00	0.00
From capital gains	0.00	0.00
Return of capital	<u>0.00</u>	<u>0.00</u>
<b>Total distributions(2)</b>	<u>0.00</u>	<u>0.00</u>
<b>Net asset value, end of period</b>	<u>\$ 9.28</u>	<u>\$ 10.13</u>

<b>Net Asset Value (NAV) per Unit Series F</b>	<b>Jun 2007</b>
<b>Net asset value, beginning of period</b>	\$ 10.00
<b>Increase (decrease) from operations:</b>	
Total revenue	0.03
Total expenses	(0.06)
Realized gains (losses)	(0.00)
Unrealized gains (losses)	<u>(0.25)</u>
<b>Total increase (decrease) from operations(1)</b>	(0.28)
<b>Distributions:</b>	
From income (excluding dividends)	0.00
From dividends	0.00
From capital gains	0.00
Return of capital	<u>0.00</u>
<b>Total distributions(2)</b>	<u>0.00</u>
<b>Net asset value, end of period</b>	<u>\$ 9.72</u>

(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	Jun 2007	Dec 2006
Net assets Series A (000's) (1)	\$ 1,385	\$ 859
Number of units outstanding	149,285	84,798
Management expense ratio (2)	4.37%	13.07%
Management expense ratio before waivers or absorptions	8.07%	25.64%
Portfolio turnover rate (3)	123.69%	91.23%
Trading expense ratio (4)	0.56%	1.21%

For the periods ended	Jun 2007
Net assets Series F (000's) (1)	\$ 19
Number of units outstanding	2,000
Management expense ratio (2)	3.12%
Management expense ratio before waivers or absorptions	3.12%
Portfolio turnover rate (3)	123.69%
Trading expense ratio (4)	0.56%

- (1) This information is provided as at period 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 investment. 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 daily average net assets during the period.

## Past Performance

The Fund was in operation only from November 28, 2006 to June 30, 2007; accordingly, it has no annual performance data.

## Summary of Investment Portfolio as at June 30, 2007:

### Weightings by Country

	Percentage of Fund
United States	26.0%
Japan	15.4%
Switzerland	10.5%
Canada	9.5%
Mexico	6.9%
Brazil	3.4%
Hong Kong	2.0%
France	1.8%
Finland	1.7%
Taiwan	1.7%
Cash	21.3%
Other assets less other liabilities	-0.2%
	<hr/> <hr/> 100.0%

### Top Holdings

	Percentage of Fund
Barrick Gold Corporation	9.5%
Canon Inc. ADR	7.1%
Toyota Motor Corporation ADR	6.7%
Novartis International AG ADR	6.4%
ABB Ltd.	4.1%
Cemex SA B de CV ADR	3.7%
Dell Inc.	3.7%
Motorola Inc.	3.6%
The Coca Cola Company	3.4%
Companhia Vale do Rio Doce	3.4%
Desarroladora Homex SAB de CV	3.2%
Ebay Inc.	3.0%
United Parcel Services Inc.	2.8%
The Western Union Company	2.5%
China Mobile Limited ADR	2.0%
Schlumberger Limited	1.9%
American Tower Coporation	1.9%
Dassault Systemes	1.8%
Chuanghwa Telecom Co., Ltd.	1.7%
Nokia Corporation	1.7%
Matsushita Electric Industrial Co., Ltd	1.6%
Johnson & Johnson	1.6%
International Business Machines Corporation	1.6%

This Summary of Investment Portfolio may change due to the ongoing portfolio transactions of the Fund and a quarterly update is available at [www.frontieralt.com](http://www.frontieralt.com). The weightings of the positions are calculated based on total net asset value of the portfolio as at June 30, 2007