



**frontierAlt Funds Management Limited**

## **Semi-Annual Financial Statements**

frontierAlt Opportunistic Bond Fund  
(formerly frontierAlt All Terrain Bond Fund)

frontierAlt Opportunistic Global Fund  
(formerly frontierAlt All Terrain World Fund)

frontierAlt Resource Capital Class Fund

**March 31, 2008**

## frontierA/t Opportunistic Bond Fund (formerly frontier A/t All Terrain Bond Fund)

### Statement of Net Assets

As at March 31, 2008 (unaudited) and September 30, 2007

|  | 2008                | 2007                |
|--|---------------------|---------------------|
| <b>Assets</b>                                      |                     |                     |
| Investments, at market value                       | \$ 19,914,689       | \$ 26,165,567       |
| Cash   | 111,743             | 70,100              |
| Subscriptions receivable                           | 10,010              | 135,159             |
| Receivable for investments sold                    | 5,256,111           | -                   |
| Interest receivable                                | 195,134             | 19,009              |
|  | <hr/> 25,487,687    | <hr/> 26,389,835    |
| <b>Liabilities</b>                                 |                     |                     |
| Accrued expenses                                   | 32,897              | 38,638              |
| Redemptions payable                                | 9,224               | 74,468              |
| Payable for investments purchased                  | 3,232,519           | -                   |
|  | <hr/> 3,274,640     | <hr/> 113,106       |
| <b>Total net assets and unitholders' equity</b>    | <hr/> \$ 22,213,047 | <hr/> \$ 26,276,729 |
|  |                     |                     |
| Total net assets and unitholders' equity, Series A | \$ 17,752,612       | \$ 20,538,093       |
| Net asset value per unit, Series A                 | <hr/> \$ 10.27      | <hr/> \$ 10.12      |
|  |                     |                     |
| Total net assets and unitholders' equity, Series F | \$ 3,910,013        | \$ 5,202,789        |
| Net asset value per unit, Series F                 | <hr/> \$ 10.05      | <hr/> \$ 9.85       |
|  |                     |                     |
| Total net assets and unitholders' equity, Series I | \$ 550,422          | \$ 535,847          |
| Net asset value per unit, Series I                 | <hr/> \$ 10.03      | <hr/> \$ 10.00      |

(See accompanying notes to financial statements)

Approved on behalf of the Board of frontierA/t Funds Management Limited

(signed) **M. Asif Khan**

*Director*

(signed) **Kurankye Sekyi-Otu**

*Director*

**frontier A/t Opportunistic Bond Fund (formerly frontier A/t All Terrain Bond Fund)**

**Statement of Operations**

**For the Six Months Period Ended March 31 (unaudited)**

|  | 2008              | 2007               |
|--|-------------------|--------------------|
| <b>Investment Income</b>   |                   |                    |
| <b>Income</b>  |                   |                    |
| Interest   | \$ 575,929        | \$ 246,758         |
|  | <u>575,929</u>    | <u>246,758</u>     |
| <b>Expenses</b>  |                   |                    |
| Management fees  | 158,340           | 78,428             |
| Audit fees   | 16,949            | -                  |
| Custodial fees   | 8,198             | 9,779              |
| Legal fees   | 18,720            | -                  |
| Filing fees  | 4,086             | 3,787              |
| Administration fees  | 97,851            | 44,267             |
| Other expenses   | 1,982             | 734                |
|  | <u>306,126</u>    | <u>136,995</u>     |
| Expenses waived or absorbed by the Manager                               | (39,740)          | (5,984)            |
| <b>Net investment income</b>   | <u>309,543</u>    | <u>115,747</u>     |
| <b>Realized and unrealized gain (loss) on investments</b>                |                   |                    |
| Net realized gain (loss) on sale of investments                          | 241,301           | (56,109)           |
| Unrealized appreciation (depreciation) in value of investments           | 114,342           | (129,048)          |
| <b>Net gain (loss) on investments</b>                                    | <u>355,643</u>    | <u>(185,157)</u>   |
| <b>Increase (decrease) in net assets from operations</b>                 | <u>\$ 665,186</u> | <u>\$ (69,410)</u> |
| Increase (decrease) in net assets from operations, Series A              | \$ 514,968        | \$ (45,176)        |
| Increase (decrease) in net assets from operations per security, Series A | <u>\$ 0.27</u>    | <u>\$ (0.06)</u>   |
| Increase (decrease) in net assets from operations, Series F              | \$ 131,045        | \$ (24,234)        |
| Increase (decrease) in net assets from operations per security, Series F | <u>\$ 0.28</u>    | <u>\$ (0.06)</u>   |
| Increase in net assets from operations, Series I                         | \$ 19,173         | \$ -               |
| Increase in net assets from operations per security, Series I            | <u>\$ 0.36</u>    | <u>\$ -</u>        |

(see accompanying notes to financial statements)

## frontier A/I Opportunistic Bond Fund (formerly frontier A/I All Terrain Bond Fund)

### Statement of Changes in Net Assets

For the Six Months Period Ended March 31 (unaudited)

|  | 2008          | 2007          |
|--|---------------|---------------|
| <b>Net assets at the beginning of the period</b>                   | \$ 26,276,729 | \$ 4,457,557  |
|  | 26,276,729    | 4,457,557     |
| <b>Increase (decrease) in net assets from operations</b>           | 665,186       | (69,410)      |
| <b>Capital transactions</b>  |               |               |
| Proceeds from the issuance of units                                | 1,806,605     | 22,118,021    |
| Payment for redemption of units                                    | (6,534,988)   | (1,146,697)   |
| Units issued on reinvestment of distributions                      | 308,434       | 279,554       |
| <b>Distributions to unitholders:</b>                               |               |               |
| net investment income  | (308,919)     | (279,554)     |
| <b>Net assets at the end of the period</b>                         | \$ 22,213,047 | \$ 25,359,471 |
| <b>Net assets at the beginning of the period, Series A</b>         | \$ 20,538,093 | \$ 2,709,983  |
|  | 20,538,093    | 2,709,983     |
| <b>Increase (decrease) in net assets from operations, Series A</b> | 514,968       | (45,176)      |
| <b>Capital transactions, Series A</b>                              |               |               |
| Proceeds from the issuance of units                                | 1,240,477     | 16,374,830    |
| Payment for redemption of units                                    | (4,540,550)   | (929,414)     |
| Units issued on reinvestment of distributions                      | 246,132       | 181,473       |
| <b>Distributions to unitholders:</b>                               |               |               |
| net investment income  | (246,508)     | (181,473)     |
| <b>Net assets at the end of the period, Series A</b>               | 17,752,612    | \$ 18,110,223 |
| <b>Net assets at the beginning of the period, Series F</b>         | \$ 5,202,789  | \$ 1,747,574  |
|  | 5,202,789     | 1,747,574     |
| <b>Increase (decrease) in net assets from operations, Series F</b> | 131,045       | (24,234)      |
| <b>Capital transactions, Series F</b>                              |               |               |
| Proceeds from the issuance of units                                | 566,128       | 5,743,191     |
| Payment for redemption of units                                    | (1,989,840)   | (217,283)     |
| Units issued on reinvestment of distributions                      | 44,904        | 98,081        |
| <b>Distributions to unitholders:</b>                               |               |               |
| net investment income  | (45,013)      | (98,081)      |
| <b>Net assets at the end of the period, Series F</b>               | \$ 3,910,013  | \$ 7,249,248  |
| <b>Net assets at the beginning of the period, Series I</b>         | \$ 535,847    | \$ -          |
|  | 535,847       | -             |
| <b>Increase (decrease) in net assets from operations, Series I</b> | 19,173        | -             |
| <b>Capital transactions, Series I</b>                              |               |               |
| Payment for redemption of units                                    | (4,598)       | -             |
| Units issued on reinvestment of distributions                      | 17,398        | -             |
| <b>Distributions:-</b>   |               |               |
| net investment income  | (17,398)      | -             |
| <b>Net assets at the end of the period, Series I</b>               | \$ 550,422    | \$ -          |

(see accompanying notes to financial statements)

**frontierA/t Opportunistic Bond Fund (formerly frontier A/t All Terrain Bond Fund)****Statement of Cash Flows****For the Six Months Period Ended March 31 (unaudited)**

|  | 2008        | 2007         |
|--|-------------|--------------|
| <b>Operating activities</b>  |             |              |
| Net investment income  | \$ 309,543  | \$ 115,747   |
| Net realized gain (loss) on sale of investments                          | 241,301     | (56,109)     |
|  | 550,844     | 59,638       |
| <b>Change in operating assets and liabilities</b>                        |             |              |
| Increase (decrease) in deposits with broker                              | 5,448,679   | (20,856,139) |
| Increase (decrease) in liabilities                                       | (1,056,521) | (150,769)    |
| Decrease (increase) in receivables                                       | (172,976)   | (12,048)     |
|  | 4,219,182   | (21,018,956) |
| Net cash from (used in) operating activities                             | 4,770,026   | (20,959,318) |
| Cash received on issue of units  | 1,806,605   | 22,118,021   |
| Cash paid on redemption of units   | (6,534,988) | (1,146,697)  |
|  | (4,728,383) | 20,971,324   |
| Increase (decrease) in cash and short-term investments during the period | 41,643      | 12,006       |
| Cash and short-term investments balance beginning of period              | 70,100      | 16,539       |
| Cash and short-term investments balance end of period                    | \$ 111,743  | \$ 28,545    |

*(see accompanying notes to financial statements)*

## frontierAlt Opportunistic Bond Fund (frontierAlt All Terrain Bond Fund)

### Statement of Investment Portfolio

As at March 31, 2008 (unaudited)

| SECURITY  | PAR<br>VALUE | AVERAGE<br>COST      | MARKET<br>VALUE      |
|---|--------------|----------------------|----------------------|
| <b>BONDS (89.7%)</b>                              |              |                      |                      |
| <b>Canada</b>                                     |              |                      |                      |
| <b>Federal Government Bonds (70.4%)</b>           |              |                      |                      |
| Canada Mortgage Bond                              |              |                      |                      |
| 4.55%, December 15, 2015                          | \$ 1,000,000 | \$ 1,044,600         | \$ 1,044,575         |
| Government of Canada                              |              |                      |                      |
| 3.75%, June 1, 2012                               | 6,300,000    | 6,496,560            | 6,506,640            |
| 4.00%, June 1, 2017                               | 1,700,000    | 1,771,740            | 1,775,140            |
| Coupon, June 1, 2030                              | 4,025,125    | 1,630,337            | 1,636,125            |
| Coupon, December 1, 2030                          | 3,977,125    | 1,577,267            | 1,584,109            |
| 5.00%, June 1, 2037                               | 2,600,000    | 3,067,858            | 3,075,800            |
|   |              | <u>15,588,362</u>    | <u>15,622,389</u>    |
| <b>Provincial Government Bonds (19.3%)</b>        |              |                      |                      |
| Province of Saskatchewan                          |              |                      |                      |
| 4.50%, August 23, 2016                            | 2,200,000    | 2,288,770            | 2,282,733            |
| 5.00%, March 5, 2037                              | 1,900,000    | 1,943,215            | 2,009,567            |
|   |              | <u>4,231,985</u>     | <u>4,292,300</u>     |
| <b>TOTAL INVESTMENT PORTFOLIO (89.7%)</b>         |              | \$ 19,820,347        | 19,914,689           |
| <b>Cash (0.5%)</b>                                |              | 111,743              | 111,743              |
| <b>Other Assets less Other Liabilities (9.8%)</b> |              | 2,186,615            | 2,186,615            |
| <b>NET ASSETS (100.0%)</b>                        |              | <u>\$ 22,118,705</u> | <u>\$ 22,213,047</u> |

(see accompanying notes to financial statements)

**frontierAlt Opportunistic Global Fund (formerly frontierAlt All Terrain World Fund)**  
**Statement of Net Assets**  
**As at March 31, 2008 (unaudited) and September 30, 2007**

|  | 2008                | 2007                |
|--|---------------------|---------------------|
| <b>Assets</b>                                      |                     |                     |
| Investments, at fair value                         | \$ 6,860,882        | \$ 7,397,356        |
| Cash   | 428,425             | 83,960              |
| Dividends and interest receivable                  | 70,769              | 28,188              |
|  | <u>7,360,076</u>    | <u>7,509,504</u>    |
| <b>Liabilities</b>                                 |                     |                     |
| Accrued expenses                                   | 29,755              | 53,358              |
|  | <u>29,755</u>       | <u>53,358</u>       |
| <b>Total net assets and unitholders' equity</b>    | <b>\$ 7,330,321</b> | <b>\$ 7,456,146</b> |
| Total net assets and unitholders' equity, Series A | \$ 6,527,701        | \$ 7,077,636        |
| Net asset value per unit, Series A                 | <u>\$ 8.95</u>      | <u>\$ 10.60</u>     |
| Total net assets and unitholders' equity, Series F | \$ 802,620          | \$ 378,510          |
| Net asset value per unit, Series F                 | <u>\$ 9.14</u>      | <u>\$ 10.77</u>     |

*(See accompanying notes to financial statements)*

Approved on behalf of the Board of frontierAlt Funds Management Limited

(signed) **M. Asif Khan**

*Director*

(signed) **Kurankye Sekyi-Otu**

*Director*

**frontierAlt Opportunistic Global Fund (formerly frontierAlt All Terrain World Fund)**  
**Statement of Operations**  
**For the Six Months Period Ended March 31 (unaudited)**

|  | 2008                  | 2007                |
|--|-----------------------|---------------------|
| <b>Investment Income</b>   |                       |                     |
| <b>Income</b>  |                       |                     |
| Dividend revenue   | \$ 34,389             | \$ 63,831           |
| Interest revenue   | 32,111                | 21,554              |
| Less: foreign withholding taxes  | (4,836)               | (7,136)             |
|  | <u>61,664</u>         | <u>78,249</u>       |
| <b>Expenses</b>  |                       |                     |
| Management fees  | 68,980                | 97,314              |
| Audit fees   | 6,871                 | 7,950               |
| Custodial fees   | 11,509                | 7,438               |
| Legal fees   | 10,800                | -                   |
| Filing fees  | 7,442                 | 20,815              |
| Administration fees  | 30,108                | 53,632              |
| Other expenses   | 487                   | 931                 |
|  | <u>136,197</u>        | <u>188,080</u>      |
| <b>Net investment loss</b>   | <u>(74,533)</u>       | <u>(109,831)</u>    |
| <b>Realized and unrealized gain (loss) on investments</b>                |                       |                     |
| Net Realized gain (loss) on sale of investments                          | (67,169)              | 74,684              |
| Unrealized appreciation (depreciation) in value of investments           | (956,972)             | 1,291,511           |
| Transaction costs  | (23,929)              | -                   |
| <b>Net gain (loss) on investments</b>                                    | <u>(1,048,070)</u>    | <u>1,366,195</u>    |
| <b>Increase (decrease) in net assets from operations</b>                 | <u>\$ (1,122,603)</u> | <u>\$ 1,256,364</u> |
| Increase (decrease) in net assets from operations, Series A              | \$ (1,036,346)        | \$ 1,248,025        |
| Increase (decrease) in net assets from operations per security, Series A | \$ <u>1.17</u>        | \$ <u>1.17</u>      |
| Increase (decrease) in net assets from operations, Series F              | \$ (86,257)           | \$ 8,339            |
| Increase (decrease) in net assets from operations per security, Series F | \$ <u>(13.80)</u>     | \$ <u>1.33</u>      |

(see accompanying notes to financial statements)

**frontierAlt Opportunistic Global Fund (formerly frontierAlt All Terrain World Fund)**

**Statement of Changes in Net Assets**

**For the Six Months Period Ended March 31 (unaudited)**

|  | <b>2008</b>  | <b>2007</b>  |
|--|--------------|--------------|
| <b>Net assets at the beginning of the period</b>                   | \$ 7,456,146 | \$ 8,458,439 |
| <b>Increase in net assets from operations</b>                      | (1,122,603)  | 1,256,364    |
| <b>Capital transactions</b>  |              |              |
| Proceeds from the issuance of units                                | 4,584,243    | 469,565      |
| Payment for redemption of units                                    | (3,587,465)  | (700,252)    |
| <b>Net assets at the end of the period</b>                         | \$ 7,330,321 | \$ 9,484,116 |
| <b>Net assets at the beginning of the period, Series A</b>         | \$ 7,077,636 | \$ 8,413,098 |
| <b>Increase (decrease) in net assets from operations, Series A</b> | (1,036,346)  | 1,248,025    |
| <b>Capital transactions, Series A</b>                              |              |              |
| Proceeds from the issuance of units                                | 3,908,193    | 417,565      |
| Payment for redemption of units                                    | (3,421,782)  | (700,252)    |
| <b>Net assets at the end of the period, Series A</b>               | \$ 6,527,701 | \$ 9,378,436 |
| <b>Net assets at the beginning of the period, Series F</b>         | \$ 378,510   | \$ 45,341    |
| <b>Increase (decrease) in net assets from operations, Series F</b> | (86,257)     | 8,339        |
| <b>Capital transactions, Series F</b>                              |              |              |
| Proceeds from the issuance of units                                | 676,050      | 52,000       |
| Payment for redemption of units                                    | (165,683)    | -            |
| <b>Net assets at the end of the period, Series F</b>               | \$ 802,620   | \$ 105,680   |

*(see accompanying notes to financial statements)*

**frontierAlt Opportunistic Global Fund (formerly frontierAlt All Terrain World Fund)**  
**Statement of Cash Flows**  
**For the Six Months Period Ended March 31 (unaudited)**

|   | <b>2008</b>      | <b>2007</b>      |
|---|------------------|------------------|
| <b>Operating activities</b>                                 |                  |                  |
| Net investment income(loss)                                 | \$ (74,533)      | \$ (109,831)     |
| Net realized gain on sale of investments                    | (91,098)         | 74,684           |
|   | <u>(165,631)</u> | <u>(35,147)</u>  |
| <b>Change in operating assets and liabilities</b>           |                  |                  |
| Increase in deposits with broker                            | (543,548)        | 285,300          |
| Increase (decrease) in liabilities                          | (23,603)         | 66,514           |
| Decrease (increase) in receivables                          | (42,581)         | (6,350)          |
|   | <u>(609,732)</u> | <u>345,464</u>   |
| Net cash from (used in) operating activities                | <u>(652,313)</u> | <u>339,114</u>   |
| <b>Financing Activities</b>                                 |                  |                  |
| Cash received on issue of units                             | 4,584,243        | 469,565          |
| Cash paid on redemption of units                            | (3,587,465)      | (700,252)        |
| Cash from financing activities                              | <u>996,778</u>   | <u>(230,687)</u> |
| Increase (decrease) in cash during the period               | 344,465          | 108,427          |
| Cash and short-term investments balance beginning of period | 83,960           | 59,373           |
| Cash and short-term investments balance end of period       | \$ 428,425       | \$ 167,800       |

*(see accompanying notes to financial statements)*

**frontierA/t Opportunistic Global Fund**  
**(formerly frontierA/t All Terrain World Fund)**

**Statement of Investment Portfolio**  
**As at March 31, 2008 (unaudited)**

| SECURITY                            | PAR VALUE OR<br>SHARES HELD | AVERAGE<br>COST  | MARKET<br>VALUE  |
|-------------------------------------|-----------------------------|------------------|------------------|
| <b>EQUITIES (85.4%)</b>             |                             |                  |                  |
| <b>United Kindgom (22.7%)</b>       |                             |                  |                  |
| Albemarle & Bond Holdings PLC       | 18,000                      | \$ 76,368        | \$ 70,498        |
| Asianlogic Limited                  | 36,000                      | 74,764           | 53,607           |
| BHP Billiton PLC                    | 4,550                       | 98,271           | 138,663          |
| CAP-XX Limited                      | 75,000                      | 148,149          | 35,188           |
| Compass Group                       | 16,500                      | 79,757           | 108,378          |
| Diageo                              | 4,267                       | 80,346           | 88,433           |
| Hamworthy KSE                       | 8,900                       | 77,096           | 81,515           |
| Healthcare Locums PLC               | 47,600                      | 76,376           | 78,163           |
| Invensys PLC                        | 20,000                      | 79,430           | 91,692           |
| Jetion Holdings Limited             | 30,700                      | 76,457           | 67,790           |
| Metals Exploration PLC              | 137,000                     | 102,642          | 55,891           |
| Northern Rock PLC                   | 25,000                      | 74,567           | 1                |
| Northwest Biotherapeutics Inc.      | 31,500                      | 75,589           | 73,894           |
| Petra Diamonds Limited              | 29,600                      | 76,340           | 59,776           |
| Playtech Ltd. PLC                   | 11,500                      | 95,100           | 102,044          |
| Sage Group                          | 17,500                      | 80,384           | 67,147           |
| Tate & Lyle PLC                     | 15,400                      | 155,002          | 169,478          |
| Vedanta Resources PLC               | 2,500                       | 60,357           | 106,889          |
| Wolseley PLC ADR                    | 9,000                       | 125,549          | 126,771          |
| Yell Group PLC                      | 28,900                      | 154,896          | 90,786           |
|                                     |                             | <u>1,867,440</u> | <u>1,666,604</u> |
| <b>United States (21.8%)</b>        |                             |                  |                  |
| Adobe Systems Inc.                  | 2,000                       | 70,010           | 72,432           |
| Bank of America Corporation         | 2,300                       | 102,224          | 89,559           |
| Cisco Systems Inc.                  | 8,864                       | 206,332          | 219,567          |
| E.I. du Pont de Nemours and Company | 2,000                       | 90,154           | 96,062           |
| eBay Inc.                           | 5,500                       | 154,458          | 168,391          |
| Google Inc.                         | 200                         | 58,973           | 90,410           |
| Infosys Technologies Ltd.           | 2,000                       | 82,978           | 73,254           |
| Johnson & Johnson                   | 2,000                       | 136,806          | 133,131          |
| JPMorgan Chase & Co.                | 2,700                       | 121,164          | 119,087          |

**frontierA/t Opportunistic Global Fund**  
**(formerly frontierA/t All Terrain World Fund)**

**Statement of Investment Portfolio**  
**As at March 31, 2008 (unaudited)**

| <b>SECURITY</b>                         | <b>PAR VALUE OR<br/>SHARES HELD</b> | <b>AVERAGE<br/>COST</b> | <b>MARKET<br/>VALUE</b> |
|---|-------------------------------------|-------------------------|-------------------------|
| Marsh & McLennan Companies, Inc.        | 6,000                               | \$ 165,955              | \$ 149,918              |
| Microsoft Corporation                   | 4,500                               | 111,055                 | 130,470                 |
| Oracle Corporation                      | 5,500                               | 82,313                  | 110,245                 |
| Qwest Communications International Inc. | 11,000                              | 73,105                  | 50,969                  |
| Tiffany & Co.                           | 2,200                               | 81,145                  | 94,389                  |
|   |                                     | <u>1,536,672</u>        | <u>1,597,884</u>        |
| <b>Canada (12.9%)</b>                   |                                     |                         |                         |
| Advanced Explorations Inc.              | 44,200                              | 79,662                  | 74,256                  |
| Brilliant Mining Corp.                  | 61,800                              | 78,980                  | 74,160                  |
| Brookfield Properties Corporation       | 4,800                               | 98,592                  | 95,040                  |
| Iberian Minerals Corp.                  | 60,000                              | 68,100                  | 66,600                  |
| iseemedia inc.                          | 284,000                             | 119,279                 | 106,499                 |
| iseemedia inc. Warrants                 | 85,000                              | 1                       | 1                       |
| Mirabella Nickel Limited                | 16,000                              | 75,200                  | 91,200                  |
| Norwood Resources Ltd.                  | 143,500                             | 90,478                  | 74,620                  |
| Phosan Chemical Corp.                   | 75,000                              | 80,250                  | 90,000                  |
| Pristine Power Inc.                     | 17,500                              | 70,000                  | 70,000                  |
| Rusoro Mining Ltd.                      | 54,100                              | 81,393                  | 78,445                  |
| Solium Capital Inc.                     | 39,400                              | 80,376                  | 65,404                  |
| Vaaldiam Resources Ltd.                 | 140,000                             | 75,432                  | 57,400                  |
|   |                                     | <u>997,743</u>          | <u>943,625</u>          |
| <b>Netherlands (7.1%)</b>               |                                     |                         |                         |
| Akzo Nobel NV                           | 1,100                               | 84,554                  | 90,702                  |
| Randstad Holding NV                     | 6,000                               | 232,599                 | 289,069                 |
| TNT NV                                  | 3,600                               | 147,832                 | 137,549                 |
|   |                                     | <u>464,985</u>          | <u>517,320</u>          |
| <b>France (4.4%)</b>                    |                                     |                         |                         |
| Casino Guichard-Perrachon SA            | 600                                 | 58,125                  | 73,889                  |
| PPR SA                                  | 1,100                               | 156,112                 | 167,633                 |
| Vivendi                                 | 2,100                               | 79,805                  | 84,363                  |
|   |                                     | <u>294,042</u>          | <u>325,885</u>          |

**frontierA/t Opportunistic Global Fund  
(formerly frontierA/t All Terrain World Fund)**

**Statement of Investment Portfolio  
As at March 31, 2008 (unaudited)**

| SECURITY  | PAR VALUE OR<br>SHARES HELD | AVERAGE<br>COST     | MARKET<br>VALUE     |
|---|-----------------------------|---------------------|---------------------|
| <b>Japan (3.5%)</b>                               |                             |                     |                     |
| Kyocera Corporation                               | 1,000                       | \$ 85,082           | \$ 85,698           |
| NTT Data Corporation                              | 20                          | 91,197              | 89,710              |
| Sumitomo Corporation                              | 6,000                       | 84,602              | 80,554              |
|   |                             | <u>260,881</u>      | <u>255,962</u>      |
| <b>Germany (2.6%)</b>                             |                             |                     |                     |
| BMW   | 1,500                       | 78,519              | 84,178              |
| Deutsche Post                                     | 2,200                       | 89,906              | 103,741             |
|   |                             | <u>168,425</u>      | <u>187,919</u>      |
| <b>Spain (2.3%)</b>                               |                             |                     |                     |
| Industria De Diseno Textil Inditex SA             | 3,000                       | 154,511             | 171,424             |
| <b>Denmark (2.2%)</b>                             |                             |                     |                     |
| William Demant Holding A/S                        | 2,200                       | 154,126             | 165,192             |
| <b>Italy (1.8%)</b>                               |                             |                     |                     |
| Geox SPA  | 8,100                       | 118,523             | 133,764             |
| <b>Belgium (1.7%)</b>                             |                             |                     |                     |
| InBev (ex Interbrew)                              | 1,350                       | 68,871              | 121,795             |
| <b>Ireland (1.3%)</b>                             |                             |                     |                     |
| CRH PLC   | 2,471                       | 84,127              | 96,137              |
| <b>Switzerland (1.1%)</b>                         |                             |                     |                     |
| Roche Holdings AG                                 | 400                         | 69,680              | 77,371              |
| <b>TOTAL EQUITIES</b>                             |                             | <u>6,240,026</u>    | <u>6,260,882</u>    |
| <b>CORPORATE BONDS (8.2%)</b>                     |                             |                     |                     |
| <b>Canada</b>                                     |                             |                     |                     |
| Cusac Gold Mines Ltd.<br>11.00% April 30, 2008    | \$ 600,000                  | 600,000             | 600,000             |
| <b>TOTAL INVESTMENT PORTFOLIO (93.6%)</b>         |                             | 6,840,026           | 6,860,882           |
| <b>Cash (5.8%)</b>                                |                             | 428,425             | 428,425             |
| <b>Other Assets less Other Liabilities (0.6%)</b> |                             | 41,014              | 41,014              |
| <b>NET ASSETS (100.0%)</b>                        |                             | <u>\$ 7,309,465</u> | <u>\$ 7,330,321</u> |

(see accompanying notes to financial statements)

## frontierA/t Resource Capital Class Fund

### Statement of Net Assets

As at March 31, 2008 (unaudited) and September 30, 2007

|   | 2008                | 2007                |
|---|---------------------|---------------------|
| <b>Assets</b>                                       |                     |                     |
| Investments, at market value                        | \$ 3,833,065        | \$ 603,035          |
| Cash  | 37,886              | 871,005             |
| Subscriptions receivable                            | -                   | 500                 |
| Receivable for investments sold                     | -                   | 1,287               |
| Interest receivable                                 | 160                 | -                   |
|   | <u>3,871,111</u>    | <u>1,475,827</u>    |
| <b>Liabilities</b>                                  |                     |                     |
| Accrued expenses                                    | 15,570              | 8,683               |
| Redemptions payable                                 | 7,983               | 12,897              |
|   | <u>23,553</u>       | <u>21,580</u>       |
| <b>Total net assets and shareholders' equity</b>    | <b>\$ 3,847,558</b> | <b>\$ 1,454,247</b> |
| Total net assets and shareholders' equity, Series A | \$ 3,847,558        | \$ 1,454,247        |
| Net asset value per share, Series A                 | <u>\$ 9.77</u>      | <u>\$ 10.68</u>     |

(See accompanying notes to financial statements)

Approved on behalf of the Board of frontierA/t Funds Management Limited

(signed) **M. Asif Khan** \_\_\_\_\_

Director

(signed) **Kurankye Sekyi-Otu** \_\_\_\_\_

Director

**frontierA/t Resource Capital Class Fund**  
**Statement of Operations**  
**For the Six Months Period Ended March 31 (unaudited)**

**2008**

**Investment Income**

|               |    |              |
|---------------|----|--------------|
| <b>Income</b> |    |              |
| Dividends     | \$ | 7,113        |
| Interest      |    | 134          |
|               |    | <u>7,247</u> |

**Expenses**

|  |  |                 |
|--|--|-----------------|
| Management fees                            |  | 39,801          |
| Audit fees                                 |  | 16,834          |
| Custodial fees                             |  | 10,738          |
| Legal fees                                 |  | 318             |
| Filing fees                                |  | 4,905           |
| Administration fees                        |  | 32,255          |
| Other expenses                             |  | 283             |
|  |  | <u>105,134</u>  |
| Expenses waived or absorbed by the Manager |  | <u>(5,648)</u>  |
| <b>Net investment loss</b>                 |  | <u>(92,239)</u> |

**Realized and unrealized gain (loss) on investments**

|   |  |                  |
|---|--|------------------|
| Net realized gain on sale of investments        |  | 44,570           |
| Unrealized depreciation in value of investments |  | (229,697)        |
| Transaction costs                               |  | (33,376)         |
| <b>Net loss on investments</b>                  |  | <u>(218,503)</u> |

**Decrease in net assets from operations** \$ (310,742)

Decrease in net assets from operations, Series A \$ (310,742)

Decrease in net assets from operations per security, Series A \$ (1.62)

*(see accompanying notes to financial statements)*

**frontierA/t Resource Capital Class Fund**  
**Statement of Changes in Net Assets**  
**For the Six Months Period Ended March 31 (unaudited)**

|  | <b>2008</b>         |
|--|---------------------|
| <b>Net assets at the beginning of the period</b>           | \$ 1,454,247        |
| <b>Increase in net assets from operations</b>              | (310,742)           |
| <b>Capital transactions</b>                                |                     |
| Proceeds from the issuance of shares                       | 6,420,891           |
| Payment for redemption of shares                           | (3,716,835)         |
| Units issued on reinvestment of distributions              | 59,997              |
| <b>Distributions to shareholders:</b>                      |                     |
| realized gains on portfolio assets sold                    | (60,000)            |
| <b>Net assets at the end of the period</b>                 | <b>\$ 3,847,558</b> |
| <br>   |                     |
| <b>Net assets at the beginning of the period, Series A</b> | \$ 1,454,247        |
| <b>Increase in net assets from operations, Series A</b>    | (310,742)           |
| <b>Capital transactions, Series A</b>                      |                     |
| Proceeds from the issuance of shares                       | 6,420,891           |
| Payment for redemption of shares                           | (3,716,835)         |
| Units issued on reinvestment of distributions              | 59,997              |
| <b>Distributions to shareholders:</b>                      |                     |
| realized gains on portfolio assets sold                    | (60,000)            |
| <b>Net assets at the end of the period, Series A</b>       | <b>\$ 3,847,558</b> |

*(see accompanying notes to financial statements)*

**frontierAlt Resource Capital Class Fund**  
**Statement of Cash Flows**  
**For the Six Months Period Ended March 31 (unaudited)**

**2008**

**Operating activities**

|  |                 |
|--|-----------------|
| Net investment income(loss)              | \$ (92,239)     |
| Net realized gain on sale of investments | 11,194          |
|  | <u>(81,045)</u> |

**Change in operating assets and liabilities**

|                                    |                    |
|------------------------------------|--------------------|
| Increase in deposits with broker   | (3,459,727)        |
| Increase (decrease) in liabilities | 1,973              |
| Decrease (increase) in receivables | 1,624              |
|                                    | <u>(3,456,130)</u> |

Net cash from(used in) operating activities (3,537,175)

Cash received on issue of units 6,420,891

Cash paid on redemption of units (3,716,835)

2,704,056

Increase (decrease) in cash and short-term investments during the period (833,119)

Cash and short-term investments balance beginning of period 871,005

Cash and short-term investments balance end of period \$ 37,886

*(see accompanying notes to financial statements)*

## frontierA/t Resource Capital Class Fund

### Statement of Investment Portfolio

As at March 31, 2008 (unaudited)

---

| SECURITY                               | SHARES<br>HELD | AVERAGE<br>COST  | MARKET<br>VALUE  |
|--|----------------|------------------|------------------|
| <b>CANADIAN EQUITIES (99.6%)</b>       |                |                  |                  |
| <b>Materials (68.6%)</b>               |                |                  |                  |
| Adanac Molybdenum Corporation          | 315,790        | \$ 300,000       | \$ 180,000       |
| Adroit Resources Inc. Warrants         | 416,667        | 1                | 1                |
| Atlanta Gold Inc.                      | 99,666         | 39,866           | 64,782           |
| Atlanta Gold Inc. Warrants             | 55,556         | 1                | 1                |
| Bravo Venture Group Inc. Warrants      | 20,833         | 1                | 1                |
| Carpathian Gold Inc.                   | 200,000        | 102,763          | 77,999           |
| Donner Metals Ltd.                     | 1,086,957      | 565,217          | 358,695          |
| Donner Metals Ltd. Warrants            | 543,478        | 1                | 1                |
| First Narrows Resources Corp. Warrants | 416,666        | 12,499           | 1                |
| Gallery Resources Limited              | 1,666,666      | 1                | 1                |
| Houston Lake Mining Inc.               | 859,611        | 738,401          | 532,958          |
| Intrepid Mines Limited                 | 250,000        | 60,000           | 51,249           |
| La Quinta Resources Corporation        | 56,000         | 38,640           | 11,760           |
| Mawson Resources Limited Warrants      | 32,500         | 17,224           | 1                |
| Mountain Boy Minerals Ltd. Warrants    | 166,666        | 1                | 1                |
| Platinex Inc.                          | 535,273        | 198,051          | 144,523          |
| RX Exploration Inc.                    | 666,667        | 100,000          | 266,666          |
| Romios Gold Resources Inc.             | 500,000        | 200,000          | 175,000          |
| Solid Resources Ltd.                   | 116,200        | 55,776           | 15,105           |
| Sparton Resources Inc. Warrants        | 166,666        | 28,332           | 1                |
| Strateco Resources Inc.                | 100,000        | 308,000          | 215,000          |
| Temex Resources Corp.                  | 500,000        | 340,000          | 285,000          |
| Tres-Or Resources Ltd. Warrants        | 400,000        | 1                | 1                |
| Viking Gold Exploration Inc.           | 555,555        | 77,777           | 41,666           |
| Wildcat Exploration Ltd.               | 750,000        | 165,000          | 105,000          |
| Yukon Zinc Corporation                 | 833,334        | 100,000          | 116,666          |
| Yukon Zinc Corporation Warrants        | 416,667        | 1                | 1                |
|  |                | <u>3,447,554</u> | <u>2,642,080</u> |

## frontierA/t Resource Capital Class Fund

### Statement of Investment Portfolio

As at March 31, 2008 (unaudited)

| SECURITY   | SHARES<br>HELD | AVERAGE<br>COST     | MARKET<br>VALUE     |
|--|----------------|---------------------|---------------------|
| <b>Energy (31.0%)</b>                              |                |                     |                     |
| Canadian Phoenix Resources Corp.                   | 514,000        | \$ 48,830           | \$ 87,380           |
| Emerald Bay Energy Inc.                            | 1,000,000      | 140,000             | 70,000              |
| Grand Banks Energy Corporation                     | 100,000        | 110,000             | 216,000             |
| Greentree Gas & Oil Ltd.                           | 1,951,000      | 282,895             | 273,139             |
| Junex Inc.   | 93,700         | 65,590              | 59,967              |
| Knight Resources Ltd.                              | 500,000        | 150,000             | 97,499              |
| Knight Resources Ltd. Warrants                     | 500,000        | 1                   | 1                   |
| Nordic Oil and Gas Ltd.                            | 600,000        | 102,000             | 318,000             |
| Nordic Oil and Gas Ltd. Warrants                   | 300,000        | 1                   | 68,999              |
|  |                | <u>899,317</u>      | <u>1,190,985</u>    |
| <b>TOTAL INVESTMENT PORTFOLIO (99.6%)</b>          |                | 4,346,871           | 3,833,065           |
| <b>Cash (0.9%)</b>                                 |                | 37,886              | 37,886              |
| <b>Other Assets less Other Liabilities (-0.5%)</b> |                | <u>(23,393)</u>     | <u>(23,393)</u>     |
| <b>NET ASSETS (100.0%)</b>                         |                | <u>\$ 4,361,364</u> | <u>\$ 3,847,558</u> |

(see accompanying notes to financial statements)

**frontierAlt Funds**  
**Notes to the Financial Statements**  
**For the Six Months Period Ended March 31, 2008 (unaudited) and the**  
**Year Ended September 30, 2007**

---

**1. The Funds**

The frontierAlt Opportunistic Bond Fund (the “Opportunistic Bond Fund”), and the frontierAlt Opportunistic Global Fund (the “Opportunistic Global Fund”) (collectively the “Trust Funds”) are open-ended mutual fund trusts formed under the laws of the Province of Ontario by Declarations of Trust, executed by the Trustee of the Funds at the following dates: October 21, 1988, as amended and restated November 21, 1995, April 20, 2006 and January 31, 2008 with regards to the Opportunistic Global Fund (formerly frontierAlt All Terrain World Fund); August 27, 1998, as amended and restated April 20, 2006 with regards to the All Terrain Canada Fund (formerly Orbit Canadian Equity Fund); and April 20, 2006 and January 31, 2008 for the Opportunistic Bond Fund (formerly frontierAlt All Terrain Bond Fund).

On January 29, 2008, a majority of the unitholders of the frontierAlt All Canada Fund and the frontierAlt All Terrain World Fund approved the merger of the frontierAlt All Terrain Canada Fund into the frontierAlt All Terrain World Fund.

The frontierAlt Resource Capital Class Fund (the “Resource Capital Class Fund”) is a class of shares of frontierAlt Capital Class Fund Limited (the “Corporation”); a mutual fund corporation formed under the Business Corporations Act (Ontario) (the “OBCA”) by articles of incorporation dated April 27, 2007, as amended June 6, 2007. The Corporation was established, in part, to facilitate exchange transactions pursuant to which the assets of existing resource flow-through limited partnerships established by the Manager are transferred to the Corporation in exchange for shares of the Corporation. The shares of the Corporation issued to a frontierAlt Limited Partnership on a Mutual Fund Rollover Transaction was distributed to the limited partners of the frontierAlt Limited Partnership on the winding-up of the affairs of such partnership.

The funds are referred to individually as a “Fund” and collectively as the “Funds”. frontierAlt Funds Management Limited is the Manager (the “Manager”) and the Trustee of the Funds.

## **2. Regulatory Changes**

On April 1, 2005, the Canadian Institute of Chartered Accountants (“CICA”) issued Section 3855, “Financial Instruments – Recognition and Measurement” of the CICA Handbook – Accounting, which established standards for the fair valuation of investments as well as the accounting treatment of transaction costs. Section 3855 applies to fiscal years beginning on or after October 1, 2006. Additionally, Section 14.2 of National Instrument 81-106 (“NI 81-106”), issued by the Canadian Securities Administrators in 2005, requires the daily net asset value of an investment fund to be calculated in accordance with Canadian generally accepted accounting principles (“GAAP”). The adoption of Section 3855 would result in the use of different valuation techniques for certain investments.

Canadian securities regulatory authorities granted interim relief to investment funds from complying with Section 3855, for the purpose of calculating and reporting of net asset value (other than for financial reporting purposes) for up to a one year period ending September 30, 2007. On June 1, 2007, securities regulatory authorities proposed amendments to NI 81-106 which will remove the requirement to calculate the NAV in accordance with GAAP and replace it with a requirement to fair value assets and liabilities. The proposed amendments will permit investment funds to have two different NAVs: one for financial statements (the “GAAP NAV”) and another one for all other purposes (the “Transactional NAV”). The proposed amendments require reconciliation between the two NAVs, and disclosure of how the valuation principles and practices differ. On September 28, 2007, the interim relief was extended to September 30, 2008 or such earlier time as these proposed changes to NI 81-106 could be made.

A reconciliation of between Transactional NAV and GAAP NAV has been provided in note 9 of these financial statements.

## **3. Significant Accounting Policies**

These financial statements have been prepared in accordance with GAAP. The following is a summary of the significant accounting policies of the Funds.

### ***Use of Estimates***

The financial statements have been prepared by the Manager in accordance with GAAP. The preparation of financial statements require the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting

periods. Significant estimates include valuation of investments. Actual results may differ from these estimates.

### ***Valuation of Investments***

- i. Securities listed upon a recognized public stock exchange are valued at their bid prices on the valuation date. Securities with no available bid prices are valued at the closing sale prices.
- ii. Securities not listed upon a recognized public stock exchange are valued using valuation techniques, on such basis and in such manner established by the Manager.
- iii. Short-term notes, treasury bills and bonds are valued at the average bid quotations from recognized investment dealers.

### ***Investment Transactions and Income Recognition***

Investment transactions are recorded on the trade date. Realized gains and losses from investment transactions and unrealized appreciation or depreciation of investments are calculated using the average cost basis.

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 commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

Dividend income is being recorded on the ex-dividend date.

### ***Foreign Exchange***

Foreign currency amounts are expressed in Canadian dollars on the following basis:

- Market value of investments, other assets and liabilities at the Bank of Canada noon daily rate of exchange.
- Purchases and sales of investments, income and expenses at the rate of exchange prevailing on the respective transaction dates.
- Realized and unrealized foreign exchange gains and losses related to investment transactions are included in "Net realized gains (losses) on sale of investments" and "Change in unrealized appreciation of investments" respectively.

### **Valuation of Fund Units**

Net asset value per unit is calculated at the close of business on each day (a "Valuation Day") the Toronto Stock Exchange is open. The units of the Funds are issued and redeemable at the option of the holder, at the applicable net asset value per unit. The net asset value per unit is calculated by dividing the total market value of each Fund's net assets by the total number of units then outstanding.

### **Increase in net assets from operations per unit**

The increase or decrease in net assets from operations per unit presented in the Statement of Operations represents the increase or decrease in net assets from operations for the period, divided by the average number of units outstanding during the period.

## **4. Unitholders' and Shareholders' Equity**

Units/shares of the Funds are issued or redeemed on a daily basis at the net asset value per unit.

Summary of purchase/reinvestment and redemption of units/shares

| Fund                                   |      | Beginning of year | Purchase/reinvestment during year | Redemptions during year | End of year |
|--|------|-------------------|-----------------------------------|-------------------------|-------------|
| Opportunistic Bond Fund - Series A     | 2007 | 252,055           | 2,202,568                         | 425,332                 | 2,029,291   |
|  | 2008 | 2,029,291         | 146,394                           | 447,805                 | 1,727,880   |
| Opportunistic Bond Fund - Series F     | 2007 | 168,671           | 703,257                           | 343,902                 | 528,026     |
|  | 2008 | 528,026           | 61,846                            | 200,908                 | 388,964     |
| Opportunistic Bond Fund - Series I     | 2007 | -                 | 53,584                            | -                       | 53,584      |
|  | 2008 | 53,584            | 1,754                             | 458                     | 54,880      |
| Opportunistic Global Fund - Series A   | 2007 | 814,940           | 38,144                            | 185,584                 | 667,500     |
|  | 2008 | 667,500           | 421,287                           | 359,838                 | 728,949     |
| Opportunistic Global Fund - Series F   | 2007 | 4,400             | 35,763                            | 5,015                   | 35,148      |
|  | 2008 | 35,148            | 68,900                            | 16,189                  | 87,859      |
| Resource Capital Class Fund - Series A | 2007 | -                 | 380,003                           | 243,885                 | 136,118     |
|  | 2008 | 136,118           | 627,625                           | 369,867                 | 393,876     |

## **5. Fund Rollover & Merger**

Effective as of the close of business on the Rollover Date, as set out below, the Continuing Fund acquired the portfolio assets of the corresponding Terminated Fund

in exchange for units of the Continuing Fund. The value of the units of the Continuing Fund issued in connection with this rollover was equal to the fair value of the investments transferred.

| Terminating Fund   | Shares<br>Issued | Fair Market<br>Value of Net<br>Assets<br>Acquired | Rollover<br>Date     | Continuing<br>Fund                                       |
|--|------------------|---|----------------------|--|
| frontier <i>Alt</i> Resource<br>2005 Flow-Through<br>Limited Partnership | 617,545          | \$6,376,152                                       | November<br>30, 2007 | frontier <i>Alt</i><br>Resource<br>Capital Class<br>Fund |
| Continuing Fund  | Shares<br>Issued | Fair Market<br>Value of Net<br>Assets<br>Acquired |                      |  |
| frontier <i>Alt</i> Resource<br>Capital Class Fund                       | 617,545          | \$6,376,152                                       |                      |  |

The financial statements of the Continuing Fund do not include the operating results of the Terminated Fund for the period to the Rollover Date.

On January 31, 2008 units of the frontier*Alt* All Terrain Canada Fund merged into the frontier*Alt* All Terrain World Fund. The name of the continuing fund was also changed to frontier*Alt* Opportunistic Global Fund on the same date. Avenue Investment Management remains the portfolio advisor to the Fund and the investment objectives of the Fund have not changed.

| Terminating Fund                            | Shares Issued | Fair Market Value of Net Assets Acquired | Merger Date      | Continuing Fund   |
|---|---------------|--|------------------|---|
| frontierAlt All-Terrain Canada Fund Class A | 419,586       | \$ 3,891,072                             | January 31, 2008 | frontierAlt Opportunistic Global Fund Class A (formerly frontierAlt All Terrain World Fund Class A) |
| frontierAlt All-Terrain Canada Fund Class F | 48,482        | \$ 457,870                               | January 31, 2008 | frontierAlt Opportunistic Global Fund Class F (formerly frontierAlt All Terrain World Fund Class F) |

| Continuing Fund   | Shares Issued | Fair Market Value of Net Assets Acquired |
|---|---------------|--|
| frontierAlt Opportunistic Global Fund Class A (formerly frontierAlt All Terrain World Fund Class A) | 419,586       | \$3,891,072                              |
| frontierAlt Opportunistic Global Fund Class F (formerly frontierAlt All Terrain World Fund Class F) | 48,482        | \$457,870                                |

## 6. Expenses

### Manager and management fees

frontier*Alt* Funds Management Limited is the Manager of the Funds. As such, the Funds are dependent on the Manager for administration and management matters relating to their operations.

Management fees are paid to the Manager on a monthly basis. The Manager is responsible for managing the business and affairs of the Funds pursuant to management agreements or trust indentures.

The Manager receives an annual percentage rate of the average net assets of the each series of Funds. The management fee is calculated based on the weighted net asset value on a daily basis using Transactional NAV. The management fees charged are as follows:

|  |       |
|--|-------|
| Opportunistic Bond Fund - Series A     | 1.35% |
| Opportunistic Bond Fund - Series F     | 0.85% |
| Opportunistic Global Fund - Series A   | 2.00% |
| Opportunistic Global Fund - Series F   | 1.00% |
| Resource Capital Class Fund - Series A | 2.00% |

The management fee with respect to Series I units, where applicable, is separately negotiated with the Manager of the Funds.

All transactions with the Manager, a related company, are measured at exchange amounts and occur within the normal course of business.

### Administrative Fees and Expenses

During the year, the Funds incurred administrative and accounting fees of \$128,360 (2007 - \$170,783) to KeiData Back Office Solutions Inc., a wholly owned subsidiary of frontier*Alt* Investment Management Corporation. The fees incurred by each Fund are as follows:

| Year | frontier <i>Alt</i> Funds     |                                 |                                      |
|------|-------------------------------|---------------------------------|--------------------------------------|
|      | Opportunistic<br>Bond<br>Fund | Opportunistic<br>Global<br>Fund | Resource<br>Capital<br>Class<br>Fund |
| 2007 | \$ 97,007                     | \$ 61,586                       | \$ 12,190                            |
| 2008 | 66,570                        | 34,870                          | 26,920                               |

The transactions with KeiData Back Office Solutions Inc., related party, are measured at exchange amounts and occur within the normal course of business.

All fees and expenses applicable to the administration and operation of the Funds, including legal and audit fees, GST and withholding taxes, interest, expenses of financial and other reports, and expenses relating to regulatory compliance are the responsibility of the Funds. Brokerage commissions are also paid by the Funds.

The Manager has the discretion, from time to time, to waive or absorb expenses associated with the Funds. The amounts of the absorbed or waived expenses are reported in the statement of operations.

## **7. Income Taxes and Distributions**

### **(a) Taxation of Open-Ended Mutual Fund Trusts**

Each of the Trust Funds qualifies as mutual fund trusts under the Income Tax Act (Canada) and the Taxation Act (Québec). Each of these funds has a December 15 year-end for income tax purposes. The financial statements of the Trust Funds do not include a provision for income taxes because any net investment income, including capital gains, is paid regularly throughout the year to unitholders and is taxable in their hands. Income tax on capital gains not paid to unitholders is recoverable pursuant to a formula based upon redemption of units of the Fund. Any tax losses are not deductible by the unitholders but will be deductible by the Funds as permitted by the Income Tax Act (Canada) and the Taxation Act (Québec).

### **(b) Taxation of Open-Ended Mutual Fund Corporation**

Under the Income Tax Act (Canada), the Corporation qualifies as a mutual fund corporation and computes its net income (loss) and net capital gains (losses) for income tax purposes as a single entity. The Corporation has a September 30 year-end for income tax purposes. A mutual fund corporation is subject to a special 33 1/3% tax on taxable dividends received from corporation's resident in Canada and to tax at normal corporate rates on other income and net taxable realized capital gains for the year. The special 33 1/3% tax is refundable on payments of taxable dividends to shareholders at the rate of \$1 for each \$3 of such dividends paid. All the tax on net taxable realized capital gains is refundable when the gains are distributed to shareholders as capital gains dividends or through redemption of shares at the request of shareholders.

(c) Losses Carried Forward

Net realized capital losses of the Funds may be carried forward indefinitely to reduce future net realized capital gains. Non-capital losses may be carried forward to reduce taxable income for up to seven years, with the exception of non-capital losses realized between March 22, 2004 and December 31, 2005, which may be carried forward up to ten years and non-capital losses arising in taxation years ending after 2005, which may be carried forward up to twenty years.

The losses, as at March 31, 2008 are as follows:

|                             | Net Capital Losses | Non -Capital Losses, expiring in |         |         |         |
|-----------------------------|--------------------|----------------------------------|---------|---------|---------|
|                             |                    | 2008                             | 2009    | 2010    | 2027    |
| Opportunistic Bond Fund     | -                  | -                                | -       | -       | -       |
| Opportunistic Global Fund   | 5,739,656          | 486,596                          | 455,371 | 327,494 | 145,217 |
| Resource Capital Class Fund | -                  | -                                | -       | -       | -       |

## 8. Brokerage Commissions

Total brokerage commissions paid in connection with securities transactions during the last two years were as follows:

|                             | 2008<br>\$ | 2007<br>\$ |
|-----------------------------|------------|------------|
| Opportunistic Bond Fund     | -          | -          |
| Opportunistic Global Fund   | 23,929     | 9,287      |
| Resource Capital Class Fund | 33,376     | 3,347      |

## 9. Reconciliation of Net Asset Value

In accordance with the decision made by the Canadian securities regulatory authorities, a reconciliation between the Transactional NAV and the GAAP NAV of an investment fund is required as follows:

|  | Net Asset Value |                               |            | Opening<br>Section<br>3855<br>Adjustment | Net Asset Value per<br>Share |             |
|--|-----------------|-------------------------------|------------|--|------------------------------|-------------|
|  | Pricing NAV     | Section<br>3855<br>Adjustment | GAAP NAV   |  | Pricing<br>NAV               | GAAP<br>NAV |
| Opportunistic<br>Bond Fund<br>Series A   | 17,752,612      | -                             | 17,752,612 | -  | 10.27                        | 10.27       |
| Opportunistic<br>Bond Fund<br>Series F   | 3,910,013       | -                             | 3,910,013  | -  | 10.05                        | 10.05       |
| Opportunistic<br>Bond Fund<br>Series I   | 550,422         | -                             | 550,422    | -  | 10.03                        | 10.03       |
| Opportunistic<br>Global Fund<br>Series A | 6,528,141       | (440)                         | 6,527,701  | -  | 8.96                         | 8.95        |
| Opportunistic<br>Global Fund<br>Series F | 802,674         | (54)                          | 802,620    | -  | 9.14                         | 9.14        |
| Resource<br>Capital Class<br>Fund        | 3,991,240       | (143,682)                     | 3,847,558  | -  | 10.13                        | 9.77        |

## 10. Subsequent event

On November 27, 2007, the Limited Partners of frontierAlt Resource 2005 Flow-Through Limited Partnership (the "Partnership") approved the transfer and sale of all of the assets of the Partnership on a tax-deferred basis to Resource Capital Class Fund, in exchange for Series A shares of the Resource Capital Class Fund.

## 11. Financial Instruments

Financial instruments of the Funds include cash, subscriptions receivable, receivables for investments sold, dividends receivable, investments, payables for investments purchased, and accrued expenses. There are no significant differences between the carrying values of these financial instruments and their fair values. Investments are carried at their fair values as described in note 3.

## Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security of its issuer or factors affecting all securities in the market. All trading instruments are recognized at fair value and all changes in market conditions directly affect net assets from operations.

## Currency Risk

The assets and liabilities of both the Opportunistic Bond Fund and the Resource Capital Class Fund are predominately held in the functional currency which is the Canadian Dollar and are not exposed to significant foreign currency risks. The Opportunistic Global has investments denominated in currencies other than the Canadian Dollar, and is exposed to currency risk.

## Liquidity Risk

The Funds invest in publicly traded companies which are traded in an active market. The market values of the listed investments held can be impacted by trading volumes and restrictions, and the quoted market value may not be indicative of what the Funds could realize on the immediate sale as it may take a significant amount of time to liquidate positions without causing a significant negative impact on the market price. There can be no assurance that an active trading market for the investments will exist at all times, or that the prices at which the securities trade accurately reflect their values.