



frontierAlt Oasis™ Funds Management Inc.

Management Report on Fund Performance

frontierAlt Oasis™ World Fund

December 31, 2007

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**Management Report of Fund Performance
As at December 31, 2007
frontierAlt Oasis™ World Fund**

This Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements of the fund. You can get copy of the annual financial statements at your request, and at no cost, by calling 1 (866) 745-5545 ext. 3173, by writing to us at frontierAlt Capital Corporation, 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 investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Forward-Looking Information

This Annual Report of Fund Performance contains forward-looking information and statements relating, but not limited to, anticipated or prospective financial performance and results of operation of the investment 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 Annual Report of Fund Performance, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, the forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, 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 Annual Management Report of Fund Performance is solely the view of the Manager of the investment fund at December 31, 2007, and is subject to change at any time without notice as markets and events warrant.

Management Report on Fund Performance frontierAlt Oasis™ World Fund

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.

Investment Strategies

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

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 Fund was established on November 28, 2006. MAK, Allen & Day Capital Partners is the current portfolio manager to the Fund. The fund net assets (Series A) increased by 77.8% during the one year period ended December 31, 2007.

Portfolio Manager Commentary

It's amazing the difference 12 months can make. Think of the economic outlook at this point last year; the big question in financial services was: how long can such good times last? Private equity firms were flush with cash and had no difficulty raising vast sums of capital to take over US and European companies. Investment banks were making huge profits and commercial banks lent freely to homeowners and consumers. The US economy continued to grow and there seemed to no end to rise in commodity prices, which created large sums of wealth in countries like Russia and the Middle East. Yes US housing prices began to fall, however this was seen as isolated problem that would not spread into credit markets or affect other economies.

Recently, the US marketplace has had several difficult months and the rest of the world is coming to the realization that the shorter-term outlook is not bright. Central banks are still pouring liquidity into financial markets. Only the Middle East and Asia seem to be in calm waters. The major risks going into 2008 is the financial crisis lingers on and may get worse before it gets better. Another risk is the persistent high inflation which could

destabilize the global bond market. Higher inflation will also place constraints on monetary policy. This in turn could make a downturn harder and longer and the banking crisis more severe. The problem is not the headline inflation rate but rather the rise in inflationary expectations.

Therefore, most troubled businesses in 2008 are still likely to be the banks, which will continue to suffer from writedowns and lack of liquidity. The lack of confidence in the banking industry will continue to leak into cyclicals; the auto industry is already suffering and could spread into other durable goods and consumer discretionary items. The companies that will do well are most likely to be globally diversified; they should have stronger revenue growth as they escape tepid consumer markets in their own country. The commodity boom should continue albeit at a slower pace. However, all is not lost, in these bleak times it becomes easier for value investors to find cheap assets in dislocated markets and troubled industries.

The prospect of a recession looming over the horizon is just as much a reality as stagflation was a concern when Ben Bernanke (before becoming Chairman of the Federal Reserve) gave his famous speech about dropping bags of money from a helicopter.

As all good things must come to an end, and the end to this party is leaving many in the infirmary. Subprime loans made to unqualified borrowers and investors unwittingly buying repackaged securities on the premise they were triple-A rated debt instruments are all feeling the effects of fear after enjoying their moment of euphoric greed.

Given the aggressive actions taken by the US Fed, we continue to believe that we are in a moderate slowdown and that these actions will lead to an inflation cycle that will be more benefit equity markets. As such we have moderately increased exposure to cash.

Recent Developments

Independent Review Committee

Under the provision of National Instrument 81-107 – Independent Review Committee for Investment Fund (“NI 81-107”), which came into force on November 1, 2006 it is now required that all publicly offered investment funds, such as the Fund, establish an independent review committee (“IRC”) to whom the Manager is to refer all conflict of interest matters in order to obtain a recommendation or approval, as applicable. NI 81-107 further mandates that the IRC be composed of at least three independent members and requires that they conduct assessments and regularly report to the Manager and unitholders in respect of its duties. The manager appointed its three persons IRC on May 1, 2007, but was not required to be in full compliance with NI 81-107 prior to November 1, 2007. The independent members of the Fund’s IRC are Andrew Jones (Chair), Zareer Pavri and Michael Singer.

Accounting Policy Change

In the preparation of its financial statements from January 1, 2007 onwards, the Fund adopted CICA Handbook Section 3855, Financial Instruments-Recognition Measurement, which includes new requirements for both valuing securities and accounting for transaction costs such as brokerage commissions. The new requirements would also affect the calculation of the Fund's net asset value for investor transaction purposes. The Canadian Securities Administrators ("CSA") has proposed amendments to its regulations. If enacted, these amendments would allow the Fund to adopt Section 3855 without affecting the method by which the Fund's net asset values are calculated. In the meantime, the CSA has granted all investment funds a temporary exemption from adopting this new accounting standard, leaving the calculation of the net asset value unchanged.

Related Party Transactions

The following arrangements result in fees paid by the Fund to frontierAlt or to companies affiliated with frontierAlt:

Management & Portfolio Management Services

In consideration for management services, the Fund paid no management fees to frontierAlt Oasis Funds Management Inc. beyond the amount required for trailer fees paid to dealers. This 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.

MAK, Allen & Day Capital Partners, an affiliate of frontierAlt Oasis Fund Management Inc. did not receive fees in its capacity as portfolio manager to the Fund.

Administration Services

The Fund paid \$11,872 to KeiData Back Office Solutions Inc. ("KeiData") for administration services. KeiData is a subsidiary of frontierAlt Capital Corporation

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 audited financial statements.

Net Asset Value (NAV) per Unit Series A	Dec 2007	Dec 2006
Net asset value, beginning of period	\$ 10.13	\$ 10.00
Increase (decrease) from operations:		
Total revenue	0.11	0.00
Total expenses	(0.40)	(0.11)
Realized gains (losses)	0.05	0.00
Unrealized gains (losses)	<u>(0.92)</u>	<u>0.27</u>
Total increase (decrease) from operations(1)	(1.17)	0.16
Distributions:		
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>
Total distributions(2)	<u>0.00</u>	<u>0.00</u>
Net asset value, end of period	<u>\$ 8.87</u>	<u>\$ 10.13</u>

Net Asset Value (NAV) per Unit Series F	Dec 2007
Net asset value, beginning of period	\$ 10.00
Increase (decrease) from operations:	
Total revenue	0.22
Total expenses	(0.51)
Realized gains (losses)	0.09
Unrealized gains (losses)	<u>(1.32)</u>
Total increase (decrease) from operations(1)	(1.52)
Distributions:	
From income (excluding dividends)	0.00
From dividends	0.00
From capital gains	0.00
Return of capital	<u>0.00</u>
Total distributions(2)	<u>0.00</u>
Net asset value, end of period	<u>\$ 9.30</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	Dec 2007	Dec 2006
Net assets Series A (000's) (1)	\$ 1,529	\$ 859
Number of units outstanding	172,413	84,798
Management expense ratio (2)	4.33%	13.07%
Management expense ratio before waivers or absorptions	9.65%	25.64%
Portfolio turnover rate (3)	331.96%	91.23%
Trading expense ratio (4)	1.00%	1.21%

For the periods ended	Dec 2007
Net assets Series F (000's) (1)	\$ 101
Number of units outstanding	10,807
Management expense ratio (2)	7.57%
Management expense ratio before waivers or absorptions	16.91%
Portfolio turnover rate (3)	331.96%
Trading expense ratio (4)	1.00%

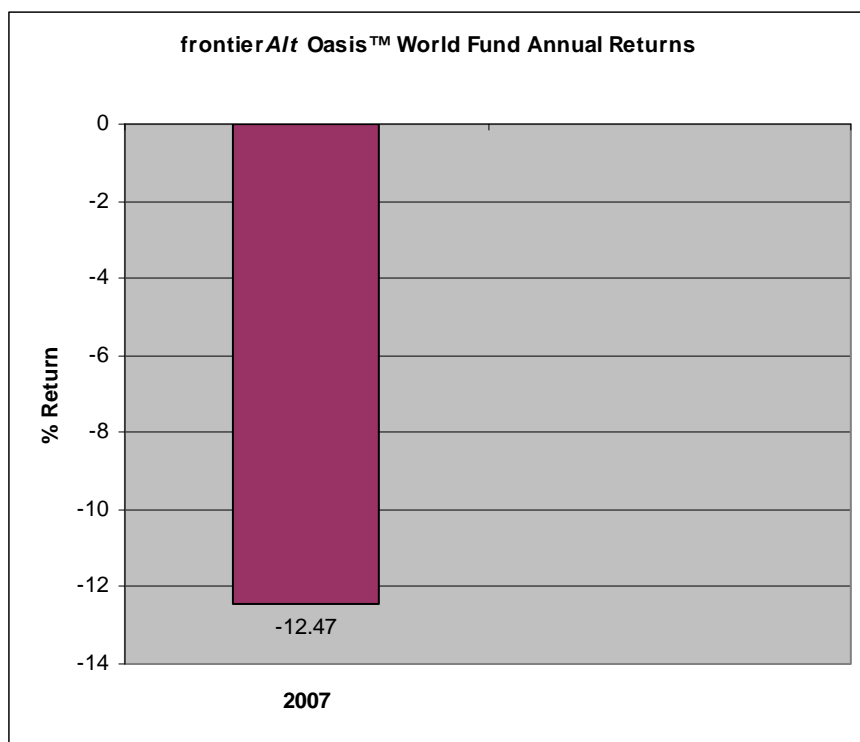
- (1) This information is provided as at period end of the year shown.
- (2) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the
- (3) The Fund's portfolio turnover rate indicates how actively the 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
- (4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage daily average net

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.

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:



Annual Compound Returns:

The following table shows the average annual compound total return for each period indicated, compared with the Dow Jones Islamic World Index (period ending December 31, 2007):

Period	frontierAlt Oasis™ World Fund	DJIW (CAD)
1 year	-12.5%	-0.1%
Since Inception ⁽¹⁾	-10.4%	2.9%

⁽¹⁾ Annualized for the period November 28, 2006 (Commencement of operations) to December 31, 2007.

Summary of Investment Portfolio as at December 31, 2007:

<u>Sector Allocation</u>	% of Net Assets
Materials	25.4%
Industrials	13.3%
Consumer Staples	11.4%
Energy	7.7%
Health Care	4.9%
Telecommunication Services	2.8%
Consumer Discretionary	2.3%
Cash	41.8%
Other assets less other liabilities	-9.6%
	<hr/>
	100.0%

<u>Weightings by Country</u>	% of Net Assets
Canada	55.1%
United States	8.6%
Japan	2.8%
Mexico	1.3%
Taiwan	0.0%
Cash	41.8%
Other assets less other liabilities	-9.6%
	<hr/>
	100.0%

Top Holdings**% of Net Assets**

Shoppers Drug Mart Corporation	6.6%
The Thomson Corporation	6.2%
Cameco Corporation	6.1%
Teck Cominco Limited Class B SV	4.4%
Uranium One Inc.	4.3%
Canadian Pacific Railway Limited	4.0%
Yamana Gold Inc.	3.9%
The Coca Cola Company	3.7%
ProEx Energy Ltd.	3.6%
Manitoba Telecom Services Inc.	2.8%
Canon Inc. ADR	2.8%
Barrick Gold Corporation	2.6%
Biovail Corporation	2.5%
Canadian Tire Corporation Limited Class A N	2.3%
Exxon Mobil Corporation	1.4%
Pfizer Inc.	1.4%
Cemex SA B de CV ADR	1.3%
Iamgold Corporation	1.2%
Arise Technologies Corporation	1.2%
Procter & Gamble Co.	1.1%
Breakwater Resources Ltd.	1.1%
Johnson & Johnson	1.0%
Duvernay Oil Corp.	0.9%
Trican Well Services Ltd.	0.6%
UEX Corporation	0.6%

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. The weightings of the positions are calculated based on total net asset value of the portfolio as at December 31, 2007.