ANNUAL INFORMATION FORM

This document is an annual information form for the year ended March 31, 2014

in respect of the

Series I Class A Shares,

Series II Class A Shares and

Series III Class A Shares

of

FRONT STREET ENERGY GROWTH FUND INC.

July 9, 2014

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GLOSSARY

"**Administration Agreement**" means the agreement for record keeping and other general administrative services between the Fund, the Manager and Citigroup, described under "Fund Governance – Reporting to Securityholders".

"**Assignment and Assumption Agreement**" means the agreement to assign and assume certain agreements between the previous manager, Front Street Capital and the Manager, Front Street Capital 2004 effective January 1, 2005, described under "Responsibility for Fund Operations – The Sponsor".

"**Audit Committee**" means a committee established by the board of directors of the Fund, which is composed of three independent members of the board of directors.

"**board of directors**" means the board of directors of the Fund.

"**business day**" means a day other than a Saturday, a Sunday or a public holiday on which the banks are not open for business in Toronto, Ontario.

"**Capital Gains Dividends**" means dividends which the Fund pays or is deemed to pay to holders of Class A Shares and for which the Fund elects to have such dividends be treated as capital gains dividends.

"**Citigroup**" means Citigroup Fund Services Canada, Inc., the administrator of the Fund.

"**Class A Shares**" means the Class A shares of the Fund.

"**Class B Shares**" means the Class B shares of the Fund.

"**controlling individual**" means the annuitant under an RRSP or RRIF and the holder under a TFSA.

"**CRA**" means the Canada Revenue Agency.

"**Custodian**" means RBC Investor Services Trust.

"**Custodial Agreement**" means the agreement to hold securities and act as prime broker made between the Fund and RBC Investor Services Trust and described under "Responsibility for Fund Operations – Custodian".

"**cut-off date**" means the last day in any given year for obtaining a federal tax credit for the preceding year.

"**Dissolution**" means the liquidation, dissolution or winding-up of the Fund or other distribution of the assets of the Fund for the purpose of winding up its affairs.

"**eligible business entity**" means an "eligible business entity" as defined in the *Federal Act*, some of the more salient requirements of which are described under "Investment Restrictions".

"**eligible investment**" means an eligible investment as defined in the *Federal Act*, some of the more salient requirements of which are described under "Investment Restrictions".

"***Federal Act***" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended.

"**Federal Proposals**" means specific proposals to amend the *Federal Act* and tax regulations thereunder publicly announced by or on behalf of the Minister of Finance prior to the date hereof.

"**Front Street Capital**" means Front Street Capital 2004, the Manager of the Fund.

"**Fund**" means Front Street Energy Growth Fund Inc., formerly Tuscarora Energy Growth Fund Inc.

"**GAAP**" means Canadian generally accepted accounting principles.

"**Independent Review Committee**" or "**IRC**" means the independent review committee of the Fund established by the Manager as required by NI 81-107, which is currently composed of three independent members.

"**individual**" means a natural person or a Qualifying Trust.

"**Investment Portfolio**" means, at any point in time, investments of the Fund in eligible investments.

"l**abour sponsored venture capital corporation**" or "**LSVCC**" means a registered labour-sponsored venture capital corporation under the *Federal Act*.

"**Liquid Portfolio**" means, at any point in time, investments of the Fund in reserves.

"**Management Agreement**" means the agreement to manage the Fund between the Fund and the Manager and described under "Responsibility for Fund Operations – Manager of the Investment Fund".

"**Manager**" means Front Street Capital.

"**NAV**" means net asset value.

"**net asset value of the Fund**" means the value of the Fund's assets minus the value of the Fund's liabilities each of which being determined by Citigroup (on instructions from the Portfolio Advisor) or the Valuation Committee in the manner described under the heading "Calculation of Net Asset Value".

"**net asset value per Series I Share**" is determined by subtracting the aggregate amount of liabilities allocated to Series I Shares from the value of assets attributable to the Series I Shares and dividing the resulting amount by the number of Series I Shares outstanding at the date such value is determined.

"**net asset value per Series II Share**" is determined by subtracting the aggregate amount of liabilities allocated to Series II Shares from the value of assets attributable to the Series II Shares and dividing the resulting amount by the number of Series II Shares outstanding at the date such value is determined.

"**net asset value per Series III Share**" is determined by subtracting the aggregate amount of liabilities allocated to Series III Shares from the value of assets attributable to the Series III Shares and dividing the resulting amount by the number of Series III Shares outstanding at the date such value is determined.

"**NI 81-102**" means National Instrument 81-102 *Mutual Funds* governing mutual funds.

"**NI 81-105**" means National Instrument 81-105 *Mutual Fund Sales Practices* governing mutual fund sales practices.

"**NI 81-106**" means National Instrument 81-106 *Investment Fund Continuous Disclosure* governing the continuous disclosure of investment funds.

"**NI 81-107**" means National Instrument 81-107 *Independent Review Committee for Investment Funds* governing independent review committees for investment funds.

"**Portfolio Advisor**" means Front Street Investment Management Inc., formerly Tuscarora Investment Management Inc., the portfolio advisor of the Fund.

"**Portfolio Advisor Agreement**" means the agreement entered into between the Portfolio Advisor and the Fund commencing on February 1, 2002.

"**Portfolio Company**" or "**Portfolio Companies**" means an eligible business entity or eligible business entities in which the Fund has made an eligible investment.

"**Pricing NAV**" means the calculation of NAV for pricing purposes.

"**Published Valuation**" means the value of the Fund's assets for which there exists a published market on the basis of quoted prices in such market, subject to any adjustment Citigroup is instructed to make by the Portfolio Advisor.

"**Qualifying Trust**" for a Tax Credit Recipient means,

(a) an RRSP under which the Tax Credit Recipient is the annuitant, that is not a "spousal or common-law partner plan" (as defined in subsection 146(1) of the *Federal Act*), in relation to another individual;

(b) an RRSP under which the Tax Credit Recipient or the Tax Credit Recipient's spouse is the annuitant, that is a spousal or common-law partner plan in relation to the Tax Credit Recipient or the Tax Credit Recipient's spouse or common-law partner, if the Tax Credit Recipient and no other person claims a deduction under subsection 127.4(2) of the *Federal Act* in respect of the share; or

(c) a TFSA under which the Tax Credit Recipient is the holder.

"**Registered Plan**" means an RRSP, RRIF or TFSA.

"**reporting issuer**" has the meaning given to that term in the *Securities Act*.

"**RRIF**" means a trust governed by a "registered retirement income fund", as defined in subsection 146.3(1) of the *Federal Act*.

"**RRSP**" means a trust governed by a "registered retirement savings plan", as defined in subsection 146(1) of the *Federal Act*.

"***Securities Act***" means the *Securities Act* (Ontario), R.S.O. 1990, c.S.5, as amended, together with all regulations and rules thereunder.

"Series I" means previously issued Series I Class A Shares which have not been available for subscriptions since December 17, 2003.

"**Series II**" means previously issued Series II Class A Shares which have not been available for subscriptions since December 17, 2003.

"**Series III**" means the Series III Class A Shares, which have not been available for subscriptions since December 20, 2013.

"**Shareholders**" means the holders of Series I, Series II and Series III Class A Shares.

"**Sponsor**" or **"CWA/SCA Canada"** means the Communications Workers of America/Syndicat des communications d'Amerique Canada, also referred to as TNG Canada/CWA Sponsor Inc. and formerly The National Guild of Canadian Media, Manufacturing, Professional & Service Workers/CWA.

"**Sponsorship Agreement**" means the sponsorship agreement made between the Manager, TNG Canada/CWA Sponsor Inc. and the Sponsor, and described under "Responsibility for Fund Operations. – The Sponsor".

"**spouse"** or "**former spouse**" includes a "common-law partner" or former common-law partner which, as the context requires, has the meaning ascribed thereto by subsection 248(1) of the *Federal Act*.

"**Tax Credit**" means the non-refundable federal tax credit available to the individual (other than a Qualifying Trust) who is either the first person to be the registered holder of a Class A Share or the annuitant or holder of a Qualifying Trust which is the first holder of a Class A Share.

"**Tax Credit Recipient**" means an individual who first acquires Class A Shares either directly, through an RRSP under which he or she is the annuitant or the spouse of the annuitant or through a TFSA under which he or she is the holder.

"**TFSA**" means a trust governed by a tax-free savings account as described in section 146.2 of the *Federal Act*.

"**TNG Canada/CWA Sponsor Inc.**" means the corporation wholly owned by the Sponsor which was created for the purposes of incorporation and organizing the Fund.

"**Transitional Rules**" has the meaning under the heading "Canadian Federal Income Tax Considerations – Federal Penalty Taxes".

"**Valuation Committee**" means a committee established by the board of directors of the Fund, which is comprised of three independent members of the board of directors.

NAME, FORMATION AND HISTORY OF THE FUND

This annual information form contains information about Front Street Energy Growth Fund Inc. (the "**Fund**"), a labour-sponsored venture capital corporation registered under the *Income Tax* Act (Canada) (the "***Federal Act***"). The Fund is not registered under any provincial legislation.

The address of the principal office of the Fund is Suite 600, 33 Yonge Street, Toronto, Ontario, M5E 1G4. The telephone number is (416) 364-1990 or toll free at 1(800) 513-2832. The e-mail address is advisorservice@frontstreetcapital.com.

Front Street Energy Growth Fund Inc. was incorporated under the *Canada Business Corporations Act* by Articles of Incorporation dated November 1, 2001. The Fund is sponsored by the Sponsor and is a registered labour-sponsored venture capital corporation under the *Federal Act*. On October 23, 2002, the articles of the Fund were amended in order to change the name of the Fund from Tuscarora Energy Growth Fund Inc. to Front Street Energy Growth Fund Inc. The head office and principal place of business of the Fund is located at 33 Yonge Street, Suite 600, Toronto, Ontario M5C 1G4.

Although the Fund is a mutual fund for purposes of securities regulation, many of the rules normally applicable to mutual funds under relevant securities legislation and policies are not applicable to the Fund as a labour-sponsored venture capital corporation. In particular, rules directed at ensuring liquidity and diversification of investments and certain other investment restrictions and practices normally applicable to mutual funds do not apply. See "Investment Restrictions".

On March 21, 2013, the federal government announced it would phase-out tax credits for investments in labour-sponsored venture capital corporations. The tax credit rate of 15% will be gradually reduced to 10% commencing in the 2015 taxation year, to 5% in the 2016 taxation year and will be eliminated for the 2017 and subsequent taxation years. Due to industry-wide liquidity concerns following the federal government's announcement, on December 20, 2013, the Fund announced that its Board of Directors had resolved to suspend the redemption of all series of Class A shares effective on that date. This action is intended to allow the Portfolio Advisor time to evaluate the Fund's options in order to maximize value for the benefit of all shareholders. As of the date of this Annual Information Form, redemptions have not resumed and there is no prospectus offering securities of the Fund for sale.

INVESTMENT RESTRICTIONS

Statutory Investment Restrictions

Although the Fund is a mutual fund, it is not subject to a variety of securities regulatory policies and restrictions which would otherwise govern a public mutual fund. In this respect, certain of the policies applicable to public mutual funds may not apply. In addition, the Fund is not subject to some of the investment restrictions applicable to mutual fund investments, including restrictions in respect of illiquid investments, the borrowing or lending of monies or the provision of guarantees for the debts or obligations of other persons or companies.

Many of the investments made by the Fund will be subject to statutory or other restrictions imposed by securities regulatory bodies such as stock exchanges on which the securities purchased by the Fund are listed and posted for trading. Investments in eligible business entities whose securities are publicly traded may be subject to hold periods imposed under relevant securities legislation or imposed by a stock exchange, as applicable, which may result in a discounted valuation of the securities held and may create an inability to dispose of those securities promptly. In cases where such publicly traded companies are not reporting issuers the securities representing such investments cannot be resold without a prospectus, an available exemption or an appropriate ruling under relevant securities legislation. Further, the ability of the Fund to negotiate discounts on the price of securities purchased, and the ability of the Fund to acquire a sizeable percentage of the issued and outstanding equity of Portfolio Companies when securities are purchased pursuant to private placements, will be restricted by the limits imposed by those exchanges.

Under the *Federal Act*, the Fund is currently required to invest its funds in eligible investments. Generally, the Fund must invest in certain shares, debt, options or rights in, or the provision of a guarantee to, an eligible business entity. The Fund may also make investments in certain permitted reserves. An eligible business entity includes Canadian partnerships and taxable Canadian corporations, all or substantially all of the fair market value of the property of which is attributable to property used in certain specified active businesses. The *Federal Act* provides that the aggregate cost of the investments made in any single eligible business entity and all corporations related to such eligible business entity (including shares, options, rights, debt obligations and 25% of the amount of all guarantees), cannot exceed the lesser of 10% of the Fund's equity capital and $15 million, as at the date the investment is made. Further, the *Federal Act* requires that, at the time the Fund makes an investment in an eligible business entity, the carrying value of the total assets of the eligible business entity and all corporations related to it does not exceed $50 million and generally, that the total number of employees does not exceed 500.

The Fund may not invest or maintain an investment in an eligible business entity if the eligible business entity does not deal at arm's length (within the meaning of the *Federal Act*) with the Fund and each of the

directors of the Fund unless (a) the non-arm's length relationship arises solely as a result of the Fund's investments in the eligible business entity, or (b) the investment is approved by a special resolution of the shareholders of the Fund before the investment is made.

Under the *Federal Act*, the Fund must maintain a minimum level of its investments in eligible business entities. Generally, the Fund will be required to invest 60% of the Fund's shareholders' equity (subject to certain adjustments) in eligible business entities within certain time frames. The Fund intends to comply with the requirements relating to timing of investments contained in the *Federal Act*.

The Fund will be subject to penalties under the *Federal Act* and may have its registration revoked if it does not comply with the investment requirements set out in the *Federal Act*. See "Canadian Federal Income Tax Considerations – Federal Penalty Taxes".

Other Investment Restrictions

In addition to the investment restrictions described above, the Board of Directors will, from time to time, establish certain other investment policies. The Board of Directors has approved the following investment restrictions and policies, which may be varied from time to time by the Board of Directors as opportunities and market conditions dictate if permitted by the *Federal Act*.

- The Fund will not pledge or mortgage any of its assets or borrow money, except: (i) as a temporary measure for the purpose of accommodating requests for redemption of Class A Shares while effecting an orderly liquidation of portfolio securities, provided that after giving effect to such borrowing the outstanding amount of all such borrowing does not exceed 5% of the net asset value of the Fund at the time of such borrowing, or (ii) a pledge of its assets in favour of the Custodian for payment of its fees, charges and expenses.

- The Fund will not lend its portfolio securities.

- The Fund will not make loans except in the ordinary course of investing its funds.

- The Fund will not make short sales of securities or purchase securities on margin.

- The Fund will not act as an underwriter of securities.

- The Fund will not invest in the securities of a mutual fund.

- Except as permitted by the *Federal Act*, the Fund will not acquire control of Portfolio Companies.

- The Fund will not purchase puts, calls or combinations thereof except that it may obtain options to acquire additional securities or rights to sell securities of the small and medium-sized businesses in which it invests.

- The Fund will not invest in any transaction not recommended by the Portfolio Advisor.

- The portfolio assets of the Fund will be held in the custody of a federally or provincially licensed trust company or a Canadian chartered bank.

The investment restrictions and policies described above may be varied from time to time by the Fund, provided that any such variation is permissible under the *Federal Act* and all other applicable legislation.

Unlike ordinary mutual funds the Fund may:

- Invest in securities which may require the Fund to make an additional contribution provided such investments are made only if the amount and the timing of the investment and the specific performance targets triggering the investment are established and fixed at the date of the original investment;

- Lend money to eligible businesses by investing in a qualifying debt obligation, within the meaning of the *Federal Act*, as contemplated by the *Federal Act*; and

- Invest more than 10% of the net assets of the Fund in illiquid assets as defined in NI 81-102.

The approval of a majority of the holders of Class A Shares is required to change the investment objective of the Fund.

DESCRIPTION OF SECURITIES

Description of Securities Distributed

The authorized capital of the Fund consists of an unlimited number of Class A Shares issuable in series, of which Series I, Series II, and Series III have been created, and an unlimited number of Class B Shares.

The following is a summary of the material provisions attaching to each class of shares of the Fund. These provisions derive principally from the requirements of the *Federal Act*.

Class A Shares

The following attributes apply equally to the three series of Class A Shares.

Issue: The Class A Shares may be issued only to individuals (other than trusts) and to Qualifying Trusts.

Transfer: The Fund is prohibited from registering or otherwise recognizing a transfer of Class A Shares by the Tax Credit Recipient, a spouse or former spouse of the Tax Credit Recipient or by a Registered Plan under which the Tax Credit Recipient or his or her spouse or former spouse is the annuitant where the information return relating to the federal tax credit in respect of the Class A Shares has been issued by the Fund, except where the Fund is notified in writing that the Class A Shares are being transferred:

(i) to a Registered Plan under which the Tax Credit Recipient or his or her spouse or former spouse is the controlling individual;

(ii) to the Tax Credit Recipient or the spouse or former spouse of the Tax Credit Recipient;

(iii) as a consequence of the death of the Tax Credit Recipient or of his or her spouse;

(iv) after the death of the Tax Credit Recipient;

(v) as a result of the Tax Credit Recipient, becoming disabled and permanently unfit for work or becoming terminally ill, after the purchase of the Class A Shares; or

(vi) in accordance with such other conditions as may be prescribed for the purposes of the *Federal Act* and approved by the board of directors.

Redemption by Holders: See "Redemption of Securities".

Dividends: Holders of Class A Shares are entitled to receive dividends at the discretion of the board of directors of the Fund in such amounts and exclusively to the holders of each of the series of Class A Shares of the Fund out of the monies properly available for dividends of the Fund applicable to the applicable series of Class A Shares of the Fund, as the case may be.

Voting Rights: Holders of Class A Shares are entitled to receive notice of and attend all meetings of shareholders of the Fund and, except for meetings at which only holders of a different class or series are entitled to vote separately as a class or series, are entitled to one vote at any such meeting for each Class A Share held.

Fractional Shares: A holder of a fractional Class A Share is entitled to exercise voting rights and to receive dividends in respect of such fractional Class A Share to the extent of such fraction.

Election of Directors: Holders of Class A Shares, of all series of the Fund, voting collectively as a class, are entitled to elect one of the directors of the Fund (currently one of seven).

Dissolution: On the liquidation, dissolution or winding-up of the Fund or other distribution of the assets of the Fund for the purpose of winding up its affairs ("**Dissolution**"), the holders of Class A Shares will be entitled to all of the assets of the Fund remaining after payment of all liabilities of the Fund and after payment of all amounts payable on the redemption of the Class B Shares.

Class B Shares

Issue: The Class B Shares may be issued only to the Sponsor, or such other organizations, entities or persons as are permitted under the Federal Act to hold Class B Shares.

Dividends: The holder of the Class B Shares is not entitled to receive dividends.

Voting Rights: The holder of the Class B Shares is entitled to receive notice of and attend all meetings of shareholders of the Fund and, except for meetings at which only holders of shares of a different class or series are entitled to vote separately as a class or series, is entitled to one vote at any such meeting per Class B Share held.

Election of Directors: The holder of the Class B Shares is entitled to elect a number of directors of the Fund (currently six of seven) equal to the total number of directors less the number of directors the Class A Share holders are entitled to elect. The Sponsor has, pursuant to the Sponsorship Agreement, agreed to elect to the board of directors three persons to represent the Sponsor, and three persons to be nominated by the Manager from time to time. An independent individual will act as the seventh member of the board of directors.

Dissolution: On Dissolution, the holder of the Class B Shares is entitled to receive the then stated capital of those shares before any assets are distributed to holders of Class A Shares but after payment of all liabilities of the Fund.

VALUATION OF PORTFOLIO SECURITIES

Valuation Policies and Procedures of the Investment Fund

Valuation Committee

The board of directors has established a valuation committee (the "**Valuation Committee**") comprised of three directors. The board of directors has delegated responsibility for determining the value of the Fund's assets and for considering the appropriateness of the valuation policies adopted by the Fund to the Valuation Committee as set out below. The Valuation Committee is comprised of the same directors as the Audit Committee. See "Responsibility for Fund Operations – Officers and Directors of the Investment Fund – Audit Committee".

Valuation of Assets for which a Published Market Exists

Citigroup, on a daily basis and for transaction pricing purposes, calculates the value ("**Published Valuation**") of the Fund's assets for which there exists a published market on the basis of quoted prices in such market, subject to any adjustment they are instructed to make by the Portfolio Advisor pursuant to the Fund's general valuation policies described below. For this purpose, a published market means any market on which such securities are traded if the prices are regularly published in a newspaper or business or financial publication of general and regular paid circulation. The Portfolio Advisor notifies Citigroup of any adjustments in the holdings of the Fund and of any circumstances that would necessitate an adjustment from the quoted prices. The Valuation Committee reviews and approves the valuation at the end of each financial quarter and, from time to time, considers the appropriateness of the valuation policies adopted by the Fund.

Financial statements of the Fund will contain a reconciliation of the net asset value that is reported in such financial statements in accordance with GAAP to the net asset value used by the Fund for all other purposes

other than financial reporting (the "**Pricing NAV**"). On September 8, 2008, amendments to NI 81-106 came into effect with respect to allowing the calculation of net asset value to be made on the basis of "fair value". Fair value is defined in NI 81-106 as the market value based on reported prices and quotations in an active market or, if the market value is unavailable or the Manager, with the input of the Portfolio Advisor, believes that it is unreliable, a value that is fair and reasonable in all the relevant circumstances.

Valuation of Assets for which No Published Market Exists

In the case of investments in eligible business entities for which no published market exists, Citigroup, on a daily basis, calculates the value of those assets pursuant to the Fund's general valuation policies described below. The Valuation Committee has determined that assets for which no published market exists are to be valued at cost unless a different fair value is determined by the Portfolio Advisor, who may increase or decrease values to reflect independent market transactions and may adjust values in response to market-related issues with the prior approval or subsequent ratification of the Valuation Committee. The Portfolio Advisor notifies Citigroup of any adjustments in the holdings of the Fund and of any circumstances which would necessitate an adjustment from a valuation equal to the cost of the investment. The Valuation Committee reviews and approves the valuation at the end of each financial quarter and, from time to time, considers the appropriateness of the valuation policies adopted by the Fund.

The process of valuing investments for which no published market exists is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments.

General Valuation Policies

Short term debt instruments are valued at market with accrued interest or discount earned included in interest receivable. Listed securities are valued at the closing sale price reported on that day by the principal securities exchange on which the issue is traded or, if no sale is reported, generally, the average of the bid and ask prices is used. Securities traded over-the-counter are priced at the average of the latest bid and ask prices quoted by a major dealer in such securities. In the event the market quotation does not, in the opinion of the Portfolio Advisor, reflect a reasonable fair market value of the security in question, the value thereof is determined on the valuation date on such basis and in such manner as may be proposed by the Portfolio Advisor and approved by the Valuation Committee. A reasonable discount to market may be used if the size of the investment is large relative to trading volumes of such securities or if trading is restricted in any way. Private placements of listed securities subject to a hold period are valued as described above with an appropriate discount as determined by the Portfolio Advisor.

Investments in private companies are valued in accordance with the following criteria:

(a) investments are initially recorded at cost and adjusted to reflect fair market value adjustments when (i) there is a substantial arm's-length transaction that establishes a different value, or (ii) where a Portfolio Company experiences a material change in value, the valuation is increased or decreased, as appropriate, to the estimated fair market value;

(b) if there is a substantial arm's length, bona fide, enforceable offer with respect to a Portfolio Company, the investment is valued at the proposed transaction price; similarly, if there is a valuation prepared by a qualified independent person, such valuation is given due consideration in assessing the value of an investment;

(c) debt instruments, other than short-term liquid debt instruments, are initially valued at their principal amount (with accrued interest or discounts earned included in interest receivable) and thereafter by having regard to whether the instrument is in arrears or whether a write-down or other provision is considered prudent due to the unlikelihood of full realization on the investment; and

(d) in the unusual event that the valuation policies and procedures described above are not appropriate to the particular investee circumstance, then the Valuation Committee can approve appropriate valuation techniques for that investment.

The process of valuing investments for which no published market exists will inevitably be based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investment.

CALCULATION OF NET ASSET VALUE

For daily transaction pricing purposes, the net asset value of the Series I Shares, the net asset value of the Series II Shares and the net asset value of Series III Shares are calculated by Citigroup on a daily basis by subtracting the aggregate amount of the Fund's liabilities applicable to the Series I Shares, Series II Shares or Series III Shares, as the case may be, from the aggregate of:

(a) the value of its assets of the Fund applicable to the Series I Shares, Series II Shares or Series III Shares, as the case may be, for which a published market exists on the basis of the Published Valuation as of the relevant date;

(b) the value of its assets of the Fund applicable to the Series I Shares, Series II Shares or Series III Shares, as the case may be for which no published market exists as determined in accordance with the general valuation policies described above;

(c) the unamortized balance of sales commissions and expenses attributable to the Series I Shares, Series II Shares or Series III Shares, if any and as the case may be; and

(d) the value of any other assets of the Fund attributable to the Series I Shares, Series II Shares or Series III Shares, as the case may be, as determined by the Valuation Committee.

The net asset value per Series I Shares, Series II Shares or Series III Shares, as the case may be, is the amount obtained by dividing the net asset value of Fund as of a particular date, after deducting the redemption value of the Class B Shares, by the total number of Series I Shares, Series II Shares or Series III Shares, as the case may be, outstanding on that date. The Fund makes available to the financial press for publication the net asset value per Series I Share, the net asset value per Series II Share, and the net asset value per Series III Share daily. The net asset value of the Fund, as calculated by Citigroup on instruction from the Portfolio Advisor, is reviewed and approved by the Valuation Committee as of the last day of each financial quarter of the Fund and as of the last day of any month in which the net asset value per Class A Share is expected to change by more than 5%.

Reporting on Net Asset Value

The net asset value of the Fund and of the Series I Shares, Series II Shares and Series III Shares per security is made available by the Fund, on each business day, at its website, www.frontstreetcapital.com/fund/front-street-energy-growth-fund.

PURCHASES AND SWITCHES

Securities of the Fund are not currently being offered to the public under a prospectus. Switches are not available for Fund securities.

REDEMPTION OF SECURITIES

Due to the 2013 federal government budget announcement that it is discontinuing the labour sponsored venture capital corporation tax credit program, the Manager announced on December 20, 2013 that is considering options with respect to this Fund. The government's announcement has led to liquidity concerns throughout the industry. To ensure all shareholders are treated fairly, the Fund's board of directors resolved to suspend all redemptions of Class A shares of the Fund effective December 20, 2013. This suspension of redemptions will give the Fund's Portfolio Advisor time to evaluate the Fund's options once the government has enacted any transitional legislation, so as to maximize value for the benefit of all shareholders. As of the date of this Annual Information Form, redemptions have not resumed and the Fund's assets consist principally of investments in illiquid equity securities of non-public companies.

RESPONSIBILITY FOR FUND OPERATIONS

Officers and Directors of the Investment Fund

The name, municipality of residence, office and principal occupation of each of the directors and officers of the Fund are set out below:

Name and Municipality of Residence	Position with the Fund	Class A Shares Owned or Controlled	Officer/Director Since[3]	Principal Occupation
Gary P. Selke Toronto, Ontario	Chief Executive Officer, Secretary and Director	44,556.424 Series III or 3.0%	November 4, 2001	President and Chief Executive Officer of the Manager; and Chairman, Chief Executive Officer and President of the Portfolio Advisor
Arnold Amber[1] Toronto, Ontario	Director	342.219 or 0.02%	November 4, 2001	Director of CWA/SCA Canada
John N. Clarke[1] Toronto, Ontario	Director	Nil	June 4, 2009	Retired
Frank Cooper Ajax, Ontario	Director	Nil	November 11, 2009	Principal of Cooper Estate & Trust Services
Frederick F. Langan Toronto, Ontario	Director	Nil	November 15, 2010	Television Business Reporter
Frank Portugais Burlington, Ontario	Chief Financial Officer	Nil	November 4, 2001	Chartered Accountant and Partner in Messrs. Bennett Gold LLP, Chartered Accountants
Jonathan Spence Toronto, Ontario	Director	Nil	November 5, 2007	Specialist – Finance Internal Controls, Canadian Broadcasting Corporation
Graham Turner[1] St. Catharines, Ontario	Director	500 or 0.03%	November 4, 2001	Secretary, Jet Capital Services Limited

Notes:
(1) Member of the Audit Committee/Valuation Committee.
(2) Each Director's term of office expires at the next meeting of the shareholders.

Graham Turner was elected as a director of the Fund by the holders of Class A Shares, and the other directors were elected by the Sponsor.

The following is a brief biographical description, including principal occupation for the last five years, of each of the directors and officers of the Fund:

Gary P. Selke is the Chief Executive Officer and President of the Manager, as well as being a partner and Management Committee member. Mr. Selke has been a Director, Chairman and President of the Portfolio Advisor since October 2001 and Chief Executive Officer since February 2002. He is also a director and the Chairman, President and Secretary of Tuscarora Capital Inc. Mr. Selke formed Tuscarora Capital Inc., an affiliated dealer of the Portfolio Advisor, in 1996 with Mr. Lamarche. Prior to that time, Mr. Selke was employed by RBC Dominion Securities Inc. and its predecessor firms in various capacities, including investment banking, public and private financings, debt restructurings, equity syndication area, capital markets, corporate finance and securitization. Mr. Selke holds a Bachelor of Commerce degree from the University of Toronto and is a Chartered Accountant.

Arnold Amber has been the director of CWA/SCA Canada since 1995. Until November 2006 he was also an Executive Producer with CBC Television News. He has extensive involvement in the fields of labour and free expression advocacy. Since 1996, Mr. Amber has served as President of Canadian Journalists for Free Expression. Since 1995 has been a Director of TNG Canada/CWA Sponsor Inc. He was granted an M.A. in political studies from Queen's University, Kingston, Ontario and a Bachelors of Political Science from the University of Ottawa.

John N. Clarke is an experienced director of an investment fund management company and has considerable management and committee experience involving large public companies and industry associations. Mr. Clarke also has considerable human resources management and corporate governance experience. Mr. Clarke, from 2005 to 2007, served as Vice-President and General Manager, North America Chlorate Operations for ERCO Worldwide, a division of Superior Plus Inc. From 1974 to 2005, Mr. Clarke held a number of positions at BASF Canada, the $1 billion Canadian subsidiary of one of the world's largest integrated chemical companies, including Vice President, Consumer Products, Life Sciences, Coatings & Colourants, from 1991-1999, and President from 1999-2005. Mr. Clarke has also served as a member of the Compliance Committee for a number of Front Street Capital investment funds that are listed on the Toronto Stock Exchange. Mr. Clarke serves on the board of directors for St. Joseph's Hospital in Toronto, is a director of the hospital's foundation and serves on a number of the hospital's committees.

Frank B. Cooper is the principal of Cooper Estate & Trust Services, a firm providing family office services to high net-worth families and accounting services to the Canadian trust industry. Mr. Cooper has over 40 years experience in the trust industry, including 18 years with a major Toronto law firm and five years as a Vice-President and Fiduciary Services Director at the Bank of Bermuda. Mr. Cooper is an associate member of the UK Institute of Bankers (Trustee Diploma) and a member of the Trust Companies Institute in Canada.

Frederick F. Langan is a daily business reporter for the CBC Television. Since 2009 he has also reported for CBC Radio on business subjects. He has contributed to the CBC News web service for 10 years. From 1999 to 2009 he was host of CBC News, Business, the most watched TV business program in Canada. In addition Langan writes for the National Post and the Globe and Mail as well as other publications. From 1982 to 1990 Langan was the principal business and finance reporter for The Economist of London from Canada. He continued to file occasional stories, the last one in 2007. He was also the Canadian correspondent for the Daily Telegraph from 1989 to 2009 and wrote extensively for the Christian Science Monitor from 1982 to 2007. In 1979 he won a fellowship to study business and finance at the Graduate School of Industrial Administration at Carnegie Mellon University in Pittsburgh.

Frank C. Portugais is a Chartered Professional Accountant and Chartered Accountant and is a Partner, Assurance Services of the accounting firm of Bennett Gold LLP, which he joined in 1994. Mr. Portugais' primary areas of client involvement include financial consulting, business advisory, taxation and auditing. Mr. Portugais holds a Bachelor of Commerce Honours degree from the University of Ottawa (1977), CA (Ontario - 1979).

Jonathan Spence is a Finance-Internal Control Department Employee with the Canadian Broadcasting Corporation, which position he has held since 2003. He has 11 years accounting and payroll experience and prior to joining the Canadian Broadcasting Corporation, he was Payroll Director for the YMCA of Greater Toronto from 1998 to 2003. Mr. Spence holds a Bachelor of Arts Honours Specialist degree in Economic/Urban Geography from the University of Toronto and has completed the Canadian Securities Course. He is currently Secretary-Treasurer of the Canadian Media Guild and as such serves as chairperson for the Canadian Media Guild Budget Committee and Investment Committee.

Graham Turner is a principal of Jet Capital Services Limited which specializes in innovative tax planning. Mr. Turner is the director of a number of private corporations. From 1986 to 2005 he was a partner in the tax group at Fraser Milner Casgrain LLP. He has over 20 years experience in the practice of tax law, with a particular emphasis in cross-border transactions. Mr. Turner obtained his Ph.D. in Chemistry from McMaster University in 1976 and a Bachelor of Law from York University in 1979. He was called to the Bar of Ontario in 1981.

Audit Committee

In addition to the Valuation Committee (See "Valuation of Portfolio Securities – Valuation Policies and Procedures of the Investment Fund – Valuation Committee"), the board of directors has established an

audit committee (the "**Audit Committee**") composed of three independent members of the board of directors. A quorum for meetings of the Audit Committee is a majority of its members. The Audit Committee is responsible for reviewing financial statements prepared by the Manager on behalf of the Fund, liaising with the independent auditors of the Fund, reviewing the procedures respecting the approval of investments and the compliance of the Manager, the Portfolio Advisor, the Valuation Committee and the board of directors with those procedures and with applicable legislation and suggesting amendments to such procedures to the board of directors. Arnold Amber, John Clarke and Graham Turner are members of the Audit Committee.

Independent Review Committee

See "Responsibility for Fund Operations – Independent Review Committee".

Cease Trade Orders and Bankruptcies

None of the directors and officers of the Fund have been a director, Chief Executive Officer or Chief Financial Officer of an investment fund or personal holding company that has been the subject of a cease trade order or bankruptcy filing, except as follows. Frank Portugais obtained, on May 15, 2003, approval from the Ontario Superior Court of Justice for a Proposal to Creditors dated March 23, 2003. On May 8, 2007, after having satisfied all requirements and made all payments under the proposal, Mr. Portugais was issued a Certificate of Full Performance of Proposal pursuant to the *Bankruptcy and Insolvency Act* (Ontario).

Manager of the Investment Fund

The Fund is managed by Front Street Capital 2004, a partnership established in September 2004 and whose partners are controlled, directly or indirectly, by Gary P. Selke, Normand G. Lamarche, Frank L. Mersch, David Conway, Linda Hryma, Christopher Fontana and Craig Porter.

Under the *Securities Act*, the Manager is regarded as a promoter of the Fund. The Manager carries on business at 33 Yonge Street, Suite 600, Toronto, ON M5E 1G4.

Duties and Services to be Provided by the Manager

The Manager is responsible for the development and implementation of all aspects of the Fund's communications, marketing and distribution strategies and the management of the ongoing business and administrative affairs of the Fund which are not being performed by others pursuant to contracts negotiated by the Manager and disclosed herein, all subject to the direction and control of the board of directors.

The Manager is currently the manager of, and the Portfolio Advisor acts as portfolio advisor for, the following:

(i) Front Street Growth Fund (formerly Front Street Small Cap Canadian Fund)
(ii) Front Street Hedge Fund (formerly Front Street Canadian Hedge, including assets of the former Casurina Limited Partnership)
(iii) Front Street Canadian Energy Resource Fund (formerly Front Street Canadian Energy Fund and Front Street Mining Opportunities Fund)
(iv) Front Street Energy Growth Fund Inc.
(v) Front Street Mutual Funds Limited, and each mutual fund class forming part of Front Street Mutual Funds Limited
(vi) Front Street U.S. MLP Income Fund Ltd.
(vii) Front Street Flow-Through 2014-I, 2013-II and 2013-I Limited Partnerships

As manager of each of these funds, Front Street Capital is responsible for their day-to-day business operations, including but not limited to providing or arranging for portfolio advice, valuation of assets, provision of accounting and administration services and arranging for the sale of units of these funds.

The Portfolio Advisor also currently acts as portfolio advisor for the following:

(i) Energy Venture Fund Ltd.
(ii) Chelston Park Energy & Natural Resource Hedge

(iii) Front Street Shari'a Resource Fund Ltd.

Details of the Management Agreement

The Manager entered into an agreement with the Fund effective January 1, 2005 (the "**Management Agreement**") to supervise and manage the Fund. The Management Agreement provides for the services and duties the Manager has to perform for the Fund, along with the terms of consideration for performing those services. Unless terminated, as described below, the Management Agreement will continue in effect until the termination of the Fund. The Manager may terminate the Management Agreement in the event the Fund is in breach or default of the provisions thereof and such breach has not been cured within 30 days of notice of such breach to the Fund or there is a material change in the fundamental investment objective, policies or restrictions of the Fund. The Fund may terminate the Management Agreement in the event that the Manager is in breach or default of the provisions thereof and such breach has not been cured within 30 days of notice of such breach to the Manager, or if the Manager becomes bankrupt or insolvent.

In the event that the Management Agreement is terminated as provided above, the Fund shall promptly appoint a successor manager to carry out the activities of the Manager until a meeting of shareholders is held to confirm such appointment.

Officers and Directors of the Manager of the Investment Fund

The Manager has appointed a management committee consisting of Gary P. Selke, Frank L. Mersch and Normand G. Lamarche. The management committee has appointed several officers. The name, municipality of residence, office and principal occupation of each of the management committee members and officers of the Manager are set out below:

Name and Municipality of Residence	**Position with the Manager**	**Principal Occupation**
GARY P. SELKE Toronto, Ontario	Chief Executive Officer and President	President and Chief Executive Officer of the Manager and Director, Chairman, President and Chief Executive Officer and President of the Portfolio Advisor
NORMAND G. LAMARCHE Toronto, Ontario	Vice President	Senior Portfolio Manager of the Portfolio Advisor and Vice President of the Manager
FRANK L. MERSCH Toronto, Ontario	Chairman and Vice President	Chairman and Vice President of the Manager, and Chief Investment Officer and Senior Portfolio Manager of the Portfolio Advisor
DAVID A. CONWAY Stouffville, Ontario	Vice President, Corporate Secretary, Chief Operating Officer and Chief Compliance Officer	Vice President, Corporate Secretary, Chief Operating Officer and Chief Compliance Officer of the Manager and Portfolio Advisor
LINDA D. HRYMA Oakville, Ontario	Assistant Corporate Secretary	Office Manager and Assistant Corporate Secretary of the Manager and the Portfolio Advisor; and Office Manager of Tuscarora Capital Inc.
SUSAN S.F. JOHNSON Oakville, Ontario	Chief Financial Officer	Chief Financial Officer of the Manager and Portfolio Advisor

The following is a brief biographical description, including principal occupation for the last five years, of each of the directors and principal officers of the Manager:

Gary P. Selke. For biographical information, see "Responsibility for Fund Operations – Officers and Directors of the Investment Fund".

Normand G. Lamarche. For biographical information, see "Responsibility for Fund Operations – Officers and Directors of the Portfolio Advisor".

Frank L. Mersch. For biographical information, see "Responsibility for Fund Operations – Officers and Directors of the Portfolio Advisor".

David A. Conway. For biographical information, see "Responsibility for Fund Operations – Officers and Directors of the Portfolio Advisor".

Linda D. Hryma. For biographical information, see "Responsibility for Fund Operations – Officers and Directors of the Portfolio Advisor".

Susan S.F. Johnson. For biographical information, see "Responsibility for Fund Operations – Officers and Directors of the Portfolio Advisor".

Portfolio Advisor

The Fund has retained Front Street Investment Management Inc. to provide advice on and manage the Fund's investments. The principal portfolio managers at the Portfolio Advisor Investment responsible for this fund are Normand G. Lamarche and Frank L. Mersch who have 26 and 34 years of experience respectively in a range of investment activities including portfolio management and investment banking. The Portfolio Advisor utilizes its extensive contacts in the investment dealer and money management communities to identify investment opportunities consistent with the Fund's investment strategy. In addition, it draws on its extensive capital markets experience in assessing which companies have a strong likelihood of going public.

The Portfolio Advisor identifies, examines and screens investment opportunities, makes investments which are within the statutory guidelines, structures and negotiates prospective investments, monitors the performance of Portfolio Companies and determines the timing, terms and method of disposing of investments in Portfolio Companies. The Portfolio Advisor manages the Fund's Investment Portfolio and Liquid Portfolio in a manner consistent with the investment objective, policies and restrictions of the Fund pursuant to the Investment Portfolio Advisor Agreement.

The Fund's board of directors believes that it is in the best interests of the Fund's Class A shareholders to delegate the investment decision making process to the Portfolio Advisor, thereby allowing the Portfolio Advisor maximum flexibility in its managing of the investments in the Portfolio Companies. All decisions as to the purchase and sale of portfolio securities within the statutory guidelines and decisions as to the execution of all portfolio transactions are made by the Portfolio Advisor.

In the purchase and sale of securities for the Fund, the Portfolio Advisor seeks to obtain overall services and prompt execution of orders on favourable terms.

The Portfolio Advisor's current business is focused on acting as a discretionary money manager for high net worth individuals and institutional clients as well as raising capital for clients in which the Portfolio Advisor is prepared to invest its clients' monies. The Portfolio Advisor is registered as a portfolio manager and is qualified to act as a portfolio manager under the *Securities Act* (Ontario), the *Securities Act* (British Columbia) and the *Securities Act* (Alberta).

The Portfolio Advisor currently acts as portfolio advisor for, and Front Street Capital acts as manager or general partner for, the investment vehicles listed under "Responsibility for Fund Operations – Duties and Services to be Provided by the Manager".

The Portfolio Advisor also acts as sub-advisor for the following CIBC Mutual Funds: CIBC Precious Metals Fund, CIBC Energy Fund; CIBC Canadian Natural Resources Fund and Renaissance Global Resource Fund.

The principal office of the Portfolio Advisor is located at 33 Yonge Street, Suite 600, Toronto, Ontario, M5E 1G4.

Officers and Directors of the Portfolio Advisor

The officers and directors of the Portfolio Advisor and the portfolio managers who will be working on Fund investments are as follows:

Name and Municipality of Residence	Position with the Portfolio Advisor	Principal Occupation
GARY P. SELKE Toronto, Ontario	Director and Chairman, Chief Executive Officer and President	President and Chief Executive Officer of the Manager and Director, Chairman, Chief Executive Officer and President of the Portfolio Advisor
NORMAND G. LAMARCHE Toronto, Ontario	Director, Vice President and Senior Portfolio Manager	Senior Portfolio Manager of the Portfolio Advisor and Vice President of the Manager
FRANK L. MERSCH Toronto, Ontario	Director, Vice President and Senior Portfolio Manager	Chief Investment Officer and Senior Portfolio Manager of the Portfolio Advisor; and Chairman and Vice President of the Manager
DAVID A. CONWAY Stouffville, Ontario	Vice President and Corporate Secretary	Vice President, Corporate Secretary, Chief Operating Officer and Chief Compliance Officer of the Portfolio Advisor and Manager
LINDA D. HRYMA Oakville, Ontario	Office Manager and Assistant Corporate Secretary	Office Manager and Assistant Corporate Secretary of the Manager and the Portfolio Advisor and Office Manager of Tuscarora Capital Inc.
CRAIG PORTER Toronto, Ontario	Portfolio Manager	Portfolio Manager of the Portfolio Advisor
SUSAN S.F. JOHNSON Oakville, Ontario	Chief Financial Officer	Chief Financial Officer of the Portfolio Advisor and Manager

The following is a brief biographical description, including principal occupation for the last five years, of each of the directors and officers of the Portfolio Advisor:

Normand G. Lamarche is a Vice President of the Manager as well as a Management Committee member of the Manager and is a Senior Portfolio Manager for the Portfolio Advisor and has been a Vice-President since October 2001, and a Director since July 2002. He is also a director and a Vice President of Tuscarora Capital Inc. Mr. Lamarche holds a Chartered Financial Analyst designation and has been engaged in the business of providing investment advisory services and portfolio management since 1987. Mr. Lamarche was a portfolio manager with Altamira Management Ltd. from August 1987 to March 1995 during which time he managed resource and balanced funds. In 1996, Mr. Lamarche established Tuscarora Capital Inc., an affiliated dealer of the Investment Advisor, with Mr. Gary Selke. Mr. Lamarche received a Bachelor of Arts in economics from Carleton University.

Linda D. Hryma is the Assistant Corporate Secretary for Front Street Capital 2004 and the Portfolio Advisor and has been the Office Manager for the Manager and the Portfolio Advisor and related predecessor entities since 2001.

Frank L. Mersch is the Chairman and a Vice President of the Manager, as well as a Management Committee member of the Manager, and Chief Investment Officer, Vice President, Director and a Senior Portfolio Manager of the Portfolio Advisor having joined the Front Street Capital group of companies in 2004. He holds a Chartered Financial Analyst designation and has over 30 years of experience in the investment industry, including 11 years as an investment manager with Altamira Management Ltd., during which time Mr. Mersch managed and marketed private wealth mutual funds and pension funds and earned a reputation as one of the most highly regarded investment managers in Canada, frequently making appearances on "Wall Street Week" and other investment programs. Mr. Mersch received a Bachelor of Arts from the University of Toronto.

Gary P. Selke For biographical information, see "Organization and Management of Front Street Energy Growth Fund Inc. – Officers and Directors of the Investment Fund".

David A. Conway has over 35 years of experience in the financial industry. He is Vice President and Secretary of both the Manager and the Portfolio Advisor. He is also a director and a Vice President of Tuscarora Capital Inc. Since January 2000, Mr. Conway has been responsible for the operations and compliance of the Front Street Capital group of companies and is currently the group's Chief Operating Officer. Prior to joining the Front Street group, Mr. Conway was Director, Global Private Banking at CIBC, a Canadian chartered bank and, prior to that, Mr. Conway was employed by Royal Trust Corporation, Morgan Trust Company of Canada, and CIBC Trust Corporation, where he performed various estate, trust and taxation roles, finishing as National Director, Estate & Trust Services at CIBC Trust.

Craig Porter joined the Portfolio Advisor as a Portfolio Manager in October, 2005. Mr. Porter holds a Chartered Financial Analyst designation and has acted as the Co-Primary Portfolio Manager for Front Street Flow-Through Limited Partnerships, CIBC Precious Metals Fund and CIBC Energy Fund. He has prime responsibility for a number of natural resource mandates for the firm's individual and institutional clients and is also the Portfolio Manager for Front Street Resource Fund. From 1992 until 2005, he was with Natcan Investment Management Inc., spending several years as a Vice President, Equities. His experience includes having acted as Lead Portfolio Manager of the Altamira Resource Fund, Altamira Precious and Strategic Metal Fund and Altamira Energy Fund, as well as having been the Portfolio Manager for the Rhone 2005 and 2004 Flow-Through Limited Partnerships and Rhone 2004 Oil & Gas Strategic Limited Partnership. Prior to 1992, he was employed as a retail broker at brokerage firms based in Toronto, Ontario. Mr. Porter holds a Bachelor of Arts degree in Commerce and Economics from the University of Toronto.

Susan S.F. Johnson is the Chief Financial Officer of the Portfolio Advisor and the Manager, joining the Front Street Capital group in January 2010 with over 20 years of experience in the financial services industry, focusing on the wealth management sector. Prior to joining the Front Street Capital group, Ms. Johnson held various executive positions including, most recently, as Vice-President Finance at Mackenzie Financial Corp. ("**MFC**") from July 2007 to October 2009 while concurrently Chief Financial Officer of with MRS Securities Services Inc. (a subsidiary of MFC) from January 2009 to October 2009. Prior to that, Ms. Johnson held a number of positions with Canadian Imperial Bank of Commerce and subsidiaries starting in May 1998, including the position Vice-President Finance at CIBC Asset Management Inc. from March 2005 to April 2007. Ms. Johnson holds a Bachelor of Commerce Honours degree from Queen's University and is a Chartered Professional Accountant.

Details of the Portfolio Advisor Agreement

The portfolio advisor agreement with the Fund (the "**Portfolio Advisor Agreement**"), unless terminated as described below, has an initial term of 12 years commencing on February 1, 2002. The agreement will be renewed automatically for an indefinite period but will, following the initial term, be subject to termination by either party upon 90 days written notice.

The Portfolio Advisor may terminate the Portfolio Advisor Agreement in the event the Fund is in breach or default of the provisions thereof and such breach has not been cured within 30 days following notice of such breach to the Fund or there is a material change in the fundamental investment objective, policies or restrictions of the Fund.

The Fund may terminate the Portfolio Advisor Agreement in the event that the Portfolio Advisor is in breach or default of the provisions thereof and such breach has not been cured within 30 days following notice of such breach to the Portfolio Advisor, if the Portfolio Advisor becomes bankrupt or insolvent or if both of the current officers of the Portfolio Advisor, performing the functions of a Managing Director or equivalent, cease performing such functions on behalf of the Portfolio Advisor.

In the event that the Portfolio Advisor Agreement is terminated as provided above, the Fund shall promptly appoint a successor portfolio advisor to carry out the activities of the Portfolio Advisor until a meeting of the shareholders is held to confirm such appointment. Any successor portfolio advisor so appointed will be subject to removal or termination in substantially the same manner as the Portfolio Advisor.

The Portfolio Advisor is required under the Portfolio Advisor Agreement to act at all times on a basis which is fair and reasonable to the Fund, to act honestly and in good faith with a view to the best interests of

the shareholders and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in comparable circumstances. The Portfolio Advisor Agreement provides that the Portfolio Advisor shall not be liable in any way for any default, failure or defect in any of the securities comprising the portfolio of the Fund if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Portfolio Advisor will incur liability, however, in cases of willful misfeasance, bad faith, negligence or disregard of its duties or standards of care, diligence and skill.

The Portfolio Advisor is entitled to certain fees for its services. See "Fees and Expenses – Portfolio Advisor Fees".

The Sponsor

The Sponsor of the Fund is the Communications Workers of America/Syndicat des communications d'Amerique Canada ("**CWA/SCA Canada**" or the "**Sponsor"**), formerly The National Guild of Canadian Media, Manufacturing, Professional & Service Workers/CWA. Most members of CWA/SCA Canada work in the broadcasting or newspaper sectors or in other areas of mass communications, including national news services. CWA/SCA Canada has evolved in recent years, however, into a general union in a number of diverse fields. CWA/SCA Canada is the approximately 8,000-member Canadian wing of the 600,000-member Communications Workers of America union.

CWA/SCA Canada has approximately 10,000 members across the country and works to improve and defend their contracts, develop their labour-relations skills and preserve an overall positive working environment. It maintains an active presence in the communities where its members work and uses its voice to advocate for them and all Canadians on national issues of importance.

The Sponsor believes that it is important to encourage investment in the Canadian economy and has undertaken the sponsorship of the Fund because it believes that the Fund can, through its investments in Portfolio Companies, strengthen various economies and create or preserve jobs in Canada. The Sponsor believes that its objectives in sponsoring the Fund are compatible with expanding opportunities for economic growth, which should, in turn, assist in employment creation and preservation.

The Sponsor owns all of the Class B Shares in the capital of the Fund and is required under the *Federal Act* to elect a majority of the Fund's board of directors. There are currently seven members of the Fund's board of directors. The Sponsor is entitled to elect six of those seven directors. The Sponsor has, pursuant to an agreement between the predecessor of the Manager and TNG Canada/CWA Sponsor Inc. dated February 1, 2002 (the "**Sponsorship Agreement**"), (which was assumed by the Manager pursuant to an Assignment and Assumption Agreement effective January 1, 2005), agreed to elect to the board of directors three persons to represent the Sponsor, and three persons to be nominated by the Manager from time to time. In addition to the right to elect the directors specified above, the Sponsor, as holder of the Class B Shares, is entitled to one vote per share at meetings of the shareholders of the Fund, but does not have any right to receive dividends.

While members of the Sponsor may subscribe for Class A Shares, neither the Sponsor nor its members are required to make any investment in the Fund. Individuals investing in the Fund need not be members of or have any connection with the Sponsor.

The Sponsor's legal advisors will provide legal advice on an ongoing basis to the Sponsor and to the directors who represent the Sponsor in connection with their respective roles as Sponsor and directors of the Fund. The Fund has agreed to pay the reasonable legal fees payable to the Sponsor's legal advisors for their services.

The Sponsor holds all of the issued and outstanding Class B Shares in the capital of the Fund. The Sponsor's Class B Shares were acquired for $100 cash.

TNG Canada/CWA Sponsor Inc., a corporation which is wholly-owned by the Sponsor, was incorporated under the laws of Canada by Articles of Incorporation dated October 29, 2001, for purposes of incorporating and organizing the Fund. The registered office address of TNG Canada/CWA Sponsor Inc. is 1050 Baxter Road, Unit 7B, Ottawa, Ontario. Under the *Federal Act*, TNG Canada/CWA Sponsor Inc. is regarded as a promoter of the Fund. Arnold Amber is the only director and officer of TNG Canada/CWA Sponsor Inc. See "Responsibility for Fund Operations – Officers and Directors of the Investment Fund".

Custodian

The Fund has appointed RBC Investor Services Trust, located at 2nd Floor, Royal Bank Plaza, 200 Bay Street, Toronto, Ontario, as custodian for the Fund's investment portfolio, with physical custody of the securities, and to act as prime broker for the Fund. The Custodian is in the business of providing custodial and prime broker services to corporate clients including safekeeping services.

The Custodial Agreement provides for various custodial services to the Fund by the Custodian and its various affiliates, including safekeeping settlement of transactions executed through third party brokers selected by the Fund; custody services for securities and monies deposited to the Fund account; crediting the Fund's account for any interest, dividends or other monies received; holding and retention of securities in the Fund's account; and providing a monthly statement to the Fund. The fees payable by the Fund under the Custodial Agreement will be as agreed upon from time to time in writing by the Custodian and the Fund as well as all reasonable expenses incurred by the Custodian in the discharge of its duties under the Custodial Agreement.

The Custodial Agreement may be terminated by the Fund or RBC Investor Services Trust without any penalty (a) upon at least 5 days' written notice or such lesser notice as the other party may agree to or (b) immediately for failure of the Fund to make a payment or delivery when due; failure of either party to comply with the Custodian Agreement terms; a misrepresentation by either party; if the Fund suffers a material adverse change in financial condition, or a bankruptcy event.

Independent Auditors

The independent auditors of the Fund are Deloitte LLP, Suite 1400, Brookfield Place, 181 Bay Street, Toronto, Ontario, M5J 2V1.

The Administrator

Citigroup has been retained to provide registrar, transfer agency, fund accounting, record-keeping, shareholder reporting and general administration services to the Fund. The Fund originally entered into an agreement with the Toronto Dominion Bank and the Previous Manager for the Toronto Dominion Bank to act as the registrar and transfer agent for the Class A Shares. This agreement was assigned by the Toronto Dominion Bank to AdminSource Inc. (now Citigroup) on January 31, 2002 and by the Previous Manager to the Manager effective December 1, 2003.

Promoters

Under the *Securities Act*, the Manager is regarded as a promoter of the Fund. See "Responsibility for Fund Operations – Manager of the Investment Fund".

TNG Canada/CWA Sponsor Inc. is regarded as a promoter of the Fund, under the *Federal Act*. TNG Canada/CWA Sponsor Inc., a corporation which is wholly-owned by the Sponsor, was incorporated under the laws of Canada by Articles of Incorporation dated October 29, 2001, for purposes of incorporating and organizing the Fund. The promoters provide their services to the Fund in Toronto, Ontario. Pursuant to an agreement between the Fund and the Sponsor, the Sponsor is entitled to a fee of 0.30% per annum of the net asset value of the Fund. For the fiscal year ended March 31, 2014 the Sponsor earned $54,120 including GST/HST. Effective March 1, 2014, the Sponsor waived its fees concerning the Fund.

Brokerage Arrangements

The purchase and sale of portfolio securities will be arranged through registered brokers or dealers selected on the basis of the Manager's assessment of the ability of the broker or dealer to execute transactions promptly and on favourable terms, and the quality and value of services provided to the Fund by the broker or dealer, such as research, statistical and other services used in assessing potential investments. Brokerage fees will be paid at the most favourable rates available to the Fund as permitted by the rules of the appropriate stock exchange. Subject to the foregoing, the Investment Advisor may in its discretion choose to effect portfolio transactions with brokers who place orders for mutual fund shares.

The Investment Advisor may also choose to effect Fund portfolio transactions with Tuscarora Capital Inc. (an investment dealer controlled by the same group of owners as the Portfolio Advisor and the same group that controls the Funds) on terms as favourable or more favourable to the Funds as those effected through other brokers or dealers.

CONFLICTS OF INTEREST AND AFFILIATED ENTITIES

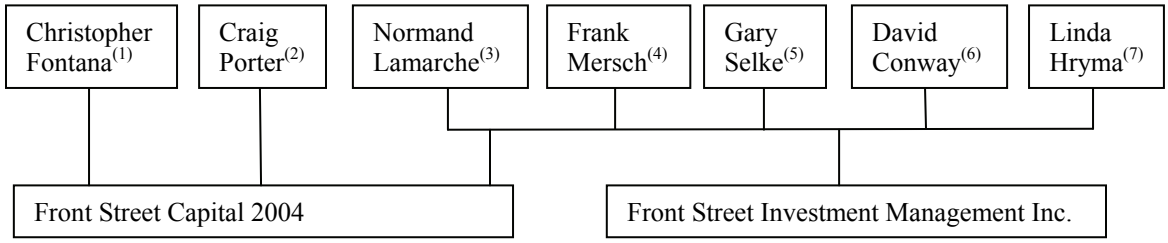
Principal Holders of Securities

As of March 31, 2014, 228,516 Series I Shares, 105,867 Series II Shares and 1,111,024 Series III Shares are issued and outstanding.

The Sponsor owns, of record and beneficially, all of the 100 issued and outstanding Class B Shares. To the knowledge of the Fund, no other person beneficially owns or exercises control or direction over more than 10% of the voting rights attached to any class of shares of the Fund. The directors and officers of the Fund beneficially own directly or indirectly, in aggregate, less than 4% of the outstanding shares of the Fund. Gary Selke, the Chief Executive Officer and Secretary of the Fund, beneficially owns, directly or indirectly, 27.92% of the Manager and 30.25% of the Portfolio Advisor.

Affiliated Entities

The Portfolio Advisor is an affiliated entity of the Manager, with all Portfolio Advisor owners being partners in the Manager, as indicated in the chart below. Tuscarora Capital Inc., which may engage in trading for the Fund, is owned by the same partners of the Manager who are owners of the Portfolio Advisor. Fees payable by the Fund to the Manager, Portfolio Advisor and Tuscarora Capital Inc. are disclosed in the Fund's annual financial statements.



Notes:
(1) Interest held through Fontana Partner Corporation a company controlled by D. Christopher Fontana
(2) Interest held through Porter Partner Corporation a company controlled by R. Craig Porter.
(3) Interest held through 1582568 Ontario Inc. a company controlled by Normand Lamarche.
(4) Interest held through Milisenic Limited a company controlled by Frank Mersch.
(5) Interest held through Selke Partner Corporation a company controlled by Gary Selke.
(6) Interest held through Mistere Holdings Ltd. a company controlled by the Conway Family Trust.
(7) Interest held through Hryma Partner Corporation a company controlled Linda Hryma.

Pursuant to the Portfolio Advisor Agreement, the Portfolio Advisor and its directors, officers, shareholders and employees are permitted to have other business interests and engage in other activities similar or in addition to the services to be provided by the Portfolio Advisor to the Fund pursuant to the Portfolio Advisor Agreement. In addition, the Portfolio Advisor Agreement includes a confirmation by the Fund that it has entered into the Portfolio Advisor Agreement with the intention that the investment discretion conferred upon the Portfolio Advisor therein may be exercised (subject to the applicable limitations imposed by the *Federal Act* as referred to below) to acquire, among other investments, securities of companies that may be related issuers or connected issuers of the Portfolio Advisor. In general terms, a "related issuer" of the Portfolio Advisor is a person or company that influences, or is influenced by, the Portfolio Advisor in the sense of having the power, directly or indirectly, to exercise a controlling influence over the management and policies of the Portfolio Advisor, or such other person, respectively, whether alone or in combination with others and whether through the beneficial ownership of securities or otherwise. The term "connected issuer" in respect of the Portfolio Advisor includes any issuer that has, or any related issuer of such issuer which has, any indebtedness to or other relationship with the Portfolio Advisor that, in connection with a distribution of securities by such issuer, would be material to a prospective purchaser of the securities.

The Portfolio Advisor Agreement further provides that the Portfolio Advisor may make or dispose of the same investment for the Fund, the Portfolio Advisor itself and its directors, officers, employees, shareholders and agents or any one of them, or one or more of the Portfolio Advisor's clients, and that, in engaging in such transactions, the Portfolio Advisor and such others shall be deemed not to be acting in conflict with the interests of the Fund. Any such investment shall be subject to the applicable limitations imposed by the *Federal Act*. For example, the Fund could not invest in any issuer in which any officer or director of the Portfolio Advisor holds more than 10% of the outstanding shares of such issuer. The Portfolio Advisor has agreed that it will allocate opportunities to make and dispose of investments fairly among the Fund and the Portfolio Advisor's clients who have similar objectives and that it will endeavour to give the Fund priority in allocating investment opportunities which qualify for the Fund.

The Manager is a partnership, whose partners are currently seven corporations, each of which is controlled directly or indirectly, by Gary P. Selke, Normand G. Lamarche, Frank L. Mersch, David Conway, Linda Hryma, R. Craig Porter and D. Christopher Fontana.

The services of the officers of the Manager are not exclusive to the Fund. These officers may provide similar services to other parties provided such services do not impair their ability to carry out their duties and responsibilities on behalf of the Fund.

The following persons are considered insiders of both the Manager and Portfolio Advisor:

Name	Municipality of Residence/Registered Office	Reason Considered Insider
Gary P. Selke	Toronto, Ontario	Officer and indirect partner of the Manager; and director and officer of the Portfolio Advisor
Normand Lamarche	Toronto, Ontario	Officer and indirect partner of the Manager; and director and officer of the Portfolio Advisor
Frank Mersch	Toronto, Ontario	Officer and indirect partner of the Manager; and director and officer of the Portfolio Advisor
David Conway	Stouffville, Ontario	Officer and indirect partner of the Manager; and officer of Portfolio Advisor
Linda Hryma	Oakville, Ontario	Officer and indirect partner of the Manager; and officer of the Portfolio Advisor
Susan S.F. Johnson	Oakville, Ontario	Chief Financial Officer of the Manager and Portfolio Advisor

(See "Responsibility for Fund Operations – Manager of the Investment Fund – Officers and Directors of the Manager of the Investment Fund" and "Responsibility for Fund Operations – Portfolio Advisor – Officers and Directors of the Portfolio Advisor").

Pursuant to an agreement between the Fund and the Sponsor, the Sponsor has agreed to make available to the Fund such of its members as are necessary or desirable to fill such positions on the board or board committees as the Fund may require and is entitled to a fee of 0.30% per annum of the net asset value of the Fund. For the fiscal year ended March 31, 2014 the Sponsor earned $54,120 including GST/HST. Effective March 1, 2013, the Sponsor waived its fees with respect to the Fund. Arnold Amber is a director of the Fund and also a director and officer of the Sponsor.

Dealer Managed Mutual Funds

The Fund is a "dealer managed mutual fund" because the Manager and the Portfolio Advisor have an ownership group that, in the aggregate, owns or controls more than 10% of the securities of a registered securities dealer, Tuscarora Capital Inc. Applicable securities laws impose restrictions on investments made by dealer managed mutual funds. In accordance with the "dealer managed mutual fund" rules applicable to the Fund, the Fund may not knowingly make an investment in any class of securities of any issuer (other than those issued or guaranteed by the Government of Canada, the government of a province, of Canada or any agency of the foregoing)

(i) for which the Tuscarora Capital Inc. or any of its associates or affiliates has acted as underwriter (except small selling group participation) during the preceding 60 days or (ii) of which any partner, director, officer or employee of Front Street Energy Growth Fund Inc. or its associates or affiliates is a partner, director, officer or employee, if such person participates in the formation of, influences or has access prior to the implementation of, investment decisions made on behalf of the Funds.

The Fund may invest in securities where Tuscarora Capital Inc. or any of its associates or affiliates has acted as underwriter during the preceding 60 days provided that: (a) the Independent Review Committee has approved the transaction; and (b) other criteria as set out in NI 81-102 relating to the securities have been met.

FUND GOVERNANCE

The Fund has adopted no formal policies, practices or guidelines relating to business practices, sales practices, risk management controls. Conflicts of interest are addressed by the Board of Directors. The Fund, through the Manager, strives at all times to ensure that the Funds' business and sales practices are of the highest standard, and that risk is controlled in accordance with the investment objectives and investment strategies of the Fund. There is no policy for monitoring, detecting and deterring short-term trades of Fund securities by investors.

The Manager has an established Conflicts of Interest Policy that it must follow before proceeding with a conflict of interest matter or any other matter that securities legislation requires to be referred to the Independent Review Committee. In accordance with NI 81-107, the Independent Review Committee has reviewed and provided input on the Conflicts of Interest Policy. The Manager may revise its Conflicts of Interest Policy if it provides the Independent Review Committee with a written description of any significant changes for the Independent Review Committee's review and input before implementing the revisions.

Independent Review Committee

The Independent Review Committee (the "**IRC**") has the mandate to review, and if desirable to provide input on, the Manager's written policies and procedures that deal with conflict of interest matters in respect of the Fund. The IRC will also review conflict of interest matters referred to it by the Manager.

The Independent Review Committee reports annually to Shareholders as required by NI 81-107. The IRC reports are available on the Internet site of the Manager and its affiliates at www.frontstreetcapital.com, or at Shareholders request at no cost, by calling 416-364-1990 or toll-free at 1-800-513-2832 or by e-mailing advisorservice@frontstreetcapital.com. The report is also available at www.sedar.com.

The members of the IRC are John N. Clarke, Frank B. Cooper and Gary Huggins. Each IRC member is "independent" of the Fund as that term is defined under NI 81-107.

John N. Clarke. For biographical information, see "Responsibility for Fund Operations – Officers and Directors of the Investment Fund".

Frank B. Cooper. For biographical information, see "Responsibility for Fund Operations – Officers and Directors of the Investment Fund".

Gary W. Huggins is an Independent Consultant who provides strategic performance consulting services to companies on operational, manufacturing and human resource requirements. He is currently assisting the launch of Canada's newest distillery, Dillon's Small Batch Distillers. Previously he was the Managing Director, Canada for to DHR International, specializing in senior-level searches for technology, industrial and supply chain companies. He was a founder and Managing Partner with a Toronto-based boutique search firm that was merged in 2007 into the Toronto office of Boyden Global Executive Search which in turn was sold to DHR in 2010. Previously he was the Managing Director in Korn/Ferry International's Toronto office and head of their Advanced Technology practice for Canada. Prior to joining Korn/Ferry, Mr. Huggins was Founder, Chairman and Chief Executive Officer of Nuvo Network Management Inc., a publicly traded company focused on delivering comprehensive telecommunications network operations solutions to companies. Previously he held the position of Vice Chairman and Chief Executive Officer for SoftKey Software Products Inc., a publicly traded consumer software package distributor, which ultimately became The Learning Company. Mr. Huggins has a Bachelor of Arts Degree in Economics from the University of Waterloo. He is very active in community related activities and charities.

For their services as members of the IRC, the IRC members are paid an annual fee (as set out in the table below) and are reimbursed for their expenses. See "Responsibility for Fund Operations – Officers and Directors of the Investment Fund".

Meetings of Securityholders

Subject to the provisions of Section 133 of the *Canada Business Corporations Act*, the annual meeting of the shareholders will be held on such day in each year and at such time as the board of directors may determine. Special meetings of the shareholders may be convened by order of the Chairman of the Board, the Vice-Chairman of the Board, the Managing Director, the President if he is a director, a Vice-President if he is a director, the Chief Executive Officer or the Chief Financial Officer, if either has been appointed and is a director, or by the board of directors at any date and time. Notices will be provided not less than 21 days or more than 50 days before the date of the meeting. A quorum at any meeting of shareholders will constitute no less than 2 persons present and holding or representing more than 20% of the total number of the issued shares of the Fund entitling the holders thereof to vote at such meeting. If a quorum is not present at the time appointed for a meeting of shareholders or within such a reasonable time thereafter as the shareholders present may determine, the persons present and entitled to vote may adjourn the meeting to a fixed time and place but may not transact any other business.

Matters Requiring Securityholder Approval

The approval of the shareholders of the Fund is required to give effect to certain changes affecting the Fund. Unless a greater majority is required by the constating documents of the Fund or by the laws applicable to the Fund, the approval of the shareholders of the Fund is deemed to be granted if a quorum is present at the meeting of shareholders of each class of shareholders called to consider a particular resolution and the resolution is passed by at least a majority of the votes cast. The following matters will require the Fund to convene a meeting of the shareholders or, where required by law, a meeting of each class of shareholders of the Fund:

(i) a change in the investment objective of the Fund;

(ii) a change in the manager of the Fund, except to an affiliate of the Manager;

(iii) a decrease in the frequency of calculating the net asset value per applicable series of the Class A Shares of the Fund;

(iv) subject to certain exemptions available under rules applicable to mutual funds, entering into a new agreement or changing an existing agreement as a result of which the basis of the calculation of the fees or of the other expenses that are charged to the Fund could result in an increase in the fees or other expenses charged to the Fund; and

(v) other matters required by the laws applicable to the Fund, the constating documents of the Fund, or any agreement to be submitted to a vote of the shareholders of the Fund.

Shareholder approval will not be obtained before making changes of the type contemplated in paragraph (iv) above where the Fund contracts at arm's length with parties other than the Portfolio Advisor and the Manger for all or part of the services provided.

In addition, the Fund may not invest or maintain an investment in an eligible business entity if the eligible business entity does not deal at arm's length (within the meaning of the *Federal Act*) with the Fund and each of the directors of the Fund unless (a) the non-arm's length relationship arises solely as a result of the Fund's investments in the eligible business entity, or (b) the investment is approved by a special resolution of the shareholders of the Fund before the investment is made.

Reporting to Securityholders

Purchasers of Series III Shares will receive a trade confirmation and a tax credit certificate in prescribed form for each purchase of Series III Shares. Shareholders will receive semi-annually a comprehensive statement showing the number and current value of their Class A Shares. The Fund has entered into an Administration Agreement effective June 1, 2008 (the "**Administration Agreement**") with the Manager and Citigroup pursuant to which Citigroup has agreed to assume responsibility for the provision, from its principal place of business in Toronto, of certain financial, registrar, transfer agency, fund accounting, record-keeping, shareholder reporting and general administration services. Under the Administration Agreement, Citigroup is entitled to an

annual fee for its services which is calculated and charged monthly based on the services provided and the number of Class A shareholders.

Audited annual and unaudited semi-annual financial statements and an annual report of the Fund will be sent to all shareholders. Those statements will be prepared in accordance with Canadian GAAP and reflect the net asset value of the Fund at the date of the statements. The independent auditors of the Fund will report on the fair presentation, in all material respects, of the annual financial statements in accordance with Canadian GAAP. Shareholders will also be sent annual and semi-annual management reports of fund performance of the Fund.

The net asset value of the Series I Shares, Series II Shares and Series III Shares is made available by the Fund, on each business day, at its website, www.frontstreetcapital.com/fund/front-street-energy-growth-fund. See "Calculation of Net Asset Value – Reporting on Net Asset Value".

Proxy Voting Disclosure for Portfolio Securities Held

The proxies associated with securities held by the Fund will be voted in accordance with the best interests of the Fund determined at the time the vote is cast. The Portfolio Advisor maintains policies and procedures that are designed to be guidelines for the voting of proxies; however, each vote is ultimately cast on a case-by-case basis, taking into consideration the relevant facts and circumstances at the time of the vote. Any conflict of interest must be resolved in a way that most benefits the Fund. The Portfolio Advisor's proxy voting policies and procedures set out various considerations that the Investment Adviser will address when voting, or refraining from voting, proxies, including the following:

(a) Routine Matters – The Portfolio Advisor will generally vote with management on routine matters such as voting on the size and composition of the board of directors, appointing independent auditors and adopting or amending management compensation plans unless it is determined that supporting management's position would not be in the best interests of the Fund.

(b) Non-Routine Matters – The Portfolio Advisor will address on a case-by-case basis, non-routine matters, including those business issues specific to the issuer such as shareholder rights plans, corporate restructuring plans and takeover bids, or proposals made by shareholders, with a focus on the potential impact of the vote on the value of the Fund.

(c) Procedures – The Portfolio Advisor will log proxies received and ensure they are dealt with and that a voting record is maintained. The Portfolio Advisor will, prior to voting, review and analyze the content of the circular, management performance, corporate governance and any other factors considered relevant by the Portfolio Advisor. The Portfolio Advisor has the discretion whether or not to vote on routine or non-routine matters. In cases where the Portfolio Advisor determines that it is not in the best interests of the securityholders of the Fund to cast a vote, or in cases where no value is added by voting, there is no requirement to vote. Decisions on voting that deviate from standing policy will be approved by the Portfolio Advisor's Chief Compliance Officer.

If there is a conflict of interest, the Portfolio Advisor will vote in the best interests of the Fund on a matter.

The proxy voting policies and procedures followed by the Fund when voting proxies relating to portfolio securities are available on request, at no cost, by calling 1-800-513-2832 or by writing to the Manager at 33 Yonge Street, Suite 600, Toronto, Ontario, M5E 1G4. The Fund's proxy voting record for the most recent period ended June 30 of each year will be available free of charge to any securityholder upon request at any time after August 31 of that year. The proxy voting record is also available at www.frontstreetcapital.com.

FEES AND EXPENSES

The Fund does not make discretionary or negotiated arrangements that would result in one Shareholder paying as a percentage of the Shareholder's investment in the mutual fund a management fee that differs from that payable by another Shareholder of the same series of the Fund.

Remuneration of Executive Officers

The executive officers of the Fund receive no direct compensation or benefits, in cash or otherwise, from the Fund. The services of the directors and officers of the Manager are provided by the Manager under the Management Agreement, at the expense of the Manager.

Remuneration of Directors

Directors of the Fund, other than directors who are members of the Sponsor or directors, officers or shareholders of the Manager, are entitled to receive an annual fee of $5,000 and a fee of $500 per day for each meeting of the board of directors or any committee thereof attended. Directors of the Fund who are members of the Sponsor or are directors, officers or shareholders of the Manager receive no compensation for attendance at meetings. However, all Directors are entitled to be reimbursed for expenses incurred in attending meetings of the board of directors or any committee thereof. For the fiscal year ended March 31, 2014, meeting fees and directors' fees paid or payable by the Fund totaled $23,393.

Management Fees

The Management Agreement provides that the Manager is responsible for the development and implementation of all aspects of the Fund's communications, marketing and distribution strategies and the management of the ongoing business and administrative affairs of the Fund which are not being performed by others pursuant to contracts negotiated by the Manager and disclosed herein. The Manager performs these responsibilities pursuant to the Management Agreement and subject to the direction and control of the board of directors.

The Manager is entitled to be paid fees by the Fund, calculated and paid monthly in arrears, consisting of an annual management fee of 1% of the net asset value of the Fund.

The aforesaid management fee is paid monthly in arrears based on the net asset value of the Fund as at the end of the preceding month (or, in the case of February, the cut-off date). The Fund reimburses the Manager for certain expenses properly incurred by the Manager in the course of providing its services. The Manager is not entitled to receive any additional fees or compensation from the Fund in respect of providing such services. See "Fees and Expenses – Operating Expenses".

For the fiscal year ended March 31, 2014, the Fund incurred management fees of $179,353 including GST/HST. Effective December 1, 2013, the Manager waived its fees concerning the Fund.

Portfolio Advisor Fees

Front Street Investment Management Inc. has been retained as the portfolio advisor by the Fund pursuant to the Portfolio Advisor Agreement to provide advice and analysis to the Fund in respect of the Fund's investments in eligible business entities and to manage the Liquid Portfolio. The Portfolio Advisor identifies, examines and screens investment opportunities, makes investments which are within the statutory guidelines, structures and negotiates prospective investments, monitors the performance of Portfolio Companies and of the Liquid Portfolio and determines the timing, terms and method of disposing of investments.

For these services the Portfolio Advisor is paid:

(a) an annual portfolio advisory fee of 2% of the net asset value of the Fund, calculated and paid monthly in arrears based on the net asset value of the Fund as at the end of the preceding month (or, in the case of February, the cut-off date); and

(b) a Performance Bonus, if any.

For the fiscal year ended March 31, 2014, the Fund incurred portfolio advisory fees of $362,821 including GST/HST. Effective December 1, 2013, the Portfolio Advisor waived its fees concerning the Fund.

Performance Bonus

The Portfolio Advisor will be entitled to a performance bonus (the "**Performance Bonus**") based on realized gains and cumulative performance of each eligible investment. Such investments represent those made in eligible business entities as defined in the *Federal Act* and exclude liquid investments. Before any Performance Bonus is paid by the Fund on the gains realized on an eligible investment, the Investment Portfolio must have:

(i) earned sufficient income to generate a rate of return on eligible investments in excess of a cumulative annualized threshold return of 6%. The income on eligible investments includes investment gains and losses (realized and unrealized) earned and incurred since the inception of the Fund;

(ii) earned income from the eligible investment which provides a cumulative investment return at an average annual rate in excess of 6% since the date of the investment; and

(iii) fully recouped an amount equal to all principal invested in the eligible investment.

Subject to all of the above, the Performance Bonus will be an amount equal to the lesser of (i) 20% of all income earned from the eligible investment, and (ii) the portion of the amount calculated in (i) that does not reduce returns to shareholders on the Investment Portfolio below a cumulative annualized threshold return of 6%.

Realized gains and losses on the partial disposition of eligible investments are included with the realized gains and losses on the total disposition of eligible investments and form part of the calculation for the determination of the Performance Bonus. However, the Fund will not pay the Performance Bonus on any partial disposition of an eligible investment unless and until the Fund receives (from all dispositions of that eligible investment on a cumulative basis) an amount equal to at least the full amount of the principal invested in the entire eligible investment.

The Performance Bonus does not comply with rules of the Canadian Securities Regulatory Authorities relating to performance fees paid by mutual funds, however, incentive arrangements similar to the Performance Bonus are common in the venture capital industry. The Fund has applied for and received exemptive relief permitting the payment of the Performance Bonus. The Portfolio Advisor considers the Performance Bonus to be appropriate given the investment objectives and strategies of the Fund because it must compete with other venture capitalists to attract suitable investment professionals to assist with the investments of the Fund.

For the years ended March 31, 2014, the Fund charged $Nil to operations for Performance Bonus expense, and accordingly, as at March 31, 2014, there was no liability for Performance Bonus and related HST or GST, as applicable. As at March 31, 2014, the Statements of Financial Position reflected no provision for Performance Bonus and related HST or GST, as applicable.

Administration Fee

The Fund and the Manager entered into an agreement with Citigroup dated as of June 1, 2008, (the "**Administration Agreement**") pursuant to which Citigroup agreed to assume responsibility for the provision, from its principal place of business in Toronto, of certain financial, registrar, transfer agency, fund accounting, record-keeping, shareholder reporting and general administration services. Citigroup also performs certain daily share price valuation services for the Fund. Under the Administration Agreement, Citigroup is entitled to an annual fee for its services which is calculated and charged monthly based on the services provided and the number of Class A shareholders.

For the year ended March 31, 2014, the Fund incurred administration fees paid or payable to Citigroup of $76,897.

Operating Expenses

The Fund pays all of its operating expenses, including commissions payable on portfolio transactions, taxes, legal, audit, valuation, custodial fees, fund accounting fees, costs of qualifying securities of the Fund for distribution, sales commissions to registered dealers, marketing, security realization, financial and other

reports to shareholders, directors' fees and fees payable to the Sponsor, the Manager, Citigroup, CIBC Mellon Trust and the Portfolio Advisor, out of working capital, which includes income earned on investments and shareholders' capital of the Fund. The Manager pays certain overhead expenses of the Fund. The Fund also pays its proportion of all of the fees and expenses associated with the Independent Review Committee. See "Conflicts of Interest – Independent Review Committee".

Businesses to be invested in by the Fund are of a relatively small size and early stage of development in comparison with the investments made by most commercial mutual funds. The Fund thus requires a greater commitment to both initial analysis and to monitoring and support of on-going developmental activities, relative to the amount of capital invested, than is required by most mutual funds. Consequently, the operating expenses of the Fund are higher than those of many mutual funds and other pooled investment vehicles.

The Fund has received an exemption from NI 81-105 in order to permit the Fund to pay directly marketing expenses, inclusive of advertising expenses and sales commissions, and to allow the Fund to pay service fees (or trailing fees). Such exemption allows such expenses incurred by the Fund to be otherwise permissible expenses under NI 81-105.

For daily transaction pricing purposes, the Fund amortizes all initial 6% sales commissions paid to dealers on the issuance of Series I and Series II Shares using the straight-line method over eight years and charges such amortization to the Fund's retained earnings. The initial 4% sales commission on Series I Shares is amortized using the straight-line method over a period of eight years and this amortization is charged to the Fund's operations. The Fund continued to pay such initial sales commissions on Series I and Series II Shares until December 16, 2003. Thereafter, no such sales commissions have been paid as Series I and Series II Shares were not offered for sale. Under new Ontario Securities Commission accounting guidelines governing the accounting for the initial sales commissions by labour sponsored venture capital corporations, the Fund is no longer permitted to report the unamortized amount of initial sales commissions paid as an asset in its statement of financial position. Effective April 1, 2004, and pursuant to the requirements of an OSC Staff Notice (the "**Staff Notice**"), the unamortized balance of deferred sales commissions ("**DSC**") was charged to shareholders' equity on that date. Effective on that date, redemption fees received or receivable by the Fund on the redemption of Class A, Series I shares and Class A, Series II shares have been applied against the amount of unamortized DSC. Sales commissions capitalized prior to December 17, 2003 will continue to be amortized in accordance with the previous practice for the purpose of calculating daily Pricing (transaction) NAV.

The management expense ratio includes all fees and expenses paid and payable, including goods and services taxes, and the amortization of deferred charges relating to the sale of Class A Shares for a one year period and is expressed as a percentage of the average net asset value of the Fund for such one year period. The management expense ratio may decrease as the net asset value of the Fund increases.

Sponsorship Fee

The Manager, TNG Canada/CWA Sponsor Inc. and the Sponsor have entered into the Sponsorship Agreement, whereby the Sponsor agreed that, for an annual fee of 0.30% of the net asset value of the Fund, the Sponsor will elect to the board of directors three persons to represent the Sponsor, and will elect three persons nominated by the Manager as members of the board of directors. The annual fee is paid by the Fund monthly in arrears based on the net asset value of the Fund as at the end of the preceding month (or, in the case of February, the cut-off date).

The Sponsor's legal advisors will provide legal advice on an ongoing basis to the Sponsor and to the directors who represent the Sponsor in connection with their respective roles as Sponsor and directors of the Fund. The Fund has agreed to pay the reasonable legal fees payable to the Sponsor's legal advisor for their services as aforesaid.

For the year ended March 31, 2014, the Fund incurred sponsorship fees of $54,120 including GST/HST. Effective March 31, 2014, the Sponsor waived its fees concerning the Fund.

Dealer Fee

The Fund will pay to dealers a service fee (calculated and paid at the end of each calendar quarter) equal to 1.25% annually of the net asset value of the Series III Shares held by the clients of the dealers' sales representatives.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Introduction

The following is a summary of the principal Canadian federal income tax considerations that are generally applicable to a holder of Class A Shares who, for purposes of the *Federal Act*, is an individual (other than a trust), is resident in Canada, deals at arm's length with the Fund, is not affiliated with the Fund and holds Class A Shares as capital property (a "**Holder**"). Generally, Class A Shares will be capital property to the holder thereof unless the holder is a trader or dealer in securities or has acquired the Class A Shares as part of an adventure or concern in the nature of trade. This summary also addresses the principal Canadian federal income tax considerations generally applicable to RRSPs and RRIFs under which the annuitant is resident in Canada and to TFSAs. This summary assumes that the Fund will be an LSVCC at all relevant times.

This summary is based on the current provisions of the *Federal Act*, the Federal Proposals and the current administrative policies and assessing practices of the CRA made publicly available prior to the date hereof. There can be no assurance that the Federal Proposals will be implemented in their current form, or at all.

THIS SUMMARY IS OF A GENERAL NATURE ONLY AND IS NOT EXHAUSTIVE OF ALL POSSIBLE FEDERAL INCOME TAX CONSIDERATIONS. THIS SUMMARY IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR HOLDER. THEREFORE, HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THEIR PARTICULAR CIRCUMSTANCES.

Status of the Fund

For the purposes of the *Federal Act*, the Fund is a "private corporation" and, as a "prescribed labour-sponsored venture capital corporation", is a "mutual fund corporation".

Taxation of the Fund

The taxable income of the Fund, including taxable capital gains (net of allowable capital losses), is subject to tax at normal corporate rates.

The Fund has elected, in accordance with the *Federal Act*, as and when required, to have each of its "Canadian securities" (as defined in subsection 39(6) of the *Federal Act*) treated as capital property. Such an election is intended to ensure that gains or losses realized by the Fund on the disposition of Canadian securities are treated as capital gains or capital losses.

When the Fund sells, or otherwise disposes of a capital property, the Fund will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition exceed (or are less than) the adjusted cost base to the Fund of such capital property immediately before the disposition.

One-half of any realized capital gain or capital loss will be the Fund's taxable capital gain or allowable capital loss, as the case may be. The Fund's taxable capital gains for a year, net of any allowable capital losses, will be included in computing the Fund's income for tax purposes. Any allowable capital losses of the Fund in excess of taxable capital gains for the year of disposition may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in such other years to the extent and under the circumstances described in the *Federal Act*.

The amount of any capital loss arising from a disposition or deemed disposition of shares of a corporation may be reduced by the amount of dividends received or deemed to have been received by the Fund on such shares to the extent and under circumstances described in the *Federal Act*.

As a mutual fund corporation, any taxes payable by the Fund on net realized capital gains will be refundable on a formula basis when Class A Shares are redeemed or when the Fund pays, or is deemed to pay, dividends to Holders which it elects to be treated as capital gains dividends ("**Capital Gains Dividends**").

Taxable dividends received by the Fund from taxable Canadian corporations will generally not be subject to tax.

A portion of the taxes payable by the Fund in respect of investment income (other than dividends received by the Fund from taxable Canadian corporations) will be refundable to the Fund when the Fund pays, or is deemed to pay, taxable dividends to holders of the Class A Shares.

Taxation of Shareholders other than Qualifying Trusts

Tax Implications of the Fund's Distribution Policy

There has been no distribution made by the Fund since its inception, and except as described below, the Fund does not anticipate declaring any cash dividends. However, the Fund may increase the stated capital of the outstanding Class A Shares on an annual basis, as and when required, in order to maximize the refunds of tax available to it in respect of taxes payable on net realized capital gains and the refunds of tax, if available to it, in respect of taxes payable on net investment income. If the appropriate elections are made under the *Federal Act*, the Fund will be deemed to have paid a dividend on its then issued and outstanding Class A Shares equal to the amount added to the stated capital of the Class A Shares and each Holder will be deemed to have received a dividend or, if the Fund so elects, a Capital Gains Dividend, equal to the Holder's proportionate share thereof even though the Holder will not receive a cash distribution from the Fund. A Holder will not receive any cash distribution in respect of a deemed dividend or a deemed Capital Gains Dividend. Accordingly, an individual Holder may be liable to pay tax in respect of a deemed dividend even though the Holder will not have received a cash distribution from the Fund with which to pay that tax. Generally, the adjusted cost base of such shares to the Holder will be increased by the amount of the deemed dividend.

Dividends and deemed dividends on Class A Shares will be included in the recipient's income for purposes of the *Federal Act*. Such dividends received and deemed to be received by an individual Holder will be subject to the gross-up and dividend tax credit rules normally applicable to dividends from taxable Canadian corporations including the enhanced dividend gross-up and dividend tax credit available to individuals in respect of any "eligible dividends" designated by the Fund in accordance with the provisions of the *Federal Act*.

The Fund may pay, or may be deemed to have paid, Capital Gains Dividends to Holders on the Class A Shares. Capital Gains Dividends received, or deemed to have been received, by a Holder will be treated as realized capital gains in the hands of such Holder, subject to the general rules relating to the taxation of capital gains, described below.

Disposition of Class A Shares

A Holder will generally realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition (including any redemption fee payable to the Fund) exceed (or are less than) the adjusted cost base to the Holder of such capital property immediately before the disposition. On a redemption of a Class A Share, the proceeds of disposition will include any amount withheld from the redemption proceeds and paid to the Receiver General for Canada.

The cost of Class A Shares of a series acquired by the Holder will be equal to the subscription price paid therefor. Generally, the cost of each Class A Share of a particular series acquired will be averaged with the adjusted cost base of all other Class A Shares of the series of the Holder for the purpose of determining the adjusted cost base of each Class A Share of a particular series at any subsequent time. Generally, the adjusted cost base of Class A Shares of a particular series of the Holder will be increased by the amount of any dividend or Capital Gains Dividend deemed to have been received by the Holder as a result of the increase in the stated capital of Class A Shares of the series as described above.

A capital loss that would otherwise arise on the disposition of a Class A Share will be reduced by the amount of the Tax Credit received by the Holder of the Class A Share (or by a person with whom the Holder does not deal at arm's length) in respect of original issuance of the Class A Share to the extent that the amount of

such Tax Credit has not previously reduced a capital loss in respect of the Class A Share. Any capital loss realized by a Holder on the sale or transfer of Class A Shares to a registered Plan under which the Holder or the Holder's spouse or former spouse is the controlling individual, will be deemed to be nil.

One-half of any realized capital gain or capital loss will be the Holder's taxable capital gain or allowable capital loss, as the case may be. The Holder's taxable capital gains for a year, net of any allowable capital losses, will be included in computing the Holder's income for tax purposes. Any allowable capital losses of the Holder in excess of taxable capital gains for the year of disposition may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in such other years to the extent and under the circumstances described in the *Federal Act*.

Redemption of Class A Shares

The Fund suspended the redemption of all series Class A Shares effective December 20, 2013 due to industry-wide liquidity concerns following the federal government's announcement on March 21, 2013 that it was phasing out tax credits for investments in LSVCCs.

Even if and when the Fund permits the redemption of Class A Shares, there are restrictions on such redemptions. Except for redemptions specifically permitted under the *Federal Act* including under the Transitional Rules (as discussed below), a Holder who wishes to redeem Class A Shares within eight years after the date on which such Class A Shares were issued generally will be subject to certain withholding taxes.

On the redemption of a Class A Share, the redemption proceeds will be treated as proceeds of disposition of the Class A Share and the Holder thereof will realize a capital gain (or capital loss) equal to the amount by which the redemption proceeds, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of the Class A Share to the Holder thereof. See above under "Disposition of Class A Shares". Proceeds of a redemption will be determined after deduction of any applicable redemption fee.

Minimum Tax

Taxable dividends and Capital Gains Dividends received, or deemed to be received, from the Fund may increase a holder's liability for minimum tax.

Registered Plans

A Class A Share will be a qualified investment for a Registered Plan under the *Federal Act* provided that at the time the Class A Share is acquired by the Registered Plan, the Class A Share is not a "prohibited investment" within the meaning of the *Federal Act*. A Class A Share generally will not be a prohibited investment for a Registered Plan unless the controlling individual: (i) does not deal at arm's length with the Fund for purposes of the *Federal Act*; or (ii) has a "significant interest" (as defined in the Federal Act for purposes of the prohibited investment rules) in the Fund. In addition, the Class A Shares generally will not be a prohibited investment for a Registered Plan if the Class A Shares are "excluded property", as defined in the *Federal Act* for Registered Plans. Whether or not the Class A Shares will be a prohibited investment or excluded property depends upon the controlling individual's particular circumstances.

If at any time the Class A Shares are a prohibited investment for a particular Registered Plan, the controlling individual may be subject to a penalty tax. The income tax consequences to a Holder of holding Class A Shares in a Registered Plan and of either transferring Class A Shares to such Registered Plan or causing a Qualifying Trust to acquire the Class A Shares directly depend on the Holder's particular circumstances. Holders should consult their own professional tax advisors as to the particular income tax consequences of any arrangements whereby Class A Shares are held or to be held by a Registered Plan.

Generally, a Registered Plan will not be liable to tax under the *Federal Act* in respect of taxable dividends or Capital Gains Dividends received, or deemed to be received, by the Registered Plan in respect of Class A Shares or in respect of capital gains realized on the disposition of Class A Shares.

Generally, distributions from an RRSP or RRIF to an annuitant are included in the income of the annuitant in the year of the distribution. Where such a plan is a spousal plan, under certain circumstances the

distributions to the annuitant may be included in the income of the spouse who was the contributor to the spousal plan. Withdrawals from TFSAs are not subject to tax.

Federal Penalty Taxes

The Fund will be subject to a penalty tax under the *Federal Act* if it fails to maintain a minimum level of its investments in "eligible business entities" (as defined in the *Federal Act*). For a summary of those investment requirements, see "Investment Restrictions – Statutory Investment Restrictions".

Where there is an investment shortfall at any time in a month, the Fund will be required to pay a penalty tax equal to the greatest investment shortfall in the month multiplied by 1/60 of the prescribed interest rate in effect during the month.

If the Fund is liable for the investment shortfall penalty tax for 12 consecutive months, it will also be subject to an additional tax and a penalty tax equal to the amount of such tax. The CRA will refund 100% of this additional tax payable and 80% of the penalty tax where the Fund has maintained the required level of eligible investments throughout any subsequent 12 month period.

On March 21, 2013, the federal government announced it would phase-out tax credits for investments in LSVCCs. The tax credit rate will be gradually reduced commencing in the 2015 taxation year and will be eliminated for the 2017 and subsequent taxation years.

Certain amendments to the *Federal Act* were recently enacted to assist with the orderly phase-out of the federal LSVCC tax credit and facilitate the exit of federally registered LSVCCs from the LSVCC tax credit program (the "**Transitional Rules**"). Under these rules, an LSVCC will be required to give notice to the CRA of its intention to revoke its registration as an LSVCC. The notice must include a reasonable date for when the LSVCC would surrender its registration which cannot exceed three years from the date notice is given.

Once an LSVCC has given notice of its intent to revoke its registration:

- the LSVCC would no longer be eligible to issue shares eligible for Tax Credits;
- investment pacing requirements would no longer apply to the LSVCC; and
- the LSVCC would not be subject to the penalty for discontinuing its venture capital business.

The Transitional Rules are applicable to LSVCCs that have raised less than 20 per cent of their outstanding Class A shares, excluding shares that have been outstanding for at least 8 years, in the 24 months prior to the date notice is given.

The Transitional Rules do not remove the existing tax applicable to shareholders who redeem shares held for fewer than 8 years before the discontinuance of the LSVCC's venture capital business.

The Transitional Rules provide flexibility to LSVCCs seeking to exit the program. LSVCCs that do not give notice and remain in the program will continue to be subject to the existing rules in the *Federal Act* governing LSVCCs. At the present time, the Fund is evaluating various options and no decision has been made by the Fund to give notice to the CRA that it intends to revoke its registration as an LSVCC.

REMUNERATION OF INDEPENDENT REVIEW COMMITTEE

For their services as members of the IRC, the IRC members are paid an annual fee (as set out in the table below) and are reimbursed for their expenses. The IRC members received the following amounts in fees and in reimbursement of expenses for the most recently completed financial year. The Manager pays the fees and expenses of the IRC, with the total fees below being allocated *pro rata* amongst the various Front Street investment funds that use the IRC. For the year ended March 31, 2014, the amount allocated to the Fund was a recovery of $455.

IRC Member	Annual Fee	Fees Paid[1]	Expenses Reimbursed
John N. Clarke	$30,000	–	–
Frank B. Cooper	$25,000	–	–
Gary Huggins	$25,000	–	–
Total	$80,000	–	–

Note:

(1) IRC members are paid $1,000 per meeting attended, over and above two meetings per year, or $500 if attended by teleconference.

MATERIAL CONTRACTS

The Fund has entered into the following contracts which are material to investors:

(a) the articles of incorporation dated November 1, 2001, as amended October 23, 2001 referred to under "Name, Formation and History of the Fund";

(b) the Management Agreement referred to under "Responsibility for Fund Operations – The Manager";

(c) the Portfolio Advisor Agreement referred to under "Responsibility for Fund Operations – The Portfolio Advisor";

(d) the Custodial Agreement referred to under "Responsibility for Fund Operations – Custodian";

(e) the Sponsorship Agreement referred to under "Responsibility for Fund Operations – The Sponsor"; and

(f) the Administration Agreement referred to under "Fund Governance – Reporting to Securityholders".

Copies of the foregoing contracts may be inspected during regular business hours at the principal place of business of the Fund in Toronto during the course of the distribution of Class A Shares.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

Certain legal matters in connection with this offering will be passed upon on behalf of the Fund by Cassels Brock & Blackwell LLP.

There are no legal proceedings material to the Fund to which the Fund is a party or to which any of its property is subject and no such proceedings are known to be contemplated.

EXEMPTIONS AND APPROVALS

The Fund or the Manager have obtained the following exemptions from or approvals under securities legislation:

- Exemptive relief, pursuant to National Instrument 81-102 – *Mutual Funds*, permitting the Fund to pay the Performance Bonus as discussed herein. See "Fees and Expenses – Performance Bonus".

- Exemptive relief, pursuant to National Instrument 81-102 – *Mutual Funds*, where in any one year redemption requests equal or exceed 20% of the net asset value of each series of Class A Shares of the Fund as at the end of the previous fiscal year, the Fund may suspend any further redemptions until such time as it is able to generate sufficient liquid assets to finance its operating costs and to honour all outstanding redemption requests. However, in any financial year the Fund may still, at its option, redeem Series I Shares having an aggregate redemption price exceeding 20% of the net asset value of the Series I Shares assets, redeem Series II Shares having an aggregate redemption price exceeding 20% of the net asset value of the Series II Shares assets or redeem Series III Shares having an aggregate redemption price exceeding 20% of the net asset value of the Series III Shares assets as at the last day of the preceding financial year. See "Redemption of Securities".

- Exemptive relief, pursuant to National Instrument 81-105 – *Mutual Fund Sales Practices*, permitting the Fund to pay directly marketing expenses, inclusive of advertising expenses and sales commissions, and to allow the Fund to pay service fees (or trailing fees). See "Fees and Expenses – Operating Expenses".

ANNUAL INFORMATION FORM

FRONT STREET ENERGY GROWTH FUND INC.

Additional information about the Funds will be available in the management reports of fund performance and interim financial statements published during the currency of this Annual Information Form.

You can get a copy of these documents at no cost by calling us at (416) 364-1990 or toll-free at 1(800) 513-2832 or by e-mailing us at advisorservice@frontstreetcapital.com or from your broker, dealer or advisor.

These documents and other information about the Funds, such as information circulars and material contracts, are also available on the Internet site of Front Street Capital 2004 and its affiliates at www.frontstreetcapital.com and of SEDAR (System for Electronic Document Analysis and Retrieval) at www.sedar.com.

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