



Front Street Canadian Opportunities Fund

33 Yonge Street, Suite 600
 Toronto, Ontario, M5E 1G4
 www.frontstreetcapital.com
 Client Services: 416-364-1990
 Fax: 416-364-8893
 Email: invest@frontstreetcapital.com

Fund Description

Front Street Canadian Opportunities Fund, ("COF," formerly First Wave Inc.) seeks to generate long-term capital appreciation by investing primarily in securities of small, medium, and larger Canadian companies in a broad and diversified portfolio. The long-biased COF portfolio generally holds positions in some 80 to 100 securities, with long positions tending to be concentrated in the small and medium cap companies and short positions in the securities of the larger cap companies. COF positions in large-cap Canadian equities are more actively traded, while positions in liquidity-constrained small and mid-cap companies tend to be less actively traded. The diversified COF portfolio tends to have a heavy global exposure by investing in Canadian companies involved in activities outside Canada. Much of the excess return over time has been generated through a combination of successful sector rotation and the identification of small-cap companies that have exposure to long-run secular growth opportunities.

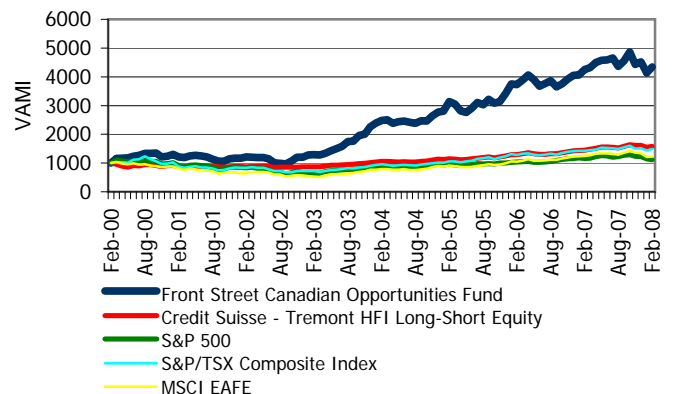
Monthly Performance (%) Net of Fees

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008	-8.4%	4.9%											-3.9%
2007	0.4%	4.8%	1.3%	4.2%	1.7%	0.2%	1.5%	-6.1%	4.3%	6.7%	-8.8%	2.0%	11.7%
2006	9.9%	-0.8%	4.3%	4.5%	-3.6%	-6.1%	2.5%	2.5%	-5.3%	2.8%	4.3%	3.4%	18.5%
2005	0.9%	12.2%	-3.0%	-7.7%	-1.9%	5.2%	6.9%	-2.5%	6.2%	-4.1%	1.6%	9.0%	23.1%
2004	5.8%	4.1%	0.6%	-4.8%	2.6%	1.0%	-2.2%	-1.3%	4.1%	-0.7%	7.2%	5.3%	22.9%
2003	6.2%	1.6%	-0.9%	3.7%	7.3%	5.4%	4.7%	10.4%	1.1%	11.0%	2.7%	12.4%	87.8%
2002	0.3%	3.1%	-0.1%	-1.1%	0.1%	-4.3%	-12.3%	-1.4%	-2.0%	10.3%	12.1%	0.3%	2.9%
2001	5.2%	-6.8%	-1.9%	4.5%	2.1%	-1.6%	-3.2%	-6.3%	-6.0%	-1.0%	8.6%	2.1%	-5.4%
2000			15.9%	0.9%	0.5%	4.9%	3.0%	5.2%	0.2%	0.4%	-10.0%	2.2%	23.5%

Fund Statistics

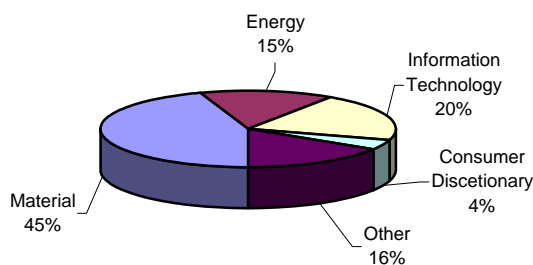
	FUND	CS/Tre HFI L-S Equity	S&P/TSX Composite Index	S&P 500	MSCI EAFE
Comp. Ann. Return	20.2%	5.9%	5.1%	1.4%	2.6%
1 Year Return	2.0%	9.3%	4.1%	-3.6%	-1.5%
Since Inception	334.2%	58.2%	48.8%	11.4%	22.5%
Largest Month Gain	15.9%	6.1%	10.2%	9.8%	9.4%
Largest Month Loss	-12.3%	-7.5%	-13.3%	-10.9%	-10.9%
Max. Drawdown	-27.8%	-15.0%	-45.1%	-44.7%	-50.5%
R-Squared	-	0.29	0.57	0.48	0.50

Value Per \$1000 Invested at Fund Inception



Portfolio and Holdings Analysis

SECTOR ALLOCATION of LONG HOLDINGS (as at December 31, 2007)



PORTFOLIO COMPOSITION* (as at September 30, 2007)

Top Ten Holdings (in alphabetical order)

- AG GROWTH
- CRYSTALEX INTL CORP
- DESCARTES SYSTEMS
- DRAGONWAVE INC
- GALLEON ENERGY INC
- HIGHPINE OIL&GAS
- MINEFINDERS CORP LTD
- MIRABELA NICKEL
- SASK WHEAT POOL
- STORM EXPLORATIONS

* Long positions only, short positions are not disclosed.

* Information is disclosed back-dated by a minimum of two months

Summary of Fund Terms

Lead Portfolio Manager	Frank Mersch	Lock Up	30 Days
Fund AUM (US\$)	\$58,744,011	Minimum Initial Subscription (US\$)	\$100,000
Strategy AUM (approx US\$)	\$373,000,000	Year End	31-Dec
Performance Fee	20% of net profits if annual ROR is 6% +	Redemption After Lock Up	Monthly with 30 Days Notice
Management Fee	2% per annum, charged monthly based on average weekly NAV	Contributions	Monthly
Administrator	Citigroup Fund Services (Bermuda) Ltd	Auditors	Ernst & Young LLP
		Prime Broker	RBC Dominion Securities Inc

Front Street Canadian Opportunities Fund

Front Street Capital Hedge Fund Strategies

Front Street Capital manages three distinct Canadian long/short equity hedge fund portfolio strategies:

- Diversified and Opportunistic
- Sector-Specific Energy
- Sector-Specific Resources

Front Street is an established leader in the Canadian hedge fund industry, and is one of the most successful and experienced investment groups in Canada. The Firm invests only in Canadian equities, which tend to be heavily weighted towards energy and resources. Front Street's portfolio managers have demonstrated long-term success in assessing global macroeconomic and structural forces driving energy and resource markets. Front Street combines a sophisticated global macroeconomic viewpoint and comprehensive knowledge of the Canadian corporate landscape with sound fundamental and technical analysis of Canadian equities.

Hedge Strategy Asset Breakdown (February 29 2008)

Diversified and Opportunistic Long-Short Canadian Equity

	Suitability	Start	C\$ AUM ¹	Comp. Ann. Net Return
FS Canadian Opportunities Fund	Non-CDN	Mar-00	59	20.2%
FS Canadian Hedge	CDN	Jul-99	230	20.3%
FS Performance Fund II	CDN	Oct-04	84	12.2%
Total Diversified Strategy AUM			\$373	

Energy Long-Short Canadian Equity

<i>Energy Sector</i>	Suitability	Start	C\$ AUM ¹	Comp. Ann. Net Return
FS Energy Venture	Non-CDN	Jan-06	63	5.2%
FS Energy & Power Performance Fund	Non-CDN	Sep-03	250	24.6%
FS Energy Growth Fund	CDN	Feb-02	67	14.9%
Total Resources AUM			\$380	

Resource Long-Short Canadian Equity

<i>Resource Sector</i>	Suitability	Start	C\$ AUM ¹	Comp. Ann. Net Return
FS Mining Opportunities Fund	CDN	Jan-05	86	40.5%
FS Resource Hedge Fund	Non-CDN	Feb-05	217	30.9%
FS Resource Hedge Fund (sub acct)	n/a	Jun-05	134	38.3%
Total Resources AUM			\$437	

Hedge Strategy Asset Breakdown Totals

Total Diversified Strategy AUM	\$373
Total Energy AUM	\$380
Total Resources AUM	\$437
Total Hedge Strategy AUM	\$1,190

¹ All Assets Expressed in CDN\$ Millions (CDN \$1 = Approx US \$0.99)

Strategy Commentary (February 29 2008)

The month of January was nearly an unmitigated disaster for global equity markets as the credit crisis spread across the globe, financial institutions took a series of massive asset write-downs and the US economy showed further indications of a sharp slowdown. Unfortunately, the month of February was little better. Although the sell-off in global equity markets abated somewhat this past month (Canadian equities were actually up 3.25%), the fundamentals underpinning the global economy continued to deteriorate, particularly in the US. Notably, three significant barometers of the US economy plummeted during the past month: employment growth was negative for the first time since August 2003, the ISM Service Index dipped to a level not seen since October 2001 and the Consumer Confidence survey dropped to five year lows. While many economic indicators have been weak for several months, these three sharp declines stand out to us as they represent clear weakness in areas of the economy, namely employment, the service sector and consumption, which have long been held out as bastions of economic resilience. Making matters worse, inflation has clearly reaccelerated with consumer prices now rising 4.3% year over year and producer prices running 7.4%, the highest since late 1981. Clearly the Federal Reserve is in what appears to be a stagflation bind, with economic growth slowing (or quite possibly contracting) while inflation has yet to subside. We believe that the Fed will continue to cut interest rates aggressively despite the inflation pressures, ultimately positioning the US economy for a recovery ahead of its European and Japanese counterparts. Furthermore we regard the Fed Funds rate of 1.00% from the summer of 2004 as a reasonable reference point for the ultimate trough in interest rates, implying another possible 200 basis points in rate reductions.

While a significant piece of the global economy, the US economic data points are not the only ones that concern investors. We would argue that the Euro area economy will experience a slowdown of its own, owing to weakening consumer spending, energy-stoked inflation and diminished net exports. Furthermore we would expect that the Chinese growth story will come under increasing stress over the course of the year due to worries over reaccelerating money supply growth (currently running at a two year high of 18.9% despite government lending restraint efforts), a potential US-related decline in export growth and the classic post-Olympics economic slowdown seen in previous fast-growing emerging market host countries (e.g. Japan 1964 and South Korea 1988). Most concerning for the Chinese Central Bank is the pace of inflation which recently shot up to 7.1% (the highest since September 1996) largely driven by substantial increases in the price of food. We would point out that most recent instances of significant civil unrest in China (including the Tiananmen Square protests of 1989) have followed periods of elevated inflation, particularly food-related inflation. Despite our expectation of increased emerging market volatility we are still firmly committed to the concept of global industrialization and the resulting demand for commodities, particularly base metals, energy and grains.

This past month has seen wholesale buying of commodity and commodity stocks at the expense of virtually all other sectors. The fund rose 4.92% versus an increase in the TSX of 3.25% and a decline in the S&P 500 of 3.48%. This out-performance can be attributed to our overweight position in agricultural stocks as well as our growing exposure to natural gas-weighted energy producers.

Frank Mersch
Portfolio Manager

General Information

Front Street Canadian Opportunities Fund is formerly known as First Wave Inc., and is offered by Offering Memorandum, only to investors who meet certain eligibility or minimum purchase requirements in jurisdictions outside of Canada. The Offering Memorandum contains important information about Front Street Canadian Opportunities Fund, including management fees, other charges and expenses and should be read carefully before investing. Performance data represents past performance and is not indicative of future performance. Data based on history of less than five years may not give investors enough information to base investment decisions on. Refer to the Benchmark Disclaimer on the following pages for important information that must be considered in interpreting this data. See the following page for a description of the indices. This document should not be considered as a solicitation.