EAST COAST INVESTMENT GRADE INCOME FUND

NOTICE OF SPECIAL MEETING OF UNITHOLDERS

AND MANAGEMENT INFORMATION CIRCULAR

MAY 13, 2020

Meeting to be held at 8:30 a.m.
June 12, 2020
36 Toronto Street
Suite 750
Toronto, Ontario
M5C 2C5

TABLE OF CONTENTS

NOTICE OF SPECIAL MEETING OF UNITHOLDERS

OF EAST COAST INVESTMENT GRADE INCOME FUND

TAKE NOTICE that a special meeting (the "**Meeting**") of holders of units (the "**Unitholders**") of the East Coast Investment Grade Income Fund (the "**Fund**") will be held on June 12, 2020 at 8:30 a.m. (Toronto time) at 36 Toronto Street, Suite 750, Toronto, Ontario M5C 2C5, to consider and, if thought advisable, approve, with or without variation, an extraordinary resolution in the form attached as Schedule "A" (the "**Resolution**") to the accompanying management information circular (the "**Circular**") authorizing certain matters relating to a restructuring (the "**Restructuring**") of the Fund, which include:

1. the conversion ("**Conversion**") of the Fund to an open-end alternative mutual fund to be administered as set out in the accompanying Circular and in compliance with National Instrument 81-102 – *Investment Funds* and all matters ancillary thereto, including, without limiting the foregoing:

   (a) a change in the name of the Fund to Arrow EC Income Advantage Alternative Fund;

   (b) a change in the investment objectives, investment strategies and investment restrictions of the Fund;

   (c) a change in the structure of the fees that are paid by the Fund to its manager, Arrow Capital Management Inc. (the "**Manager**"); and

   (d) any other amendments to the Fund's declaration of trust to facilitate, or in connection with, the Conversion where such amendment is required to be approved by Unitholders under the declaration of trust of the Fund; and

2. the de-listing of the units of the Fund from the Toronto Stock Exchange on or about June 26, 2020.

The details of the Restructuring and the full text of the Resolution to be considered at the Meeting are set out in the accompanying Circular.

If you are unable to be present in person at the Meeting, you are requested to complete and sign the enclosed form of proxy or voting instruction form and to return it in the enclosed prepaid envelope provided for that purpose.

In light of ongoing concerns related to the spread of COVID-19, and in order to mitigate potential risks to the health and safety of the Fund's unitholders and other stakeholders, meeting participants are encouraged not to attend in person. Rather, participants are encouraged to vote on the matter before the Meeting by proxy and join the Meeting by teleconference. If you would like to join the Meeting by teleconference please contact the Manager at 1 (877) 327-6048 or email to info@arrow-capital.com for details. Details will also be available on our website prior to the Meeting at www.arrow-capital.com.

The approval of the Resolution will require the affirmative vote of not less than $66^{2/3}$% of the votes cast at the Meeting in person or by proxy. In order for the Meeting to be duly constituted for the transaction of business by the Fund, Unitholders holding not less than 5% of the outstanding units of the Fund must be present in person or by proxy. If a quorum is not achieved for the Meeting, it will be adjourned to June 26, 2020 at 8:30 a.m. (Toronto time) at 36 Toronto Street, Suite 750, Toronto, Ontario M5C 2C5. At the adjourned Meeting, Unitholders present in person or represented by proxy shall constitute a quorum.

If the Resolution is not approved at the Meeting, the Manager will continue to manage the Fund in accordance with the terms of the declaration of trust governing the Fund.

DATED at Toronto, Ontario this 13th day May, 2020.

BY ORDER OF THE BOARD OF DIRECTORS OF ARROW CAPITAL MANAGEMENT INC., AS TRUSTEE AND MANAGER OF THE FUND

*(Signed) "James L. McGovern"*__________
James L. McGovern
Managing Director, Chief Executive Officer and Director

MANAGEMENT INFORMATION CIRCULAR

IN RESPECT OF THE SPECIAL MEETING OF UNITHOLDERS OF EAST COAST INVESTMENT GRADE INCOME FUND

SOLICITATION OF PROXIES

The information contained in this management information circular (the "**Circular**") is provided by Arrow Capital Management Inc. (the "**Manager**" or "**Arrow**"), the manager of the East Coast Investment Grade Income Fund (the "**Fund**") in connection with the solicitation of proxies on behalf of the Manager to be used at the special meeting (the "**Meeting**") of the holders of units ("**Unitholders**") of the Fund, or any adjournment thereof, for the purposes set forth in the notice of special meeting accompanying this Circular and as described below under "Purpose of the Meeting".

The Meeting will be held on June 12, 2020 at 8:30 a.m. (Toronto time) at 36 Toronto Street, Suite 750, Toronto, Ontario M5C 2C5.

Except as otherwise stated, the information contained in this Circular is given as of May 13, 2020 and all dollar amounts herein are expressed in Canadian dollars.

THE FUND

Overview

The Fund is a closed-end investment fund established under the laws of the Province of Ontario and governed by a declaration of trust dated as of April 26, 2012, as amended and restated on September 27, 2013 and April 17, 2017 (the "**Fund Declaration of Trust**"). Arrow is the trustee and Manager of the Fund.

The principal place of business of the Fund and the registered office of the Manager is located at 36 Toronto Street, Suite 750, Toronto, Ontario, M5C 2C5.

PURPOSE OF THE MEETING

The purpose of the Meeting is to seek the approval of Unitholders to pass an extraordinary resolution (the "**Resolution**") authorizing certain matters relating to a restructuring (the "**Restructuring**") of the Fund, which include:

1. the conversion ("**Conversion**") of the Fund to an open-end alternative mutual fund to be administered as set out in this Circular and in compliance with National Instrument 81-102 – *Investment Funds* ("**NI 81-102**") and all matters ancillary thereto, including, without limiting the foregoing:

    (a) a change in the name of the Fund to Arrow EC Income Advantage Alternative Fund;

    (b) a change in the investment objectives, investment strategies and investment restrictions of the Fund;

    (c) a change in the structure of the fees that are paid by the Fund to its manager, Arrow; and

(d) any other amendments to the Funds declaration of trust to facilitate, or in connection with, the Conversion where such amendment is required to be approved by Unitholders under the declaration of trust of the Fund; and

2. the de-listing of the units of the Fund from the Toronto Stock Exchange ("**TSX**") on or about June 26, 2020.

The full text of the Resolution to be considered at the Meeting in connection with the above matters is set out in Schedule "A" to this Circular.

If the Resolution is approved at the Meeting, the Manager will effect the Conversion and the Fund will be converted to an open-end alternative mutual fund. Unitholders of the Fund will have their units of the Fund re-designated as Series FD Units of the Fund. For a description of the material attributes of the Fund after completion of the Conversion, see "*Arrow EC Income Advantage Alternative Fund*" below.

If the Resolution is approved at the Meeting, it is anticipated that the Restructuring will occur on or about June 26, 2020 (the "**Conversion Date**") as a result it is expected that Unitholders will be able to redeem their units on a daily basis, with five business days notice, commencing on or about June 29, 2020. **All costs and expenses associated with the Restructuring will be borne by Arrow.** Unitholders will not have to take any action to receive the Series FD Units of the Fund. The re-designation will be completed on your behalf.

If the Resolution is not approved at the Meeting (including any adjournment thereof) the Manager will continue to manage the Fund in accordance with the terms of the declaration of trust governing the Fund.

Rationale and Benefits of the Proposed Restructuring

In the last few months, Arrow undertook a review of the Fund to determine whether changes were required to its operation. As a result of lower market activity of the Fund, even before the onset of the coronavirus pandemic, daily trading volume of the units on the TSX has been low and the trading price of the units had decreased to a 2-4% discount to the Net Asset Value "**NAV**" per unit. Since the onset of the coronavirus pandemic, daily trading volume has decreased further, the average bid/ask spread has widened to 4-6% on several days and the trading price of the units has traded between 5% and 11% discount to the NAV per unit on several days. Unitholders are able to redeem their units from the Fund on a monthly basis, but only once per year without a discount applied. As a result of the review, Arrow concluded that it was in the best interest of Unitholders that the Fund be converted to an open-end alternative mutual fund that would allow unitholders to redeem daily on demand with five business days notice at Net Asset Value.

Arrow believes that the proposed Restructuring is in the best interests of Unitholders for the following reasons:

1. the management fee of the current units of the Fund will be lowered to 0.95% per annum with a performance fee of 15%.

2. conversion of a Unitholder's investment from units of a closed-end investment fund which are traded on the TSX to units of an alternative mutual fund whose units are redeemable daily, with five business days notice, at the NAV per unit will permit investors to exit their investment at a value which approximates the intrinsic value of the units;

3. if the Conversion is approved, the Fund will become an open-ended alternative mutual fund which will be able to distribute its units on a continuous basis at the applicable series NAV per unit, allowing the Manager to grow the net assets of the Fund through new sales. Furthermore, units of various classes with different investment features are able to be offered without affecting the liquidity to investors in such classes of securities. The ability to raise new capital will permit the Fund to take advantage of economies of scale with the possibility of lower annual expenses for the Fund (and thereby lower the management expense ratio borne by Unitholders);

4. the proposed Restructuring will not result in a deemed disposition of the units of the Fund, nor will it result in a deemed year-end for the Fund, and Unitholders are not expected to have any adverse tax consequences as a result of the proposed Restructuring; and

5. the proposed new investment objective and strategies of the Fund will permit the portfolio advisor to continue to invest the assets of the Fund in accordance with similar strategies they have undertaken for the Fund since 2012.

In the event that Unitholders do not approve the proposed Restructuring at the Meeting, Arrow will continue to manage the Fund in accordance with the terms of the declaration of trust governing the Fund. The Manager believes this course of action is not in the best interest of Unitholders for the following reasons as cited above:

1. The Fund will potentially continue to trade with low volume at a discount to the NAV per unit; and

2. Unitholders will only be able to redeem the Fund at NAV on an annual basis.

ARROW EC INCOME ADVANTAGE ALTERNATIVE FUND

If approved, the Conversion will be effected by moving the Fund from the Fund Declaration of Trust to the master declaration of trust of the other Arrow mutual funds (the "**Master Declaration of Trust**"). Among the changes, the Fund would be administered as an open-end alternative mutual fund and renamed "Arrow EC Income Advantage Alternative Fund". As a result, the units of Arrow EC Income Advantage Alternative Fund would become redeemable on a daily basis, with five business days notice, at the relevant series NAV per unit and Arrow EC Income Advantage Alternative Fund would have the ability to accept new subscriptions on a daily basis. The existing units of the Fund would be re-designated as Series FD Units on the Conversion Date and Arrow EC Income Advantage Alternative Fund would be authorized to issue additional series of units. The conversion ratio for the units will be 1:1. This means that the number of units you own of the Fund will not change. Subject to securities regulatory approval, Arrow EC Income Advantage Alternative Fund intends to qualify for sale Series A, AD, F, FD, U, G and I units which will be available for purchase by all investors.

In connection with the Conversion:

- Arrow will remain the manager and trustee of Arrow EC Income Advantage Alternative Fund;
- East Coast Fund Management Inc. will continue to be the sub-advisor ("**Sub-Advisor**") to Arrow and Arrow EC Income Advantage Alternative Fund and will manage the investment portfolio of the fund;
- PricewaterhouseCoopers LLP will remain the auditor of the fund;

- CIBC Mellon Trust Company will remain the custodian of the fund;
- RBC Investor Services Trust will become the registrar and record-keeper of the fund; and
- the current Independent Review Committee of the Fund will continue to perform their duties for Arrow EC Income Advantage Alternative Fund.

The investment objective of the Arrow EC Income Advantage Alternative Fund is to generate income and preserve capital by investing in a diversified portfolio of primarily North American investment grade corporate bonds.

The fund will use leverage. The leverage will be created through the use of cash borrowings, short sales and derivative contracts. The fund's leverage shall not exceed the limits on the use of leverage described in the "Investment Strategies" section in the Simplified Prospectus or as otherwise permitted under applicable securities legislation.

To achieve the investment objective, the Fund will invest primarily in investment grade debt securities of North American corporate and government issuers that are rated BBB- or higher by a recognized rating agency. The Fund may also include non-investment grade debt securities and may invest in other asset classes if warranted by financial conditions.

RECOMMENDATION OF THE MANAGER

Arrow has determined that the Restructuring is in the best interests of the Fund and the Unitholders, and recommends that all Unitholders vote FOR the Resolution in respect of the Restructuring. In making its recommendation, the board of directors of the Manager considered a number of factors including, among other things, the factors set forth under "*Purpose of the Meeting - Rationale and Benefits of the Proposed Restructuring*".

RECOMMENDATION OF THE INDEPENDENT REVIEW COMMITTEE

As required by National Instrument 81-107 ("**NI 81-107**") of the Canadian Securities Administrators, the Manager presented the terms of the Restructuring which raise a conflict of interest for the purposes of NI 81-107 and the process proposed for completion of the Restructuring to the Fund's Independent Review Committee for a recommendation.

The Independent Review Committee reviewed the Restructuring with the Manager and recommended that the Restructuring be put to Unitholders for their consideration on the basis that the Restructuring would achieve a fair and reasonable result for the Fund.

DETAILS OF THE RESTRUCTURING

If the Resolution is approved, the units of the Fund will be de-listed from the TSX on or about June 26, 2020. The Conversion of the Fund will be effected by moving the Fund from the Fund Declaration of Trust to the Master Declaration of Trust of the other Arrow mutual funds and converting the Fund to an open-end alternative mutual fund. Unitholders will have their units re-designated into Series FD units of the Fund. In connection with the Conversion, a number of changes will be made to the Fund as set forth below. The following is a description of the key differences after completion of the proposed Conversion.

Change in Name

It is proposed that the name of the Fund will be changed to "Arrow EC Income Advantage Alternative

Fund”.

Investment Objective

The current investment objectives of the Fund are to (i) maximize total returns to Unitholders while reducing risk; and (ii) to provide Unitholders with attractive monthly distributions.

It is proposed that the investment objective of the Fund will be changed to:

> The investment objective of the Arrow EC Income Advantage Alternative Fund will be to generate income and preserve capital by investing in a diversified portfolio of primarily North American investment grade corporate bonds.
>
> The Fund will use leverage. The leverage will be created through the use of cash borrowings, short sales and derivative contracts. The Fund’s leverage shall not exceed the limits on the use of leverage described in the “Investment Strategies” section in the Simplified Prospectus or as otherwise permitted under applicable securities legislation.

Investment Strategies

In managing the Fund, the Sub-Advisor currently:

i) seeks to maximize risk-adjusted returns and preservation of capital in each stage of the credit cycle; and
ii) seeks to protect the Fund from interest rate risk associated with higher nominal interest rates and systemic risk through four specific portfolio strategies.

It is proposed that the investment strategies of the Fund will be changed to:

> To achieve the investment objectives, the Fund will invest primarily in investment grade debt securities of North American corporate and government issuers that are rated BBB- or higher by a recognized rating agency. The Fund may also include non-investment grade debt securities and may invest in other asset classes if warranted by financial conditions.
>
> In managing the Fund, the sub-advisor, will seek to generate income and preserve capital in each stage of the credit cycle; and seek to protect the Fund from interest rate risk associated with higher nominal interest rates and systemic risk. The sub-advisor will utilize the following investment process: (i) top-down analysis (macro-economic environment and sector); (ii) bottom-up analysis (company fundamentals); and (iii) quantitative analysis (asset class and security relative valuation). The outcome of this research will enable the sub-advisor to identify investment opportunities as well as ways of mitigating and avoiding undesirable market risk. The combination of all three investment processes will assist the sub-advisor in attempting to reduce the downside risk associated with an investment as much as possible prior to acquisition of the investment.
>
> The sub-advisor will utilize leverage to increase the expected yield of the portfolio while limiting expected volatility. In order to reduce portfolio volatility, the portfolio sub-adviser will generally maintain overall interest rate sensitivity significantly lower than the benchmark index, except in circumstances where the portfolio sub-adviser feels it is prudent to extend rate sensitivity. Rate sensitivity will be reduced primarily by short-selling government bonds, or utilizing short positions in bond futures, to offset long positions in corporate bonds. Other techniques may be used to reduce rate sensitivity, including bond options, interest rate swaps and/or other securities

which demonstrate negative correlation to corporate bonds.

The Fund will be primarily invested in the investment grade debt of corporations and financial institutions in North America. The Fund may also invest in other fixed income securities including government bonds, preferred shares, floating rate debt instruments, asset-backed securities, non-investment grade bonds, and exchange-traded funds. The Fund will invest primarily in debt securities denominated in Canadian dollars, U.S. dollars and Euros. The Fund may also invest in derivative contracts, which may include interest rate and currency swaps, total return swaps, futures, forwards, options, credit default swaps and other credit related derivative products.

Short Selling. The Fund may also engage in short selling. Generally speaking, short selling can provide the Fund with opportunities for gains when markets are volatile or declining. While short selling will be used by the Fund as a complement to its primary investment strategy (discussed above), the sub-advisor will utilize the same fundamental analysis in determining whether securities of a particular issuer should be sold short. When the analysis produces a favourable outlook, the investment opportunity is considered for purchase. When the analysis produces an unfavourable outlook, the investment opportunity is considered for a short sale.

The Fund may engage in short selling, subject to certain limits and conditions, including the following:

- The Fund has applied for exemptive relief such that the aggregate market value of all securities sold short by the Fund will not exceed 100% of the total net assets of the Fund, except where the Fund has also applied for partial exemptive relief so that the Fund is permitted to short sell up to 300% of its NAV in "government securities" as such term is defined in NI 81-102, provided that the Fund implements a series of controls when engaging in these short sale transactions (the "**Short Selling Relief**");
- the aggregate market value of all securities of any particular issuer sold short by the Fund will not exceed 10% of the total net assets of the Fund;
- the Fund will not deposit collateral with a dealer in Canada unless the dealer is registered in a jurisdiction of Canada and is a member of IIROC; and
- the Fund will not deposit collateral with a dealer outside Canada unless that dealer (a) is a member of a stock exchange that requires the dealer to be subjected to a regulatory audit; and (b) has a net worth in excess of $50 million.

Derivatives. The Fund may use warrants and derivatives such as options, forwards, futures and swaps for hedging and non-hedging purposes. Such derivatives may be used to hedge against losses from changes in the prices of the Fund's investments and from exposure to interest rate changes, credit spreads and foreign currencies as well as market risk. Specifically, the Fund will use interest rate swaps and futures to hedge against interest rate changes. Derivatives may also be used to hedge general credit risk and/or to obtain exposure to individual securities and markets instead of buying securities directly. If used for non-hedging purposes, the derivatives acquired will be consistent with the investment objectives of the Fund and securities law.

Leverage. The Fund is permitted to borrow cash up to a maximum of 50% of its net asset value. The Fund has applied for exemptive relief such that the combined use of short-selling and cash borrowing by the Fund is subject to an overall limit of 100% of its net asset value, except where the Fund has also applied for the Short Selling Relief so that the Fund is permitted to short sell up to 300% of its NAV in “government securities”.

The Fund may invest up to 20% of its net asset value in securities of a single issuer including exposure to that single issuer through specified derivative transactions or index participation units. This restriction does not apply to investments in debt securities issued or guaranteed by the Canadian or U.S. government securities issued by a clearing corporation; securities issued by an investment fund that if the purchase is made in accordance with the requirements of section 2.5 of NI 81-102; index participation units issued by an investment fund; or an equity security if the purchase is made by a fixed portfolio investment fund in accordance with its investment objectives.

Through the use of cash borrowing, short selling, or specified derivatives the aggregate exposure of the Fund, to be calculated as the sum of the following, must not exceed 300% of the Fund’s net asset value: (i) the aggregate value of the Fund’s outstanding indebtedness under any borrowing agreements; (ii) the aggregate market value of all securities sold short by the Fund; and (iii) the aggregate notional amount of the Fund’s specified derivatives positions minus the aggregate notional amount of the specified derivative positions that are hedging positions.

The Fund may also invest in other investment funds, including exchange-traded funds (“**ETFs**”), that may or may not be managed by the Manager in order to gain indirect exposure to markets, sectors or asset classes. Investments by the Fund in securities of other investment funds may be done directly or indirectly through a specified derivative.

The Fund may engage in securities lending, repurchase and reverse repurchase transactions to earn additional income for the Fund. On any securities lending, repurchase and reverse repurchase transaction, the Fund must, unless it has been granted relief;

- deal only with counterparties who meet generally accepted creditworthiness standards and who are unrelated to the Fund’s portfolio manager, sub-advisor or trustee as defined in NI 81-102;
- hold collateral equal to a minimum 102% of the market value of the portfolio securities loaned (for securities lending transactions), sold (for repurchase transactions) or purchased (for reverse repurchase transactions);
- adjust the amount of the collateral on each business day to ensure the value of the collateral relative to the market value of the portfolio securities loaned, sold or purchased remains at or above the minimum 102% limit; and
- limit the aggregate value of all portfolio securities loaned or sold through securities lending and repurchase transactions to no more than 50% of the total assets of the Fund (without including the collateral for loaned securities and cash for sold securities).

Depending on market conditions, the sub-advisor’s investment style may result in a higher portfolio turnover rate than less actively managed funds. Generally, the higher a fund’s portfolio turnover rate, the higher its trading expenses. The higher the portfolio turnover rate, the greater the probability that you will receive a distribution of capital gains from the Fund, which may be taxable if you hold the Fund outside a registered plan. There is no proven relationship between a high turnover rate and the performance of a mutual fund.

Following the Restructuring, as Manager of the Fund, we may change the investment strategies from time to time, but will give Fund investors notice of our intention to do so if it would be a material change as defined in NI 81-106.

Investment Restrictions

The current investment restrictions of the Fund are set out in the annual information form of the Fund dated March 27, 2020 (the "**Annual Information Form**").

Upon completion of the Conversion, the Fund will be subject to the investment restrictions and practices applicable to open-end alternative mutual funds contained in NI 81-102. Arrow EC Income Advantage Alternative Fund will be managed in accordance with these restrictions and practices, except as otherwise permitted by exemption provided by applicable Canadian securities regulatory authorities.

Re-designation of Units

The existing units of the Fund will be re-designated as Series FD Units on the Conversion Date. The initial NAV per unit of Series FD Units on the Conversion Date will be identical to the NAV per unit of existing units of the Fund on the Conversion Date. The conversion ratio for the units will be 1:1. This means that the number of units you own of the Fund will not change. If the Restructuring is approved Unitholders will not have to take any action to receive the Series FD Units of the Fund. The re-designation will be completed on your behalf.

Fees and Expenses

The Fund currently pays all ongoing costs and expenses incurred in connection with the Fund's operations and administration. The Fund also pays Arrow:

- an annual management fee equal to 1.25% per annum of the Fund's NAV, calculated and payable monthly in arrears plus applicable taxes; and

- a performance fee equal to 10% of profits during a fiscal year, subject to a hurdle of 4.0%.

Please see the Annual Information Form for additional details about the fees and expenses currently paid by the Fund.

It is proposed that following the Conversion, Arrow EC Income Advantage Alternative Fund will pay an annual management fee equal to 0.95% per annum of the Fund's Series FD NAV per unit, calculated and payable monthly in arrears plus applicable taxes. Arrow EC Income Advantage Alternative Fund will pay a performance fee equal to 15% of the increase in the NAV per unit during a fiscal year. Arrow EC Income Advantage Alternative Fund will pay all expenses incurred in connection with its operation and administration, including applicable taxes.

Please see the simplified prospectus of Arrow EC Income Advantage Alternative Fund for additional details about the fees and expenses to be paid by the Fund.

Additional Series

Following the Conversion, it is expected that Arrow EC Income Advantage Alternative Fund will commence offering one or more new series of units to the public on a continuous basis (subject to qualifying the units for distribution by simplified prospectus). These amendments will facilitate future offerings and enable Arrow EC Income Advantage Alternative Fund to issue different types of units if the Manager determines that it is in the best interests of Arrow EC Income Advantage Alternative Fund to do so. Subject to securities regulatory approval, the Fund intends to qualify for sale Series A, AD, F, FD, U, G and I units which will be available for purchase by all investors.

Distribution Policy

The Fund currently pays a monthly cash distribution of $0.04 per unit. In addition, the Fund makes payable each calendar year any remaining income and capital gains to ensure that the Fund will not be liable for income tax under the *Income Tax Act* (Canada) (the "**Tax Act**").

Following the Conversion, Arrow EC Income Advantage Alternative Fund intends to continue paying a monthly distribution of $0.04 per unit for the remainder of 2020. Subsequently, the Fund intends to make distributions each month based on a target annualized rate of between 4.0% and 5.0% (depending on market conditions) of the NAV per unit of the Series AD, FD, U and G units. The target annualized rates may be changed at any time by Arrow without notice. In respect of Series A, F and I units, the Fund expects to make a distribution at the end of each year. The monthly distributions may be comprised of income, capital gains or return of capital and are not intended to reflect the Fund's investment performance and should not be confused with "yield" or "income". Following the Conversion, all distributions on existing FD units will continue to be paid in cash. A unitholder may, by written request, elect to have their distributions reinvested in new units.

Suitability and Investment Risks

As noted above, it is proposed that the investment objective and strategies of the Fund will be changed in connection with the Conversion. Following the Conversion, Arrow expects the Fund to be suitable for investors with a low to medium tolerance for risk.

Upon completion of the Restructuring, Arrow believes Unitholders of Arrow EC Income Advantage Alternative Fund will be subject to risks set out in Schedule "B". Arrow EC Income Advantage Alternative Fund will own different types of investments, the value of which will change from day to day, reflecting changes in, among other things, interest rates, economic conditions, market and company news, and unforeseeable events. As a result, the value of Arrow EC Income Advantage Alternative Fund's investments, and therefore its NAV, may go up or down. When you redeem securities of a fund, their value may be more or less than your original investment.

Number of Votes Required to Pass Resolutions

The Fund Declaration of Trust currently provides that the changes as proposed affecting the Fund require a resolution passed by affirmative votes of at least two thirds of the votes cast either in person or by proxy at a meeting of Unitholders. Upon the implementation of the Restructuring, under the Master Declaration of Trust, the votes required for the passing of Unitholder resolutions will be at least a majority of the votes cast either in person or by proxy at a meeting of Unitholders.

Quorum

The Fund Declaration of Trust currently provides that at a meeting of Unitholders, a quorum shall consist of Unitholders present in person or represented by proxy holding not less than 5% of the units then outstanding. Upon the implementation of the Restructuring, under the Master Declaration of Trust, a quorum shall consist of two Unitholders present in person or by proxy.

Unitholder Approval Rights

Currently, under the Fund Declaration of Trust, the approval of Unitholders of the Fund is required to effect certain changes, including the removal of the trustee or the manager of the Fund, any change to the investment objective or investment restrictions of the Fund unless such changes are necessary to ensure compliance with applicable laws, any increase in the basis of calculating management fees paid to the Manager, any material amendment to the Fund Declaration of Trust, the sale of all or substantially all the assets of the Fund other than in the ordinary course, mergers involving the Fund in certain circumstances, any amendment to the provisions or rights attaching to the units, a reduction in the frequency of calculating the NAV per unit for the Fund and the issuance of additional units of a class, other than for net proceeds per unit equal to or greater than the NAV per unit of a class or by way of unit distribution.

Pursuant to the Conversion, the unitholder approval rights of the Unitholders of Arrow EC Income Advantage Alternative Fund will be conformed to that of a public mutual fund under the Master Declaration of Trust. After the Conversion, Unitholders will be permitted to vote only on matters that require Unitholder approval under applicable securities legislation (for example, NI 81-102).

The matters that require Unitholder approval under NI 81-102 include, in respect of Arrow EC Income Advantage Alternative Fund:

(a) any (i) change in the basis of the calculation of a fee or expense charged to the Fund or directly to its Unitholders by the Fund or its manager that could result in an increase in charges to the Fund or its Unitholders, or (ii) the introduction of a new fee or expense charged to the Fund or directly to its Unitholders by the fund or its manager that could result in an increase in charges to the Fund or its Unitholders. (In either case, Unitholder consent will not be required if such consent is not required under NI 81-102 or if the change or new fee or expense is a result of a change made by a third party at arm's length to the Fund. In this case, Unitholders will be sent written notice at least 60 days before the effective date of the change or new fee);

(b) a change of the manager, unless the new manager is an affiliate of the person who was then the manager;

(c) a change in the fundamental investment objective of Arrow EC Income Advantage Alternative Fund;

(d) a decrease in the frequency of the calculation of the NAV per Unit of the Fund; and

(e) a material reorganization of the Fund (except in certain circumstances with the approval of the Independent Review Committee).

Except for changes to the Master Declaration of Trust which require the approval of Unitholders, the Master Declaration of Trust may be amended from time to time by Arrow.

Consequential Amendments to the Declaration of Trust

If the Restructuring is approved and implemented, other consequential changes to the Fund Declaration of Trust will be made in order for Arrow EC Income Advantage Alternative Fund to comply with Canadian securities legislation applicable to public mutual funds and such further changes as are, in the opinion of the Manager, necessary or desirable for the Fund to conform to common business and administrative practices for public mutual funds. This will include transitioning the Portfolio of Arrow EC Income Advantage Alternative Fund so that the fund's investments will be consistent with the new investment objective and strategies and, as mentioned above, moving the Fund Declaration of Trust to the Master Declaration of Trust.

This will result in the following changes (in addition to those specified elsewhere in this Circular):

(a) many of the investment restrictions contained in the Fund Declaration of Trust will not be included in the Master Declaration of Trust as the Fund will, post-Restructuring, comply with NI 81-102 restrictions;

(b) as of the Conversion Date, Units will be redeemable on demand, with five business days notice, at the NAV per unit of the applicable series of Arrow EC Income Advantage Alternative Fund, as opposed to daily trading through the facilities of the TSX at a potential discount to NAV per unit, as is currently permitted in respect of units of the Fund. Payment of redemption proceeds will be paid to Unitholders within two business days of a redemption date provided that all necessary redemption documents have been properly completed and subject to any suspension of redemptions pursuant to the provisions of NI 81-102;

(c) the Master Declaration of Trust will permit redemptions to be suspended in accordance with the terms prescribed in NI 81-102; and

(d) additional changes will be made to the Fund to ensure that the Fund conforms in all respects with the provisions of NI 81-102 and generally to the terms and conditions applicable to other open end alternative mutual funds that are subject to NI 81-102.

The Master Declaration of Trust is available for inspection at the office of the Manager at 36 Toronto Street, Suite 750, Toronto, Ontario M5C 2C5 during regular business hours and on the internet at www.sedar.com.

TERMINATION OF THE RESTRUCTURING

The Manager may, at any time before or after the holding of the Meeting, but no later than the effective date of the Restructuring, terminate the Restructuring without further notice to, or action on the part of, Unitholders if the Manager determines, in its sole judgment, that it would be inadvisable for the Fund to proceed with the Restructuring. The Manager will terminate the Restructuring if the Fund cease to be a "mutual fund trust" within the meaning of the Tax Act.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following fairly summarizes the principal Canadian federal income tax considerations relating to the Restructuring that are generally applicable to a Unitholder who is an individual (other than certain trusts) and, for purposes of the Tax Act, is resident in Canada, holds units as capital property, and deals at arm's length with, and is not affiliated with the Fund (a "**Canadian Unitholder**"). Generally, units will be considered to be capital property to a Canadian Unitholder provided the Canadian Unitholder does not hold the units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Canadian Unitholders whose units might not otherwise qualify as capital property may be entitled to make the irrevocable election in the circumstances permitted by subsection 39(4) of the Tax Act to deem such units (and all other Canadian securities owned by the holder) to be capital property.

This summary does not apply to a Canadian Unitholder: (a) that has elected to report its "Canadian tax results", as defined in the Tax Act, in a currency other than Canadian currency; or (b) has entered into or will enter into a “derivative forward agreement”, as defined in the Tax Act, with respect to the units. **Any such Canadian Unitholder to which this summary does not apply should consult his, her, their or its own tax advisor with respect to an investment in units of the Fund.**

This summary is based on the assumptions that (i) the Fund currently qualifies and will continue at all times to qualify as a “mutual fund trust” within the meaning of the Tax Act; (ii) the Fund will at no time be a “specified investment flow through trust” within the meaning of the Tax Act; and (iii) the Fund (to be renamed Arrow EC Income Advantage Alternative Fund) will qualify upon the completion of the Conversion, and will continue at all times to qualify, as a “mutual fund trust” within the meaning of the Tax Act.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the “**Regulations**”), all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister prior to the date hereof and counsel’s understanding of the current published administrative practices of the Canada Revenue Agency (the “**CRA**”). This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as mentioned above, does not anticipate any changes in law, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and in not intended to be, nor should it be construed to be, legal or tax advice to any particular Canadian Unitholder and no representations with respect to the income tax consequences to any particular Canadian Unitholder are made. Accordingly, Canadian Unitholders should consult their own tax advisors for advice with respect to the tax consequences to them of the Restructuring, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

The Fund

All net income and/or net taxable capital gains realized by the Fund, if any, during its taxation year shall be including in computing the income of each Canadian Unitholder in accordance with the terms of the declaration of trust of the Fund.

Dispositions of Units

A Canadian Unitholder who disposes of or who is deemed to dispose of a unit, including a disposition to the Fund (whether on retraction, redemption or otherwise), will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are less than) the aggregate of such Canadian Unitholder’s adjusted cost base of such unit and any reasonable costs of disposition. For this purpose, proceeds of disposition will not include any net taxable capital gains of the Fund that are designated payable by the Fund and required to be included in the Canadian Unitholder’s income, nor will it include an amount designated payable by the Fund that represents the non-taxable portion of such capital gain. Any capital gain or loss realized on the disposition or deemed disposition of a unit will be subject to the general rules relating to the taxation of capital gains described below.

The Restructuring should not result in a disposition of units of the Fund by a Canadian Unitholder.

Capital Gains and Capital Losses

One-half of any capital gain (a “**taxable capital gain**”) realized by a Canadian Unitholder and the amount of any net taxable capital gains allocated by the Fund in respect of a Canadian Unitholder will be included in such holder's income as a taxable capital gain. One-half of any capital loss (an "**allowable capital loss"**) realized by a Canadian Unitholder must generally be deducted from taxable capital gains realized or considered to be realized by the holder (including any net taxable capital gains allocated by the Fund) in the taxation year, subject to and in accordance with the provisions of the Tax Act. Allowable capital losses not deducted in the taxation year in which they are realized may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following year against capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act. Capital gains realized by an individual may give rise to liability for alternative minimum tax.

No Change in Nature of Distributions Following the Conversion

The Fund intends to continue to make distributions to Canadian Unitholders and to deduct, in computing its income in each taxation year, such amount as will be sufficient to ensure that the Fund will not be liable for income tax under Part I of the Tax Act for each year other than such tax on net realized capital gains that will be recoverable by the Fund in respect of such year by reason of the capital gains refund mechanism set out in the Tax Act. A Canadian Unitholder will generally be required to include, in computing income for a taxation year, the amount of the Fund's net income for the taxation year paid or payable to the Canadian Unitholder in the taxation year, whether payment is made in cash or by the issuance of additional units of the Fund.

VOTING SECURITIES AND PRINCIPAL UNITHOLDERS

As of May 13, 2020, the number of outstanding units of the Fund was 13,073,167.

To the knowledge of the Manager, no person owns of record more than 10% of the units of the Fund, except for (i) CDS & Co., the nominee of CDS, which holds 100% of the units as registered owner for various brokers and other persons on behalf of their clients and others, and the names of the beneficial owners of such units are not known to the Fund and (ii) RBC Dominion Securities Inc., Retail Division and RBC Private Counsel (USA) Inc. which collectively, as of August 30, 2019, had control or direction over 1,345,466 units, representing approximately 10.29% of the issued and outstanding units of the Fund at the time and 10.29% as of May 13, 2020.

GENERAL PROXY INFORMATION

Information Circular

This Circular is furnished in connection with the solicitation by the Manager of proxies to be used at the Meeting to be held at the time and place and for the purposes set out in the Notice of Special Meeting of the Fund accompanying this Circular. It is expected that the solicitation will be primarily by mail, but proxies may be solicited personally or by telephone by directors or officers of the Manager. The cost of solicitation will be borne by the Manager.

Proxy Information, Record Date and Quorum

To be used at the Meeting, a proxy form must be deposited with TSX Trust Company at its principal offices in Toronto at any time up to 8:30 a.m. (Toronto time) on June 10, 2020 or with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or the day of any adjournment of the Meeting.

The board of directors of the Manager has fixed the close of business on May 8, 2020 as the record date for the purpose of determining which Unitholders are entitled to receive notice of, and to vote at, the

Meeting. Unitholders as of the close of business on the record date will be entitled to vote at the Meeting.

Pursuant to the constating documents of the Fund, a quorum at the Meeting will consist of Unitholders holding not less than 5% of the outstanding units of the Fund present in person or by proxy. If a quorum is not achieved for the Meeting, they will be adjourned to June 26, 2020 at 8:30 a.m. (Toronto time) at 36 Toronto Street, Suite 750, Toronto, Ontario M5C 2C5. At the adjourned Meeting, Unitholders present in person or by proxy shall constitute a quorum.

Appointment of Proxyholders

Unitholders who are unable to be present at the Meeting may still vote through the use of proxies. If you are a Unitholder, you should complete, execute and return the enclosed proxy form as soon as possible, and in any event no later than the proxy deadline of 8:30 a.m. (Toronto time) on June 10, 2020. By completing and returning the enclosed proxy form, you can participate in the Meeting through the person or persons named on the form. **If you do not indicate a preference, the units represented by the enclosed proxy form, if the same is executed in favour of the Manager appointees named in the proxy form and deposited as provided in the Notice of Special Meeting, will be voted in favour of all matters identified in such Notice of Special Meeting.**

Discretionary Authority of Proxies

The proxy form confers discretionary authority upon the appointees named therein with respect to such matters, including without limitation such amendment or variation to the Resolution, as, though not specifically set forth in the Notice of Special Meeting, may properly come before the Meeting. The Manager does not know of any such matter which may be presented for consideration at the Meeting. However, if any such matter is presented, the proxy will be voted thereon in accordance with the best judgment of the appointees named in the proxy form.

On any ballot that may be called for at the Meeting, all units in respect of which the appointees named in the accompanying proxy form have been appointed to act will be voted in accordance with the specification of the Unitholder signing the proxy form. If no such specification is made, then the units will be voted in favour of all matters identified in the Notice of Special Meeting.

Alternate Proxy

A Unitholder has the right to appoint a person other than the appointees designated on the accompanying proxy form by crossing out the printed names and inserting the name of the person he or she wishes to act as proxy in the blank space provided, or by completing another proxy form. Proxy forms which appoint persons other than the management appointees whose names are printed on the form should be submitted to TSX Trust Company and the person so appointed should be notified. A person acting as proxy need not be a Unitholder.

On any ballot that may be called for at the Meeting, all units in respect of which the person named in a proxy form has been appointed to act must be voted or withheld from voting in accordance with the specification of the Unitholder signing such proxy form. If no such specification is made, then the units may be voted in accordance with the best judgment of the person named in the proxy form. Furthermore, the person named in the proxy form will have discretionary authority with respect to any amendments to the Resolution and with respect to any other matters that may properly come before the Meeting, and will be voted on such amendments and other matters in accordance with the best judgment of the person named in such proxy form.

Revocation of Proxies

You can revoke a vote you made by proxy by sending a notice in writing executed by the Unitholder or his attorney authorized in writing, as well as in any other manner permitted by law. Any such notice revoking a proxy must either be deposited at the registered office of TSX Trust Company at 301-100 Adelaide Street West, Toronto, Ontario, M5H 4H1 at any time up to 8:30 a.m. (Toronto time) on June 10, 2020 or be deposited with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof. If the notice of revocation is deposited with the Chairman on the day of the Meeting or any adjournment thereof, the notice will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

The cost of this solicitation of proxies will be borne by the Manager. The Manager will reimburse brokers, custodians, nominees and fiduciaries for the proper charges and expenses incurred in forwarding this Circular and related materials to beneficial owners of units. In addition to solicitation by mail, officers and directors of the Manager may, without additional compensation, solicit proxies personally or by telephone.

Advice to Beneficial Holders

These Unitholder materials are being sent to both registered and non-registered Unitholders. If you are a non-registered owner, and we or our agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

The information set forth in this section is of significant importance to beneficial holders of units as the units are held in the name of CDS & Co. (the nominee of CDS) and not in the name of the beneficial owners of the units. Because the Fund utilizes the book-entry only system of registration, Unitholders do not hold their units in their own name and are considered beneficial Unitholders ("**Beneficial Unitholders**"). Beneficial Unitholders should note that only proxies deposited by Unitholders whose names appear on the records of the Fund as the registered holders of units can be recognized and acted upon at the Meeting. Units held by brokers or their nominees through CDS & Co. can only be voted upon the instructions of the Beneficial Unitholder. Without specific instructions, CDS & Co. and brokers/nominees are prohibited from voting units for their client(s). The Fund does not know for whose benefit the units registered in the names of CDS & Co. are held. Therefore, Beneficial Unitholders cannot be recognized at the Meeting for purposes of voting their units in person or by way of proxy unless they comply with the procedure designated below.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Unitholders in advance of Unitholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Unitholders in order to ensure that their units are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Unitholder by its broker is identical to that provided to registered Unitholders. However, its purpose is limited to instructing the registered Unitholders how to vote on behalf of the Beneficial Unitholders. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**Broadridge**"). Broadridge typically prepares a voting instruction form which it mails to the Beneficial Unitholders and asks Beneficial Unitholders to complete and return directly to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of units to be represented at the Meeting. **A Beneficial Unitholder receiving a voting instruction form cannot use that form to vote units directly at the Meeting; the voting instruction form must be**

returned to Broadridge well in advance of the Meeting in order to have the units voted.

How Do I Vote?

All Unitholders other than CDS are considered Beneficial Unitholders because their units are held through a bank, trust company, securities broker or other intermediary. Beneficial Unitholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Fund are referred to as "NOBOs". Those Beneficial Unitholders who have objected to their intermediary disclosing ownership information about themselves to the Fund are referred to as "OBOs". In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, the Corporation has

distributed the Notice of Meeting, this Circular and the form of proxy or voting instruction form (collectively, the "Meeting Materials") directly to registered unitholders and indirectly through the clearing agencies and intermediaries for onward distribution to non-registered holders (NOBOs and OBOs)

Intermediaries are required to forward the Meeting Materials to non-registered holders unless the non-registered holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to non-registered holders. Generally, non-registered holders who have not waived the right to receive Meeting Materials will either:

a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number and class of securities beneficially owned by the non-registered holder but which is not otherwise completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the non-registered holder when submitting the proxy. In this case, the non-registered holder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified above under "Appointment and Revocation of Proxies"; or

b) be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the non-registered holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "Voting Instruction Form") which the Intermediary must follow. Typically, the nonregistered holder will also be given a page of instructions, which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a Voting Instruction Form, the non-registered holder must remove the label from the instructions and affix it to the Voting Instruction Form, properly complete and sign the Voting Instruction Form and submit it to the Intermediary or its services company in accordance with the instructions of the Intermediary or its service company

Every intermediary has its own procedures which should be carefully followed by Beneficial Unitholders to ensure that their units are voted at the Meeting. These procedures generally allow voting by telephone, on the Internet, by mail or by fax. Please contact your intermediary for instructions in this regard.

By Attending the Meeting in Person — only registered Unitholders of the Fund, or the persons they appoint as their proxy, are entitled to attend and vote at the Meeting. This means that you can only vote your units in person at the Meeting if you have previously appointed yourself as the proxyholder for your units. If you wish to vote at the Meeting, write your own name in the space provided on the request for voting instructions or proxy form to appoint yourself as proxyholder. Once completed, sign, date and return the request for voting instructions or proxy form as directed on the voting instruction form or proxy form in the envelope provided. Since your vote will be taken at the Meeting, do not complete any other sections of the request for voting instructions or proxy form. Your voting instructions or proxy form must be received in sufficient time to allow your voting instruction form or proxy form to be received by TSX Trust Company by 8:30 a.m. (Toronto time) on June 10, 2020. Please contact your intermediary for instructions in this regard.

On the date of the Meeting, you should present yourself to a representative of the Manager so that you may be registered to vote at the Meeting.

In light of ongoing concerns related to the spread of COVID-19, and in order to mitigate potential risks to the health and safety of the Fund's unitholders and other stakeholders, meeting participants are encouraged not to attend in person. Rather, participants are encouraged to vote on the matter before the Meeting by proxy and join the Meeting by teleconference. If you would like to join the Meeting by teleconference please contact the Manager at 1 (877) 327-6048 or email to info@arrow-capital.com for details.

All Beneficial Unitholders who receive materials through an intermediary should carefully follow the instructions that accompany the form of proxy or the voting instruction form and should contact their broker or other intermediary through which their units are held well in advance of the Meeting as brokers and other intermediaries may set deadlines earlier than June 10, 2020 for the receipt of voting instruction forms or proxies.

FORWARD-LOOKING STATEMENTS

Certain statements in this Circular are forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Fund or the Manager. Forward-looking statements are not historical facts but reflect the current expectations of the Fund or the Manager regarding future results or events. Such forward-looking statements reflect the Fund's or the Manager's current beliefs and are based on information currently available to them. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results or events to differ materially from current expectations. Some of these risks, uncertainties and other factors are described under the heading "Risk Factors" in the Annual Information Form of the Fund. Although the forward-looking statements contained in this Circular are based upon assumptions that the Fund or the Manager believe to be reasonable, neither the Fund nor the Manager can assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained herein were prepared for the purpose of providing unitholders with information about the Fund and may not be appropriate for other purposes. Neither the Fund nor the Manager assumes any obligation to update or revise them to reflect new events or circumstances, except as required by law.

ADDITIONAL INFORMATION

Financial information about the Fund is available in the Fund's comparative financial statements and management report of fund performance for its most recently completed financial year. These documents and other information about the Fund are available on SEDAR at www.sedar.com. Copies of these documents will be provided by the Manager free of charge upon request. To make such a request, call toll free at 1(877) 327-6048 or by write to Investor Relations at 36 Toronto Street, Suite 750, Toronto, Ontario M5C 2C5. Additional information can also be obtained on the Manager's website at www.arrow-capital.com.

Approval by the Manager

The board of directors of the Manager has approved the contents and mailing of this Circular to Unitholders of the Fund.

Dated this 13th day of May 2020.

(Signed) "James L. McGovern"

JAMES L. MCGOVERN
Managing Director, Chief Executive Officer and Director

SCHEDULE "A"

EXTRAORDINARY RESOLUTION
OF UNITHOLDERS OF THE
EAST COAST INVESTMENT GRADE INCOME FUND

WHEREAS terms that are defined in the Management Information Circular of the East Coast Investment Grade Income Fund (the "**Fund**") dated May 13, 2020 (the "**Circular**") are used in this resolution with the meaning ascribed thereto in the Circular;

AND WHEREAS it is desirable and in the best interests of the Fund and its Unitholders that the Fund be restructured in the manner set out in the Circular;

BE IT RESOLVED THAT the Fund be restructured as described in the Circular, and that all matters ancillary thereto be carried out, including, without limiting the foregoing:

1. the conversion of the Fund to an open-end alternative mutual fund to be administered as set out in the accompanying Circular and in compliance with National Instrument 81-102 – *Investment Funds* and all matters ancillary thereto, including, without limiting the foregoing:
   - (a) a change in the name of the Fund to Arrow EC Income Advantage Alternative Fund;
   - (b) a change in the investment objectives, investment strategies and investment restrictions of the Fund;
   - (c) a change in the structure of the fees that are paid by the Fund to its manager, Arrow Capital Management Inc. (the "**Manager**"); and
   - (d) any other amendments to the Fund's declaration of trust to facilitate, or in connection with, the Conversion where such amendment is required to be approved by Unitholders under the declaration of trust of the Fund;

2. the de-listing of the units of the Fund from the Toronto Stock Exchange on or about June 26, 2020.;

3. the Manager is hereby authorized to make all such amendments to the declaration of trust of the Fund and execute and deliver all such other documents, including, without limitation, any certificates, filings, elections, or notices, and to take such action as is in the opinion of the Manager necessary or desirable to give effect to this resolution, the Restructuring of the Fund and all matters ancillary thereto;

4. any officer of the Manager is hereby authorized and directed on behalf of the Manager, whether in its own capacity or as the trustee or manager of the Fund, to execute and deliver all such documents and do all such acts and things (including the filing of any applications for regulatory relief as may be necessary or desirable to implement this resolution) as may be necessary or advisable in order to give effect to the Restructuring of the Fund and all matters ancillary thereto; and

5. notwithstanding that this resolution has been passed by the Unitholders, the Manager is hereby authorized to revoke or delay the implementation of this resolution for any reason whatsoever in its sole and absolute discretion without further approval of the Unitholders if the Manager determines in its sole discretion that it would be necessary or desirable.

SCHEDULE "B"

ARROW EC INCOME ADVANTAGE ALTERNATIVE FUND RISK FACTORS

Arrow EC Income Advantage Alternative Fund (the "**Fund**") is considered an "alternative mutual fund", as defined in National Instrument 81-102 - *Investment Funds* ("**NI 81-102**"). This permits it to use strategies generally prohibited to conventional mutual funds, such as the ability to invest more than 10% of its net asset value in securities of a single issuer, the ability to invest in physical commodities or specified derivatives, to borrow cash, to short sell beyond the limits prescribed for conventional mutual funds and to generally employ leverage.

Everyone has a different tolerance for risk. Some individuals are significantly more conservative than others when making their investment decisions. It is important to take into account your own comfort with risk as well as the amount of risk suitable for your financial goals. The following risks apply to the Fund.

Borrowing Risk – Borrowing of cash or securities within the Fund could magnify the impact of any movements in the prices of the underlying investments of the fund and therefore the value of your investment. Consequently, these investments may produce more volatile gains or losses compared to investing in the same investments without making use of borrowings.

Change in Legislation Risk –There can be no assurance that tax, securities and other laws or the interpretation and application of such laws by courts or government authorities will not be changed in a manner which adversely affects the Fund or unitholders.

Collateral Risk – The Fund may enter into derivatives arrangements that require it to deliver collateral to the derivative counterparty or clearing corporation. As such, the Fund may be exposed to certain risks in respect of that collateral including, the Fund:

- will be required to post initial margin/collateral to the derivative counterparty or clearing corporation in the form of cash. The Fund will be required to have sufficient liquid assets to satisfy this obligation;
- from time to time, if the value of the derivative arrangements moves against it, will be required to post variation margin/collateral with the derivatives counterparty or clearing corporation on an ongoing basis. The Fund will be required to have sufficient liquid assets to satisfy such calls, and, in the event it fails to do so, the counterparty may have a right to terminate such derivatives arrangements; and,
- may be subject to the credit risk of the derivatives counterparty. In the event the counterparty becomes insolvent at a time it holds margin/collateral posted with it by the Fund, the Fund will be an unsecured creditor and will rank behind preferred creditors.

Commodity Risk – The Fund's exposure to the commodities markets may subject the Fund to greater volatility than investments in traditional securities. The value of commodity linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

Concentration Risk – The Fund may hold significant investments in a few companies or issuers, rather than investing the Fund's assets across a large number of companies or issuers. In some cases, more than 10% of the net assets of the Fund may be invested in securities of a single issuer as a result of appreciation in value of such investment and/or the liquidation or decline in value of other investments. The investment portfolio of the Fund may be less diversified, and therefore may be potentially subject to larger changes in value than mutual funds which hold more broadly diversified investment portfolios.

Counterparty Default Risk - This is the risk that entities upon which the Fund's investments depend may default on their obligations, for instance by failing to make a payment when due. Such parties can include brokers (including clearing brokers), foreign exchange counterparties, derivative counterparties and deposit taking banks. Default on the part of an issuer or counterparty could result in a financial loss to the Fund. The manager will manage these risks as far as is practicable by dealing with counterparties as permitted by Canadian securities authorities, by ensuring enforceable legal agreements are in place and by monitoring these counterparties.

Credit Risk – The value of fixed income securities and derivatives on fixed income securities depends, in part, on the perceived ability of the government or company which issued the securities to pay the interest and to repay the original investments. Securities issued by issuers who have a low credit rating are considered to have a higher credit risk than securities issued by issuers with a high credit rating.

Currency Risk – The value of securities denominated in a currency other than Canadian dollars will be affected by changes in the value of the Canadian dollar relative to the value of the currency in which the security is denominated. This risk applies to the Fund since they may invest in foreign denominated securities.

Derivatives Risk – A derivative is a contract between two parties, the value of which is based on the performance of other investments, such as equities, bonds, currencies or a market index. Derivatives may be traded in the over-the-counter market or on a stock exchange or they may be cleared through a clearing corporation. A derivative is commonly a future, a forward contract, an option or a swap, but there are other types of derivative instruments as well. Futures or forward contracts are agreements to buy or sell a security, commodity or currency for a certain price on a certain future date. Options give the buyer the right to buy or sell a security, commodity or currency for a certain price on a certain future date. Swaps are a derivative in which two counterparties exchange cash flows of one party's financial instrument for those of the other party's financial instrument. Derivatives may be used to limit, or hedge against, losses that may occur because of the Fund's investment in a security or exposure to a currency or market. This is called hedging. Derivatives may also be used to obtain exposure to financial markets, reduce transaction costs, create liquidity or increase the speed of portfolio transactions. These investments are made for non-hedging purposes.

- There is no assurance that liquid markets will exist for the Fund to close out their derivative positions. Derivative instruments in foreign markets may be less liquid and more risky than comparable instruments traded in North American markets.
- Exchange-imposed trading limits could affect the ability of the Fund to close out their positions in derivatives. These events could prevent the Fund from making a profit or limiting their losses.
- Prices of options and futures on a stock index may be distorted if trading of certain stocks in the index is interrupted or trading of a large number of stocks in the index is halted. Such price distortions could make it difficult to close out a position.
- The Fund may use derivatives so they may be subject to credit risk associated with the ability of counterparties to meet their obligations. In addition, the Fund could lose its

margin deposits if a dealer or clearing corporation with whom the Fund has an open derivatives position goes bankrupt.

- There is no assurance that the Fund's hedging strategies will be effective. There may be an imperfect historical correlation between the behaviour of the derivative instrument and the investment being hedged. Any historical correlation may not continue for the period during which the hedge is in place.
- Using futures and forward contracts to hedge against changes in currencies, stock markets or interest rates cannot eliminate fluctuations in the prices of securities in the portfolio or prevent losses if the prices of these securities decline.
- Hedging may also limit the opportunity for gains if the value of the hedged currency or stock market rises or if the hedged interest rate falls. The inability to close out options, futures, forwards and other derivative positions could prevent the Fund from using derivatives to effectively hedge its portfolio or implement their strategy.

Equity Risk –Investments in equities - also called stocks or shares - and derivatives on equities are affected by stock market movements. When the economy is strong, the outlook for many companies will be good, and share prices will generally rise, as will the value of the Fund if it owns these shares. On the other hand, share prices usually decline in times of general economic or industry downturn. Equity securities of certain companies or companies within a particular industry sector may fluctuate differently than the overall stock market because of changes in the outlook for those individual companies or the particular industry.

Exchange-traded Fund Risk – When the Fund invests in an exchange-traded fund ("**ETF**"), the ETF may, for a variety of reasons, not achieve the same return as the benchmark, index or commodity price it seeks to track. The market value of an ETF also may fluctuate for reasons other than changes in the value of its underlying benchmark, index or commodity price, and the net asset value of the Funds will change with these fluctuations. The Fund has obtained permission to invest in ETFs that employ leverage in an attempt to magnify returns by either a multiple or an inverse multiple of its underlying benchmark, index or commodity price (a "**Leveraged ETF**"). Leveraged ETFs typically involve a higher degree of risk and are subject to increased volatility.

Failure of Futures Commission Merchant Risk – Under United States Commodity Futures Trading Commission Regulations, futures commission merchants ("**FCMs**") are required to maintain customer assets in a segregated account. If the Fund's FCM fails to do so, the Fund may be subject to a risk of loss of funds on deposit with the FCM in the event of its bankruptcy. In addition, even if assets are properly segregated, under certain circumstances there is a risk that assets deposited by the Manager on behalf of the Fund as margin with an FCM may be used to satisfy losses of other clients of the FCM which cannot be satisfied by such other clients or by the FCM. In the case of any such bankruptcy or client loss, the Fund might recover, even in respect of property specifically traceable to the Fund, only on a *pro rata* share of all property available for distribution to all of the FCM's customers.

Foreign Investment Risk – The value of foreign securities will be affected by factors affecting other similar securities and could be affected by additional factors such as the absence of timely information, less stringent auditing standards and less liquid markets. As well, different financial, political and social factors may involve risks not typically associated with investing in Canada.

Forward and Over-the-Counter ("OTC") Option Contract Risk – The Fund may engage in trading forward and OTC option contracts in currencies. Such forward and OTC options contracts are not traded on exchanges; rather, banks and dealers typically act as principals in these markets, called generally the interbank or forex market. Trading in the interbank market presents certain risks not present in futures trading because no governmental agency regulates trading in forward and OTC option contracts. Consequently, in the case of forward contracts, there is no limitation on daily price movements and no margin need be posted, although the Fund's FCM may require good faith deposits to be made in lieu of margin. Because performance of forward and OTC options contracts on currencies is not guaranteed by any exchange or clearinghouse, the customer is subject to counterparty risk: the risk that the principals or agents with or through which the FCM trades will be unable or will refuse to perform with respect to such contracts. Furthermore, principals in the forward markets have no obligation to continue to make markets in the forward contracts traded.

Interest Rate Risk – The value of fixed income securities and derivatives on fixed income securities will generally rise if interest rates fall and, conversely, will generally fall if interest rates rise. Changes in interest rates may also affect the value of equity securities; however, this risk applies primarily to fixed income securities.

Large Redemption Risk – The Fund may have particular investors who own a large proportion of the net asset value of the Fund. For example, other institutions such as banks and insurance companies or other fund companies may purchase securities of the Fund for their own mutual funds, segregated funds, structured notes or discretionary managed accounts. Retail investors may also own a significant amount of the Fund. If one of those investors redeems a large amount of their investment in the Fund, the Fund may have to sell its portfolio investments at unfavourable prices to meet the redemption request. This can result in significant price fluctuations to the net asset value of the Fund, and may potentially reduce the returns of the Fund.

Leverage Risk - When the Fund makes investments in derivatives, borrows cash for investment purposes, or uses physical short sales on equities or other portfolio assets, leverage may be introduced into the Fund. Leverage occurs when the Fund's notional exposure to underlying assets is greater than the amount invested. It is an investment technique that magnifies gains and losses. Consequently, any adverse change in the value or level of the underlying asset, rate or index may amplify losses compared to those that would have been incurred if the underlying asset had been directly held by the Fund and may result in losses greater than the amount invested in the derivative itself. Leverage may increase volatility, may impair the Fund's liquidity and may cause the Fund to liquidate positions at unfavorable times.

Liquidity Risk – Liquidity risk is the possibility that the Fund won't be able to convert its investments to cash when it needs to. The value of securities which are not regularly traded (less liquid) will generally be subject to greater fluctuation.

Specifically, with respect to futures, most futures exchanges limit fluctuations in certain contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Pursuant to such regulations, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract has increased or decreased by an amount equal to the daily limit, positions in the contract can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. Prices of various contracts have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Fund from promptly liquidating its unfavorable positions and subject it to substantial losses. While daily limits may reduce or effectively eliminate the liquidity of a particular market, they do not limit ultimate losses, and may in fact substantially increase losses because it may prevent the liquidation of unfavorable positions. There is no limitation on daily price moves in trading forward contracts. In addition, a Fund may not be able to execute trades at favorable prices if little trading in the contracts involved is taking place. Under certain circumstances, the Fund may be required to accept or make delivery of the underlying commodity if the position cannot be liquidated prior to its expiration date. It also is possible that an exchange might suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. Similarly, trading in options on a particular futures contract may become restricted if trading in the underlying futures contract has become restricted.

Margin Risk – Each long or short derivatives position initiated by the Fund requires a margin deposit. The cash in the Fund will be applied to the margin requirements established by the futures commission merchant (which must be at least equal to the margin levels established by the applicable exchange) carrying the Fund's account. A margin deposit is similar to a cash performance bond that helps assure a trader's performance of the futures contract. If the market value of a futures position moves to such a degree that the initial margin deposit is not sufficient to satisfy minimum maintenance requirements, the futures commission merchant will make a "margin call" for additional margin money. The margin call must be satisfied within a reasonable period of time. If the Fund does not make payment of the margin call within a reasonable time, the futures commission merchant may liquidate the open position(s). In periods of high volatility, the exchanges may increase minimum margin levels. Also, the futures commission merchant may elect to increase the amount of margin they require to carry futures positions for their customers even though the applicable exchange did not increase the minimum margin levels.

Market Risk – The risks associated with investing in the Fund depend on the securities held in the Fund. These securities will rise and fall based on company-specific developments and general stock market conditions. Market value will also vary with changes in the general economic and financial conditions in the countries where the investments are based.

Operational Risk - The Fund's day to day operations may be adversely affected by circumstances beyond the reasonable control of the Manager, such as failure of technology or infrastructure, or natural disasters.

Securities Lending Risk –The Fund may engage in securities lending transactions. In a securities lending transaction, the Fund lends portfolio securities that it owns to a third party borrower. The borrower promises to return to the Fund at a later date an equal number of the same securities and to pay a fee to the Fund for borrowing the securities.

Over time, the value of the securities loaned in a securities lending transaction might exceed the value of the collateral held by the Fund. If the third party defaults on its obligation to return the securities to the Fund, the collateral may be insufficient to enable the Fund to purchase replacement securities and the Fund may suffer a loss for the difference.

Those risks are reduced by requiring the other party to provide collateral to the Funds. The value of the collateral must be at least 102% of the market value of the securities loaned. Securities lending transactions, together with repurchase transactions are limited to 50% of the Fund's assets, excluding collateral or sales proceeds received in a securities lending transaction and cash held by the Fund for securities sold in a repurchase transaction.

In engaging in securities lending, the Fund will bear the risk of loss of any collateral it holds, as well as the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

If securities are on loan on the record date established for a particular voting matter the lender is generally not entitled to exercise the voting right of such loaned securities.

Series Risk –Mutual funds sometimes issue different series of securities of the same fund. Each series has its own fees and expenses, which the Fund tracks separately. However, if one series is unable to meet its financial obligations, the other series are legally responsible for making up the difference.

Short Selling Risk – Short selling is the act of borrowing a security to sell high today with the expectation of buying it back at a lower price in the future and then returning the security to the lender. An investor pays a security lender a small fee to borrow the security (usually arranged by a brokerage firm). Risks associated with short selling include the potential that the securities will rise in value or not decline enough to cover the Fund's costs, or that market conditions will cause difficulties in the sale or repurchase of the securities. The lender from whom the Fund has borrowed securities may go bankrupt and the Fund may lose the collateral it has deposited with the lender. When engaging in short selling, the Fund adheres to controls and limits that are intended to offset these risks by selling short only securities of larger issuers for which a liquid market is expected to be maintained and by limiting the amount of exposure for short sales. The Fund also deposits collateral only with lenders that meet certain criteria for creditworthiness and only up to certain limits. The Fund may also be exposed to short selling risk because the underlying funds in which it invests or to which assets of the Fund obtains exposure may be engaged in short selling.

Small Company Risk – Investing in securities of smaller companies may be riskier than investing in larger, more established companies. Smaller companies may have limited financial resources, a less established market for their shares and fewer shares issued. This can cause the share prices of smaller companies to fluctuate more than those of larger companies. The market for the shares of small companies may be less liquid.

Tax Risk – Please see the section "*Income Tax Considerations for Investors*" in the simplified prospectus for information on tax risk.

Underlying Fund Risk – The Fund may pursue its investment objectives indirectly by investing in securities of other funds, including index participation units (e.g., ETFs), in order to gain access to the strategies pursued by those underlying funds. There can be no assurance that any use of such multi-layered fund of fund structures will result in any gains for the Fund. If an underlying fund that is not traded on an exchange suspends redemptions, the Fund will be unable to value part of its portfolio and may be unable to redeem securities. In addition, the portfolio advisor or sub-advisor could allocate the Fund's assets in a manner that results in the Fund underperforming its peers.