



UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS

JUNE 2017

EXEMPLAR CANADIAN FOCUS PORTFOLIO | EXEMPLAR DIVERSIFIED PORTFOLIO

EXEMPLAR CANADIAN FOCUS PORTFOLIO

Statements of Financial Position (Unaudited)

	As at June 30, 2017	As at December 31, 2016
ASSETS		
Current assets		
Financial assets designated at fair value through profit and loss	\$130,050,766	\$126,802,706
Cash	9,093,660	40,924,613
Margin deposits	2,816,387	2,722,571
Accrued dividends receivable	229,288	215,294
Accrued income tax receivable	7,011	7,011
Receivable for securities sold	955,781	286,555
Receivable for redeemable shares issued	251,031	39,457
	143,403,924	170,998,207
LIABILITIES		
Current liabilities		
Financial liabilities held for trading		
Investments sold short	448,078	487,020
Payable for securities purchased	257,801	2,845,287
Accrued dividends payable	1,242	394
Payable for redeemable shares redeemed	667,033	422,738
Other liabilities (Note 11)	322,431	315,796
	1,696,585	4,071,235
Net assets attributable to holders of redeemable shares	\$141,707,339	\$166,926,972
Net assets attributable to holders of redeemable shares		
Series A	\$53,889,758	\$60,940,157
Series F	\$78,855,669	\$95,701,150
Series L	\$8,961,912	\$10,285,665
Number of redeemable shares outstanding (Note 10)		
Series A	2,680,968	3,103,173
Series F	3,624,076	4,526,287
Series L	637,744	748,245
Net assets attributable to holders of redeemable shares per share		
Series A	\$20.10	\$19.64
Series F	\$21.76	\$21.14
Series L	\$14.05	\$13.75

Approved on behalf of the Board of Directors of Arrow Capital Management Inc., the Manager of the Portfolio:

“James L. McGovern”

James L. McGovern, Director

“Robert W. Maxwell”

Robert W. Maxwell, Director

The accompanying notes are an integral part of these financial statements.

EXEMPLAR CANADIAN FOCUS PORTFOLIO

Statements of Comprehensive Income (Unaudited)
For the periods ended June 30,

	2017 \$	2016 \$
INCOME		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	-	19,584
Dividend income	1,219,936	559,635
Dividend expense on short sales	(9,536)	(22,027)
Securities lending income (net) <i>(Note 8)</i>	68,629	-
Net realized gain (loss) on investments and derivatives	1,163,121	2,710,535
Net change in unrealized appreciation (depreciation) in value of investments and derivatives	3,612,855	(3,764,199)
Net gains (losses) on investments and derivatives	6,055,005	(496,472)
Other income items:		
Interest on cash	38,271	125,654
Foreign exchange gain (loss)	(110,721)	(501,090)
Net change in unrealized foreign exchange gain (loss)	(300,672)	(43,282)
Total net income (loss)	5,681,883	(915,190)
EXPENSES		
Securityholder reporting fees	307,906	267,990
Management fees <i>(Note 11)</i>	844,882	805,133
Performance fees <i>(Note 11)</i>	126,407	72,359
Interest expense	1,490	153
Audit fees	12,402	14,724
Independent Review Committee fees	2,715	2,300
Legal fees	9,868	6,685
Custodial fees	21,305	13,883
Security borrowing expenses	1,898	4,067
Commissions and other portfolio transaction costs <i>(Note 11)</i>	53,580	37,384
Withholding tax expense	22,174	6,166
Harmonized sales tax	126,494	119,437
Total expenses	1,531,121	1,350,281
Increase (decrease) in net assets attributable to holders of redeemable shares	4,150,762	(2,265,471)
Increase (decrease) in net assets attributable to holders of redeemable shares <i>(Note 13)</i>		
Series A	1,367,219	(1,282,976)
Series F	2,557,912	(793,368)
Series L	225,631	(189,127)
Increase (decrease) in net assets attributable to holders of redeemable shares per share <i>(Note 13)</i>		
Series A	0.48	(0.44)
Series F	0.63	(0.21)
Series L	0.33	(0.25)

The accompanying notes are an integral part of these financial statements.

EXEMPLAR CANADIAN FOCUS PORTFOLIO

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares (Unaudited)
For the periods ended June 30,

		2017 \$	2016 \$
Net assets attributable to holders of redeemable shares at beginning of period	Series A	60,940,157	53,659,760
	Series F	95,701,150	60,500,812
	Series L	10,285,665	8,642,504
		<u>166,926,972</u>	<u>122,803,076</u>
Increase (decrease) in net assets attributable to holders of redeemable shares	Series A	1,367,219	(1,282,976)
	Series F	2,557,912	(793,368)
	Series L	225,631	(189,127)
		<u>4,150,762</u>	<u>(2,265,471)</u>
Redeemable share transactions			
	Proceeds from redeemable shares issued		
	Series A	2,567,208	11,988,292
	Series F	7,569,238	35,639,087
	Series L	85,423	2,979,785
Redemption of redeemable shares			
	Series A	(10,984,826)	(4,847,469)
	Series F	(26,972,631)	(5,071,216)
	Series L	(1,634,807)	(808,750)
Net increase (decrease) from redeemable share transactions		<u>(29,370,395)</u>	<u>39,879,730</u>
Net increase (decrease) in net assets attributable to holders of redeemable shares		<u>(25,219,633)</u>	<u>37,614,259</u>
Net assets attributable to holders of redeemable shares at end of period	Series A	53,889,758	59,517,607
	Series F	78,855,669	90,275,315
	Series L	8,961,912	10,624,412
		<u>141,707,339</u>	<u>160,417,334</u>

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EXEMPLAR CANADIAN FOCUS PORTFOLIO

Statements of Cash Flows (Unaudited)
For the periods ended June 30,

	2017 \$	2016 \$ (Note 3)
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable shares	4,150,762	(2,265,471)
Adjustment for:		
Net change in unrealized foreign exchange (gain) loss on cash	(296,158)	24,151
Net realized (gain) loss on investments and derivatives	(1,163,121)	(2,710,535)
Net change in unrealized (appreciation) depreciation in value of investments and derivatives	(3,612,855)	3,764,199
Purchase of investments	(46,760,198)	(45,375,234)
Proceeds on sale of investments	44,992,455	33,752,955
Decrease (increase) in accrued interest receivable	-	11,760
Decrease (increase) in accrued dividends receivable	(13,994)	(10,478)
Decrease (increase) in accrued income tax receivable	-	(7,011)
Decrease (increase) in due from manager	-	297,576
Increase (decrease) in accrued dividends payable	848	11,510
Increase (decrease) in distributions payable	-	(195,577)
Increase (decrease) in other liabilities	6,635	228,872
Decrease (increase) in margin deposits	(93,816)	(1,782,822)
Net cash from (used in) operating activities	(2,789,442)	(14,256,105)
Cash flows from (used in) financing activities		
Proceeds from redeemable shares issued	7,935,505	47,709,582
Redemption of redeemable shares	(37,273,174)	(8,814,160)
Net cash from (used in) financing activities	(29,337,669)	38,895,422
Net Increase (decrease) in cash	(32,127,111)	24,639,317
Cash at beginning of the period	40,924,613	53,030,235
Net change in unrealized foreign exchange gain (loss) on cash	296,158	(24,151)
Cash at end of the peiod	9,093,660	77,645,401
Supplemental information:		
Interest received*	38,271	156,998
Dividends received, net of withholding tax*	1,183,768	542,991
Interest paid*	(1,490)	(153)
Dividend paid*	(8,688)	(10,517)

*Included as part of cash flows from operating activities

The accompanying notes are an integral part of these financial statements.

EXEMPLAR CANADIAN FOCUS PORTFOLIO

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Equity Positions - Long		79.4%			
Security Name	Currency	Quantity	Average Cost	Fair Value	
			\$	\$	
Consumer Discretionary		11.5%			
Amazon.com, Inc.	USD	1,700	2,074,105	2,134,014	
Canadian Tire Corporation, Limited, Class A	CAD	6,900	772,605	1,018,164	
Cineplex Inc.	CAD	24,200	912,521	1,279,212	
DHX Media Ltd.*	CAD	412,300	949,073	2,366,602	
Dollarama Inc.	CAD	800	92,473	99,128	
Freshii Inc., Class A*	CAD	7,000	80,500	86,100	
Imvescor Restaurant Group Inc.	CAD	301,100	910,821	1,105,037	
McDonald's Corporation	USD	4,222	703,950	838,565	
Newell Brands Inc.	USD	13,800	855,875	959,575	
Park Lawn Corporation	CAD	61,400	1,162,621	1,155,548	
The Priceline Group Inc.	USD	200	461,691	485,138	
Sleep Country Canada Holdings Inc.	CAD	48,000	918,322	1,975,200	
Spin Master Corp.	CAD	63,800	1,694,431	2,469,060	
Stingray Digital Group Inc.	CAD	22,000	183,265	173,360	
Uni-Select Inc.	CAD	4,000	84,702	125,280	
Wynn Resorts, Limited*	USD	200	34,318	34,785	
			11,891,273	16,304,768	
Consumer Staples		7.8%			
AGT Food and Ingredients Inc.*	CAD	21,100	661,205	491,208	
Alimentation Couche-Tard Inc.	CAD	47,900	789,942	2,977,464	
Altria Group, Inc.	USD	6,000	524,589	579,436	
Bunge Limited	USD	1,000	109,093	96,741	
Conagra Brands, Inc.	USD	1,900	101,479	88,110	
Constellation Brands, Inc.	USD	2,200	359,573	552,704	
Cott Corporation	CAD	23,800	451,645	445,774	
Diageo plc, ADR	USD	3,400	503,667	528,345	
GreenSpace Brands Inc.	CAD	65,500	102,831	99,560	
The Hain Celestial Group, Inc.	USD	23,300	1,235,800	1,172,963	
The Kraft Heinz Company	USD	900	104,353	99,952	
Loblaw Companies Limited	CAD	10,600	637,852	764,684	
Maple Leaf Foods Inc.	CAD	1,200	36,452	39,288	
METRO INC.	CAD	600	27,139	25,608	
Mondelez International, Inc.	USD	7,400	430,508	414,465	
Nestle S.A., ADR	USD	100	11,340	11,308	
Pinnacle Foods Inc.	USD	2,000	131,256	154,060	
Premium Brands Holdings Corporation*	CAD	7,900	427,792	735,016	
Tyson Foods, Inc.	USD	15,600	1,379,711	1,267,010	
Whole Foods Market, Inc.*	USD	9,600	474,461	524,239	
			8,500,688	11,067,935	
Energy		9.3%			
AltaGas Ltd., Subscription Receipts	CAD	46,400	1,436,875	1,367,538	
Cameco Corporation	CAD	9,900	148,080	116,919	
Enbridge Inc.	CAD	18,000	948,802	929,880	
Gibson Energy Inc.	CAD	8,200	155,129	137,432	
NexGen Energy Ltd.*	CAD	25,600	82,541	73,472	
Parex Resources Inc.	CAD	58,800	963,749	867,300	
PrairieSky Royalty Ltd.	CAD	8,900	271,808	262,817	

EXEMPLAR CANADIAN FOCUS PORTFOLIO

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Equity Positions - Long		79.4%	Average Cost	Fair Value
Security Name	Currency	Quantity	\$	\$
Energy (Continued)				
Raging River Exploration Inc.	CAD	117,500	1,206,141	950,575
Seven Generations Energy Ltd.	CAD	25,276	733,882	561,380
Suncor Energy Inc.	CAD	19,000	808,900	719,910
Tidewater Midstream and Infrastructure Ltd.	CAD	428,400	661,278	561,204
TransCanada Corporation*	CAD	87,500	5,128,217	5,409,250
Trican Well Service Ltd.	CAD	62,700	279,691	227,601
Veresen Inc.	CAD	6,300	88,630	115,542
Vermilion Energy Inc.*	CAD	22,300	934,878	917,422
			13,848,601	13,218,242
Financials				
			7.2%	
Bank of Montreal	CAD	23,800	2,297,649	2,266,236
The Bank of Nova Scotia	CAD	8,600	673,059	670,886
Burford Capital Limited	GBP	90,000	852,006	1,369,624
CI Financial Corp.	CAD	15,400	449,094	425,656
ECN Capital Corp.	CAD	83,900	257,777	335,600
The Hartford Financial Services Group, Inc.	USD	12,600	832,051	858,977
Invesco Ltd.	USD	13,119	555,113	598,678
JPMorgan Chase & Co.	USD	1,100	123,632	130,380
Legg Mason, Inc.	USD	5,300	259,143	262,275
National Bank of Canada	CAD	100	5,481	5,453
Onex Corporation	CAD	11,600	1,033,152	1,204,196
Prosperity Bancshares, Inc.	USD	4,500	420,013	374,879
Royal Bank of Canada	CAD	13,500	1,260,682	1,271,160
Thomson Reuters Corporation	CAD	7,500	452,394	450,300
			9,471,246	10,224,300
Health Care				
			1.5%	
Allergan plc*	USD	800	260,610	252,191
Bristol-Myers Squibb Company	USD	1,000	74,862	72,258
Canopy Growth Corporation*	CAD	6,500	65,096	51,805
Helius Medical Technologies, Inc.	CAD	27,200	52,095	54,672
Humana Inc.	USD	200	59,701	62,407
Knight Therapeutics Inc.	CAD	50,700	425,074	521,703
Zoetis Inc.	USD	14,302	811,863	1,156,951
			1,749,301	2,171,987
Industrials				
			13.5%	
Ag Growth International Inc.	CAD	35,800	1,775,172	2,066,376
Armstrong Flooring, Inc.	USD	39,040	783,271	909,768
CAE Inc.	CAD	34,400	553,613	769,184
Canadian National Railway Company	CAD	2,100	207,860	220,962
Canadian Pacific Railway Limited	CAD	7,900	1,571,552	1,648,335
Cargojet Inc.*	CAD	6,800	286,917	323,068
CSX Corporation	USD	5,300	334,155	374,993
Deere & Company	USD	2,300	315,291	368,624
DIRTT Environmental Solutions Ltd.*	CAD	104,400	307,376	715,140
Exchange Income Corporation*	CAD	48,700	2,088,537	1,610,022
General Dynamics Corporation	USD	200	54,212	51,379

EXEMPLAR CANADIAN FOCUS PORTFOLIO

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Equity Positions - Long		79.4%	Average Cost	Fair Value
Security Name	Currency	Quantity	\$	\$
Industrials (Continued)				
Honeywell International Inc.	USD	5,100	631,659	881,537
Huntington Ingalls Industries, Inc.	USD	1,300	353,200	313,836
Morneau Shepell Inc.	CAD	29,500	513,256	614,780
New Flyer Industries Inc.	CAD	47,400	1,820,660	2,570,976
Northrop Grumman Corporation	USD	2,800	857,489	932,124
Raytheon Company	USD	3,900	711,934	816,688
Savaria Corporation	CAD	20,800	229,688	331,552
Stanley Black & Decker, Inc.	USD	200	31,396	36,500
Tetra Tech, Inc.	USD	1,306	71,046	77,483
Textron Inc.	USD	1,800	115,436	109,943
Toromont Industries Ltd.	CAD	6,500	207,653	310,310
United Rentals, Inc.	USD	1,300	210,990	190,011
Univar Inc.*	USD	12,400	461,228	469,545
Waste Connections, Inc.	USD	9,000	516,946	751,859
Waste Connections, Inc.	CAD	850	60,280	71,001
WSP Global Inc.*	CAD	30,500	1,090,916	1,641,205
			16,161,733	19,177,201
Information Technology				
			9.6%	
AcuityAds Holding Inc.	CAD	51,500	223,026	211,150
Adobe Systems Incorporated	USD	200	38,232	36,684
Alphabet Inc., Class A	USD	600	590,924	723,365
Avigilon Corporation*	CAD	26,800	429,392	385,652
BlackBerry Limited	CAD	4,400	65,890	57,024
Blackhawk Network Holdings, Inc.	USD	1,100	59,196	62,195
Broadcom Limited	USD	4,600	1,015,612	1,390,209
CGI Group Inc., Class A	CAD	10,100	368,807	669,226
Computer Modelling Group Ltd.	CAD	17,600	187,886	179,168
Constellation Software Inc.	CAD	700	377,418	474,887
The Descartes Systems Group Inc.	CAD	80,600	510,449	2,542,930
Facebook, Inc.	USD	1,200	225,802	234,949
Kinaxis Inc.	CAD	22,500	507,006	1,816,650
Micron Technology, Inc.	USD	16,800	506,551	650,537
Open Text Corporation	CAD	32,900	1,338,946	1,346,597
Oracle Corporation	USD	3,400	226,855	221,073
PayPal Holdings, Inc.	USD	3,700	180,128	257,517
Shopify Inc.	USD	11,000	948,544	1,239,611
Square, Inc.*	USD	2,700	78,132	82,142
Telit Communications PLC	GBP	50,000	268,539	263,487
The Trade Desk, Inc.	USD	100	6,693	6,498
Visa Inc.	USD	6,400	632,310	778,329
			8,786,338	13,629,880
Materials				
			11.2%	
Albemarle Corporation	USD	6,100	739,978	834,872
Belo Sun Mining Corp.	CAD	33,500	27,443	20,100
CCL Industries Inc., Class B	CAD	107,500	2,652,699	7,053,075
Detour Gold Corporation*	CAD	11,500	222,812	174,570
Integra Gold Corp.	CAD	152,000	112,409	142,880

EXEMPLAR CANADIAN FOCUS PORTFOLIO

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Equity Positions - Long		79.4%		
Security Name	Currency	Quantity	Average Cost \$	Fair Value \$
Materials (Continued)				
Klondex Mines Ltd.*	CAD	29,600	187,545	129,352
Lithium Americas Corp.*	CAD	182,500	140,136	158,775
Lithium X Energy Corp.*	CAD	425,300	804,344	829,335
LSC Lithium Corporation	CAD	881,200	1,145,560	1,092,688
Lucara Diamond Corp.	CAD	97,100	304,078	267,996
Martin Marietta Materials, Inc.	USD	100	28,019	28,864
Newcastle Gold Ltd.	CAD	194,100	201,577	174,690
Newmont Mining Corporation	USD	31,800	1,679,706	1,335,707
Osisko Gold Royalties Ltd*	CAD	55,100	844,448	873,335
Potash Corporation of Saskatchewan Inc.	CAD	30,000	741,651	634,500
Sandstorm Gold Ltd.*	CAD	285,300	1,471,904	1,429,353
Sociedad Quimica y Minera de Chile S.A., ADR*	USD	14,900	422,518	638,023
			<u>11,726,827</u>	<u>15,818,115</u>
Real Estate				
				2.1%
Dream Industrial Real Estate Investment Trust	CAD	88,300	740,849	768,210
Pure Multi-Family REIT LP, Class A	CAD	58,700	517,903	510,690
StorageVault Canada Inc.*	CAD	468,900	600,694	1,237,896
Tricon Capital Group Inc.	CAD	39,400	382,442	457,828
			<u>2,241,888</u>	<u>2,974,624</u>
Telecommunication Services				
				0.9%
BCE Inc.	CAD	19,800	1,147,091	1,156,320
Sprint Corporation	USD	2,200	23,689	23,423
T-Mobile US, Inc.	USD	600	48,278	47,167
			<u>1,219,058</u>	<u>1,226,910</u>
Utilities				
				4.7%
Brookfield Infrastructure Partners L.P.	CAD	33,100	1,437,105	1,755,624
Brookfield Infrastructure Partners L.P.	USD	56,100	2,346,004	2,976,222
Northland Power Inc.*	CAD	73,000	1,744,336	1,686,300
TransAlta Corporation	CAD	32,900	208,608	272,741
			<u>5,736,053</u>	<u>6,690,887</u>
			<u>91,333,006</u>	<u>112,504,849</u>
Equity Positions - Short		(0.3%)		
Security Name	Currency	Quantity	Proceeds \$	Fair Value \$
Consumer Discretionary				
				(0.1%)
Gildan Activewear Inc.	CAD	(3,700)	(121,686)	(147,445)
Under Armour, Inc.	USD	(800)	(20,163)	(20,915)
			<u>(141,849)</u>	<u>(168,360)</u>
Consumer Staples				
				(0.0%)
Saputo Inc.	CAD	(600)	(25,941)	(24,750)
Energy				
				(0.0%)
Birchcliff Energy Ltd.	CAD	(2,100)	(11,840)	(12,831)

EXEMPLAR CANADIAN FOCUS PORTFOLIO

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Equity Positions - Short		(0.3%)			
Security Name	Currency	Quantity	Proceeds	Fair Value	
			\$	\$	
Financials		(0.0%)			
Canadian Imperial Bank of Commerce	CAD	(300)	(32,579)	(31,617)	
Element Fleet Management Corp.	CAD	(1,300)	(12,629)	(11,570)	
			(45,208)	(43,187)	
Health Care		(0.0%)			
Medical Facilities Corporation	CAD	(300)	(4,627)	(4,392)	
Industrials		(0.1%)			
Avis Budget Group, Inc.	USD	(200)	(7,196)	(7,073)	
Heroux-Devtek Inc.	CAD	(2,300)	(28,909)	(33,649)	
HNZ Group Inc.	CAD	(3,300)	(43,628)	(46,233)	
			(79,733)	(86,955)	
Utilities		(0.1%)			
Hydro One Limited	CAD	(2,200)	(50,915)	(51,106)	
			(360,113)	(391,581)	

Funds - Long		12.4%			
Security Name	Currency	Quantity	Average Cost	Fair Value	
			\$	\$	
A&W Revenue Royalties Income Fund, Restricted	CAD	15,000	588,750	517,226	
A&W Revenue Royalties Income Fund	CAD	18,600	629,169	642,630	
Boyd Group Income Fund	CAD	118,083	2,195,675	11,353,680	
Global X Uranium ETF	USD	25,180	544,608	430,372	
Industrial Select Sector SPDR ETF*	USD	1,800	148,025	158,985	
iShares S&P/TSX Capped Energy ETF*	CAD	126,500	1,607,331	1,383,910	
iShares S&P/TSX Global Gold Index ETF	CAD	84,200	1,196,816	1,023,872	
PowerShares DB US Dollar Index	USD	3,000	102,896	96,287	
PureFunds ISE Cyber Security ETF	USD	300	12,252	11,679	
SPDR Dow Jones Global Real Estate ETF	USD	8,300	524,581	513,308	
SPDR Gold Shares*	USD	5,000	757,201	765,242	
SPDR S&P Homebuilders ETF	USD	700	35,064	34,976	
Technology Select Sector SPDR*	USD	2,200	164,794	156,114	
Vanguard FTSE Europe ETF	USD	6,400	444,140	457,636	
			8,951,302	17,545,917	

Funds - Short		(0.0%)			
Security Name	Currency	Quantity	Average Cost	Fair Value	
			\$	\$	
iShares S&P/TSX 60 Index ETF	CAD	(400)	(9,188)	(8,972)	
SPDR S&P Retail ETF	USD	(900)	(49,357)	(47,525)	
			(58,545)	(56,497)	

EXEMPLAR CANADIAN FOCUS PORTFOLIO

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Warrant Positions - Long		0.0%			Average Cost	Fair Value
Security Name	Currency	Strike Price	Maturity Date	Quantity	\$	\$
Patient Home Monitoring Corp., Restricted	CAD	1.80	05-04-18	135,000	270	-

Investment Portfolio Summary		Average Cost/(Proceeds)	Fair Value
	%	\$	\$
Equity Positions - Long	79.4	91,333,006	112,504,849
Equity Positions - Short	(0.3)	(360,113)	(391,581)
Funds - Long	12.4	8,951,302	17,545,917
Funds - Short	(0.0)	(58,545)	(56,497)
Warrant Positions - Long	-	270	-
Total Investments	91.5	99,865,920	129,602,688
Total Other Net Assets	8.5	-	12,104,651
Total Net Assets	100.0	99,865,920	141,707,339

* Denotes all or part of securities on loan

EXEMPLAR CANADIAN FOCUS PORTFOLIO

NOTES TO FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

The investment objective of the Exemplar Canadian Focus Portfolio (the “Portfolio”) is to achieve superior capital appreciation over both short and long term horizons primarily through the selection and management of a concentrated group of long and short positions in Canadian equity securities and equity derivative securities.

RISK MANAGEMENT

The Portfolio’s overall risk management program seeks to maximize the returns derived for the level of risk to which the Portfolio is exposed and seeks to minimize potential adverse effects on the Portfolio’s financial performance. All investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions. The maximum loss on equities and debt sold short can be unlimited and the maximum loss on forward currency contracts is the notional contract value of those positions.

The management of these risks is carried out by the Manager in accordance with Portfolio’s prospectus.

The Portfolio’s use of leverage and borrowings can increase the Portfolio’s exposure to these risks, which in turn can also increase the potential returns the Portfolio can achieve. The Manager manages these exposures on a daily basis in accordance with investment restrictions that have been established by the Portfolio to manage the overall potential exposure. The Portfolio will generally not use leverage in excess of 20% of its Net Asset Value.

A general discussion of risks associated with financial instruments for the Exemplar Portfolios is contained in Note 5: FINANCIAL INSTRUMENTS – RISK MANAGEMENT.

Credit Risk

As at June 30, 2017 and December 31, 2016 the Portfolio had no investments in debt instruments and therefore was not subject to related credit risk.

The Portfolio is exposed to counterparty credit risk on cash, margin on deposit, receivable for securities sold and other receivable balances. The Portfolio’s brokerage agreements require cash collateral up to 150% of the fair value of securities sold short. The Portfolio’s brokerage services are provided by BMO Nesbitt Burns which has a credit rating of Aa3 (December 31, 2016: Aa3) as rated by Moody’s bond rating services. Cash collateral has been provided to BMO Nesbitt Burns in accordance with terms of derivative transaction agreements and is presented as “Margin deposits” in the Statement of Financial Position.

The Portfolio may participate in securities lending up to a maximum of 50% of the aggregate net asset value of the Portfolio, excluding the collateral held in respect to such loans, and is exposed to counterparty risk on all such loans, if any. The credit risk related to the securities lending program is limited as the Portfolio holds a minimum collateral equal to 102% of the fair value of the loaned securities. The collateral and loaned securities are marked to market on each valuation date. All counterparties have a credit rating equivalent to a Moody’s credit rating of not less than Baa3.

There are risks involved in dealing with custodians or brokers who settle trades with regard to the segregation of assets. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Portfolio. Therefore, the Portfolio should not be exposed to credit risk with respect to such parties. However, it may not always be possible to achieve this segregation, so the portfolio of the Portfolio may experience increased exposure to credit risk associated with the applicable custodians or brokers. The Portfolio’s custodial services are provided by CIBC Mellon Trust Company which has a credit rating as rated by Moody’s bond rating services of A1 (December 31, 2016: A1).

The Portfolio is also exposed to credit risk on cash deposits held at TD Canada Trust which has a credit rating as rated by Moody’s bond rating services of Aa2 (December 31, 2016: Aa1).

Liquidity Risk

All of the Portfolio’s liabilities are typically due in less than 3 months except for performance fees which are accrued daily and payable annually on December 31. Redeemable shares are redeemable on demand at the holder’s option. However, holders of these instruments typically retain them for a longer period.

EXEMPLAR CANADIAN FOCUS PORTFOLIO

NOTES TO FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

Market Risk

The following include sensitivity analyses that show how the net assets attributable to holders of redeemable shares would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

(a) Currency Risk

The tables below indicate the Portfolio's exposure to foreign currencies as at June 30, 2017 and December 31, 2016 in Canadian dollar terms. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable shares if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant. Non-monetary is comprised of equity positions, funds, and warrants. Monetary includes cash and other current receivables and payables.

June 30, 2017	Exposure			Impact on net assets attributable to holders of redeemable shares		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	8,767,729	34,210,334	42,978,063	876,773	3,421,033	4,297,806
United States Dollar - Short	(58,852)	(75,513)	(134,365)	(5,885)	(7,551)	(13,436)
Great Britian Pound - Long	10,963	1,633,111	1,644,074	1,096	163,311	164,407
Total	8,719,840	35,767,932	44,487,772	871,984	3,576,793	4,448,777
% of net assets attributable to holders of redeemable shares	6.2%	25.2%	31.4%	0.6%	2.5%	3.1%

December 31, 2016	Exposure			Impact on net assets attributable to holders of redeemable shares		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	3,822,529	26,820,594	30,643,123	382,253	2,682,059	3,064,312
United States Dollar - Short	(449,788)	(38,299)	(488,087)	(44,979)	(3,830)	(48,809)
Great Britian Pound - Long	-	852,575	852,575	-	85,258	85,258
Great Britian Pound - Short	(91,237)	-	(91,237)	(9,124)	-	(9,124)
Total	3,281,504	27,634,870	30,916,374	328,150	2,763,487	3,091,637
% of net assets attributable to holders of redeemable shares	2.0%	16.5%	18.5%	0.2%	1.7%	1.9%

(b) Interest Rate Risk

As at June 30, 2017 and December 31, 2016, the Portfolio did not hold any interest-bearing securities, and therefore was not subject to significant interest rate risk.

(c) Price Risk

The Portfolio's policy is to manage price risk through diversification and selection of investments within specified limits established by the investment restrictions within the Portfolio's prospectus, as summarized below.

The Portfolio invests predominantly in large and mid capitalization companies. The Portfolio may also invest in bonds and other debt instruments if warranted by financial conditions. The Portfolio does not specialize in any one industry other than to concentrate investments in those industries that offer the best opportunities for exceptional returns at each stage of the economic and market cycle. The Portfolio may also invest in options, including put options or call options either in respect of a specific security or in respect of a stock exchange index as a means to reduce volatility.

EXEMPLAR CANADIAN FOCUS PORTFOLIO

NOTES TO FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

The Portfolio may engage in short selling of securities which the Manager believes are overvalued, especially securities of issuers with deteriorating fundamentals and weak balance sheets. Short positions of index securities such as exchange traded funds may also be employed for capital preservation and hedging purposes. Short selling positions will not in total exceed 40% of the Net Asset Value of the Portfolio.

The Portfolio holds cash and invests in short term securities for the purpose of preserving capital and/or maintaining liquidity, based upon the Manager's ongoing evaluation of current and anticipated economic and market conditions. The Portfolio may also invest in foreign securities of the same type and characteristics as described above.

The Portfolio may use derivatives for hedging and non-hedging purposes as permitted by applicable securities laws. The Portfolio may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income or as a short-term cash management tool.

The impact on net assets of the Portfolio due to a 5% change in market prices of equity securities, funds, and warrants with all other variables held constant, is presented in the following table.

	Impact on net assets attributable to holders of redeemable shares	
	June 30, 2017	December 31, 2016
	\$	\$
5% Increase	6,480,134	6,315,784
5% Decrease	(6,480,134)	(6,315,784)

The Portfolio engages in short selling activities, wherein it borrows securities and sells them to third parties. Until the Portfolio covers its short sales, it is exposed to market risk to the extent that subsequent market fluctuations may require purchasing securities sold short at prices which may be significantly higher than the fair value reflected on the financial statements.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type.

The following is a summary of the Portfolio's concentration risk as a percentage of net assets attributable to holders of redeemable shares:

Market Segment	% of net assets attributable to holders of redeemable shares			
	June 30, 2017		December 31, 2016	
	Long	Short	Long	Short
	%	%	%	%
Consumer Discretionary	11.5	(0.1)	7.8	(0.1)
Consumer Staples	7.8	(0.0)	6.7	-
Energy	9.3	(0.0)	9.4	-
Financials	7.2	(0.0)	3.7	(0.1)
Funds	12.4	(0.0)	12.1	(0.0)
Health Care	1.5	(0.0)	1.3	(0.0)
Industrials	13.5	(0.1)	10.7	(0.0)
Information Technology	9.6	-	6.7	-
Materials	11.2	-	11.9	-
Real Estate	2.1	-	1.0	(0.1)
Telecommunication Services	0.9	-	0.6	-
Utilities	4.8	(0.1)	3.9	-
	91.8	(0.3)	75.8	(0.3)

EXEMPLAR CANADIAN FOCUS PORTFOLIO

NOTES TO FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

FAIR VALUE MEASUREMENT

A general discussion of fair value measurement for the Exemplar Portfolios appears as Note 6: FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT.

The following table illustrates the classification of the Portfolio's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2017 and December 31, 2016.

June 30, 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Equities	112,504,849	-	-	112,504,849
Funds	17,028,691	517,226	-	17,545,917
	129,533,540	517,226	-	130,050,766
Financial liabilities				
Equities sold short	(391,581)	-	-	(391,581)
Funds	(56,497)	-	-	(56,497)
	(448,078)	-	-	(448,078)
Total	129,085,462	517,226	-	129,602,688

December 31, 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Equities	106,616,368	-	-	106,616,368
Funds	20,186,338	-	-	20,186,338
	126,802,706	-	-	126,802,706
Financial liabilities				
Equities sold short	(431,123)	-	-	(431,123)
Funds	(55,897)	-	-	(55,897)
	(487,020)	-	-	(487,020)
Total	126,315,686	-	-	126,315,686

All fair value measurements above are recurring. The carrying values of all of the Portfolio's financial instruments not carried at FVTPL approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it would be classified as Level 3.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Portfolio, including Level 3 measurements, if any. The Manager obtains pricing from a third party pricing vendor which is monitored and reviewed daily by the Manager.

As at June 30, 2017, the Portfolio did not hold any Level 3 financial instruments. There were no transfers between Levels 1, 2, and 3 during the periods ending June 30, 2017 and 2016.

a) Equities and equities sold short

The Portfolio's equity positions are classified as Level 1 as the securities are actively traded on a recognized exchange and a quoted price is available.

EXEMPLAR CANADIAN FOCUS PORTFOLIO

NOTES TO FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

b) Funds and funds sold short

Most of the Portfolio's investments in Funds are classified as Level 1 as the securities are actively traded on a recognized exchange and a quoted price is available. Funds which have resale restrictions but otherwise trade on the market are classified as Level 2.

c) Warrants

Warrants are valued using models and valuation techniques commonly used in the industry, including inputs such as underlying stock price, restrictions on exercise and days to expiry. When the inputs that are significant to valuation are generally observable, the warrant is classified as Level 2.

Financial Instruments by Category

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the periods ended June 30, 2017 and 2016.

	Net realized gains / (losses)	Net change in unrealized gains / (losses)	Interest income	Dividend income	Dividend expense	Securities Lending Income	Total
June 30, 2017	\$	\$	\$	\$	\$	\$	\$
Financial asset at FVTPL:							
Designated as FVTPL	1,144,129	3,624,952	-	1,219,936	-	68,629	6,057,646
Financial liabilities at FVTPL:							
HFT	18,992	(12,097)	-	-	(9,536)	-	(2,641)
Total	1,163,121	3,612,855	-	1,219,936	(9,536)	68,629	6,055,005

	Net realized gains / (losses)	Net change in unrealized gains / (losses)	Interest income	Dividend income	Dividend expense	Total
June 30, 2016	\$	\$	\$	\$	\$	\$
Financial asset at FVTPL:						
Designated as FVTPL	2,594,805	(3,571,463)	19,584	559,635	-	(397,439)
Financial liabilities at FVTPL:						
HFT	115,730	(192,736)	-	-	(22,027)	(99,033)
Total	2,710,535	(3,764,199)	19,584	559,635	(22,027)	(496,472)

EXEMPLAR DIVERSIFIED PORTFOLIO

Statements of Financial Position (Unaudited)

	As at June 30, 2017	As at December 31, 2016
ASSETS		
Current assets		
Financial assets held for trading		
Unrealized gain on futures - long	\$514,871	\$851,791
Unrealized gain on futures - short	429,958	283,111
Options at fair value - long	93,253	59,022
Cash	24,364,327	29,655,128
Margin deposits	12,053,630	12,214,963
Due from manager (Note 11)	-	53
Receivable for redeemable shares issued	396,810	215,124
	37,852,849	43,279,192
LIABILITIES		
Current liabilities		
Financial liabilities held for trading		
Unrealized loss on futures - long	580,316	129,660
Unrealized loss on futures - short	417,273	579,919
Margin loan	1,568,059	504,275
Payable for redeemable shares redeemed	9,493	109,572
Other liabilities (Note 11)	50,320	57,341
	2,625,461	1,380,767
Net assets attributable to holders of redeemable shares	\$35,227,388	\$41,898,425
Net assets attributable to holders of redeemable shares		
Series A	\$2,600,641	\$3,856,141
Series F	\$14,369,143	\$16,726,096
Series I	\$2,883,371	\$7,534,586
Series L	\$1,001,550	\$1,117,423
Series R	\$14,372,683	\$12,664,179
Number of redeemable shares outstanding (Note 10)		
Series A	278,319	360,986
Series F	1,429,908	1,463,507
Series I	310,451	718,833
Series L	124,203	121,072
Series R	2,065,711	1,602,562
Net assets attributable to holders of redeemable shares per share		
Series A	\$9.34	\$10.68
Series F	\$10.05	\$11.43
Series I	\$9.29	\$10.48
Series L	\$8.06	\$9.23
Series R	\$6.96	\$7.90

Approved on behalf of the Board of Directors of Arrow Capital Management Inc., the Manager of the Portfolio:

“James L. McGovern”

“Robert W. Maxwell”

James L. McGovern, Director

Robert W. Maxwell, Director

The accompanying notes are an integral part of these financial statements.

EXEMPLAR DIVERSIFIED PORTFOLIO

Statements of Comprehensive Income (Unaudited)
For the periods ended June 30,

	2017 \$	2016 \$
INCOME		
Net gains (losses) on investments and derivatives		
Net realized gain (loss) on futures	(3,218,537)	(2,836,064)
Net change in unrealized appreciation (depreciation) in value of futures	(478,081)	2,507,833
Net realized gain (loss) on investments and derivatives	(580,055)	(595,457)
Net change in unrealized appreciation (depreciation) in value of investments and derivatives	33,486	411,502
Net gains (losses) on investments and derivatives	(4,243,187)	(512,186)
Other income items:		
Interest on cash	63,263	70,953
Foreign exchange gain (loss)	(6,114)	534,527
Net change in unrealized foreign exchange gain (loss)	9,471	(471,452)
Total income (net)	(4,176,567)	(378,158)
EXPENSES		
Management fees <i>(Note 11)</i>	178,401	255,584
Performance fees <i>(Note 11)</i>	-	49,952
Securityholder reporting fees	85,329	83,594
Independent Review Committee fees	2,715	2,300
Audit fees	9,921	12,863
Legal fees	9,664	37,425
Commissions and other portfolio transaction costs <i>(Note 11)</i>	209,513	262,159
Harmonized sales tax	33,734	54,473
Total expenses before manager absorption	529,277	758,350
Less: expenses absorbed by manager <i>(Note 11)</i>	(8,852)	-
Total expenses	520,425	758,350
Increase (decrease) in net assets attributable to holders of redeemable shares	(4,696,992)	(1,136,508)
Increase (decrease) in net assets attributable to holders of redeemable shares <i>(Note 13)</i>		
Series A	(394,825)	(133,929)
Series F	(1,997,103)	(623,746)
Series I	(453,205)	(126,173)
Series L	(148,718)	(45,379)
Series R	(1,703,141)	(207,281)
Increase (decrease) in net assets attributable to holders of redeemable shares per share <i>(Note 13)</i>		
Series A	(1.32)	(0.33)
Series F	(1.38)	(0.37)
Series I	(1.25)	(0.18)
Series L	(1.16)	(0.34)
Series R	(0.95)	(0.15)

The accompanying notes are an integral part of these financial statements.

EXEMPLAR DIVERSIFIED PORTFOLIO

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares (Unaudited) For the periods ended June 30,

		2017	2016
		\$	\$
Net assets attributable to holders of redeemable shares at beginning of period	Series A	3,856,141	5,654,764
	Series F	16,726,096	22,455,614
	Series I	7,534,586	9,190,252
	Series L	1,117,423	1,574,529
	Series R	12,664,179	13,224,136
			41,898,425
Increase (decrease) in net assets attributable to holders of redeemable shares	Series A	(394,825)	(133,929)
	Series F	(1,997,103)	(623,746)
	Series I	(453,205)	(126,173)
	Series L	(148,718)	(45,379)
	Series R	(1,703,141)	(207,281)
			(4,696,992)
Redeemable share transactions			
Proceeds from redeemable shares issued			
	Series A	60,200	356,664
	Series F	1,446,158	5,211,405
	Series I	246,075	246,307
	Series L	178,490	154,085
	Series R	3,989,151	6,032,561
Redemption of redeemable shares			
	Series A	(920,875)	(639,566)
	Series F	(1,806,008)	(1,711,836)
	Series I	(4,444,085)	(510,915)
	Series L	(145,645)	(122,956)
	Series R	(577,506)	(3,726,929)
Net increase (decrease) from redeemable share transactions			
		(1,974,045)	5,288,820
Net increase (decrease) in net assets attributable to holders of redeemable shares			
		(6,671,037)	4,152,312
Net assets attributable to holders of redeemable shares at end of period	Series A	2,600,641	5,237,933
	Series F	14,369,143	25,331,437
	Series I	2,883,371	8,799,471
	Series L	1,001,550	1,560,279
	Series R	14,372,683	15,322,487
			35,227,388

The accompanying notes are an integral part of these financial statements.

EXEMPLAR DIVERSIFIED PORTFOLIO

Statements of Cash Flows (Unaudited) For the periods ended June 30,

	2017 \$	2016 \$
		(Note 3)
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable shares	(4,696,992)	(1,136,508)
Adjustment for:		
Net change in unrealized foreign exchange (gain) loss on cash	34,701	7,573
Net realized loss (gain) on investments and derivatives	580,055	595,457
Net change in unrealized depreciation (appreciation) in value of investments and derivatives	(33,486)	(411,502)
Net change in unrealized depreciation (appreciation) in value of futures	478,081	(2,507,833)
Purchase of investments and derivatives	(580,785)	(4,053,547)
Proceeds from sale of investments and derivatives	(14)	3,939,879
(Increase) decrease in margin deposits	161,333	10,324,353
(Increase) decrease in due from manager	53	75,649
(Decrease) increase in other liabilities	(7,021)	77,437
Net cash from (used in) operating activities	(4,064,075)	6,910,958
Cash flows from (used in) financing activities		
Proceeds from redeemable shares issued	5,623,018	11,820,260
Redemption of redeemable shares	(7,878,827)	(6,582,177)
Increase (decrease) in margin loan	1,063,784	-
Net cash from (used in) financing activities	(1,192,025)	5,238,083
Net Increase (decrease) in cash	(5,256,100)	12,149,041
Cash at beginning of the period	29,655,128	23,670,352
Net change in unrealized foreign exchange gain (loss) on cash	(34,701)	(7,573)
Cash at end of the period	24,364,327	35,811,820
Supplemental information:		
Interest received*	63,263	70,953

*Included as part of cash flows from operating activities

The accompanying notes are an integral part of these financial statements.

EXEMPLAR DIVERSIFIED PORTFOLIO

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Futures Contracts - Long Security Name	Currency	(0.2%) Contracts	Contract Size	Expiry Date	Notional Value	Unrealized Gain / Loss \$
Bond Futures		(0.7%)				
AUSTRALIAN 10YR BOND FUT (SFE)	AUD	49	1,000	09-15-17	6,333,728	(100,324)
CANADA 10YR BOND FUTURE (MSE)	CAD	15	1,000	09-20-17	2,108,250	(52,440)
LONG GILT FUTURE (ICF)	GBP	9	1,000	09-27-17	1,130,130	(42,867)
US 10 YR TREAS NTS FUTURE (CBT)	USD	11	1,000	09-20-17	1,380,844	(13,738)
US 5YR TREAS NTS FUTURE (CBT)	USD	49	1,000	09-29-17	5,773,961	(28,712)
US TREAS BD FUTURE (CBT)	USD	4	1,000	09-20-17	614,750	(4,215)
						<u>(242,296)</u>
Commodity Futures		0.2%				
CANOLA FUTURE (WCE)	CAD	38	20	11-14-17	378,480	8,758
COFF ROBUSTA 10TN FUTURE (ICE)	USD	24	10	09-29-17	515,760	13,616
COPPER FUTURE (CMX)	USD	7	250	09-27-17	474,425	1,734
GOLD 100 OZ FUTURE (CMX)	USD	2	100	08-29-17	248,460	(13,642)
LEAN HOGS FUTURE (CME)	USD	46	400	08-14-17	1,541,000	87,197
LIVE CATTLE FUTURE (CME)	USD	2	400	08-31-17	93,040	(1,491)
NATURAL GAS SPRD J8-V8	USD	7	10,000	03-27-18	200,060	(1,725)
PALLADIUM FUTURE (NYM)	USD	24	100	09-27-17	2,007,960	(56,521)
WHEAT FUTURE (CBT)	USD	13	50	09-14-17	341,900	41,222
ZINC FUTURE (LME)	USD	2	25	09-18-17	137,975	(32)
						<u>79,116</u>
Currency Futures		0.8%				
AUSTRALIAN DOLLAR CCY FUT (CME)	USD	60	1,000	09-18-17	4,605,000	45,570
BRAZIL REAL FUTURE (CME)	USD	4	1,000	07-31-17	120,220	(674)
BRITISH POUND CURRENCY FUTURE	USD	4	625	09-18-17	326,125	1,426
CANADIAN DOLLAR FUTURES (CME)	USD	64	1,000	09-19-17	4,943,360	129,083
EURO FX CURR FUTURE (CME)	USD	24	125,000	09-18-17	3,440,100	25,960
EURO/CHF FUTURE (CME)	CHF	38	125,000	09-18-17	5,198,400	35,466
EURO/GBP FUTURE (CME)	GBP	38	125,000	09-18-17	4,175,488	(30,788)
EURO/JPY FUTURE (CME)	JPY	29	125,000	09-18-17	466,537,500	124,838
MEXICAN PESO FUTURE (CME)	USD	177	5,000	09-18-17	4,822,365	(37,672)
						<u>293,209</u>
Index Futures		(0.5%)				
DAX INDEX FUTURE (EUX)	EUR	7	25	09-15-17	2,156,000	(108,642)
HANG SENG INDEX FUTURE (HKG)	HKD	24	50	07-28-17	30,702,000	(23,287)
NASDAQ 100 E-MINI IDX FUT (CME)	USD	9	20	09-15-17	1,017,495	(18,564)
NIKKEI 225 INDEX FUTURE (SGX)	JPY	35	500	09-07-17	350,000,000	(12,982)
S & P 500 EMINI IND FUT (CME)	USD	40	50	09-15-17	4,841,800	(24,383)
SPI 200 INDEX FUTURE (SFE)	AUD	2	25	09-21-17	282,450	(3,065)
						<u>(190,923)</u>
Interest Rate Futures		(0.0%)				
3MO EURO EURIBOR FUTURE (ICF)	EUR	9	2,500	09-18-17	2,257,088	(167)
90 DAY AUS BK BILL FUT (SFE)	AUD	18	10,000	09-07-17	17,923,103	(3,363)
90DAY EURODOLLAR FUTURE (CME)	USD	13	2,500	09-18-17	3,205,963	(1,021)
						<u>(4,551)</u>
						<u>(65,445)</u>

EXEMPLAR DIVERSIFIED PORTFOLIO

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Futures Contracts - Short Security Name	Currency	0.0% Contracts	Contract Size	Expiry Date	Notional Value	Unrealized Gain / Loss \$
Bond Futures		0.8%				
EURO-BOBL FUTURE (EUX)	EUR	(173)	1,000	09-07-17	(22,784,100)	194,577
EURO-BUND FUTURE (EUX)	EUR	(55)	1,000	09-07-17	(8,902,850)	84,721
JAPAN 10YR MINI BD FUT (SGX)	JPY	(73)	100,000	09-11-17	(1,096,679,000)	14,470
						<u>293,768</u>
Commodity Futures		(1.0%)				
BRENT CRUDE OIL (ICE)	USD	(27)	1,000	07-31-17	(1,316,790)	(62,830)
COCOA FUTURE (NYB)	USD	(46)	10	09-14-17	(892,400)	(3,553)
COFFEE 'C' FUTURE (NYB)	USD	(27)	375	09-19-17	(1,272,713)	1,605
CORN FUTURE (CBT)	USD	(68)	50	09-14-17	(1,295,400)	(53,655)
COTTON NO 2 FUTURE (NYB)	USD	(40)	500	12-06-17	(1,371,800)	9,460
CRUDE PALM OIL FUTURE (MDE)	MYR	(4)	25	09-15-17	(245,900)	1,208
GASOLINE RBOB FUTURE (NYM)	USD	(5)	420	07-31-17	(317,877)	(18,949)
LME PRI ALUM FUTURE (LME)	USD	(7)	25	09-18-17	(335,283)	(10,757)
LOW SU GASOIL G FUTURE (ICE)	USD	(22)	100	08-10-17	(959,200)	(6,938)
NATURAL GAS FUTURE (NYM)	USD	(11)	10,000	07-27-17	(333,850)	(13,824)
NICKEL FUTURE (LME)	USD	(2)	6	09-18-17	(111,468)	(4,886)
NY HARB ULSD FUTURE (NYM)	USD	(18)	420	07-31-17	(1,121,224)	(68,894)
PLATINUM FUTURE (NYM)	USD	(27)	50	10-27-17	(1,250,640)	(9,946)
RUBBER FUTURE TCOM (TCM)	JPY	(24)	5,000	11-24-17	(23,952,000)	1,937
SILVER FUTURE (CMX)	USD	(11)	5,000	09-27-17	(914,485)	934
SOYBEAN FUTURE (CBT)	USD	(57)	50	11-14-17	(2,721,038)	(71,632)
SOYBEAN OIL FUTURE (CBT)	USD	(33)	600	12-14-17	(660,132)	(23,195)
SUGAR #11 WORLD FUTURE (NYB)	USD	(141)	1,120	09-29-17	(2,180,875)	(40,334)
WHITE SUGAR FUTURE (ICE)	USD	(73)	50	07-14-17	(1,473,505)	42,373
WTI CRUDE FUTURE (NYM)	USD	(33)	1,000	07-20-17	(1,519,320)	(27,881)
						<u>(359,757)</u>
Currency Futures		0.0%				
JAPANESE YEN CCY FUTURE (CME)	USD	(13)	1,250	09-18-17	(1,447,875)	7,286
Index Futures		0.0%				
S&P/TSE 60 INDEX FUTURE (MSE)	CAD	(4)	200	09-14-17	(711,360)	6,040
Interest Rate Futures		0.2%				
90 DAY BANK ACCEPT FUT (NSE)	CAD	(190)	2,500	09-18-17	(46,930,000)	64,250
90DAY STERLING FUTURE (ICF)	GBP	(82)	1,250	09-20-17	(10,208,488)	1,098
						<u>65,348</u>
						<u>12,685</u>

Option Positions - Long Security Name	Currency	0.3%	Strike Price	Expiry Date	Contracts	Average Cost \$	Fair Value \$
S&P500 EMINI FUT (CME) SEP 17	USD		2,200	09-16-17	153	132,063	93,253

EXEMPLAR DIVERSIFIED PORTFOLIO

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Investment Portfolio Summary	%	Average Cost / (Proceeds) \$	Fair Value \$
Futures Contracts - Long	(0.2)	-	(65,445)
Futures Contracts - Short	0.0	-	12,685
Option Positions - Long	0.3	132,063	93,253
Total Investments	0.1	132,063	40,493
Total Other Net Assets	99.9	-	35,186,895
Total Net Assets	100.0	132,063	35,227,388

EXEMPLAR DIVERSIFIED PORTFOLIO

NOTES TO FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

The investment objective of the Exemplar Diversified Portfolio (the “Portfolio”) is to seek superior long term absolute and risk-adjusted returns with the potential for low correlation to global equity and fixed-income market returns through the selection and management of long and short positions in a globally diversified portfolio of futures, options, forward contracts and other financial derivative instruments on agricultural and soft commodities, metals, energies, currencies, interest rates and equity indices.

RISK MANAGEMENT

The Portfolio's overall risk management program seeks to maximize the returns derived for the level of risk to which the Portfolio is exposed and seeks to minimize potential adverse effects on the Portfolio's financial performance. All investments present a risk of loss of capital. The maximum loss of capital on long equity, options and debt securities is limited to the fair value of those positions. The maximum loss on equities, options and debt sold short can be unlimited and the maximum loss on futures contracts is the notional contract value of those positions.

The management of these risks is carried out by the Manager and Portfolio Sub-Advisor in accordance with the Portfolio's prospectus.

The Portfolio's use of leverage and borrowings can increase the Portfolio's exposure to these risks, which in turn can also increase the potential returns the Portfolio can achieve. The Portfolio Sub-Advisor manages these exposures on a daily basis in accordance with investment restrictions that have been established by the Portfolio to manage the overall potential exposure. Futures and forward contracts and investments to which the Portfolio may have exposure at any time may be substantially larger than the actual amount invested with the result that the Portfolio will be exposed to a form of notional leverage. The notional leverage of the Portfolio, excluding futures on government securities and Euro dollars, is generally between 0% and 300% and can never go above 500%. The notional leverage of the Portfolio, including futures on government securities and Euro dollars, is typically around 300% but from time to time may be as high as 1,000%. No form of cash leverage is permitted and in the case of government securities and Euro dollars, futures positions are restricted to those that are based on investment grade government securities and Euro dollars.

A general discussion of risks associated with financial instruments for the Exemplar Portfolios is contained in Note 5: FINANCIAL INSTRUMENTS – RISK MANAGEMENT.

Credit Risk

As at June 30, 2017 and December 31, 2016, the Portfolio had no investments in debt instruments and therefore was not subject to related credit risk.

The Portfolio is exposed to counterparty credit risk on cash, margin deposits, derivatives, receivable for securities sold and other receivable balances. The Portfolio's brokerage agreements require cash collateral to be maintained in respect of futures transactions entered into. The brokers for the Portfolio are Societe Generale SA, Royal Bank Canada and Bank of Montreal which have credit ratings as obtained from Moody's bond rating services of A1, Aa3 and Aa3, respectively (December 31, 2016: A2, Aa3 and Aa3, respectively). Cash collateral has been provided to Societe Generale SA, Royal Bank Canada and Bank of Montreal in accordance with terms of derivative transaction agreements and is presented as “Margin deposits” in the Statement of Financial Position.

There are risks involved in dealing with custodians or brokers who settle trades with regard to the segregation of assets. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Portfolio. Therefore, the Portfolio should not be exposed to credit risk with respect to such parties. However, it may not always be possible to achieve this segregation, so the investments of the Portfolio may experience increased exposure to credit risk associated with the applicable custodians or brokers.

The Portfolio's custodial services are provided by CIBC Mellon Trust Company which has a credit rating as rated by Moody's bond rating services of A1 (December 31, 2016: A1).

The Portfolio is also exposed to credit risk on cash deposits held at TD Canada Trust which has a credit rating as rated by Moody's bond rating services of Aa2 (December 31, 2016: Aa1).

EXEMPLAR DIVERSIFIED PORTFOLIO

NOTES TO FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

Liquidity Risk

All of the Portfolio's liabilities are typically due in less than 3 months except for performance fees which are accrued daily and payable annually on December 31. Redeemable shares are redeemable on demand at the holder's option. However, holders of these instruments typically retain them for a longer period.

Market Risk

The following include sensitivity analyses that show how the net assets attributable to holders of redeemable shares would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

(a) Currency Risk

The table below indicates the foreign currencies to which the Portfolio had significant exposure at June 30, 2017 and December 31, 2016, in Canadian dollar terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable shares if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant. Monetary items include cash, margin deposits, futures, options, and other current receivables and payables.

June 30, 2017	Exposure			Impact on net assets attributable to holders of redeemable shares		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	377,287	-	377,287	37,729	-	37,729
United States Dollar - Short	(1,620,230)	-	(1,620,230)	(162,023)	-	(162,023)
Australian Dollar - Long	(106,752)	-	(106,752)	(10,675)	-	(10,675)
Australian Dollar - Short	(119,416)	-	(119,416)	(11,942)	-	(11,942)
British Pound - Long	(3,789)	-	(3,789)	(379)	-	(379)
British Pound - Short	(22,357)	-	(22,357)	(2,236)	-	(2,236)
Euro Currency - Long	(108,809)	-	(108,809)	(10,881)	-	(10,881)
Euro Currency - Short	127,224	-	127,224	12,722	-	12,722
Hong Kong Dollar - Long	62,614	-	62,614	6,261	-	6,261
Japanese Yen - Long	136,356	-	136,356	13,636	-	13,636
Japanese Yen - Short	11,578	-	11,578	1,158	-	1,158
Malaysian Ringgit - Long	145,237	-	145,237	14,524	-	14,524
Malaysian Ringgit - Short	1,208	-	1,208	121	-	121
Swiss Franc - Long	36,634	-	36,634	3,663	-	3,663
Swiss Franc - Short	(3,668)	-	(3,668)	(367)	-	(367)
Total	(1,086,883)	-	(1,086,883)	(108,689)	-	(108,689)
% of net assets attributable to holders of redeemable shares	(3.1%)	0.0%	(3.1%)	(0.3%)	0.0%	(0.3%)

EXEMPLAR DIVERSIFIED PORTFOLIO

NOTES TO FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

December 31, 2016	Exposure			Impact on net assets attributable to holders of redeemable shares		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	887,392	-	887,392	88,739	-	88,739
United States Dollar - Short	(398,499)	-	(398,499)	(39,850)	-	(39,850)
Australian Dollar - Long	81,592	-	81,592	8,159	-	8,159
Australian Dollar - Short	(33,492)	-	(33,492)	(3,349)	-	(3,349)
British Pound Sterling - Long	39,860	-	39,860	3,986	-	3,986
British Pound Sterling - Short	(25,963)	-	(25,963)	(2,596)	-	(2,596)
Euro Currency - Long	86,115	-	86,115	8,612	-	8,612
Euro Currency - Short	(169,934)	-	(169,934)	(16,993)	-	(16,993)
Hong Kong Dollar - Long	37,784	-	37,784	3,778	-	3,778
Hong Kong Dollar - Short	(37,945)	-	(37,945)	(3,795)	-	(3,795)
Japanese Yen - Long	226,252	-	226,252	22,625	-	22,625
Japanese Yen - Short	(100,320)	-	(100,320)	(10,032)	-	(10,032)
Malaysian Ringgit - Short	472,664	-	472,664	47,266	-	47,266
Swiss Franc - Long	100	-	100	10	-	10
Swiss Franc - Short	577	-	577	58	-	58
Total	1,066,183	-	1,066,183	106,618	-	106,618
% of net assets attributable to holders of redeemable shares	2.5%	0.0%	2.5%	0.3%	0.0%	0.3%

(b) Interest Rate Risk

As at June 30, 2017 and December 31, 2016 the Portfolio did not hold any interest-bearing securities, and therefore was not subject to significant interest rate risk.

(c) Price Risk

The Portfolio's policy is to manage price risk through diversification and selection of investments within specified limits established by the investment restrictions within the prospectus, as summarized below.

The core investment strategy of the Portfolio is based on a risk budgeting strategy of allocating capital to markets and utilizing that capital based on the amount of risk premium being priced into markets. As a result of this allocation methodology, generally 50% of the portfolio risk budget is allocated to globally-traded industrial and agricultural commodity futures markets, and 50% is allocated to global currency, treasury debt and equity index futures markets.

The Portfolio transacts on highly liquid exchanges globally that may include, but are not limited to, all futures exchanges in the United States and Canada, the London Metals Exchange (LME), Euronext-LIFFE (LIFFE), the Eurex Deutschland (EUREX), the International Petroleum Exchange of London Limited (IPE), the Singapore International Monetary Exchange (SIMEX), the Sydney Futures Exchange Ltd. (SFE) and the Tokyo Commodities Exchange (TCE).

The Portfolio also has the ability to take short positions, in total not exceeding 40% of the Net Asset Value of the Portfolio.

The Portfolio may hold cash or invest in short term securities for the purpose of preserving capital and/or maintaining liquidity, based upon the portfolio manager's ongoing evaluation of current and anticipated economic and market conditions.

As at June 30, 2017 and December 31, 2016, if the Portfolio's relevant benchmark index, Societe Generale Commodity Trading Index (CAD), had increased or decreased by 10%, with all other variables constant, the net assets attributable to holders of redeemable shares of the Portfolio would have increased or decreased by \$4,338,791 (December 31, 2016: \$5,305,755).

EXEMPLAR DIVERSIFIED PORTFOLIO

NOTES TO FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type.

The following is a summary of the Portfolio's concentration risk as a percentage of net assets attributable to holders of redeemable shares:

Market Segment	% of net assets attributable to holders of redeemable shares					
	June 30, 2017			December 31, 2016		
	Long Positions	Short Positions		Long Positions	Short Positions	
	%	%	%	%	%	%
Bond Futures	(0.7)	0.8		0.0	(1.0)	
Interest Rate Futures	-	0.2		0.0	(0.0)	
Index Futures	(0.5)	-		0.4	(0.1)	
Commodity Futures	0.2	(1.0)		1.2	0.2	
Currency Futures	0.8	-		0.1	0.2	
Options	0.3	-		0.1	-	
	0.1	-		1.8	(0.7)	

FAIR VALUE MEASUREMENT

A general discussion of fair value measurement for the Exemplar Portfolios appears as Note 6: FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT.

All fair value measurements are recurring. The carrying values of all of the Portfolio's financial instruments not carried at FVTPL approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it would be classified as Level 3.

The Portfolio Sub-Advisor is responsible for performing the fair value measurements included in the financial statements of the Portfolio, including Level 3 measurements if any. The Portfolio Sub-Advisor obtains pricing from a third party pricing vendor which is monitored and reviewed daily by the Portfolio Sub-Advisor.

As at June 30, 2017 and 2016, all of the Portfolio's financial assets and financial liabilities held for trading were classified as Level 1. There were no transfers between Levels 1, 2 and 3 during the periods ended June 30, 2017 and 2016.

Derivative assets and liabilities consist of options and futures contracts which are exchange traded and therefore classified as Level 1.

Financial Instruments by Category

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the periods ended June 30, 2017 and 2016.

June 30, 2017	Net realized gains / (losses) (\$)	Net change in unrealized gains / (losses) (\$)	Total (\$)
Financial asset at FVTPL:			
HFT Futures	-	(787,574)	(787,574)
HFT Options	-	33,486	33,486
	-	(754,088)	(754,088)
Financial liabilities at FVTPL:			
HFT Futures	(3,218,537)	309,493	(2,909,044)
HFT Options	(580,055)	-	(580,055)
	(3,798,592)	309,493	(3,489,099)
Total	(3,798,592)	(444,595)	(4,243,187)

EXEMPLAR DIVERSIFIED PORTFOLIO

NOTES TO FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

June 30, 2016	Net realized gains / (losses) (\$)	Net change in unrealized gains / (losses) (\$)	Total (\$)
Financial asset at FVTPL:			
HFT Futures	(2,836,064)	2,980,816	144,752
HFT Options	-	411,502	411,502
	<u>(2,836,064)</u>	<u>3,392,318</u>	<u>556,254</u>
Financial liabilities at FVTPL:			
HFT Futures	(595,457)	(472,983)	(1,068,440)
HFT Options	-	-	-
	<u>(595,457)</u>	<u>(472,983)</u>	<u>(1,068,440)</u>
Total	<u>(3,431,521)</u>	<u>2,919,335</u>	<u>(512,186)</u>

EXEMPLAR PORTFOLIOS

GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017

1. THE PORTFOLIOS

Exemplar Portfolios Ltd. (the “Company”) is an open-ended mutual fund corporation incorporated under the Business Corporations Act (Ontario). The Company was incorporated on March 18, 2008.

These financial statements only present the financial information of the Exemplar Canadian Focus Portfolio class (the “Canadian Focus Portfolio”) and the Exemplar Diversified Portfolio class (the “Diversified Portfolio”) (collectively, the “Portfolios”). If the Company cannot satisfy its obligations related to each legally distinct class, it may be required to satisfy such obligations using assets attributable to one or both the Canadian Focus Portfolio and Diversified Portfolio. The Manager believes that the risk of such cross-class liability is remote.

The Manager of the Portfolios is Arrow Capital Management Inc. The address of the Portfolios’ registered office is 36 Toronto Street, Suite 750, Toronto, Ontario, M5C 2C5.

WaveFront Global Asset Management Corp., formerly Integrated Managed Futures Corp. is the portfolio sub-advisor “Portfolio Sub-Advisor” of the Diversified Portfolio.

The financial statements are as at June 30, 2017 and December 31, 2016, and for the periods ended June 30, 2017 and 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

These financial statements were authorized for issue by the Manager on August 29, 2017.

b) Financial Instruments

The Portfolios recognize financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured at fair value through profit and loss (“FVTPL”). Regular way purchases and sales of financial assets are recognized at their trade date. The Portfolios’ long investment positions are designated at FVTPL. The Portfolios’ short investment positions, futures contracts and options, if applicable, are classified as held for trading (“HFT”) and are measured at FVTPL. The Portfolios’ obligation for net assets attributable to holders of redeemable shares is presented at the redemption amount. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract’s effective interest rate. The Portfolios’ accounting policies for measuring the fair value of their investments and derivatives are the same as those used in measuring its net asset value (“NAV”) for transactions with shareholders. There were no differences between the net assets attributable to holders of redeemable shares used for reporting purposes under IFRS and that used for transactions with shareholders as at June 30, 2017 or December 31, 2016.

Realized gains and losses on sale of investments and unrealized appreciation or depreciation in investments are determined on an average cost basis. Realized gains and losses on securities sold short and unrealized appreciation or depreciation on securities sold short are calculated with reference to the average proceeds of the related securities. Average cost does not include amortization of premiums or discounts on fixed income securities.

Interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by a Portfolio accounted for on an accrual basis. The Portfolios do not amortize premiums or discounts received on the purchase of fixed income securities.

Dividend income and expense is recognized in the Statements of Comprehensive Income on the ex-dividend date.

Securities lending income is recognized on an accrual basis.

EXEMPLAR PORTFOLIOS

GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Portfolios enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts.

Securities lending transactions are subject to master netting arrangements and the related offsetting disclosure is presented in Note 8.

c) **Financial Instruments - Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The Portfolios use the last traded market price for securities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The fair value of bonds is determined using mid-market pricing derived from bid and ask prices provided by independent security pricing services or recognized investment dealers. The fair value of futures contracts is based on the settlement price assigned by the exchange. Gains and losses arising from changes in the fair value of financial assets or liabilities are presented in the Statements of Comprehensive Income. The Portfolios' policy is to recognize transfers into and out of the fair value hierarchy levels at the beginning of each period.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Portfolios may use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same and other commonly used methods by market participants which make the maximum use of observable inputs.

d) **Impairment of Financial Assets**

At each reporting date, each Portfolio assesses whether there is objective evidence that a financial asset at amortized cost is impaired. If such evidence exists, the Portfolio recognizes an impairment loss as the difference between the amortized cost of the financial asset and the present value of future cash flows discounted using the asset's original effective interest rate. Impairment losses on financial assets at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

e) **Foreign Currency Translation**

The Portfolios' functional and presentation currency is the Canadian dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Foreign currency assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the measurement date. Foreign exchange gains and losses relating to cash are presented as 'Foreign exchange gain (loss)' and those relating to other investments and derivatives are presented within 'Net realized gain (loss) on investments and derivatives' and 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income.

f) **Cash**

Cash is comprised of deposits with financial institutions.

g) **Margin Deposits**

Cash collateral provided by each Portfolio to brokers for securities sold short and counterparties to derivative transactions is identified in that Portfolio's Statement of Financial Position as 'Margin deposits'.

EXEMPLAR PORTFOLIOS

GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017

h) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. When a Portfolio purchases an option, an amount equal to fair value which is based on the premium paid is recorded as an asset. When a Portfolio writes an option, an amount equal to fair value which is based on the premium received by the Portfolio is recorded as a liability. Options held by a Portfolio are exchange-traded. Subsequent to initial recognition, changes in fair value, the difference between the premium paid or received, and fair value, are presented in 'Change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income. When options are closed, the difference between the premium and the amount paid or received, net of brokerage commissions, or the full amount of the premium if the option expires worthless, is recognized as a gain or loss and is presented in the Statements of Comprehensive Income within 'Net realized gain (loss) on investments and derivatives'.

i) Forward Currency Contracts

Each Portfolio may enter into forward currency contracts for purposes of minimizing currency exposure or to establish an exposure to a particular currency. The value of forward currency contracts entered into by a Portfolio is recorded as the difference between the contract rate and the current forward rates at the measurement date, applied to the contract's notional amount and adjusted for counterparty risk. The change in the fair value of forward currency contracts is included in 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income. Upon closing of a contract, the gain or loss is included in 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income.

j) Futures Contracts

The Portfolios may purchase or sell exchange traded futures contracts. Futures contracts are contractual obligations to buy or sell financial instruments or commodities on a future date at a specified price established in an organized market. Subsequent to initial recognition, changes in fair value are presented in 'Net change in unrealized appreciation (depreciation) in value of futures' in the Statements of Comprehensive Income. When futures contracts are closed out, the gain or loss is included in 'Net realized gain (loss) on futures' in the Statements of Comprehensive Income.

k) Commissions and Other Portfolio Transaction Costs

Commissions and other portfolio transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers. Such costs are expensed when incurred.

l) Income and Expense Allocation

The net assets of each series of each Portfolio are computed by calculating the value of that series' proportionate share of that Portfolio's assets less that series' proportionate share of that Portfolio's common liabilities less series specific liabilities, if any. Expenses directly attributable to a series are charged to that series. Other income, expenses and gains/losses are allocated based on a reasonable allocation methodology which will include allocations based on the assets of the Portfolios or the number of shareholders in the Portfolios or other methodology the Manager determines is fair.

m) Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares per Share

The increase (decrease) in net assets attributable to holders of redeemable shares per share is calculated by dividing the increase (decrease) in net assets attributable to the series divided by the weighted average number of redeemable shares outstanding in that series during the period. Refer to Note 13 for the calculation.

EXEMPLAR PORTFOLIOS

GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017

n) Classification of Redeemable Shares issued by the Portfolios

The features of each series of each Portfolio's redeemable shares are not identical and consequently the shares, do not meet the conditions to be classified as equity. As a result, the Portfolios obligations for net assets attributable to holders of redeemable shares are financial liabilities under IFRS, presented at the redemption amounts.

o) Investments in Structured Entities

The Portfolios may invest in underlying funds ("Structured Entities") that are managed by their respective Investment Advisors and whose investment objectives may range from achieving short-term to long-term income and capital growth. Structured Entities may use leverage in a manner consistent with their respective objectives and as permitted by their respective governing regulatory authorities. Structured Entities finance their operations by issuing redeemable units which are puttable at the holder's option and entitles the holder to a proportionate stake in the respective Structured Entity's net assets. The Portfolios' interest in Structured Entities as at June 30, 2017 and December 31, 2016, held the form of redeemable units, which are included at their fair value in the Statements of Financial Position which represents the Portfolios' maximum exposure in these Structured Entities. Please refer to Note 9 for more information. The Portfolios do not provide, and have not committed to provide, any additional significant financial or other support to the Structured Entities. The change in fair value of each of the Structured Entities during the year is included in 'Change in unrealized appreciation (depreciation) of value of investments and derivatives' and 'Net gains (losses) on investments and derivatives' in the Statements of Comprehensive Income.

p) Securities Lending

The Portfolios may enter into securities lending arrangements. These transactions involve the temporary exchange of securities for collateral with a commitment to deliver the same securities at a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is included in "Securities lending income (net)" in the Statements of Comprehensive Income.

3. REVISION OF COMPARATIVE FIGURES

Certain comparative figures in the Statements of Cash Flows have been reclassified or adjusted to appropriately reflect the following non-cash items.

Amounts related to the "Proceeds from redeemable shares issued" and "Redemption of redeemable shares" have been adjusted to exclude non-cash subscriptions and redemptions arising from switches between series within the Portfolios. There is no net impact on cash flows from financing activities within the Portfolios. For the Canadian Focus Portfolio and Diversified Portfolio the amounts excluded from "Proceeds from redeemable shares issued" and "Redemption of redeemable shares" was equal to \$1,590,809 and \$94,656, respectively.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Manager has made in preparing the financial statements:

Use of Estimates

Fair Value measurement of derivatives and securities not quoted in an active market

The Portfolios may hold financial instruments that are not quoted in active markets, including derivatives. Fair value of such instruments is determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, a Portfolio may value positions using its own models, which are usually

EXEMPLAR PORTFOLIOS

GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017

based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Portfolios consider observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to Note 6 for further information about the fair value measurement of the Portfolio's financial instruments.

Use of Judgments

Classification and Measurement of Investments and Application of the Fair Value Option

In classifying and measuring financial instruments held by the Portfolios, the Manager is required to make significant judgments about whether or not the business of the Portfolios is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39, *Financial Instruments - Recognition and Measurement* (IAS 39). The most significant judgments made include the determination that certain investments are held-for-trading and that the fair value option can be applied to those which are not.

Assessment as Investment Entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. Each Portfolio meets the definition of investment entity as it obtains funds from one or more investors for the purpose of providing those investors with professional investment management services and commit to their investors that their business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Each Portfolio measures and evaluates the performance of substantially all of its investments on a fair value basis.

Determination if Underlying Funds Meet the Structured Entity Definition

The Portfolios have concluded that their investments in the Underlying Funds are investments in unconsolidated structured entities. This represents a significant judgment by the Portfolios that is based generally on the fact that the decision making about the Underlying Funds investing activities is not governed by voting rights held by the Portfolios and other investors.

5. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

In the normal course of business, each Portfolio is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk). Please refer to Notes to Financial Statements – Fund Specific Information for each Portfolio's specific risk disclosure.

Credit Risk

The Portfolios may be exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Where a Portfolio invests in debt instruments and derivatives, this represents the main concentration of credit risk. The Portfolios are also exposed to counterparty credit risk on cash, margin deposits and other receivable balances. The Portfolios may also participate in securities lending and; therefore, be exposed to counterparty risk on all such loans, if any.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. The credit risk related to the associated receivables is considered limited, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. However, there are risks involved in dealing with custodians or prime brokers who settle trades and in rare circumstances, the securities and other assets deposited with the custodian or broker may be exposed to credit risk with regard to such parties. In addition, there may be practical problems or time delays associated with enforcing a Portfolio's rights to its assets in the case of an insolvency of any such party.

EXEMPLAR PORTFOLIOS

GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017

Liquidity Risk

Liquidity risk is the risk that a Portfolio will encounter difficulty in meeting obligations associated with financial liabilities. Each Portfolio is exposed to daily cash redemptions and as such, retains sufficient cash to fund anticipated redemptions. The Portfolios aim to retain sufficient cash to maintain adequate liquidity including coverage of obligations related to short sales and all current liabilities. In addition, each Portfolio generally invests in securities that are highly liquid and where there is an observable market price that is quoted by multiple dealers.

Market Risk

The Portfolios' investments are subject to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

a) Currency Risk

The Portfolios invest in financial instruments and enter into transactions that are denominated in currencies other than the Canadian dollar. Consequently, the Portfolios are exposed to currency risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Portfolios may enter into foreign exchange currency contracts to reduce their foreign currency exposure.

b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. A Portfolio may hold securities with fixed interest rates that expose that Portfolio to fair value interest rate risk.

c) Price Risk

The Portfolios are exposed to price risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Portfolios' investments are subject to the risk of changes in the prices of equity securities, bonds and derivatives.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type.

Capital Risk Management

Shares issued and outstanding are considered to be the capital of the Portfolios. The Portfolios do not have any specific capital requirements on the subscription and redemption of shares, other than certain minimum subscription requirements. Shareholders are entitled to require payment of the net asset value per share of a Portfolio for all or any of the shares of such shareholder by giving written notice to the Manager. The written notice is irrevocable and must be received no later than 4:00 p.m., EST, on the valuation day upon which the shares are to be redeemed (a "Redemption Date"). The redeeming shareholder will receive payment in respect of any shares surrendered for redemption on or before the 3rd business day immediately following a Redemption Date, subject to the Manager's right to suspend redemptions in certain circumstances.

6. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT

Each Portfolio classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Please refer to Notes to the Financial Statements – Fund Specific Information for each Portfolio's specific risk disclosure.

EXEMPLAR PORTFOLIOS

GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017

The three levels of the fair value hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Portfolio can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are unobservable for the asset or liability.

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

The Portfolios may participate in securities lending and; therefore, receive collateral categorized as Level 1 or 2 as defined above. Such collateral is not considered significant to the financial instrument hierarchy of the securities owned by the Portfolios.

7. OFFSETTING OF FINANCIAL INSTRUMENTS

In the normal course of business, the Portfolios enter into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position, but still allow for the related amounts to set off in certain circumstances, such as bankruptcy or termination of the contracts. The following tables show financial instruments that may be eligible for offset, if such conditions were to arise, as at June 30, 2017 and December 31, 2016. The "Net amount" column displays what the net impact would be on a Portfolio's Statement of Financial Position if all amounts were set off.

Diversified Portfolio						
June 30, 2017	Gross amounts \$	Financial instruments eligible for offset \$	Net amounts presented in the Statement of Financial Position \$	Related amounts not set-off in the Statement of Financial Position		Net amount \$
				Financial instruments \$	Collateral \$	
Financial assets:						
Counterparty 1	390,166	-	390,166	(390,166)	-	-
Counterparty 2	132,745	-	132,745	(132,745)	-	-
Counterparty 3	424,996	-	424,996	(424,996)	-	-
	947,907	-	947,907	(947,907)	-	-
Financial liabilities:						
Counterparty 1	(419,450)	-	(419,450)	390,166	29,284	-
Counterparty 2	(141,589)	-	(141,589)	132,745	8,844	-
Counterparty 3	(439,627)	-	(439,627)	424,996	14,631	-
	(1,000,666)	-	(1,000,666)	947,907	52,759	-

EXEMPLAR PORTFOLIOS

GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017

Diversified Portfolio

December 31, 2016	Gross amounts \$	Financial instruments eligible for offset \$	Net amounts presented in the Statement of Financial Position \$	Related amounts not set-off in the Statement of Financial Position		
				Financial instruments \$	Collateral \$	Net amount \$
Financial assets:						
Counterparty 1	512,399	-	512,399	(269,086)	-	243,313
Counterparty 2	174,533	-	174,533	(151,221)	-	23,312
Counterparty 3	447,970	-	447,970	(289,272)	-	158,698
	1,134,902	-	1,134,902	(709,579)	-	425,323
Financial liabilities:						
Counterparty 1	(269,086)	-	(269,086)	269,086	-	-
Counterparty 2	(151,221)	-	(151,221)	151,221	-	-
Counterparty 3	(289,272)	-	(289,272)	289,272	-	-
	(709,579)	-	(709,579)	709,579	-	-

8. SECURITIES LENDING

Canadian Focus Portfolio has entered into a securities lending program which is administered by BNY Mellon, in its capacity as Lending Agent. The tables below summarize the securities loaned and collateral held as at June 30, 2017 and December 31, 2016 and the security lending income received for the six month periods ended June 30, 2017 and 2016:

As at	Canadian Focus Portfolio	
	June 30, 2017 \$	December 31, 2016 \$
Non-cash Collateral Coverage		
Collateral received for securities on loan	22,557,293	18,619,878
Market value of securities loaned	(21,461,948)	(17,704,350)
Collateral in excess of securities loaned	1,095,345	915,528
Collateral as a percentage of securities loaned	105.1%	105.2%
Non-cash Collateral Exposure		
CAD	19,427,673	16,307,686
USD	3,129,620	2,312,192
	22,557,293	18,619,878

As at	Canadian Focus Portfolio	
	June 30, 2017 \$	June 30, 2016 \$
Income		
Securities lending income	126,110	-
Withholding taxes	(11,737)	-
BNY mellon lending agent fees	(45,744)	-
Securities lending income (net)	68,629	-

EXEMPLAR PORTFOLIOS

GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017

9. INVESTMENT IN STRUCTURED ENTITIES

Information related to investments in Structured Entities is as follows:

Canadian Focus Portfolio – June 30, 2017

	Fair Value of Portfolio's Investment in Underlying Fund (\$)	Net Assets Attributable to Holders of Redeemable Shares (%)	Ownership of Underlying Fund (%)
A&W Revenue Royalties Income Fund	1,159,856	0.8	0.27
Boyd Group Income Fund	11,353,680	8.0	0.66
Global X Uranium ETF	430,372	0.3	0.17
Industrial Select Sector SPDR	158,985	0.1	0.00
iShares S&P/TSX Capped Energy	1,383,910	1.0	0.16
iShares S&P/TSX Global Gold Index ETF	1,023,872	0.7	0.14
PowerShares DB US Dollar Index	96,287	0.1	0.02
PureFunds ISE Cyber Security ETF	11,679	0.0	0.00
SPDR Dow Jones Global Real Estate ETF	513,308	0.4	0.02
SPDR Gold Shares	765,242	0.5	0.00
SPDR S&P Homebuilders ETF	34,976	0.0	0.00
Technology Select Sector SPDR	156,114	0.1	0.00
Vanguard FTSE Europe ETF	457,636	0.3	0.00

Canadian Focus Portfolio – December 31, 2016

	Fair Value of Portfolio's Investment in Underlying Fund (\$)	Net Assets Attributable to Holders of Redeemable Shares (%)	Ownership of Underlying Fund (%)
A&W Revenue Royalties Income Fund	1,155,987	0.7	0.25
BMO S&P/TSX Equal Weight Banks Index ETF	2,064,765	1.2	0.20
Boyd Group Income Fund	10,163,073	6.1	0.66
Financial Select Sector SPDR Fund	15,608	0.0	0.00
iShares Russell 2000 ETF	362,113	0.2	0.00
iShares S&P/TSX 60 Index ETF	851,264	0.5	0.01
iShares S&P/TSX Capped Energy Index ETF	2,210,954	1.3	0.20
iShares S&P/TSX Global Gold Index ETF	958,270	0.6	0.12
iShares U.S. Broker-Dealers & Securities Exchanges ETF	119,582	0.1	0.06
PowerShares DB US Dollar Index Bullish Fund	678,557	0.4	0.08
Powershares QQQ Trust Series 1	111,354	0.1	0.00
SPDR Dow Jones Global Real Estate ETF	633,633	0.4	0.03
SPDR Gold Shares ETF	309,053	0.2	0.00
SPDR S&P Oil & Gas Exploration & Production ETF	255,818	0.2	0.01
VanEck Vectors Russia ETF	296,307	0.2	0.01

EXEMPLAR PORTFOLIOS

GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017

10. REDEEMABLE SHARES

During the periods ended June 30, 2017 and 2016, the number of shares issued, redeemed and outstanding was as follows:

Canadian Focus Portfolio - for the period ended June 30, 2017

	Redeemable shares outstanding at beginning of period	Redeemable shares issued	Redeemable shares issued on reinvestment of distributions	Redeemable shares redeemed	Redeemable shares issued and outstanding at end of period
Series A	3,103,173	128,350	-	(550,555)	2,680,968
Series F	4,526,287	351,330	-	(1,253,541)	3,624,076
Series L	748,245	6,157	-	(116,658)	637,744

Canadian Focus Portfolio - for the period ended June 30, 2016

	Redeemable shares outstanding at beginning of period	Redeemable shares issued	Redeemable shares issued on reinvestment of distributions	Redeemable shares redeemed	Redeemable shares issued and outstanding at end of period
Series A	2,702,715	627,851	-	(253,360)	3,077,206
Series F	2,859,550	1,746,420	-	(248,020)	4,357,950
Series L	619,909	224,108	-	(60,209)	783,808

Diversified Portfolio - for the period ended June 30, 2017

	Redeemable shares outstanding at beginning of period	Redeemable shares issued	Redeemable shares redeemed	Redeemable shares issued and outstanding at end of period
Series A	360,986	5,815	(88,482)	278,319
Series F	1,463,507	132,597	(166,196)	1,429,908
Series I	718,833	24,696	(433,078)	310,451
Series L	121,072	19,882	(16,751)	124,203
Series R	1,602,562	541,630	(78,481)	2,065,711

Diversified Portfolio - for the period ended June 30, 2016

	Redeemable shares outstanding at beginning of period	Redeemable shares issued	Redeemable shares redeemed	Redeemable shares issued and outstanding at end of period
Series A	415,011	26,076	(46,813)	394,274
Series F	1,554,720	357,826	(120,873)	1,791,673
Series I	705,240	19,030	(40,684)	683,586
Series L	133,351	12,829	(10,446)	135,734
Series R	1,327,895	614,359	(371,222)	1,571,032

11. RELATED PARTY TRANSACTIONS

The Manager is responsible for making decisions relating to the investment of the Portfolios' assets and providing key management personnel.

As of June 30, 2016, the Arrow Diversified Fund held 75,346 Series F Shares of the Diversified Portfolio with a market value of \$1,065,275. As of June 30, 2016, this represented 1.9% of the net assets attributable to holders of redeemable shares.

EXEMPLAR PORTFOLIOS

GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017

As of June 30, 2017, the number of shares owned by Arrow for each Portfolio is summarized as follows:

	Number of shares	Amount (\$)	% of net assets attributable to holders of redeemable shares
Canadian Focus Portfolio - Series A	1,591	31,984	0.0
Canadian Focus Portfolio - Series F	6,835	148,723	0.1
Diversified Portfolio - Series A	500	4,670	0.0
Diversified Portfolio - Series F	8,312	85,533	0.2

As of December 31, 2016, the number of shares owned by Arrow for each Portfolio is summarized as follows:

	Number of shares	Amount (\$)	% of net assets attributable to holders of redeemable shares
Canadian Focus Portfolio - Series A	1,591	31,247	0.0
Canadian Focus Portfolio - Series F	6,835	144,492	0.1
Diversified Portfolio - Series A	500	5,342	0.0
Diversified Portfolio - Series F	7,867	89,920	0.2

Management Fee and Performance Bonus

The management fee paid to the Manager by the Canadian Focus Portfolio is 1.65% per annum on Series A, 0.65% per annum on Series F Shares and 1.95% on Series L Shares. The management fee paid to the Manager by the Diversified Portfolio is 2.00% per annum on Series A Shares, 1.00% per annum on Series F Shares and 2.30% on Series L Shares. Holders of Series R Shares of the Diversified Portfolio pay a negotiated management fee to the Manager based on tiers ranging from 1.0% to 0.6% per annum.

No portion of the management fee charged to a Portfolio is borne by Series I Shares of the Portfolios. A holder of Series I Shares of a Portfolio pays a negotiated management fee directly to the Manager.

Each Portfolio will pay to the Manager in respect of each fiscal year of the Portfolio ended December 31 a performance bonus per Share (the "Performance Bonus") equal to 20% of the amount by which the Adjusted Net Asset Value per Share at the end of the fiscal year exceeds the highest year end Adjusted Net Asset Value per Share previously achieved. For these purposes, "Adjusted Net Asset Value per Share" of any series of shares of a Portfolio means the Net Asset Value per share of that series at the end of a fiscal year without giving effect to the accrual of any Performance Bonus, plus the aggregate amount of all distributions previously declared on a per Share basis in respect of such series of Shares. The Performance Bonus for a Portfolio is calculated and accrued each day the Net Asset Value of the Portfolio is calculated, but is only payable at the end of the fiscal year of the Portfolio based on the actual annual performance of the Portfolio.

Notwithstanding the foregoing, no Performance Bonus is payable with respect to any fiscal year of a Portfolio unless the Adjusted Net Asset Value per Share at the end of such fiscal year exceeds the Net Asset Value per share at the end of the preceding year (or on the date the Shares are first issued), plus the aggregate amount of all distributions previously declared on a per share basis, by a minimum of 6%.

The Performance Bonus is estimated and accrued each Valuation Date, calculated as at the end of each fiscal year-end of the Portfolios and paid within 15 business days thereafter.

Each Portfolio is responsible for all operating expenses incurred by or on behalf of that Portfolio. At the discretion of the Manager, certain fees may be absorbed by the Manager.

The Portfolio Sub-Advisor will be remunerated by the Manager out of the Management Fee and the Performance Bonus.

As at June 30, 2017, the Diversified Portfolio due from the Manager was nil (December 31, 2016: \$53). The amount is non-interest bearing with no fixed terms of repayment and relates to estimated performance fees paid into a trust account and repaid to Diversified Portfolio on January 3, 2017.

Accrued management fees and performance fees (excluding HST) included in other liabilities on the statement of financial position are as follows:

EXEMPLAR PORTFOLIOS

GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017

	June 30, 2017		December 31, 2016	
	Management Fees	Performance Fees	Management Fees	Performance Fees
	\$	\$	\$	\$
Canadian Focus Portfolio	132,581	98,707	154,816	69,363
Diversified Portfolio	28,783	-	32,860	312

Brokerage Commissions

Total commissions paid to dealers for the periods ended June 30, 2017 and 2016 in connection with portfolio transactions are as follows:

	June 30, 2017	June 30, 2016
	\$	\$
Canadian Focus Portfolio	53,580	37,384
Diversified Portfolio	209,513	262,159

For the period ended June 30, 2017, \$35,130 was used for market data services by the Canadian Focus Portfolio (2016: \$23,216).

12. TAXATION

Each Portfolio is a class of shares of the Corporation. Income, expenses and capital gains and losses of each Portfolio are consolidated, as a single entity, in determining the Corporation's taxable income and amount of taxes payable as a whole. Any taxes payable or recoverable by the Corporation are allocated to the Portfolios and their various series'.

The Corporation qualifies as a mutual fund corporation under the Income Tax Act (Canada) (the "Tax Act"). The general income tax rules associated with a public corporation apply to a mutual fund corporation with the exception that taxes payable on net realized capital gains are refundable when its shares are redeemed or when it pays capital gains dividends out of its capital gains dividend account to its shareholders, such that in substance the Corporation is not taxable on capital gains. Similarly, the Corporation is subject to Part IV tax on dividends received from Canadian corporations, however, they are refundable once paid to shareholders. As a result, the Corporation does not record income taxes related to capital gains and dividends from Canadian corporations.

Interest and foreign income are taxed at normal corporate rates applicable to mutual fund corporations and can be reduced by permitted deductions for tax purposes. All of the Corporation's expenses including management fees and operating expenses will be taken into account in determining its overall tax liability, if any.

As of December 31, 2016, the Corporation has accumulated the following non-capital losses available for utilization against net income for tax purposes in future years and capital losses available for utilization against capital gains. The tax benefit of the non-capital losses has not been reflected in the financial statements.

Non-Capital Loss*	Capital Loss**
\$14,852,363	\$nil

* Non-capital losses can be offset against income in future years for up to 20 years.

** Net Capital losses can be carried forward indefinitely for offset against gains in future periods.

EXEMPLAR PORTFOLIOS

GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017

13. INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE

The increase (decrease) in net assets attributable to holders of redeemable shares per share for the periods ended June 30, 2017 and 2016 is calculated as follows:

June 30, 2017	Increase (decrease) in net assets attributable to holders of redeemable shares (\$)	Weighted average redeemable shares outstanding during the period	Increase (decrease) in net assets attributable to holders of redeemable shares per share (\$)
Canadian Focus Portfolio - Series A	1,367,219	2,862,877	0.48
Canadian Focus Portfolio - Series F	2,557,912	4,049,150	0.63
Canadian Focus Portfolio - Series L	225,631	692,610	0.33
Diversified Portfolio - Series A	(394,825)	299,074	(1.32)
Diversified Portfolio - Series F	(1,997,103)	1,443,252	(1.38)
Diversified Portfolio - Series I	(453,205)	362,125	(1.25)
Diversified Portfolio - Series L	(148,718)	127,778	(1.16)
Diversified Portfolio - Series R	(1,703,141)	1,787,113	(0.95)

June 30, 2016	Increase (decrease) in net assets attributable to holders of redeemable shares (\$)	Weighted average redeemable shares outstanding during the period	Increase (decrease) in net assets attributable to holders of redeemable shares per share (\$)
Canadian Focus Portfolio - Series A	(1,282,976)	2,934,586	(0.44)
Canadian Focus Portfolio - Series F	(793,368)	3,748,855	(0.21)
Canadian Focus Portfolio - Series L	(189,127)	742,064	(0.25)
Diversified Portfolio - Series A	(133,929)	406,204	(0.33)
Diversified Portfolio - Series F	(623,746)	1,695,413	(0.37)
Diversified Portfolio - Series I	(126,173)	698,888	(0.18)
Diversified Portfolio - Series L	(45,379)	135,398	(0.34)
Diversified Portfolio - Series R	(207,281)	1,385,823	(0.15)

14. FUTURE ACCOUNTING CHANGES

IFRS 9, Financial Instruments

The final version of IFRS 9, Financial Instruments, was issued by the International Accounting Standards Board ("IASB") in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Portfolios are in the process of assessing the impact of IFRS 9 and have not yet determined when they will adopt the new standard.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

August 29, 2017

TO THE SHAREHOLDERS OF EXEMPLAR CANADIAN FOCUS PORTFOLIO AND EXEMPLAR DIVERSIFIED PORTFOLIO (COLLECTIVELY THE "PORTFOLIOS")

The accompanying unaudited financial statements have been prepared by Arrow Capital Management Inc. ("Arrow" or the "Manager" of the Portfolios), and approved by the Board of Directors of the Manager. The Manager is responsible for the information and representations contained in these financial statements.

The Manager maintains appropriate processes to ensure that reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Portfolios are described in Note 2 to the financial statements.

"James L. McGovern"

JAMES L. MCGOVERN
Managing Director & CEO
ARROW CAPITAL MANAGEMENT INC.

"Robert W. Maxwell"

ROBERT W. MAXWELL
Managing Director & CFO
ARROW CAPITAL MANAGEMENT INC.

NOTICE TO SHAREHOLDERS

The auditor of the Portfolios has not reviewed these interim financial statements.

The Manager of the Portfolios appoints an independent auditor to audit the Portfolios' annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Portfolios' interim financial statements, this must be disclosed in an accompanying notice.

PORTFOLIO INFORMATION

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