

EXEMPLAR DIVERSIFIED PORTFOLIO

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2016

This annual Management Report of Fund Performance contains financial highlights but does not contain the complete audited annual financial statements for Exemplar Diversified Portfolio (the "Portfolio"). If you have not received a copy of the audited annual financial statements with the Management Report of Fund Performance, you may obtain a copy of the audited annual financial statements, at no cost, by calling 877.327.6048, by writing to us at Arrow Capital Management Inc. (the "Manager" or "Arrow"), 36 Toronto Street, Suite 750, Toronto, Ontario M5C 2C5 or by visiting our website at www.arrow-capital.com or SEDAR at www.sedar.com.

Security holders may also contact us using one of these methods to request a copy of the Portfolio's interim financial reports, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the Portfolio.

Forward-Looking Information

This Management Report of Fund Performance contains forward-looking information and statements relating, but not limited to, anticipated or prospective financial performance and results of operations of the Portfolio. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. For this purpose, any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking information. Without limiting the foregoing, the words "believes", "anticipates", "plans", "intends", "will", "should", "expects", "projects", and similar expressions are intended to identify forward-looking information.

Although the Portfolio believes it has a reasonable basis for making the forecasts or projections included in this Management Report of Fund Performance, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, the forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts and other forward-looking statements will not occur. These factors include, but are not limited to, those associated with the performance of the equity securities market, expectations about interest rates and factors incorporated by reference herein as risk factors.

The above list of important factors affecting forward-looking information is not exhaustive, and reference should be made to the other risks discussed in the Portfolio's filings with Canadian securities regulatory authorities. The forward looking information is given as of the date of this Management Report of Fund Performance, and the Portfolio undertakes no obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Management Discussion on Fund Performance

Investment Objective and Strategies

The investment objective of 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.

The core investment strategy of Integrated Managed Futures Corp. ("IMFC"), the investment advisor, 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. IMFC utilizes a fixed risk budget that targets long-term average annualized downside deviation of less than 13%. Downside deviation is a risk measure that focuses on returns that fall below a minimum acceptable return. This risk budget is then equally allocated across over 60 markets, adjusted by their volatilities and correlations. 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 degree to which a market's allocated risk budget is utilized is then determined by the net position of multiple trading strategies or algorithms that sample market prices in order to capture persistent risk premiums and changes in risk premiums over time. Unutilized risk budgets that result from conflicting underlying signals are not re-allocated to other markets but go to cash. In addition to the core investment strategy, the investment advisor may utilize trading strategies based on other persistent anomalies or structural biases identified in market data.

The investment advisor 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, the Eurex Deutschland (EUREX), the International Petroleum Exchange of London Limited (IPE), the Singapore International Monetary Exchange (SIMEX), the Sydney Futures Exchange Ltd. and the Tokyo Commodities Exchange (TCE).

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

Investment Risk

The risks of investing in the Portfolio remain as stated in the Portfolio's prospectus dated May 30, 2016.

The Portfolio is suitable for clients seeking medium to long-term growth (through capital appreciation) who have a moderate risk tolerance level.

Results of Operations

For the year ended December 31, 2016, Series F Shares of the Portfolio delivered a loss of 20.9% (gain of 8.2% in 2015). Its benchmark, the Societe Generale CTA Index, posted a loss of 2.9% over the same year (gain of 0.03% in 2015). Please refer to the Past Performance section for the performance of the other series. The performance of the other series offered by the Portfolio differs from Series F due largely to varying level of expenses charged to each series, as explained in the Management Fees section.

2016 was characterized by consolidation across all major asset classes; commodities and currencies extended the consolidations that began variously between the fall of 2015 and the start of 2016, while bonds peaked and began consolidating in Q3. Only equities, which consolidated most of 2016, were able to break out to new highs following the U.S. election result. As a result, Managed Futures, which tend to rely more on market directionality and major trends, underperformed. The underperformance of the Portfolio versus its benchmark was mostly driven by a higher targeted exposure in the Portfolio versus broader benchmarks, as the Portfolio anticipates a recovery in Managed Futures performance based on historical cycles of trending versus non-trending markets.

Looking forward, while the outlook for the market is somewhat uncertain, the outlook for the Portfolio appears to be good due to this market uncertainty. Market uncertainty is driven by the fact that the global economy is at a critical inflection point; it is necessary for the economy to self-start from years of reflationary monetary policy, or the economy and markets are at

risk of capitulation due to the side-effects of those policies, namely increased debts, deficits and looming credit and asset bubbles.

Years of easy monetary policy and QE did not generate the necessary pickup in aggregate demand to cause the economy self-start. Instead, debt-fueled share buybacks, asset reflation, widening inequality, and a permanent sense of diminished expectations took hold. The growth of populism globally, capped off by the recent U.S. election result, is a clear indication of the perceived failure of central bankers and governments since the global financial crises.

Market uncertainty, though, does not imply a bad market, but rather uncertainty about what might happen in a new, watershed regime that intends to move away from multilateralism and globalization policies that have been in place for decades.

By itself, this new uncertainty should cause an increase in volatility that will be good for the Portfolio and Managed Futures strategies in general. But it is uncertain, at this stage, whether the volatility will be good or bad. It could be argued, on one hand, that a huge shift up in aggregate demand could occur from expanded public investment and fiscal stimulus, relaxed regulatory changes and tax reform. Certainly, this is the view that is currently being priced into markets. It would be a welcome outcome if expectations and confidence grow and lead to a domino increase in business investment and consumption.

Supply-side policies that reduce inequality and rebuild the middle class by capturing and redistributing income gains through spending on high-quality vocational education and re-training, for example, could magnify growth and the evolution of capitalism. Furthermore, there is a valid argument to be made that to project strength and leadership globally and provide a veil of security, the United States must first make itself strong again internally. And a stronger America will result in a bigger consumer that can lead growth globally again.

On the other hand, as rosy as the bull market story could be if effective policies are created, the bear case is commensurately frightful. Sadly, there is a long history of populist-led power grabs by radicals ending badly, particularly when an "us versus them" attitude exists. While it is constructive to focus on policies that make America great again, it is destructive to blame current domestic problems on other nations and then go about destroying trade agreements that underpin global GDP potential.

Furthermore, breaking the co-dependency that has developed between China and the United States could cause a dramatic downward spiral in global growth. While the U.S. is the major export market for China and the cornerstone of its spectacular growth trajectory, China is likewise the 3rd largest export market for the U.S. and financier of America's chronic budget deficits. This co-dependency is the San Andreas fault of global GDP, as most other global trade dynamics were built on this co-dependency. A break of this fault would have devastating consequences for global GDP and, depending on how the U.S. deals with its debt, the U.S. Dollar.

Any destabilization of global growth would not end well for financial markets, given already extreme asset valuations and the way in which markets are currently pricing in the bull story. Not only are markets not pricing in a risk premia for the consequences of disrupting prevailing trade agreements and dependencies, they are not even pricing in the risk of uncertainty. And, as much as history can point to the dangers of populist outcomes, so too can it attest to the dangers of a one-sided euphoric market frenzy that creates wide divergences between expectations and potential realities.

While forecasting specific probable macro-driven trends is far more difficult today because of this uncertain backdrop, it is very likely that Managed Futures will outperform for several reasons. First, as mentioned above, the new uncertainty stemming from the U.S. election result should itself lead to higher volatility, and volatility increases have historically been correlated to Managed Futures outperformance.

Second, while the stagnation of markets in 2016 was detrimental for directional Managed Futures strategies, it increases the probability that large trends will emerge going forward. Historically, long market consolidations lead to subsequently larger market trends, as the underlying macroeconomic forces continue to evolve and move forward even as prices stagnate. Furthermore, the underlying condition of the global economy remains the same; it is that cancer patient who has undergone radical treatment of easy money and QE, and is at the critical point where recovery either must materialize or the weight of the treatment begins to have devastating effects.

Thus, there is a very strong probability that significant multi-year trends will emerge from the current environment and in the new U.S. presidential era, but the directional outlook is uncertain at this stage. In this environment, the fittest strategy is not

to buy and hope or stand aside in fear, but to follow a tactical and well-hedged trend-following approach that ends up getting on the right side of major trends, and is insured against event risks. In short, the forward-looking environment should be very good for Managed Futures.

Recent Developments

There are no recent developments for the Portfolio.

Related Party Transactions

As of December 31, 2016, Arrow held 500 Series A Shares and 7,867 Series F Shares of the Portfolio, with a market value of \$95,262. This represents 0.2% of the net assets of the Portfolio.

Management Fees

Arrow receives a monthly management fee (the “Management Fee”) subject to HST (and any other applicable sales taxes), calculated as a percentage of the Portfolio’s net asset value as of the close of business accrued each business day and payable monthly. The Management Fee rate applicable to the Portfolio is 2.00% per annum in respect of Series A Shares, 1.00% per annum in respect of Series F Shares and 2.30% per annum in respect of Series L Shares. Shareholders of Series I Shares and Series R Shares of the Portfolio pay a negotiated management fee. For the year ended December 31, 2016, the total Management Fee equaled \$484,908 (2015: \$482,593). The Management Fee is paid in consideration of investment management and administration services. No breakdown of such services was specified in the Management Agreement. From this Management Fee, the Manager pays fees to the investment advisor (IMFC, in its capacity as such) who provides portfolio management services to the Portfolio. All fees and expenses payable to the investment advisor for its services will be borne by Arrow and not by the Portfolio. A portion of the Management Fee paid by the Portfolio is for trailer fees paid to dealers whose clients hold Shares of the Portfolio. The trailer fees are a percentage of the net asset value of the Portfolio, calculated and payable monthly. The table below outlines the Portfolio’s annual Management Fees and the trailer fees.

	Series A Shares	Series F Shares	Series I Shares/ Series R Shares	Series L Shares
Management Fees (Annual Rate (%))	2.00%	1.00%	Negotiable	2.30%
Trailer Fees (rate as % of Management Fees)	10.20%	-	-	1.83%

In addition, the Portfolio pays Arrow performance fees (“Performance Fees”) equal to 20% of the amount by which the Portfolio return in a year is in excess of the high water mark (the “High Water Mark”), and no Performance Fee is payable unless an annual hurdle rate of 6% is achieved in that year. Performance Fees will be payable in all circumstances where the performance of the Portfolio exceeds that of its High Water Mark and its hurdle rate. Please refer to the Portfolio’s long form prospectus dated May 30, 2016 for further details relating to Performance Fees. The High Water Mark set as of January 1, 2016 was \$13.74 for Series A Shares, \$14.62 for Series F Shares, \$13.04 for Series I Shares, \$11.92 for Series L Shares and \$9.97 for Series R Shares. For the year ended December 31, 2016, the total Performance Fees equaled \$21,802 (2015: \$889,742). Performance Fees are calculated and accrued daily such that, to the extent possible, the share price each day will reflect any Performance Fees payable as at the end of such day. Performance Fees for the Portfolio will be calculated and accrued each day, but will only be payable following the end of the fiscal year of the Portfolio based on the actual annual performance of the Portfolio.

The Manager incurs operating expenses on behalf of the Portfolio and charges these expenses to the Portfolio.

Financial Highlights

The following tables show selected key financial information about the Portfolio and are intended to help the reader understand the Portfolio's historical financial performance for the past five years. This information is derived from the Portfolio's financial statements, and is represented net of expenses which have been charged to the Portfolio.

SERIES A - NET ASSETS PER SHARE					
For the years ended December 31,					
	2016	2015	2014	2013	2012
Net Assets, beginning of year¹	\$ 13.63	\$ 12.69	\$ 10.85	\$ 10.02	\$ 11.72
Increase (decrease) from operations:					
Total revenue	0.06	0.06	0.03	0.07	(1.33)
Total expenses	(0.50)	(0.71)	(0.36)	(0.22)	(0.31)
Realized gains (losses)	(2.52)	2.40	1.22	0.68	-
Unrealized gains (losses)	0.12	(0.61)	0.08	0.28	-
Total increase (decrease) from operations¹:	\$ (2.84)	\$ 1.14	\$ 0.97	\$ 0.81	\$ (1.64)
Distributions²:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
Total distributions	\$ -	\$ -	\$ -	\$ -	\$ -
Net Assets, end of year¹	\$ 10.68	\$ 13.63	\$ 12.69	\$ 10.85	\$ 10.06

SERIES A - RATIOS AND SUPPLEMENTAL DATA⁷					
For the years ended December 31,					
	2016	2015	2014	2013	2012
Net Asset Value ("NAV") (000s) ¹	\$3,856	\$5,655	\$7,245	\$12,977	\$20,896
Number of shares outstanding	360,986	415,011	570,704	1,196,227	2,084,878
Management expense ratio ³	2.88%	5.17%	4.04%	3.05%	2.79%
Management expense ratio before waivers or absorptions ⁴	2.88%	5.17%	4.12%	3.50%	2.88%
Portfolio turnover rate ⁵	n/a	n/a	n/a	n/a	n/a
Trading expense ratio ⁶	1.02%	0.88%	1.04%	0.94%	n/a
Net asset value per share	\$10.68	\$13.63	\$12.69	\$10.85	\$10.06

SERIES F - NET ASSETS PER SHARE					
For the years ended December 31,					
	2016	2015	2014	2013	2012
Net Assets, beginning of year¹	\$ 14.44	\$ 13.35	\$ 11.40	\$ 10.41	\$ 12.06
Increase (decrease) from operations:					
Total revenue	0.04	0.05	0.07	0.09	(1.51)
Total expenses	(0.39)	(0.67)	(0.80)	(0.26)	(0.20)
Realized gains (losses)	(2.79)	2.27	2.70	0.80	-
Unrealized gains (losses)	0.12	(0.57)	0.18	0.33	-
Total increase (decrease) from operations¹:	\$ (3.02)	\$ 1.08	\$ 2.15	\$ 0.96	\$ (1.71)
Distributions²:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
Total distributions	\$ -	\$ -	\$ -	\$ -	\$ -
Net Assets, end of year¹	\$ 11.43	\$ 14.44	\$ 13.35	\$ 11.40	\$ 10.46

SERIES F - RATIOS AND SUPPLEMENTAL DATA⁷					
For the years ended December 31,					
	2016	2015	2014	2013	2012
Net Asset Value ("NAV") (000s) ¹	\$16,726	\$22,456	\$26,579	\$15,530	\$15,843
Number of shares outstanding	1,463,507	1,554,720	1,990,816	1,362,244	1,522,164
Management expense ratio ³	1.82%	3.77%	4.87%	1.98%	1.74%
Management expense ratio before waivers or absorptions ⁴	1.82%	3.77%	5.04%	2.42%	1.84%
Portfolio turnover rate ⁵	n/a	n/a	n/a	n/a	n/a
Trading expense ratio ⁶	1.02%	0.88%	1.04%	0.94%	n/a
Net asset value per share	\$11.43	\$14.44	\$13.35	\$11.40	\$10.46

SERIES I - NET ASSETS PER SHARE

For the years/periods ended December 31,

	2016	2015	2014	2013	2012 [†]
Net Assets, beginning of period¹	\$ 13.03	\$ 11.92	\$ 10.30	\$ 9.27	\$ 10.00
Increase (decrease) from operations:					
Total revenue	0.04	0.05	0.05	0.11	(0.55)
Total expenses	(0.16)	(0.66)	(0.67)	(0.29)	(0.03)
Realized gains (losses) for the year	(2.54)	2.24	2.29	0.89	-
Unrealized gains (losses) for the year	0.10	(0.57)	0.16	0.36	-
Total increase (decrease) from operations¹:	\$ (2.56)	\$ 1.06	\$ 1.83	\$ 1.07	\$ (0.58)
Distributions²:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
Total distributions	\$ -	\$ -	\$ -	\$ -	\$ -
Net Assets, end of period¹	\$ 10.48	\$ 13.03	\$ 11.92	\$ 10.30	\$ 9.30

SERIES I - RATIOS AND SUPPLEMENTAL DATA⁷

For the years/periods ended December 31,

	2016	2015	2014	2013	2012 [†]
Net Asset Value ("NAV") (000s) ¹	\$7,535	\$9,190	\$7,836	\$5,130	\$3,770
Number of shares outstanding	718,833	705,240	657,665	498,211	406,869
Management expense ratio ³	0.30%	2.62%	6.10%	0.48%	0.93%*
Management expense ratio before waivers or absorptions ⁴	0.30%	2.62%	6.26%	0.92%	1.24%*
Portfolio turnover rate ⁵	n/a	n/a	n/a	n/a	n/a
Trading expense ratio ⁶	1.02%	0.88%	1.04%	0.94%	n/a
Net asset value per share	\$10.48	\$13.03	\$11.92	\$10.30	\$9.30

SERIES L - NET ASSETS PER SHARE

For the years/periods ended December 31,

	2016	2015	2014	2013	2012 [†]
Net Assets, beginning of period¹	\$ 11.81	\$ 11.04	\$ 9.60	\$ 8.90	\$ 10.00
Increase (decrease) from operations:					
Total revenue	0.04	0.04	0.05	0.07	(1.29)
Total expenses	(0.45)	(0.51)	(0.57)	(0.19)	(0.28)
Realized gains (losses)	(2.20)	1.74	1.92	0.58	-
Unrealized gains (losses)	0.09	(0.44)	0.13	0.24	-
Total increase (decrease) from operations¹:	\$ (2.52)	\$ 0.83	\$ 1.53	\$ 0.70	\$ (1.57)
Distributions²:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
Total distributions	\$ -	\$ -	\$ -	\$ -	\$ -
Net Assets, end of period¹	\$ 9.23	\$ 11.81	\$ 11.04	\$ 9.60	\$ 8.93

SERIES L - RATIOS AND SUPPLEMENTAL DATA⁷

For the years/periods ended December 31,

	2016	2015	2014	2013	2012 [†]
Net Asset Value ("NAV") (000s) ¹	\$1,117	\$1,575	\$1,784	\$1,330	\$1,251
Number of shares outstanding	121,072	133,351	161,645	138,538	140,658
Management expense ratio ³	3.11%	5.04%	6.61%	3.41%	3.24%*
Management expense ratio before waivers or absorptions ⁴	3.11%	5.04%	6.75%	3.85%	3.34%*
Portfolio turnover rate ⁵	n/a	n/a	n/a	n/a	n/a
Trading expense ratio ⁶	1.02%	0.88%	1.04%	0.94%	n/a
Net asset value per share	\$9.23	\$11.81	\$11.04	\$9.60	\$8.93

SERIES R - NET ASSETS PER SHARE

For the years/periods ended December 31,

	2016	2015 [†]
Net Assets, beginning of period¹	\$ 9.96	\$ 10.00
Increase (decrease) from operations:		
Total revenue	0.02	0.00
Total expenses	(0.25)	0.03
Realized gains (losses)	(1.95)	(0.09)
Unrealized gains (losses)	0.07	0.02
Total increase (decrease) from operations¹:	\$ (2.11)	\$ (0.04)
Distributions²:		
From income (excluding dividends)	-	-
From dividends	-	-
Total distributions	\$ -	\$ -
Net Assets, end of period¹	\$ 7.90	\$ 9.96

SERIES R - RATIOS AND SUPPLEMENTAL DATA⁷

For the years/periods ended December 31,

	2016	2015 [†]
Net Asset Value ("NAV") (000s) ¹	\$12,664	\$13,224
Number of shares outstanding	1,602,562	1,327,895
Management expense ratio ³	1.65%	0.07%*
Management expense ratio before waivers or absorptions ⁴	1.65%	0.07%*
Portfolio turnover rate ⁵	n/a	n/a
Trading expense ratio ⁶	1.02%	0.88%*
Net asset value per share	\$7.90	\$9.96

[†] Series I Shares commenced operations on September 14, 2012. Series L Shares commenced operations on February 8, 2012. Series R Shares commenced operations on November 10, 2015.

*Ratios have been annualized.

1. The net assets per share shown for December 31, 2016, December 31, 2015, December 31, 2014 and December 31, 2013 are referenced to net assets attributable to holders of redeemable shares determined in accordance with International Financial Reporting Standards ("IFRS") and are derived from the Portfolio's financial statements. The net assets per share shown for prior years are referenced to Net Assets determined in accordance with Canadian generally accepted accounting principles ("GAAP") and are derived from the Portfolio's financial statements. The Net Assets presented in the financial statements may differ from the NAV calculated for fund pricing purposes. NAV is calculated using fair value measures as defined by National Instrument 81-106 ("NI 81-106"), where as Net Assets are calculated in accordance with IFRS/GAAP. An explanation of these differences can be found in the notes to the financial statements. Net Assets are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share.
2. Distributions were reinvested in additional shares of the Portfolio at the discretion of the underlying shareholders.
3. Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average Net Asset Value during the year. The management expense ratio is calculated in accordance with Part 15 of NI 81-106 and therefore includes performance fees, which were previously reported separately as dollar amounts.
4. The Manager may absorb certain expenses or waive certain fees otherwise payable by the Portfolio. The amount of expenses absorbed or waived (if applicable) is determined annually at the discretion of the Manager and the Manager can terminate the absorption or waiver at any time.
5. The portfolio turnover rate can indicate how actively the investment advisor manages the portfolio of investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of its securities in its portfolio once in the course of the year. The higher the portfolio turnover rates in a year, the greater the trading costs

payable by the Portfolio in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Portfolio.

6. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the period.
7. Ratios and supplemental data, where applicable, are computed using the Net Asset Value of the Portfolio.

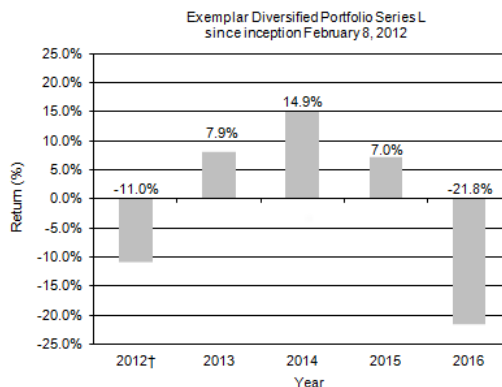
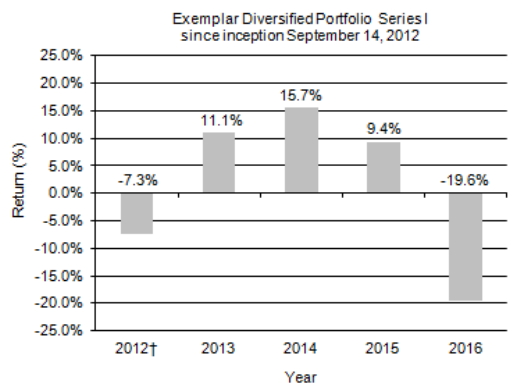
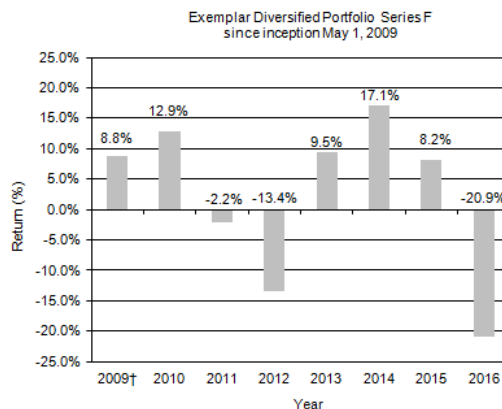
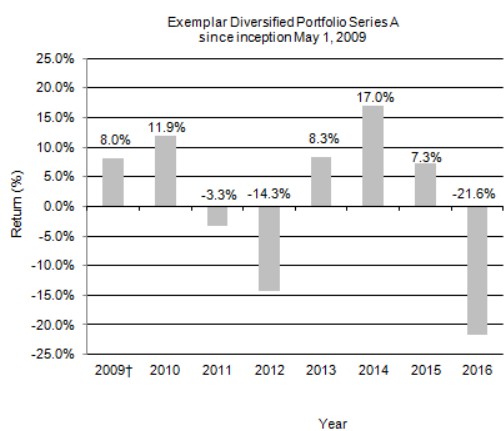
Past Performance

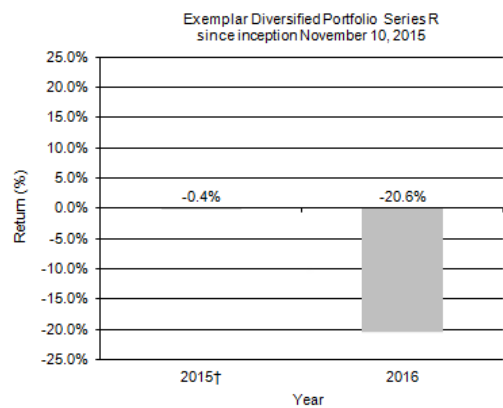
The performance information shown below assumes that all distributions, if any, made by the Portfolio in the years shown were reinvested in additional shares of the Portfolio. If you hold the Portfolio outside a registered plan, you will be taxed on distributions. Distributions of income the Portfolio earns and capital gains it realizes are taxable in the year received whether received in cash or reinvested in additional shares. No adjustment for potential tax consequences to an investor has been made to the performance information.

The indicated rates of return are historical annual compounded total returns including changes in share value and do not take into account sale, redemption, distribution or other optional charges, that, if applicable, would have reduced returns or performance. An investment in the Portfolio is not guaranteed. Its value changes frequently and how the Portfolio has performed in the past does not necessarily indicate how it will perform in the future

Year-By-Year Returns

The bar chart below illustrates the Portfolio's annual performance for each year shown, and indicates how the Portfolio's performance has changed from year to year. It shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of the year.





The following table shows the annual compound total returns of the Portfolio, and for its benchmark, the Societe Generale CTA Index (the Societe Generale CTA Index is an equal weighted, daily calculated annually re-balanced, return index for a pool of CTAs selected from the larger managers that are open to new investment) for the year ended December 31, 2016. The Relative Performance returns show the performance of the Portfolio as compared to the benchmark.

	1 Year	3 Years	5 Years	Annualized Since Inception
Series A	(21.6)%	(0.5)%	(1.8)%	0.9%
Series F	(20.9)%	0.1%	(1.0)%	1.8%
Series I	(19.6)%	0.6%	n/a	1.6%
Series L	(21.8)%	(1.3)%	n/a	(1.6)%
Series R	(20.6)%	n/a	n/a	(18.3)%
Societe Generale CTA Index	(2.9)%	4.0%	1.9%	1.6%

Summary of Investment Portfolio as at December 31, 2016

The summary of investment portfolio below includes information regarding the Portfolio as a whole. This summary may change due to ongoing portfolio transactions of the Portfolio and a quarterly update is available by contacting Arrow at 877.327.6048 or by visiting Arrow's website at www.arrow-capital.com.

Sector	Long Exposure [†] (%)	Short Exposure [†] (%)	Top 25 Holdings [†]	%
Bond Futures	1.0	(191.1)	Long Positions	
Commodity Futures	49.8	(28.6)	Cash and Cash Equivalents	98.7
Interest Rate Futures	45.4	(32.7)	90DAY STERLING FUTURE (ICF)	32.5
Currency Futures	22.4	(74.6)	S & P 500 EMINI INDEX FUTURE	15.8
Index Futures	66.1	(4.5)	S&P/TSE 60 INDEX FUTURE (MSE)	15.4
Options	0.1	-	EURO/JPY FUTURE (CME)	10.1
Cash and Cash Equivalents	98.7	-	SPI 200 INDEX FUTURE (SFE)	10.1
Other Net Assets	0.1	-	NASDAQ 100 E-MINI FUTURE (CME)	9.7
	283.6	(331.5)	3MO EURO EURIBOR FUTURE (ICF)	8.5
			NIKKEI 225 INDEX FUTURE (SGX)	8.4
			CRUDE PALM OIL FUTURE (MDE)	8.2
			BRAZIL REAL FUTURE (CME)	<u>8.0</u>
			Top long positions as a percentage of total net asset value	225.4
			Short Positions	
			JAPAN 10YR MINI BD FUTURE(SGX)	(73.3)
			US 5YR TREAS NTS FUTURE (CBT)	(38.5)
			90DAY BANK ACCEPT FUTURE (MSE)	(27.2)
			EURO FX CURR FUTURE (CME)	(22.9)
			EURO-BOBL FUTURES	(21.6)
			US 10 YR TREAS NTS FUTURE(CBT)	(17.5)
			BRITISH POUND CURRENCY FUTURE	(15.6)
			EURO-BUND FUTURE (EUX)	(12.2)
			CANADA 10YR BOND FUTURE (MSE)	(11.2)
			CANADIAN DOLLAR FUTURES (CME)	(10.5)
			MEXICAN PESO FUTURE (CME)	(9.4)
			EURO/CHF FUTURE (CME)	(9.3)
			AUSTRALIAN 10YR BOND FUT (SFE)	(8.6)
			US TREAS BD FUTURE (CBT)	<u>(8.2)</u>
			Top short positions as a percentage of total net asset value	(286.0)
			Total (%)	(60.6)
			Total Net Asset Value (in \$ millions)	41.9

[†]Futures positions are calculated using notional values.