

### EXEMPLAR GROWTH AND INCOME FUND

### SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2018

This semi-annual Management Report of Fund Performance contains financial highlights but does not contain the complete semi-annual financial statements for Exemplar Growth and Income Fund (the "Fund"). If you have not received a copy of the semi-annual financial statements with the Management Report of Fund Performance, you may obtain a copy of the semi-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](http://www.arrow-capital.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

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

#### 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 Fund. 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 Fund 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 Fund'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 Fund 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 Fund is to achieve long term growth and preservation of capital. The Fund may invest up to all of its assets in a diversified mix of other mutual funds (in order to gain indirect exposure to securities that the Fund would otherwise directly invest in), and may also invest in common shares, preferred shares, treasury bills, short-term notes, debentures, and bonds. The Fund invests primarily in Canadian securities.

To achieve the investment objective, the Manager utilizes the following allocation guidelines: 30-90% equity securities, 10-50% fixed income securities and 0-50% money market instruments. Fixed income securities may include investment grade, non-investment grade and distressed fixed income securities, issued by Canadian or non-Canadian corporations, trusts and international agencies and governments. The Fund is also permitted to invest in convertible bonds and debentures, loans, preferred shares, exchange traded funds and equities. The Fund may also hold cash. To achieve these target ranges, the Fund may invest in either individual securities or the Manager may invest up to 100% of the assets of the Fund in underlying funds.

The Fund may invest in foreign securities to an extent that will vary from time to time but is not typically expected to exceed 49% of its assets at the time that foreign securities are purchased, however, as the Fund intends to invest certain of its assets in securities of other investment funds that may themselves invest in foreign securities, the actual exposure of the Fund to investments in foreign securities may exceed this amount. The Fund may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income or as a short-term cash management tool.

### **Investment Risk**

The risk rating of the Fund changed from Medium to Low-to-Medium. Please see the "Recent Developments" section below for more information.

This Fund is suitable for investors who are able to accept a low-to-medium degree of risk and are prepared to invest for medium to long years of time.

### **Results of Operations**

For the period ended June 30, 2018, Series F units of the Fund posted a gain of 1.7% (gain of 2.8% in 2017) while its benchmark (80% S&P/TSX, 20% FTSE/TMX Canada Universe Bond Index) gained 1.7% over the same period (gain of 1.1% in 2017). Please refer to the "Past Performance" section for performance information of the other series. The performance of the other series of the Fund differs from Series F units due largely to a varying level of expenses charged to each series, as explained in the Management Fees section.

All the major equity indices bounced back from a tough first quarter to post gains over this time period. Bond returns remained marginal while the Canadian dollar fell versus the U.S. dollar by 4.4%.

For those who follow our monthly updates, you know that our allocation to Canada has risen in large part because of our belief as to where the economic cycle is heading. In particular, as we are in later stages of the economic cycle, sectors including Energy and REIT's have become larger percentages of our portfolio. This proved very profitable in Q2.

Our view going forward is that economic growth is peaking in both the U.S. and Canada and that headline inflation will peak later in Q3. In this scenario, we will begin to underweight both growth sectors (Technology, Consumer Discretionary) and economically sensitive sectors (Materials, Industrials, Energy) in favour of government bonds and bond proxies (Utilities, Consumer Staples).

In looking at the attribution on the quarter, it has continued to pay to be in equities over bonds and cash. We expect growth and inflation to decelerate materially in the next 6 months. Consequently, bonds and cash will become a much larger part of the portfolio in Q3/Q4 given our expectations for further volatility.

As you may know, our portfolio is highly diversified. This is a reflection of our process that emphasizes capital preservation and risk management. We have over 200 securities and we typically look for securities with factors or characteristics that reflect our economic forecast. Currently, we are very focused on quality (larger capitalization, low leverage, consistent and high-quality earnings streams) and higher yield (in keeping with our view of lower longer-term rates in 2H/2018).

On the currency front, we have increased our U.S. dollar exposure to 40% of the Fund post the recent Bank of Canada meeting and rate hike. Our view is that U.S. short term rates are more likely to rise further than in Canada for the balance of the year. It is also our belief that rising debt levels (and now rising debt service costs) will keep Canadian real GDP from rising above 2% for the foreseeable future.

You may have noticed that we have not spent much time on Trump, trade or typical headlines du jour. Our process is largely based on analyzing economic data and forecasting 6 months forward. While on the margin Trump/NAFTA etc. may impact the economy, these situations are never clear and carry a great deal of uncertainty. For example, if you look at the impact on tariffs on the U.S. economy it is relatively benign versus the massive fiscal (tax cuts/spending) program undertaken by the Trump administration. Of course, the same is not true for Canada, China and other trade-oriented economies.

### Recent Developments

Effective February 28 2017, after receiving unitholder and regulatory approval, Exemplar U.S. High Yield Fund (the “Terminating Fund”) merged into Exemplar Growth and Income Fund (the “Continuing Fund”). Unitholders of the Terminating Fund received units of the Continuing Fund in exchange for their units of the Terminating Fund on a tax-deferred basis.

### Related Party Transactions

The Manager invests in units of the Fund. As of June 30, 2018, the number of units owned by the Manager and related parties is summarized as follows:

	Number of units	Amount (\$)	% of net assets attributable to holders of redeemable units
Series A	2,081	22,059	0.1
Series FN	401,910	4,421,010	14.3

The Fund invests in units of Exemplar Tactical Corporate Bond Fund and Exemplar Investment Grade Fund. The number of units owned by the Fund as of June 30, 2018 is summarized as follows:

Fund	Number of units	Amount (\$)	% of net assets attributable to holders of redeemable units
Exemplar Tactical Corporate Bond Fund – Series I	90,518	904,593	2.9
Exemplar Investment Grade Fund – Series ETF	62,400	1,249,872	4.0

### 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 Fund’s net asset value as of the close of business on each business day. The Management Fee rate applicable to Series A units and Series AN units is equal to 2.0% per annum. The Management Fee rate applicable to Series F units and Series FN units is equal to 1.0% per annum. The Management Fee rate applicable to Series L units and Series LN units is equal to 2.30% per annum. The Fund is also authorized to issue Series I units, for which the Management Fee is negotiable between Arrow and the dealer.

For the period ended June 30, 2018, Management Fees charged to the Fund equaled \$192,941 (\$121,487 in 2017). The Management Fee is paid in consideration of investment management and administration services. No breakdown of such services was specified in the management agreement. A portion of the Management Fee paid by the Fund is for trailer fees

paid to dealers whose clients hold units of the Fund. The trailer fees are a percentage of the net asset value of the Fund, calculated and payable monthly. The table below outlines the Fund's annual Management Fees and trailer fees.

ANNUAL RATE (%)	Series A, AN	Series F, FN	Series L, LN	Series I
Management Fees (Annual Rate)	2.0%	1.0%	2.3%	Negotiable
Trailer Fees (as a % of Management Fees)	50.4%	-	17.5%	-

The Manager incurs operating expenses on behalf of the Fund and charges these expenses to the Fund. For the period ended June 30, 2018, the Manager has, in its discretion, agreed to absorb \$62,448 (\$62,690 in 2017) of operating expenses associated with the Fund.

### Financial Highlights

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

SERIES A - NET ASSETS PER UNIT				
For the period ended June 30, 2018 and for the years ended December 31,				
	2018	2017	2016	2015 <sup>†</sup>
<b>Net Assets, beginning of period<sup>1</sup></b>	<b>\$ 10.63</b>	<b>\$ 10.43</b>	<b>\$ 10.05</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:				
Total revenue	0.14	0.29	0.15	(0.16)
Total expenses	(0.17)	(0.37)	(0.34)	0.61
Realized gains (loss)	0.21	1.37	0.75	(0.95)
Unrealized gains (loss)	(0.03)	0.12	0.39	0.28
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ 0.15</b>	<b>\$ 1.41</b>	<b>\$ 0.95</b>	<b>\$ (0.22)</b>
<b>Distributions<sup>2</sup>:</b>				
From income (excluding dividends)	(0.16)	(0.06)	-	-
From capital gains	-	(1.00)	(0.57)	(0.19)
From return of capital	-	(0.14)	-	(0.04)
<b>Total distributions</b>	<b>\$ (0.16)</b>	<b>\$ (1.20)</b>	<b>\$ (0.57)</b>	<b>\$ (0.23)</b>
<b>Net Assets, end of period<sup>1</sup></b>	<b>\$ 10.60</b>	<b>\$ 10.63</b>	<b>\$ 10.43</b>	<b>\$ 10.05</b>

SERIES A - RATIOS AND SUPPLEMENTAL DATA <sup>7</sup>				
For the period ended June 30, 2018 and for the years ended December 31,				
	2018	2017	2016	2015 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$12,677	\$10,812	\$3,850	\$3,822
Number of units outstanding	1,196,218	1,017,162	369,276	380,417
Management expense ratio <sup>3 8</sup>	2.48%*	2.48%	2.52%	2.34%*
Management expense ratio before waivers or absorptions <sup>4 8</sup>	2.97%*	3.08%	3.69%	7.18%*
Portfolio turnover rate <sup>5</sup>	902.16%	1045.64%	1048.66%	741.03%
Trading expense ratio <sup>6 8</sup>	0.96%*	0.98%	1.27%	1.47%*
Net asset value per unit	\$10.60	\$10.63	\$10.43	\$10.05

**SERIES AN - NET ASSETS PER UNIT**

For the period ended June 30, 2018 and for the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
<b>Net Assets, beginning of period<sup>1</sup></b>	<b>\$ 10.64</b>	<b>\$ 10.45</b>	<b>\$ 10.11</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:				
Total revenue	0.14	0.29	0.14	0.03
Total expenses	(0.18)	(0.37)	(0.35)	(0.08)
Realized gains (loss)	0.20	1.29	0.87	0.12
Unrealized gains (loss)	0.03	0.14	0.43	(0.04)
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ 0.19</b>	<b>\$ 1.35</b>	<b>\$ 1.09</b>	<b>\$ 0.03</b>
<b>Distributions<sup>2</sup>:</b>				
From income (excluding dividends)	-	(0.07)	-	-
From capital gains	-	(1.03)	(0.61)	(0.04)
From return of capital	-	(0.14)	-	-
<b>Total distributions</b>	<b>\$ -</b>	<b>\$ (1.24)</b>	<b>\$ (0.61)</b>	<b>\$ (0.04)</b>
<b>Net Assets, end of period<sup>1</sup></b>	<b>\$ 10.77</b>	<b>\$ 10.64</b>	<b>\$ 10.45</b>	<b>\$ 10.11</b>

**SERIES AN - RATIOS AND SUPPLEMENTAL DATA<sup>7</sup>**

For the period ended June 30, 2018 and for the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$2,569	\$1,470	\$1,757	\$389
Number of units outstanding	238,494	138,077	168,085	38,453
Management expense ratio <sup>3 8</sup>	2.49%*	2.54%	2.60%	2.38%*
Management expense ratio before waivers or absorptions <sup>4 8</sup>	2.98%*	3.14%	3.77%	7.28%*
Portfolio turnover rate <sup>5</sup>	902.16%	1045.64%	1048.66%	741.03%
Trading expense ratio <sup>6 8</sup>	0.96%*	0.98%	1.27%	1.47%*
Net asset value per unit	\$10.77	\$10.64	\$10.45	\$10.11

**SERIES F - NET ASSETS PER UNIT**

For the period ended June 30, 2018 and for the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
<b>Net Assets, beginning of period<sup>1</sup></b>	<b>\$ 10.50</b>	<b>\$ 10.32</b>	<b>\$ 9.96</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:				
Total revenue	0.13	0.29	0.17	0.22
Total expenses	(0.12)	(0.25)	(0.24)	(0.83)
Realized gains (loss)	0.18	1.33	0.75	1.28
Unrealized gains (loss)	0.04	0.11	0.41	(0.38)
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ 0.23</b>	<b>\$ 1.48</b>	<b>\$ 1.09</b>	<b>\$ 0.29</b>
<b>Distributions<sup>2</sup>:</b>				
From income (excluding dividends)	(0.16)	(0.08)	-	-
From capital gains	-	(1.08)	(0.68)	(0.36)
From return of capital	-	(0.17)	-	(0.04)
<b>Total distributions</b>	<b>\$ (0.16)</b>	<b>\$ (1.33)</b>	<b>\$ (0.68)</b>	<b>\$ (0.40)</b>
<b>Net Assets, end of period<sup>1</sup></b>	<b>\$ 10.52</b>	<b>\$ 10.50</b>	<b>\$ 10.32</b>	<b>\$ 9.96</b>

**SERIES F - RATIOS AND SUPPLEMENTAL DATA<sup>7</sup>**

For the period ended June 30, 2018 and for the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$3,743	\$2,309	\$919	\$1,180
Number of units outstanding	355,844	219,985	88,998	118,491
Management expense ratio <sup>3,8</sup>	1.43%*	1.44%	1.56%	1.23%*
Management expense ratio before waivers or absorptions <sup>4,8</sup>	1.92%*	2.04%	2.73%	4.49%*
Portfolio turnover rate <sup>5</sup>	902.16%	1045.64%	1048.66%	741.03%
Trading expense ratio <sup>6,8</sup>	0.96%*	0.98%	1.27%	1.47%*
Net asset value per unit	\$10.52	\$10.50	\$10.32	\$9.96

**SERIES FN - NET ASSETS PER UNIT**

For the period ended June 30, 2018 and for the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
<b>Net Assets, beginning of period<sup>1</sup></b>	<b>\$ 10.81</b>	<b>\$ 10.61</b>	<b>\$ 10.25</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:				
Total revenue	0.16	0.30	0.16	0.08
Total expenses	(0.13)	(0.26)	(0.26)	(0.28)
Realized gains (loss)	0.20	1.36	0.81	0.43
Unrealized gains (loss)	(0.01)	0.19	0.39	(0.13)
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ 0.22</b>	<b>\$ 1.59</b>	<b>\$ 1.10</b>	<b>\$ 0.10</b>
<b>Distributions<sup>2</sup>:</b>				
From income (excluding dividends)	-	(0.08)	-	-
From capital gains	-	(1.12)	(0.73)	(0.08)
From return of capital	-	(0.17)	-	-
<b>Total distributions</b>	<b>\$ -</b>	<b>\$ (1.37)</b>	<b>\$ (0.73)</b>	<b>\$ (0.08)</b>
<b>Net Assets, end of period<sup>1</sup></b>	<b>\$ 11.00</b>	<b>\$ 10.81</b>	<b>\$ 10.61</b>	<b>\$ 10.25</b>

**SERIES FN - RATIOS AND SUPPLEMENTAL DATA<sup>7</sup>**

For the period ended June 30, 2018 and for the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$9,959	\$8,581	\$5,196	\$3,225
Number of units outstanding	905,080	793,393	489,600	314,537
Management expense ratio <sup>3,8</sup>	1.44%*	1.46%	1.56%	1.25%*
Management expense ratio before waivers or absorptions <sup>4,8</sup>	1.93%*	2.06%	2.73%	4.55%*
Portfolio turnover rate <sup>5</sup>	902.16%	1045.64%	1048.66%	741.03%
Trading expense ratio <sup>6,8</sup>	0.96%*	0.98%	1.27%	1.47%*
Net asset value per unit	\$11.00	\$10.81	\$10.61	\$10.25

**SERIES I - NET ASSETS PER UNIT**

For the period ended June 30, 2018 and for the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
<b>Net Assets, beginning of period<sup>1</sup></b>	<b>\$ 10.46</b>	<b>\$ 10.26</b>	<b>\$ 9.90</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:				
Total revenue	0.13	0.29	0.15	(0.03)
Total expenses	(0.06)	(0.14)	(0.12)	0.08
Realized gains (loss)	0.20	1.28	0.75	(0.12)
Unrealized gains (loss)	(0.03)	0.19	0.38	0.04
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ 0.24</b>	<b>\$ 1.62</b>	<b>\$ 1.16</b>	<b>\$ (0.03)</b>
<b>Distributions<sup>2</sup>:</b>				
From income (excluding dividends)	(0.16)	(0.08)	-	-
From capital gains	-	(1.13)	(0.79)	(0.04)
From return of capital	-	(0.21)	-	(0.04)
<b>Total distributions</b>	<b>\$ (0.16)</b>	<b>\$ (1.42)</b>	<b>\$ (0.79)</b>	<b>\$ (0.08)</b>
<b>Net Assets, end of period<sup>1</sup></b>	<b>\$ 10.53</b>	<b>\$ 10.46</b>	<b>\$ 10.26</b>	<b>\$ 9.90</b>

**SERIES I - RATIOS AND SUPPLEMENTAL DATA<sup>7</sup>**

For the period ended June 30, 2018 and for the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$1,089	\$1,069	\$927	\$836
Number of units outstanding	103,333	102,227	90,330	84,458
Management expense ratio <sup>3 8</sup>	0.38%*	0.41%	0.44%	0.12%*
Management expense ratio before waivers or absorptions <sup>4 8</sup>	0.87%*	1.01%	0.61%	1.80%*
Portfolio turnover rate <sup>5</sup>	902.16%	1045.64%	1048.66%	741.03%
Trading expense ratio <sup>6 8</sup>	0.96%*	0.98%	1.27%	1.47%*
Net asset value per unit	\$10.53	\$10.46	\$10.26	\$9.90

**SERIES L - NET ASSETS PER UNIT**

For the period ended June 30, 2018 and for the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
<b>Net Assets, beginning of period<sup>1</sup></b>	<b>\$ 10.43</b>	<b>\$ 10.21</b>	<b>\$ 9.82</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:				
Total revenue	0.15	0.28	0.16	-
Total expenses	(0.19)	(0.39)	(0.36)	(0.02)
Realized gains (loss)	0.20	1.32	0.80	0.03
Unrealized gains (loss)	(0.04)	0.24	0.42	(0.01)
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ 0.12</b>	<b>\$ 1.45</b>	<b>\$ 1.02</b>	<b>\$ -</b>
<b>Distributions<sup>2</sup>:</b>				
From income (excluding dividends)	(0.16)	(0.06)	-	-
From capital gains	-	(0.95)	(0.54)	(0.19)
From return of capital	-	(0.11)	-	(0.04)
<b>Total distributions</b>	<b>\$ (0.16)</b>	<b>\$ (1.12)</b>	<b>\$ (0.54)</b>	<b>\$ (0.23)</b>
<b>Net Assets, end of period<sup>1</sup></b>	<b>\$ 10.38</b>	<b>\$ 10.43</b>	<b>\$ 10.21</b>	<b>\$ 9.82</b>

**SERIES L - RATIOS AND SUPPLEMENTAL DATA<sup>7</sup>**

For the period ended June 30, 2018 and for the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$670	\$465	\$266	\$85
Number of units outstanding	64,549	44,531	26,060	8,642
Management expense ratio <sup>3,8</sup>	2.78%*	2.76%	2.82%	2.72%*
Management expense ratio before waivers or absorptions <sup>4,8</sup>	3.27%*	3.36%	3.99%	8.10%*
Portfolio turnover rate <sup>5</sup>	902.16%	1045.64%	1048.66%	741.03%
Trading expense ratio <sup>6,8</sup>	0.96%*	0.98%	1.27%	1.47%*
Net asset value per unit	\$10.38	\$10.43	\$10.21	\$9.82

**SERIES LN - NET ASSETS PER UNIT**

For the period ended June 30, 2018 and for the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
<b>Net Assets, beginning of period<sup>1</sup></b>	<b>\$ 10.70</b>	<b>\$ 10.45</b>	<b>\$ 10.11</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:				
Total revenue	0.14	0.29	0.16	0.06
Total expenses	(0.19)	(0.40)	(0.40)	(0.22)
Realized gains (loss)	0.21	1.33	0.87	0.34
Unrealized gains (loss)	(0.01)	0.13	0.41	(0.10)
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ 0.15</b>	<b>\$ 1.35</b>	<b>\$ 1.04</b>	<b>\$ 0.08</b>
<b>Distributions<sup>2</sup>:</b>				
From income (excluding dividends)	-	(0.06)	-	-
From capital gains	-	(0.99)	(0.57)	(0.04)
From return of capital	-	(0.11)	-	-
<b>Total distributions</b>	<b>\$ -</b>	<b>\$ (1.16)</b>	<b>\$ (0.57)</b>	<b>\$ (0.04)</b>
<b>Net Assets, end of period<sup>1</sup></b>	<b>\$ 10.81</b>	<b>\$ 10.70</b>	<b>\$ 10.45</b>	<b>\$ 10.11</b>

**SERIES LN - RATIOS AND SUPPLEMENTAL DATA<sup>7</sup>**

For the period ended June 30, 2018 and for the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$272	\$238	\$113	\$51
Number of units outstanding	25,143	22,287	10,852	5,062
Management expense ratio <sup>3,8</sup>	2.77%*	2.77%	3.01%	2.83%*
Management expense ratio before waivers or absorptions <sup>4,8</sup>	3.26%*	3.37%	4.19%	8.38%*
Portfolio turnover rate <sup>5</sup>	902.16%	1045.64%	1048.66%	741.03%
Trading expense ratio <sup>6,8</sup>	0.96%*	0.98%	1.27%	1.47%*
Net asset value per unit	\$10.81	\$10.70	\$10.45	\$10.11

<sup>†</sup>The Fund was launched on March 16, 2015. Series A and F units began operations on March 24, 2015. Series AN units began operations on April 8, 2015. Series FN units began operations on April 2, 2015. Series L units began operations on April 13, 2015. Series LN units began operations on May 14, 2015. Series I units began operations on November 30, 2015.

\*Ratios have been annualized.



1. The net assets per unit shown are referenced to net assets attributable to holders of redeemable units determined in accordance with International Financial Reporting Standards (“IFRS”) and are derived from the Fund’s financial statements. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.
2. Distributions, if any, were reinvested in additional units of the Fund at the discretion of the underlying unitholders.
3. Management expense ratio is based on total expenses (excluding certain taxes, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
4. The Manager has absorbed certain expenses or waived certain fees otherwise payable by the Fund. The amount of expenses absorbed or waived is determined annually at the discretion of the Manager and the Manager can terminate the absorption or waiver at any time.
5. The Fund’s 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 Fund buying and selling all of its securities in its portfolio once in the course of the year. The higher a fund’s portfolio turnover rate in a year, the greater the trading costs payable by the fund 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 Fund.
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 Fund.
8. The management expense ratio, management expense ratio before waivers or absorptions and trading expense ratio for the years ended 2016 and 2015 have been restated to reflect the reclassification of certain custodial transaction costs related to the purchase and sale of securities.

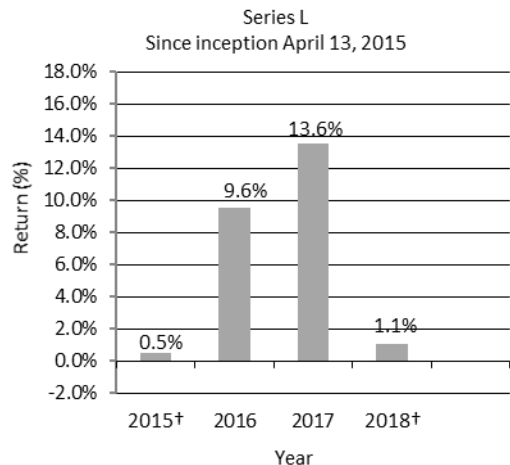
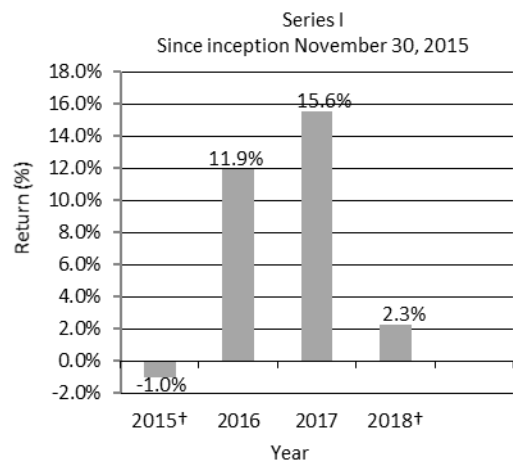
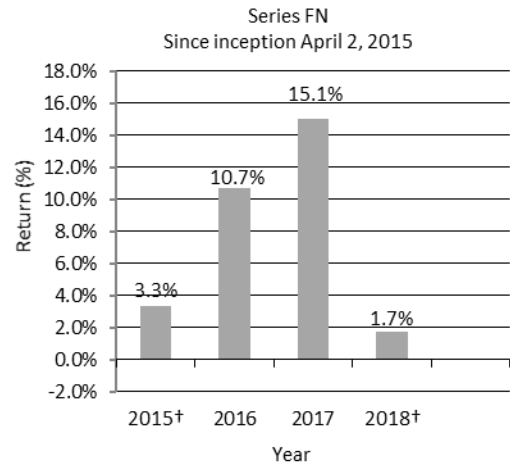
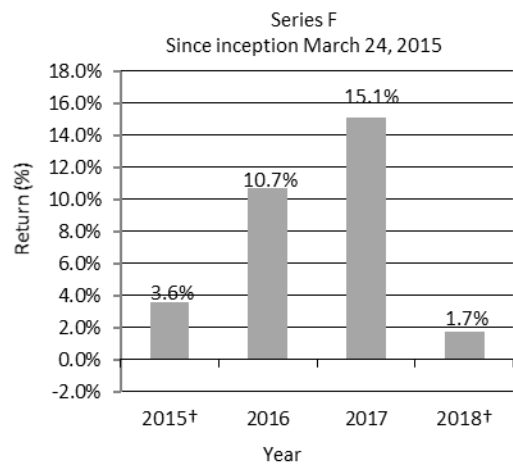
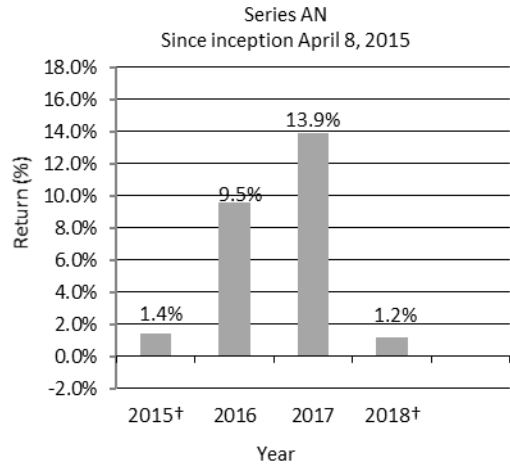
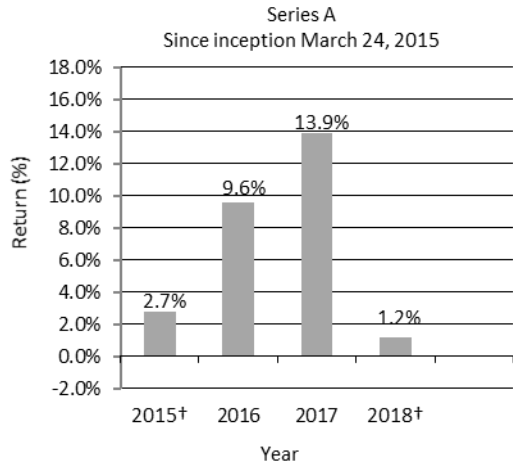
### **Past Performance**

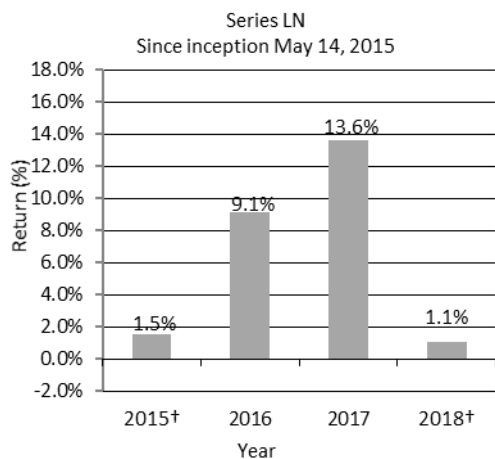
The performance information shown below assumes that all distributions, if any, made by the Fund in the period shown were reinvested in additional units of the Fund. If you hold the Fund outside a registered plan, you will be taxed on distributions. Distributions of income the Fund earns and capital gains it realizes are taxable in the year received whether received in cash or reinvested in additional units. 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 unit 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 Fund is not guaranteed. Its value changes frequently and how the Fund has performed in the past does not necessarily indicate how it will perform in the future.

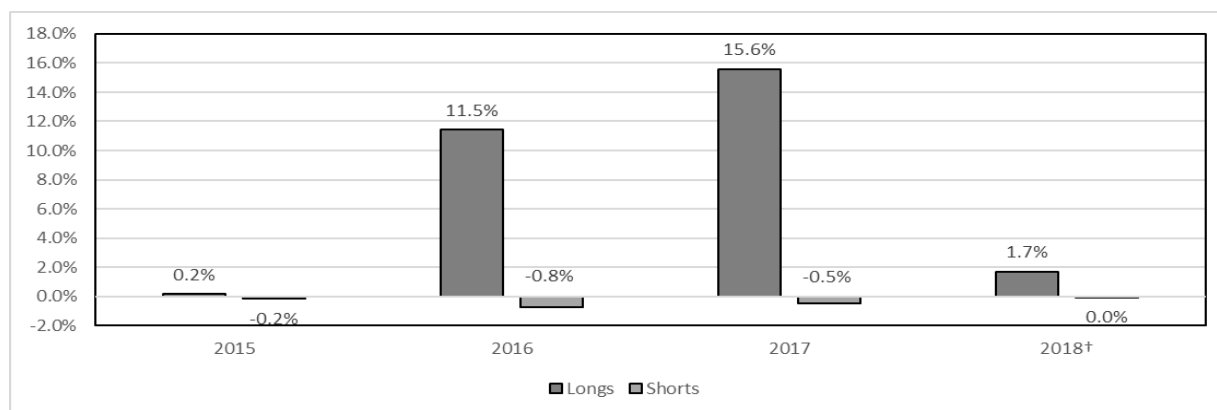
### **Year-By-Year Returns**

The bar chart below illustrates the Fund’s performance for the years shown. It shows, in percentage terms, how much an investment made on the first day of each financial year (or since inception) would have grown or decreased.





The chart below illustrates the Fund's returns for Series F for the period ended June 30, 2018 and for the years ended December 31 for the Fund units by long and short holdings:



†Returns shown represent a partial year.

### Annual Compound Returns (Compound Performance)

The following table shows the annual compound total returns of the Fund and for its blended benchmark (80% S&P/TSX, 20% FTSE TMX Canada Universe Bond Index, rebalanced monthly) for the periods shown ended June 30, 2018. The Relative Performance returns show the performance of the Fund as compared to the benchmark.

	1 Year	3 Years	Annualized Since Inception
Series A	12.7%	8.1%	8.3%
Series AN	12.7%	8.1%	8.4%
Series F	13.9%	9.3%	9.4%
Series FN	13.9%	9.3%	9.6%
Series I	14.4%	N/A	11.0%
Series L	12.4%	7.9%	8.2%
Series LN	12.4%	7.7%	7.5%
Blended Benchmark	8.5%	6.0%	5.0%

## Summary of Investment Portfolio as at June 30, 2018

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

Industry Sector	Exposure (%)		Top 25 Holdings	%
	Long	Short		
Consumer Discretionary	7.3	-	Ishares 20+ Year Treasury Bond ETF	12.9
Consumer Staples	2.8	-	Cash & Cash Equivalents	10.6
Energy	14.3	-	Exemplar Investment Grade Fund ETF	4.0
Financials	7.6	-	Exemplar Tactical Corporate Bond Fund, Class I	2.9
Funds	20.6	-	Canadian Natural Resources Ltd.	2.0
Health Care	5.7	-	Bank of Montreal	1.4
Industrials	10.2	-	Toronto Dominion Bank	1.4
Information Technology	4.1	-	Pembina Pipeline Corp.	1.4
Materials	6.4	-	Northview Apartment REIT	1.3
Real Estate	9.7	-	Manulife Financial Corp.	1.2
Telecommunication Services	0.6	-	Canadian Pacific Railway Ltd.	1.2
Utilities	3.1	-	Vermilion Energy Inc.	1.1
Cash and Cash Equivalents	10.6	-	Canadian National Railway Co.	1.0
Other Net Assets	-	(3.0)	Suncor Energy Inc.	1.0
<b>Total</b>	<b>103.0</b>	<b>(3.0)</b>	Summit Industrial Income REIT	0.9
			Superior Plus Corp.	0.9
			Shaw Communications Inc.	0.9
			Sun Life Financial Inc.	0.9
			Encana Corp.	0.8
			Pinnacle Foods Inc.	0.8
			Morneau Shepell Inc.	0.8
			Allied Properties REIT	0.8
			WPT Industrial REIT	0.8
			Allergan PLC	0.8
			Open Text Corp.	0.7
			<b>Total (%)</b>	<b>52.5</b>
			<b>Total Net Asset Value (in \$ millions)</b>	<b>31.0</b>